

Micro-, Small- and Medium-Sized Enterprises with High-Growth Potential in the Southern Mediterranean

Identifying Obstacles and Policy Responses



CENTRE FOR
EUROPEAN
POLICY
STUDIES

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and
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**MICRO-, SMALL- AND MEDIUM-SIZED
ENTERPRISES WITH HIGH-GROWTH POTENTIAL
IN THE SOUTHERN MEDITERRANEAN:
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WILLEM PIETER DE GROEN**

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The findings are based on a survey conducted among micro, small and medium-sized enterprises in the four principal countries of the southern Mediterranean. Three local teams conducted the interviews for this survey. IMRI (Institut Marocain des Relations Internationales) led the surveys administered in Algeria and Morocco; International University of Monaco in Egypt and University of Tunis in Tunisia. A database of the results of the survey is publicly available as part of this study for free downloading from the [CEPS website](#).

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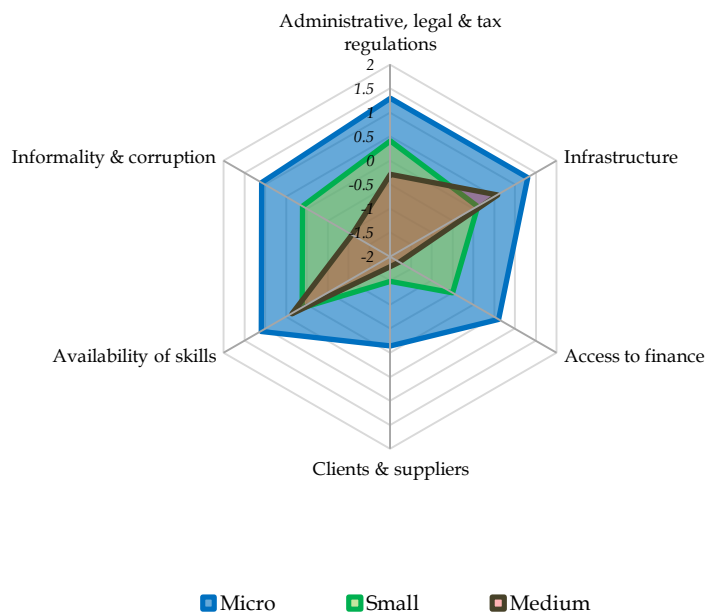
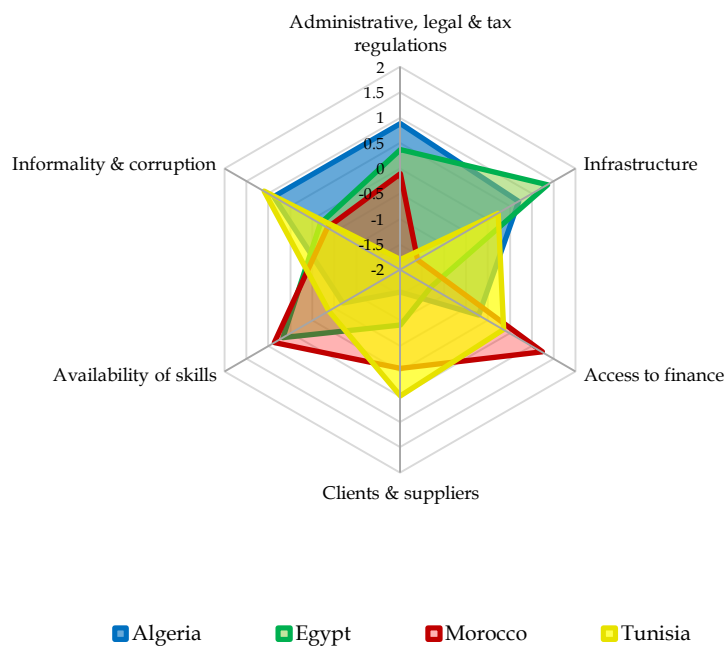
EXECUTIVE SUMMARY

The Arab Spring, which took root in Tunisia and Egypt in the beginning of 2011 and gradually spread to other countries in the Southern Mediterranean, highlighted the importance of private-sector development, job creation, improved governance and a fairer distribution of economic opportunities. The developments led to domestic and international calls for the region's governments to implement the needed reforms to enhance business and investment conditions, modernise their economies and support the development of enterprises. Central to these demands are calls to enhance the growth prospects of micro-, small- and medium-sized enterprises (MSMEs), which represent an overwhelming majority of the region's economic activity.

On the basis of interviews conducted among high-growth potential MSMEs in selected countries in the Southern Mediterranean – Algeria, Egypt, Morocco and Tunisia – this report tries to identify and rank key obstacles preventing MSMEs from reaching their high-growth potential and puts forward effective policy responses to reduce these obstacles. If implemented, these policies could unlock the MSMEs potential to contribute more to their economies.

A similar methodology was adopted in the countries under investigation to allow a comparison of some 600 responses from MSMEs. The methodology was based on a questionnaire derived from a thorough literature review and inputs from economic experts from these countries. Six areas were identified as potential obstacles that could hinder MSME development. These areas include 1) administrative procedures, legal counselling/consulting services and tax incentives/disincentives; 2) infrastructure (communications, utility services, roads and transport); 3) access to financial instruments; 4) clients and suppliers; 5) availability of skills; and 6) informality and corruption.

Figure ES. 1 Comparison of the obstacles faced by MSMEs in the Southern Mediterranean, by country and by size of enterprise



Note: The figures above show the deviation from the mean in the number of standard deviations. The averages are calculated differently for both figures to show where the differences are most apparent. For the left-hand figure the country means are used, whereas for the right-hand figure the benchmark is formed by the total sample mean. A higher score indicates that the area is perceived as a relatively more severe obstacle.

Table ES 1. Most severe obstacle per area (average degree of difficulty)

	Algeria	Egypt	Morocco	Tunisia	Micro	Small	Medium							
1	Informality & corruption	32	Infrastructure	33	Access to finance	33	Informality & corruption	9	Administrative, legal & tax regulations	34	Administrative, legal & tax regulations	41	Infrastructure	40
	Labour costs associated with hiring formal employees	30	Electricity: Outages	34	Overdraft facility	33	Informal gifts to accomplish simple administrative tasks	21	Foreign investment regulations	19	Import and export regulations	42	Electricity: Outages	44
	Informal gifts to accomplish simple administrative tasks	32	Electricity: Frequency variations	56	Bank loan	34	Labour costs associated with hiring formal employees	25	Labour regulations	38	Public procurement procedures	44	Roads & transport: Quality	56
	Informal gifts to secure government contracts	36	Roads & transport: Quality	60	Non-bank loan	42	Informal gifts to secure government contracts	26	Import and export regulations	42	Quality standards & certification	44	Electricity: Frequency variations	58
2	Administrative, legal & tax regulations	32	Availability of skills	41	Availability of skills	37	Clients & suppliers	13	Infrastructure	34	Availability of skills	43	Availability of skills	41
	Quality standards & certification	11	Relevance of curricula taught at school	38	Availability of leadership skills	21	Competition from imports	17	Electricity: Outages	33	Availability of leadership skills	38	Relevance of curricula taught at school	38
	Registering a copyright/trademark	19	Availability of other job-related skills	45	Availability of problem-solving skills	29	Access to export credit	21	Electricity: Frequency variations	46	Relevance of curricula taught at school	38	Availability of other job-related skills	46
			Availability of numerical & technical skills	50	Availability of critical-thinking skills	30	Lower foreign demand	21	Roads & transport: Access to ports	56	Poaching of skilled workers by other employers	46	Availability of leadership skills	46
3	Infrastructure	34	Administrative, legal & tax regulations	44	Clients & suppliers	47	Access to finance	13	Availability of skills	35	Informality & corruption	43	Administrative, legal & tax regulations	46
	Water: Outages	35	Tax regulations	50	Competition from imports	33			Relevance of curricula taught at school	37	Competition with unregistered enterprises	40	Import and export regulations	52
	Water: Access to clean water	41	Foreign investment regulations	57	Access to import credit	36			Availability of critical thinking skills	38	Labour costs associated with hiring formal employees	41	Tax regulations	52
	Internet: Slow speed	42	Import and export regulations	57					Poaching of skilled workers by other employers	42	Informal gifts to accomplish simple administrative tasks	43	Labour regulations	54

Table ES1. Most severe obstacle per area (average degree of difficulty) (cont.)

	Algeria		Egypt		Morocco		Tunisia		Micro		Small		Medium	
4	Access to finance	44	Informality & corruption	51	Administrative, legal & tax regulations	48	Infrastructure	14	Informality & corruption	35	Infrastructure	43	Informality & corruption	53
	Bank loan	30	Competition with unregistered enterprises	46	Labour regulations	35	Internet: Slow speed	9	Informal gifts to accomplish simple admin tasks	34	Electricity: Outages	43	Competition with unregistered enterprises	52
	Overdraft facility	39	Informal gifts to accomplish simple administrative tasks	52	Tax regulations	42	Internet: Access to broadband	13	Labour costs associated with hiring formal employees	34	Electricity: Frequency variations	53	Informal gifts to accomplish simple administrative tasks	56
	Savings account	46			Public procurement procedures	43	Internet: Setting up website	20	Competition with unregistered enterprises	34	Internet: Slow speed	53		
5	Availability of skills	49	Clients & suppliers	59	Informality & corruption	50	Availability of skills	17	Access to finance	39	Access to finance	48	Access to finance	58
	Availability of leadership skills	30	Variability of domestic demand	32	Labour costs associated with hiring formal employees	35	Availability of critical-thinking skills	11	Overdraft facility	37	Bank loan	35	Bank loan	41
	Availability of problem-solving skills	42	Lower domestic demand	33	Competition with unregistered enterprises	43	Relevance of curricula taught at school	18	Bank loan	42	Overdraft facility	35	Overdraft facility	47
	Relevance of curricula taught at school	42	Variability of foreign demand	34	Informal gifts to secure government contracts	47	Availability of problem-solving skills	19	Export credit facility	44	Import credit facility	49	Non-bank loan	63
6	Clients & suppliers	58	Access to finance	64	Infrastructure	65	Administrative, legal & tax regulations	25	Clients & suppliers	45	Clients & suppliers	56	Clients & suppliers	58
	Late or incomplete payments for products delivered	33	Bank loan	46	Internet: Slow speed	46	Import and export regulations	17	Late or incomplete payments for products delivered	22	Variability of foreign demand	33	Lower domestic demand	38
	Variability of foreign demand	40	Overdraft facility	50	Internet: Outages	47	Foreign investment regulations	21	Lower foreign demand	25	Lower foreign demand	34	Variability of domestic demand	39
	Access to export credit	40	Non-bank loan	59	Internet: Access to broadband	49	Tax regulations	22			Competition from imports	42	Variability of foreign demand	39

Note: The table shows the most severe obstacles per area by both country and size. The respondents were asked to rate the different obstacles. The resulting scores have been averaged and converted into a 0 to 100 scale index, 0 being most-, 50 moderately- and 100 being least difficult. More-detailed results and the level of significance can be found in chapter 4 on results and Annex 1.

Overall, the results suggest that all obstacles are perceived to be of a similar level of difficulty with the exception of infrastructure, which is widely considered more difficult as it goes beyond the capacity of MSMEs to control their operating environments (see also the figure above). Indeed, in Algeria, MSMEs have the most difficulties with infrastructure availability, informality & corruption as well as administrative, legal & tax regulations. In Egypt, MSMEs also face the most difficulties with the availability of good infrastructure, followed by administrative, legal & tax regulations and the availability of skilled workers. Morocco is the only country in the sample where infrastructure is considered the least problematic area. Moroccan MSMEs experience the most difficulties with access to finance and face significant difficulties with the availability of skilled workers. In Tunisia, MSMEs experience severe difficulties in all six categories, with slightly less difficulties in complying with administrative, legal & tax regulations. Furthermore, micro-sized enterprises face significantly more difficulties in five of the six areas, the availability of skills being the only area for which the results are not significant.

Policy-makers in the four countries have attempted to respond to the challenges facing MSMEs, since they are essential for innovation, job creation and local development. All countries have set up national MSME agencies to support this segment of companies. The results show that most of the MSMEs in the sample benefit from services provided by MSME support organisations. In Algeria, all MSMEs benefit from domestic MSME support organisations, whereas in Egypt, Morocco and Tunisia a large share of the MSMEs benefit from support. Yet, these results are likely to be influenced by the fact that the MSMEs in Algeria and Morocco were selected with the support of SME development organisations.

The Algerian MSMEs in the sample all benefit from the support of one or more support organisations. The agencies of youth employment (ANSEJ) and SME development (ANDPME) are the most used. In Egypt half of the participating MSMEs benefits from the support of the Industrial Modernisation Centre. The results for Morocco show that almost all MSMEs in the sample are supported by SME promoter ANPME, investment centres and the employment agency ANAPEC. The MSMEs in Tunisia show that a large share of the enterprises in the sample receives support from multiple organisations. The Tunisian employers' organisation (UTICA) and the agency promoting industry and innovation (APII) are the most popular.

These results merely show that the surveyed MSMEs benefit in one way or another from the services provided by these agencies, but they do not shed light on the effectiveness of these agencies; therefore, further research is recommended to better understand the role of these agencies in MSME development and productivity and how to maximise the benefits of these services to MSMEs.

However, more ought to be done from a policy perspective at a local level to tackle the major obstacles facing this category of companies.

Based on the survey findings (summarised in the table above), the following six sets of policy measures could serve to attenuate the impacts of these obstacles in the four countries under investigation:

1. To deal with the burden of administrative, legal and tax regulations:
 1. Assess the extent of administrative and regulatory burden from an MSME perspective and consider deregulating the firm registration procedures and reducing certification and trademark procedures and tax/import/export/foreign investment regulations to ensure MSMEs can benefit at all stages of their development and
 2. Further enable MSME agencies to support the companies of different sizes and activities to comply effectively with the administrative, legal and tax regulations.
2. To tackle corruption and informality:
 3. Standardise the procedures for public procurement and ensure procedures are disclosed and are fully transparent;
 4. Provide incentive schemes (e.g. subsidies and tax holidays) for the informal sector to be formalised and
 5. Simplify labour regulations to facilitate hiring of staff with different levels of competences.
3. To improve infrastructure necessary for MSMEs to prosper:
 6. Promote private-public partnership infrastructure projects (e.g. road infrastructure, electricity, water infrastructure, sanitation, etc.) at both national and local/regional levels and facilitate the procedures for MSMEs to participate in such projects and
 7. Privatised and liberalised communications and internet companies as well as markets to improve the efficiency, quality and availability in these sectors.
4. To promote access to finance at all stages of MSME development:
 8. Design finance sources for MSMEs at all stages of their development:
 - For micro-enterprises, secure finance through the development of micro-finance institutions and new micro-finance products;
 - For small-to-medium sized enterprises, improve the equity base through support to investment funds/risk capital and to pilot funds for small enterprises;
 - Support specific segments, such as start-ups through specially designated funds, industrial/technology clusters and women-owned enterprises and increasing the volume and outreach of financing instruments such as leasing and factoring, export/import credit and guarantee schemes and
 - Increase the access to finance for MSMEs through support to guarantee institutions and the creation of a counter-guarantee fund to help risk-sharing in particular for exporting companies.
 9. Enhance capacity-building for micro- and small-sized start-ups and technology/innovative ventures, entrepreneurs and also local entities providing technical, business and financial support services to SMEs. Such support that can be provided by local MSME agencies will enable companies to build a credible business plan and balance sheet and reliable credit information essential to be granted a loan, overdrafts inter alia;
 10. Support training of finance professionals dealing with MSMEs e.g. through

- 'twinning' European banks' financial experts with their Southern Mediterranean counterparts to share best practices;
11. Promote the development of national credit bureaus with a specific focus on MSMEs in a first stage and a regional credit bureau network to provide cross-border information in order to support risk-management approaches, particularly when MSMEs envisage clustering in production value chains and/or accumulating origin to preferentially export to target markets (e.g. using the AGADIR agreement) and
 12. Support capacity-building actions aimed at enhancing reliable, transparent and comparable MSME financial reporting. The lack of reliable accounting data is among the main reasons for the difficult access experienced by MSMEs to banking credit. The availability of reliable, transparent and comparable financial information would enhance access by MSMEs to finance and cross-border investments.
5. To promote the availability of skilled workers:
13. Support the design of new more business-orientated curricula that promote critical-thinking, problem-solving and leadership skills, which are necessary for private sector development;
 14. Develop public-private partnerships aiming at promoting apprenticeship or mentoring programmes to improve work-related skills and
 15. Develop joint programmes with universities and technical institutes with key players in the MSMEs and supported by the government.
6. To facilitate the availability of clients and suppliers:
16. Undertake comprehensive impact assessments on the import-export market to ensure that local competition is fair;
 17. Develop more effective business clusters and expand the existing ones to allow especially micro-sized enterprises to overcome their size obstacles and to enhance joint capacity-building;
 18. Empower local MSME support organisations, such as the MSME development agencies, to promote MSMEs in both the domestic and international markets and
 19. Promote international business-to-business forums to enhance market foreign market access for MSMEs.

To tackle these obstacles, countries are recommended to develop national strategies that target MSMEs. Such a strategy has to cover all aspects that contribute to national economic development, from trade, industrial development, education, research and development to regional and sectoral development as well as finance.

Finally, it remains to be seen whether the recommended policy measures would address the obstacles for MSMEs. The question remains, however, whether these measures will also contribute to achieving further economic growth and local development. Hence, the aim of this survey has been to identify the obstacles hindering MSME development and to assess the relative importance of obstacles that MSMEs face and to a lesser extent the benefits that this would generate. To allow policy-makers to take a balanced and informed decision, we strongly recommend

that an ex-ante impact assessment should be performed to estimate both the expected economic costs and benefits of such policy measures and to continue monitoring the development of the MSME sector. At a later stage, ex-post impact assessments are advisable to assess whether the chosen policy measures have produced the desired impacts and if not, to implement prompt corrective actions.

Beyond national MSME policies, a strengthened regional cooperation process in the area of MSMEs is essential and has to start from the evaluation of the lessons learned from the monitoring of progress in the implementation of the Euro-Med Charter for Enterprises and from an understanding of its limitations, in terms of policy framework and availability of resources. To undertake this evaluation, Ayadi & Fanelli (2011) provide a comprehensive blueprint to develop regional cooperation in support of MSME development.

INTRODUCTION

The Arab Spring, which took root in Tunisia and Egypt in early 2011 and gradually spread to other countries in the Southern Mediterranean, highlighted the importance of private-sector development, job creation, improved governance and a fairer distribution of economic opportunities. The developments led to domestic and international calls for the region's governments to implement the needed reforms to enhance business and investment conditions, modernise their economies and support the development of enterprises. Central to these demands are calls to enhance the growth prospects of the so-called 'MSMEs', encompassing micro-sized enterprises (less than 10 employees), small-sized enterprises (10-49 employees) and medium-sized enterprises (50-249 employees), which represent an overwhelming majority of the region's economic activity.¹

Smaller enterprises face a number of problems across the world. For one thing, they often have limited access to finance, markets and skills, owing to a general lack of collateral, size disadvantages, limited reputation, inexperience, inadequate training and inherent opaqueness of their business models and accounting systems. MSMEs are also severely hampered by adverse macroeconomic and competitive conditions, suffering substantially more than their larger counterparts during downturns and extended periods of political instability. Moreover, lacking political leverage, smaller enterprises are also more sensitive to governance impediments and suffer asymmetrically from informality and corruption.

Many of the obstacles faced by MSMEs are particularly dire in the southern Mediterranean countries. A clear understanding of the key priorities to be addressed is therefore essential. Do enterprises in the region have a more urgent need for infrastructure development or reduced costs for doing business? How restrictive are the conditions for investment and obtaining financing? Do the countries have appropriate the legal and institutional conditions to enable their MSMEs to enjoy the full extent of the returns from being more productive? Is the tax code adequately supportive for MSMEs? Are macroeconomic conditions stable enough to make smaller firms become more viable and innovative? By investigating these issues in the four main countries of the southern Mediterranean - Algeria, Egypt, Morocco and Tunisia - this study aims to identify the obstacles that hamper the development of high-growth potential MSMEs in the region.

In the remainder of this report, the results of the MSME survey are presented. In chapter 2, the available literature on MSMEs development in the southern Mediterranean and other emerging countries is briefly discussed. This is followed by an exposition of the underlying methodology of the survey. The results of the survey, presented in chapter 4, contribute to policy-making by identifying the obstacles faced by MSMEs in the southern Mediterranean. The final chapter draws conclusions and policy recommendations to smoothen the obstacles.

¹ Comparable statistics on MSMEs around the world are scarce due to differences in definitions.

1. LITERATURE REVIEW

MSMEs are the backbone of economic activity and the source of a significant share of employment in the southern Mediterranean. Despite their importance, our knowledge of the key factors contributing to the healthy and sustainable development of MSMEs is limited. This chapter reviews the theory and empirical evidence on the determinants of MSME growth, focusing whenever possible on findings drawn from the Mediterranean and other developing regions.

Some of the factors affect the development potential of all firms (i.e. large and small), while others are more central to MSMEs. Similarly, firms in more advanced countries tend to be more affected by regulatory and market-related factors, in some cases with mixed results. As for firms in less-developed countries, the business and investment climate, access to financial services, export-orientation and the availability of skilled labour appear to matter more. The evidence also shows that the use of certain proactive policies, such as the creation of clusters, IT adoption and skills development, can produce positive results.

According to the empirical literature on developing countries, a sound and reliable business and investment climate is arguably one of the most important productivity-enhancing factors. While many studies highlight the development of electrical, communication, water and sewage infrastructures as the key 'bottleneck' determinants, other factors relating to the business climate are also found to be important, including institutional quality, governance and tax systems. Using the World Bank's Enterprise Surveys, Subramanian et al. (2005) and Dollar et al. (2005) control for a number of such factors and find that delays in customs clearance and electricity failures have the most significant (and negative) impact on total factor productivity (TFP) in a variety of emerging and less-developed economies. For sub-Saharan African enterprises, Arnold et al. (2006) highlights the importance of access to key infrastructural services, including telecommunications and electricity. Similarly, in a sample covering 26 countries in Africa, including Algeria, Egypt and Morocco, Escribano et al. (2010) confirm the importance of infrastructure quality but also add red-tape and corruption to the list of factors that are adverse for productivity. Also, Kinda et al. (2008) show that, despite a substantial amount of heterogeneity, infrastructure development is the key determinant of TFP for a large sample of firms in the Middle East and North Africa (MENA) region.

Access to finance is another variable that could have an impact on MSME productivity. At the aggregate level, King & Levine (1993) find that financial development has a positive impact on productivity. More recently, Aghion et al. (2010) show, both theoretically and empirically, that credit constraints could exert a pro-cyclical impact on long-term, productivity-enhancing investments in firms,

identifying a novel propagation channel. At the micro-level, although the literature has reached mixed results for the impact of financial constraints on productivity, the evidence from less-developed countries appears to confirm the hypothesis that credit constraints have a negative impact on productivity.² Demircuc-Kunt & Maksimovic (1998) provide evidence that well-developed credit markets ease the obstacles that firms face to grow faster. Ayyagari et al. (2007) use a large panel of firms in emerging economics to find that a heavier reliance on external finance is associated with higher innovation, even after controlling for potential endogeneity, especially when the funds are obtained from foreign banks. An emerging literature has also addressed the idea that smaller firms may find it harder to access external funding, implying that credit constraints could have a disproportionate impact on MSMEs' growth prospects (Beck et al., 2005b; Aghion et al., 2007; Beck et al., 2008). For the Southern Mediterranean region, Kinda et al. (2008) find evidence that difficulties in accessing credit has a negative impact on MSMEs' productivity in capital-intensive industries, such as agro-processing, chemicals and pharmaceutical products sectors.

Perhaps one of the most fundamental determinants of productivity is firms' access to skills and the accumulation of human capital. A large body of theory and supporting evidence suggests that educated and well-trained workers are more productive, more likely to earn higher incomes, and are thus drivers of aggregate- and firm-level productivity and innovation (Welch, 1970; Mincer, 1989; Lucas, 1993; Bartel, 1994). This is especially the case for MSMEs, which may be particularly disadvantaged in the area of skills. Smaller firms are often unable to attract high-skilled workers, due to financial and informational resource constraints and have fewer incentives to invest in formal training, due to lower turnover (Tan & Batra, 1995). Using firm-level data from six developing countries, including Malaysia, Indonesia, Mexico, Colombia, Taiwan and Guatemala, Batra & Tan (2003) show that the technical efficiency differences between larger and smaller firms can be explained by differences in the level of worker education and (formal) training. An important related issue is the level of technology readiness and relevant information technology (IT) training services, which could contribute substantially to enterprise productivity (Lee, 2001).³

Possibly the most investigated policy-related factor with an influence on firm productivity is trade liberalisation. Edwards (1998) shows that trade openness exerts a positive impact on total factor productivity at the aggregate level. While the evidence on a positive relationship between trade liberalisation and productivity is

² Musso & Schiavo (2008) use firm-level data to show that the unavailability of external finance actually exerts a positive (and not negative) effect on the productivity of French firms, possibly due to the productivity-enhancing features of financial pressure and financial discipline, as suggested by Nickell & Nicolitsas (1999). Similarly, Moreno-Badia & Sloomakers (2009) focus on the productivity impact of financial constraints in firm-level dataset comprised of Estonian firms, mostly SMEs, but find no evidence that funding shortages hinder productivity except for firms operating in business services and research and development.

³ Shin (2006) & Sandulli et al. (forthcoming) find that IT readiness and technological adoption can lead to productivity gains for SMEs through easier access to clients and suppliers as well as by optimising financial operations and daily operations.

clear, most studies fail to distinguish between alternate explanations, including learning, access to cheaper inputs and self selection.⁴ For example, Clerides et al. (1998) interpret productivity gains as the result of self-selection of the more successful firms into exports markets. One of the first studies to consider the impact of trade liberalisation on small firms, Nataraj (2011), finds that the Indian MSMEs benefitted from international trade liberalisation but mostly due to cheaper final goods prices. In the Euro-Mediterranean context, Gasiorek et al. (2006) find that MSMEs experienced productivity gains due to trade liberalisation, in particular via improved access to exports markets, following the Barcelona Declaration of 1995.⁵

Agglomeration of economic activities is another policy-dependent factor with a hypothesised positive impact on firm-level productivity, by reducing transaction costs, increasing collective learning, supporting innovation and competition and facilitating job-market matching (Capello, 1999; Wheeler, 2001). The evidence from advanced economies appears to support these arguments (Ciccone & Hall, 1996; Ciccone, 2002). For emerging economies, the results are more conditional on the type of firm and type of agglomeration or clustering concerned. Lin et al. (2011) demonstrate the existence of a positive relationship in the Chinese textile industry, but most strongly for smaller firms, which tend to obtain disproportionate benefits from reduced costs. Lall et al. (2004) examine firm-level productivity in the Indian manufacturing sector, finding that the agglomeration benefits may be offset by its costs in excessively dense areas with saturated infrastructure systems, in particular with limited access to inter-regional transport networks. The literature also highlights the importance of private networks, possibly as a means for overcoming supply-chain problems. Biggs & Shah (2006) find that sub-Saharan African MSMEs belonging to informal networks, based on supplier/client relations and ethnicity, are substantially more productive.

To sum up, empirical studies find that several factors contribute to the development of MSMEs. Most of the results indicate that an adequate business and investment climate is a pivotal element that serves as the backbone of their development. This general element can be decomposed into factors such as control of corruption, infrastructure availability, high institutional quality, governance and tax and regulatory systems. Other factors that are equally important to utilise the growth potential are adequate access to finance, access to skills, human capital, trade facilitation and international cooperation. If not optimised, these factors might become long-lasting obstacles that hamper the development of MSMEs. In fact, failure to address corruption, the lack of and deteriorating infrastructure, low and inadequate institutions, bad governance and inadequate and costly tax and regulatory systems might turn the productivity of MSMEs below potential and hence reduce their growth.

⁴ See Van Biesebroeck (2005a) for evidence of the learning-by-exporting effect on sub-Saharan African countries.

⁵ See also Van Dijk (2000) for a qualitative assessment of the impact of improved trade relations between Southern Mediterranean countries and the EU, as envisaged under the Barcelona Process.

2. MSME SURVEY DESIGN

This chapter provides a preliminary analysis of the MSMEs and policy context in four southern Mediterranean countries – Algeria, Egypt, Morocco and Tunisia – and outlines the design of the survey (i.e. sample and methodology) to identify the obstacles and the effectiveness of policy initiatives aimed at MSMEs from the perspective of the enterprises and key stakeholders.

2.1 MSMEs in the southern Mediterranean

MSMEs play a central role in many economies and the southern Mediterranean is no exception. For example, based on the Households and Enterprises Survey of 2006 conducted by the Central Agency for Public Mobilisation and Statistics (CAPMAS), Egyptian MSMEs represent nearly 99.9% of all enterprises, employing 83% of the country's total labour force and contributing to 80% of the national GDP. Similar conditions are also applicable across the region.

A look into the World Bank's Enterprise Surveys from 2002, available for Algeria, Egypt and Morocco, reveals several key obstacles to growth (see Table 2.1). For example, while access to and cost of financing are top problems in Algeria and Morocco, they are not identified as such in Egypt. Similarly, anti-competitive and informal practices employed by public authorities are identified as key obstacles to SME growth in Algeria and Morocco, while corruption, which is a more severe governance problem, is seen as a more serious problem in Egypt. Interestingly, high tax rates are identified as a key problem in all three countries.

Table 2.1 Top growth obstacles faced by MSMEs in the southern Mediterranean in 2002

Algeria	Egypt	Morocco
Anti-competitive & informal practices	Tax rates & administration	Access to & cost of financing
Access to & cost of financing	Macroeconomic instability	Tax rates
Tax rates	Corruption	Access to land
Economic regulatory uncertainty	Economic regulatory uncertainty	Anti-competitive & informal practices

Source: World Bank, Enterprise Surveys, 2002 results.

Note: For the calculation of the country aggregates, micro-, small-, and medium-sized enterprises were defined as having less than 10, 50 and 100 employees. No enterprise surveys were conducted in Tunisia.

Among the top obstacles faced by MSMEs in the southern Mediterranean, institutional and governance issues appear to be most problematic. Although other factors such as infrastructure development also matter, they rank lower than the ones listed in the table above, at least according to the perceptions of the enterprises surveyed by the World Bank. Could this mean that infrastructure-related issues or access to skills matter less, possibly because the necessary threshold development has been achieved in these areas? Another related question is the ability of firms to find ways around the problems they face. Firms may be purchasing power generators or engaging in informal transactions to circumvent some of the obstacles, which could diminish their importance in relation to less-malleable impediments, such as problems in obtaining funding, presence of corruption, and macroeconomic instabilities. Lastly, some of the considered factors may be impacted by the growth prospects in the MSME sector, implying that they cannot be considered as exogenous determinants. For example, MSMEs may find it hard to attract skills because of their limited growth prospects and inability to offer their employees adequate pay or job prospects. Similarly, most MSMEs may be run by traditional governance and accounting techniques simply because of limited access to finance, or the absence of monitoring by external creditors.

The public authorities in several of these countries and the international organisations have implemented a wide variety of policies to respond to these challenges. Many governments introduced financing instruments, backed either by public funds or funds from the international organs, such as the European Investment Bank (EIB), European Commission or the World Bank. Other policy initiatives include training, technical assistance, entrepreneurship and network development programmes, similar to the ones provided by the European Commission and more recently by the Union for the Mediterranean (UfM), as well as other donor-related activities. Lastly, cooperation initiatives, such as the Euro-Mediterranean Charter for Enterprise⁶ (and the forthcoming Small Business Act for the region), aim to set out the principles for governments to create an environment conducive to investment and private-sector development.

Sifting through these various issues to identify the factors contributing to the development of MSMEs requires a deeper analytical look into firm-level data and a continuous monitoring to ensure that policy initiatives are conducive to furthering the MSME growth in the region. The Enterprise Surveys of the World Bank (formerly known as the Investment Climate Surveys) sampled some of the countries (excluding Tunisia's non-manufacturing sector). Yet a more recent and focused study of the obstacles hampering MSMEs' growth in particular in all four countries is not available. Moreover, the existing data do not allow an assessment of the appropriateness and effectiveness of the existing policy initiatives.

The present survey responds to these shortcomings and provides a more up-to-date picture on the obstacles facing MSMEs in four countries. Moreover, this survey

⁶ See the European Commission website for the complete text of the "Euro-Mediterranean Charter for Enterprise" (http://ec.europa.eu/enterprise/policies/international/files/charter_11_dimensions_en.pdf).

brings two novelties: first it introduces a ranking of obstacles by country and by size of company to enable a more targeted policy action, which enhances the probability of its effectiveness; second it provides a hint as to whether the existing policy actions are effective and provides recommendations to overcome weaknesses.

2.2 Policy initiatives

Representing a substantial proportion of formal and informal economic activity, the initiatives to achieve growth and innovation in MSMEs have been at the forefront of enterprise policy initiatives across the world. These programmes have often been justified by a number of arguments, highlighting the innovation, growth and employment benefits of the sector. Common to these arguments is the belief that supporting MSMEs could generate positive externalities by enhancing economy-wide competition, job-creation, entrepreneurial development and innovation. More recent empirical evidence finds that the MSMEs can only contribute positively if they are able to grow and innovate.⁷

At a general level, MSMEs in developing countries suffer from a number of obstacles that obstruct their growth prospects and lead to lower productivity.⁸ MSMEs often have limited access to finance and skilled labour, owing to their small size, lack of collateral and local orientation. Similarly, there is convincing evidence that bureaucratic red tape and more generally excessive costs of doing business have a disproportionate impact on the growth potential of MSMEs in developing countries, possibly arising from problems in public governance. Lastly, firms that operate in export-oriented sectors are shown to be more likely to grow and achieve higher productivity, effectively leading to economy-wide benefits.

Turning to the southern Mediterranean region, the key obstacles faced by the MSMEs are the costs of doing business and investing, administrative burdens and informality, ineffective legal and institutional systems, unstable economic conditions and inadequate access to skills, markets and financing. For example, as the recent events that led to the toppling of the governments in the region clearly show, despite a relatively benign macroeconomic outlook on the surface, the region has suffered from a low degree of institutional and legal development. The distribution of economic opportunities tended to be unfair, often concentrated in the hands of a small group of wealthy elites and regions. This concentration of power and resources also hampers the funding opportunities of the smaller, innovative and high-growth potential enterprises. In addition, the region shows a more fundamental skill mismatch, despite increasing levels of educational attainment across the region. The

⁷ For literature challenging the pro-MSME view using empirical results from both developing and advanced countries, see Biggs (2002), Beck et al. (2005a) and the references therein.

⁸ A number of studies show that, despite country-specific variability, smaller firms are less productive than their medium-sized and large counterparts in developing countries, (Biggs et al., 1996; Van Biesebroeck, 2005b). A valid concern is whether direct subsidies to MSMEs have tipped the balance towards “a preponderance of small firms, creating a serious problem of scale inefficiency”, effectively generating lower productivity and rent-seeking behaviour (Biggs, 2002, pp. 14-15).

demand for and the supply of skills are not closely aligned (Arbak, 2012), which increases the probability of suboptimal use of skills in the private sector. Administrative burdens in the form of high tax and labour costs increase the costs of doing business and lead to high levels of informality, further hampering innovation and competition. Finally, on an equally fundamental ground, financial markets in the region do not adequately intermediate financial resources to investment opportunities due to macroeconomic mismanagement. This failure, in turn, leads to high inflation and public-debt expansion (Ayadi et al., 2013). The policy responses to tackle these market inefficiencies have been presented in Ayadi (2013), who suggests that additional targeted actions must be taken to enhance access to finance to MSMEs. For example, in a context of proven market failures, properly designed loan and equity guarantee schemes can play a role to alleviate financial constraints to MSMEs.

Following the recent calls for reform, domestic and international policies are being re-oriented to address obstacles hindering MSMEs' development. However, there is little agreement on their relative priority based on the difficulty to deal with them from the MSME point of view.

In recent years, the governments in the southern Mediterranean have attempted to respond to these obstacles, regarding each one as equally important. A new set of MSME-oriented policies have been introduced and many countries in the region have implemented capacity-building policies. In other instances, the governments have provided subsidies for training and investment.

International cooperation programmes backed by the World Bank, European Investment Bank, USAID, African Development Bank and other donors provided direct funding and credit guarantees. Loans from state-owned banks and other government initiatives have had an important role in providing funding to MSMEs, possibly a reflection of the underdeveloped financial systems in the region. The development of industry clusters has also been a marked phenomenon in a number of countries, effectively opening export-market opportunities and achieving scale economies in some cases.

Also the EU contributed to the development of MSMEs in the Mediterranean. As part of the Barcelona Process, the "Euro-Mediterranean Charter for Enterprise" was adopted in 2004 by many Euro-Med countries, including the four countries surveyed in this study. The Charter provided the basic principles for private enterprise policy, partially based on features included in the European Charter for Small Enterprises.⁹ The aim of enterprise development in the region was to promote job creation, entrepreneurship and to increase their added value.

In 2008, the European Commission, the Organisation for Economic Cooperation and Development (OECD) and the European Training Foundation (ETF) assessed the

⁹ The Charter encompassed ten dimensions: simple procedures for enterprises; education and training for entrepreneurship; improved skills; easier access to finance and investment-friendly taxation; better market access; innovative companies; strong business associations; quality business support schemes and services; strengthening Euro-Mediterranean networks and partnerships; and clear and targeted information.

progress of the Mediterranean countries. Progress was most notable in Egypt, Morocco and Tunisia while the convergence of Algerian enterprise policies was still at an early stage. The overall scores showed that in all these countries, except for Tunisia, the education and training for entrepreneurship and the strengthening of the Euro-Mediterranean networks and partnerships were among the most underdeveloped dimensions. Tunisia reported the lowest scores for policies to improve skills and access to finance. The improvement of the qualifications of personnel was also the least developed dimensions in Algeria and Morocco.

Despite these actions, Euro-Med cooperation has nevertheless fallen below aspirations. Indeed, SME policy fell under the wider framework of industrial cooperation coordinated by the European Commission's Directorate-General for Enterprise and Industry, without accounting for the scale factor. As argued by Ayadi & Fanelli (2011), Euro-Med industrial cooperation has not added much to the reforms in the region in the MSME area, which is reflected in low financial support commitments and poor monitoring. The relevant bilateral and multilateral programmes for the promotion of entrepreneurship and small enterprises accounted for only 11% of the total commitments to the region.

In addition, the monitoring of progress on the implementation of the Euro-Med Charter for Enterprise also has substantial limitations and constraints.

- First a number of policy dimensions critical for small enterprise development in the Euro-Med region, such as employment and labour market policies, control of corruption, informality, external funding targeting SMEs, start-up support and women's entrepreneurship, are not covered by the Euro-Mediterranean Charter for Enterprise, and were thus excluded from the evaluation process.
- Second, due to the lack of financial resources, the monitoring process placed emphasis on evaluation, whereas not enough attention was paid to analysing critical issues such as developing and exchanging good practices between the EU and Euro-Med partners and among Euro-Med partners.
- Third, no provisions have been made to increase capacities in policy elaboration and delivery, nor in monitoring the results at the sub-national level. While the monitoring led to the identification of critical issues, no support was provided to address these issues. This was partly due to the lack of resources and partly to the difficulties of coordinating the regional process with the country programmes designed under the European Neighbourhood and Partnership Instrument (ENPI).

Following-up on the Barcelona Process, the Union for the Mediterranean (UfM) Business Development Initiative aimed to further strengthen the countries' MSME policies and business development by providing technical assistance, new market opportunities and tackling the limited access to finance. Up until publication of this report, little progress has been noted in the area of MSMEs since the inauguration of the UfM in July 2008. Since then, only two broad initiatives (the Mediterranean Initiative for Jobs (MED4jobs) and Euro-Mediterranean Development Centre for Enterprises (EMDC) led by the Italian Chamber of Commerce have been launched and a more specific one (the Euro-Mediterranean Guarantee Network - EMGN) that

has been promoted by the UfM Secretariat. The latest initiative is essential for the southern Mediterranean guarantee schemes to upgrade and emphasise their contribution and promote MSMEs' access to finance, as was argued by Ayadi & Gadi (2013) and Ayadi (2013).

It is too early, however, to assess the overall effectiveness of these initiatives and whether they will produce tangible benefits for the MSMEs in the southern Mediterranean region.

2.3 Survey procedure and analysis

Despite the calls for new initiatives to respond to the challenges faced by high-growth potential MSMEs, few studies have empirically assessed the magnitude of these obstacles and the impact of the policy responses. This study aims to overcome these shortcomings by ranking the level of difficulty to respond to the obstacles and producing a preliminary assessment of the existing policy initiatives.

More specifically, the study's goals are to:

- Identify, rank and assess the obstacles that limit the growth potential of MSMEs,
- Identify and assess the effectiveness of policy responses and
- Propose appropriate policy alternatives for addressing the challenges.

To achieve these objectives a survey was conducted to get a better understanding of the obstacles from the perspective of the enterprises and other key stakeholders, such as the national governments in Algeria, Egypt, Morocco and Tunisia.

The overall assessment is based on three parts. The first part identified the key obstacles MSMEs face. Then, in the second part, the respondents are asked to rank the importance of the obstacles that they face. In the third and last part, country-specific questions are used to see to what extent the more important obstacles have been effectively addressed by present policies. To give an example, if a firm responded that it had moderate access to equity financing (i.e. in the first part of policy section) and that this was an important issue (second part), a question in the third part will aim to see if, say, the equity guarantees provided by the credit guarantee scheme in place has contributed to its access level. If it did, the policy can be deemed successful and should be continued, at least as far as this specific firm is concerned. If not, another policy response may be necessary, provided that other firms have limited access and rank the issue as equally important.

The identification of key obstacles and the assessment of the impact of policies were done through face-to-face interviews with a large number of MSMEs and other key stakeholders.

The local teams formulated a target list of high-growth potential MSMEs in strategic sectors. To identify these companies the local team leaders used various lists of MSMEs. For Algeria, the local team compiled a list with over 100 MSMEs, which was constructed using the contacts of the National Advisory Board for SME Development (CNC PME - Conseil National Consultatif pour la promotion de la Petite et Moyenne

Entreprise).¹⁰ For Egypt, the local team constructed an extensive private database with information on around 1,155 enterprises. Out of this broad pool, a representative sample of 400 enterprises was drawn using size, location and economic sectors as selection criteria. For the selection of the MSMEs in Morocco, the local team was in close contact with the National Agency for the Promotion of SMEs (ANPME - Agence Nationale de la Promotion de la PME), which provided a comprehensive list of more than 135 SMEs eligible to participate in the IMTIAZ programme.¹¹ Finally, the Tunisian sample comprises 190 enterprises, which were identified by the local team using the same criteria as used by the Tunisian statistics office (INS) and in the World Bank business surveys, considering only those whose number of employees is less than 100.

It is important to note that there is no uniform definition of an MSME that can be applied to the southern Mediterranean countries. Moreover, many MSMEs in these countries do not qualify under the EU's definition of an MSME, which may pose a key technical challenge for some of the EU-based initiatives in the region. One relevant criterion for assessment is the turnover (alone or combined with other indicators, such as the number of employees).

For reference, the EU defines an MSME as a company that has less than 250 employees and a turnover or balance-sheet total of up to €50 or €43 million, respectively. Enterprises with less than 10 employees and a turnover or balance-sheet total of up to €2 million are classified as micro. Small enterprise employ between 10 and 50 employees and have a turnover or balance-sheet total of less than €10 million. The remainder of the MSMEs are classified as medium-sized. Hence, these thresholds apply to individual firms only. When a firm is part of a larger group, the figures of this larger group qualify.¹²

For the purpose of this survey, local experts have used the definition based on the number of employees that is the most appropriate for the local context.

In total, the local teams interviewed more than 600 representatives of enterprises in the four countries. The interviews were conducted between July 2012 and May 2013. It is important to mention the difficulties encountered by the surveyors, ranging from the availability of the MSME professionals to respond, the reluctance to respond in particular when it relates to disclosing balance-sheet data, to the difficult political and economic context brought about by the uprisings in the region. It should be noted that Tunisian MSMEs accepted disclosure of their financial data on the condition that the identity of the company would not be disclosed.

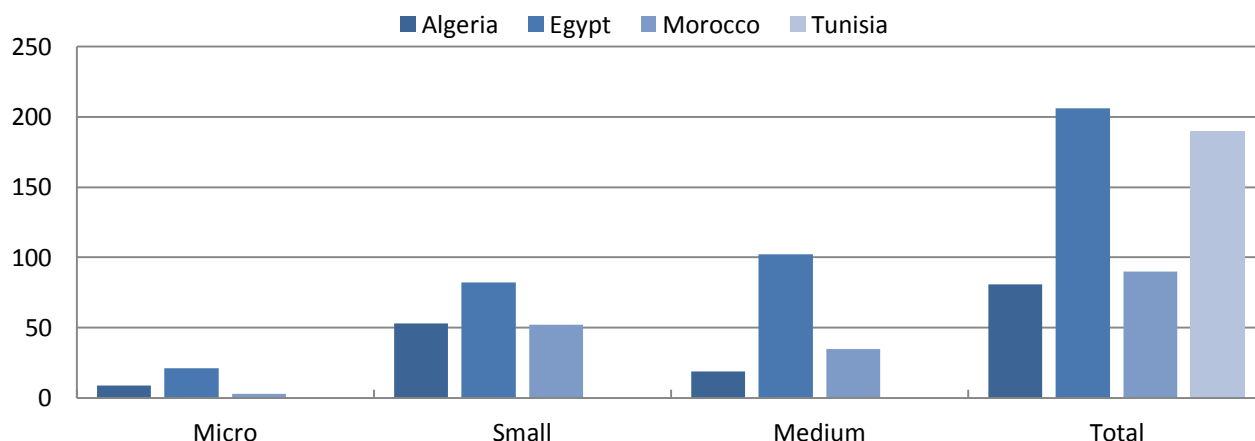
¹⁰ The National Advisory Board for SME Development in Algeria is a permanent body responsible for advising SMEs and their professional associations as well as promoting dialogue with the government on domestic economic development in general and the promotion SME development in particular.

¹¹ The IMTIAZ programme is designed by the Moroccan government to provide direct financial support to high-growth potential SMEs.

¹² A detailed definition of MSMEs in the EU can be found on the website of the European Commission (http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm).

Phone and face-to-face interviews followed a fixed structure based on the master questionnaire and an accompanying cover letter drafted by the CEPS team, with the exception of Tunisia where the number of questions was reduced and an alternative scaling was used to adapt to the local requirements. For the interviews the master questionnaire in English was translated into the official or vernacular languages of the selected countries to prevent biases arising from language barriers. The MSMEs in Algeria, Morocco and Tunisia were interviewed in French, while the interviews in Egypt were conducted in Arabic.

Figure 2.1 Number of observations by size and country



Note: When no information on the number of employees was available, the observation is not included in the analyses by size (micro, small and medium), but it is included in the totals.

The final database contains responses from 612 enterprises in the four countries, of which 81 responses are from enterprises in Algeria, 250 in Egypt, 91 in Morocco and 190 in Tunisia.¹³ Some of these enterprises, however, no longer correspond to the EU definition used in this report for MSMEs. Hence, 45 enterprises that reported more than 250 employees in the last available year have been omitted from the analyses, i.e. 44 in Egypt and 1 in Morocco. Of the remaining 376 MSMEs reported their number of employees, 33 are considered micro (8.7%), 156 small (41.5%) and 187 medium-sized enterprises (49.7%). See also Figure 2.1 for the division of responses by size and country.¹⁴ Overall, the number of micro sized enterprises seems at first sight under-represented in the figures. Based on several statistics most of the enterprises can in general be categorised as micro and small, whereas there are substantially less medium-sized enterprises. Yet, the contacts of most of the MSMEs included in the database are obtained from specialised SME support offices, which usually attract larger MSMEs since the potential benefits of the support are considered to be bigger.

The master questionnaire follows a straightforward procedure of five steps that is outlined in the overall assessment. The first part tries to identify the key obstacles

¹³ Tunisian companies responded to the questionnaire anonymously. No information on the names of companies, interviewees and the duration of the interview was released.

¹⁴ The part on financial information has been excluded from the analyses because of a limited number of observations.

MSMEs face. Based on the literature review and the inputs from economic-experts, six areas were identified that are important for the value creation of MSMEs and could be characterised as an obstacle. The areas include administrative procedures, legal counselling/consulting services and tax incentives; infrastructure (communications, utility services, roads & transport); access to financial instruments; clients and suppliers; availability of skills; and informality and corruption. Then, in the second part, the respondents are asked to rank the importance of the obstacles they face. Moreover, the MSMEs are asked how they would respond if their key obstacles were to be addressed and to assess the contribution of new policy initiatives to economic development in general and MSME development in particular. In the third part, country-specific questions are used to see to what extent the more important obstacles have been effectively addressed by present policy initiatives. In the fourth part, the MSMEs are asked to provide general information on the ownership, activities and employees. In the fifth and last part, the MSMEs are asked to provide information on the development of their financial position and performance since 2008. The structure of the questionnaire is followed for the presentation of the results in chapter 4.

3. RESULTS

This chapter presents the results of the survey that was filled out by 567 high-growth potential MSMEs in four southern Mediterranean countries (Algeria, Egypt, Morocco and Tunisia).¹⁵ The presentation of the results follows the same structure as the survey.¹⁶ The first part presents the six areas that were identified as potential important obstacles for MSMEs. The relative importance of these obstacles is determined in the second part. In the third and final parts, the responses to country-specific questions on policy initiatives are presented.¹⁷ The final part of the questionnaire on financial information (i.e. balance sheet and income statement) has been excluded from the presentation owing to the sensitive nature of this information and the limited number of responses received.

3.1 Obstacles faced by MSMEs

This first part presents the results on the key obstacles MSMEs face in the four countries. The six obstacles that have been identified are likely to be most important: administrative procedures, legal and tax; informality and corruption; infrastructure; access to finance; clients and suppliers; and availability of skills.

The findings are exhibited both by country and by size of enterprise. Most policy measures are taken and apply at country level, whereas the demands of organisations change as they grow.

Descriptive statistics on the database can be found in Annex 1. It also provides the results of the Wilcoxon-Mann-Witney non-parametric two-sample tests that has been used to test the whether the results by country and size of company, respectively, are distinct at a 5% significance.

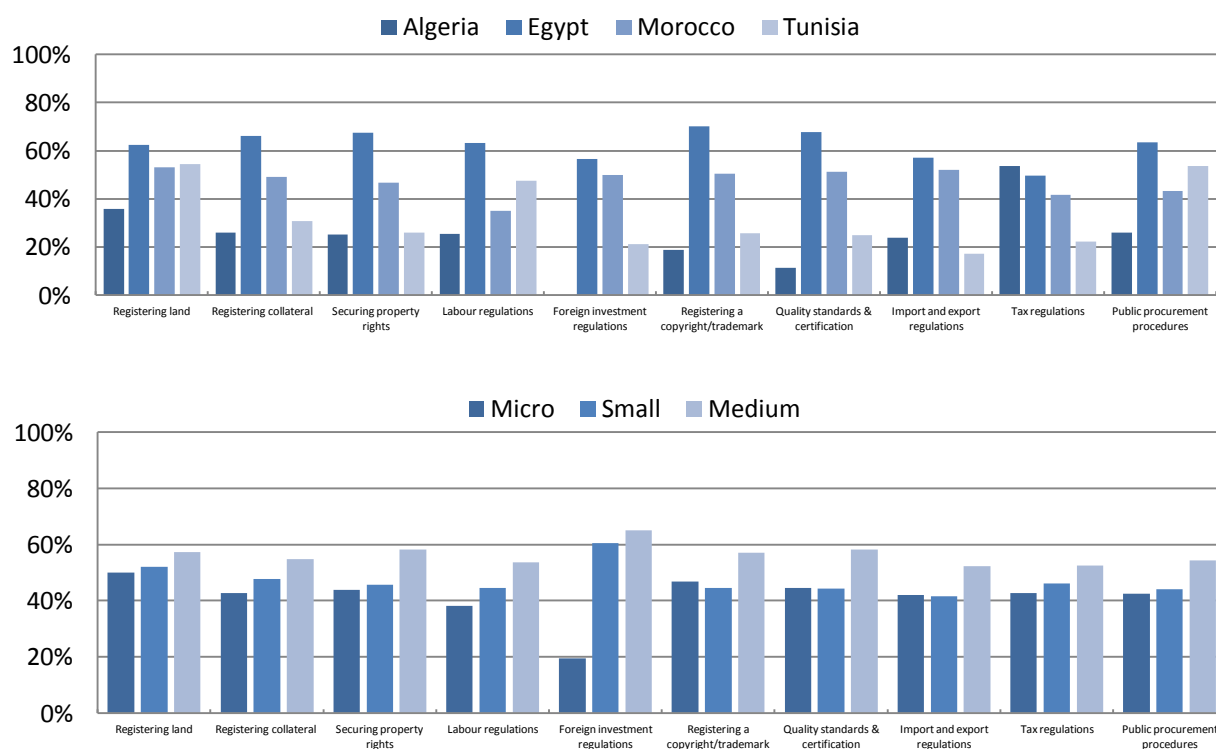
¹⁵ The “CEPS Database: Obstacles to Growth of MSMEs in Algeria, Egypt, Morocco and Tunisia” can be downloaded from the CEPS website (http://www.ceps.eu/system/files/book/2014/01/CEPS_MSME%20SurveyDataset_final.xlsx).

¹⁶ The master questionnaire for Egypt can be found in Annex 2.

¹⁷ The general information included in the questionnaire is presented in section 3 on methodology.

3.1.1 Area I: Administrative, legal and tax

Figure 3.1 Difficulties with administrative procedures indices*



* These indices are calculated using the responses to question A.1 in the survey (DB CODE B_01). The indices are calculated by converting the unweighted average scores ranging from a minimum of 1 to a maximum of 5 for Tunisia and a minimum of 1 to a maximum of 7 for the remaining countries into percentages.

Note: The results of the survey are presented on a scale from 0 to 100, with 0 being the most difficult and 100 being the least difficult. No data were available for Algeria on the difficulty of complying with foreign investment regulations.

Difficulties with administration procedures can prevent MSMEs from fully exploiting their growth potential. Hence, administration procedures imply costs (i.e. compliance costs and time) while potential revenues (i.e. opportunity costs) are lost. On the other hand, administrative procedures remain necessary to provide stakeholders with more legal certainty and credibility, which are often preconditions for trade and investment.¹⁸

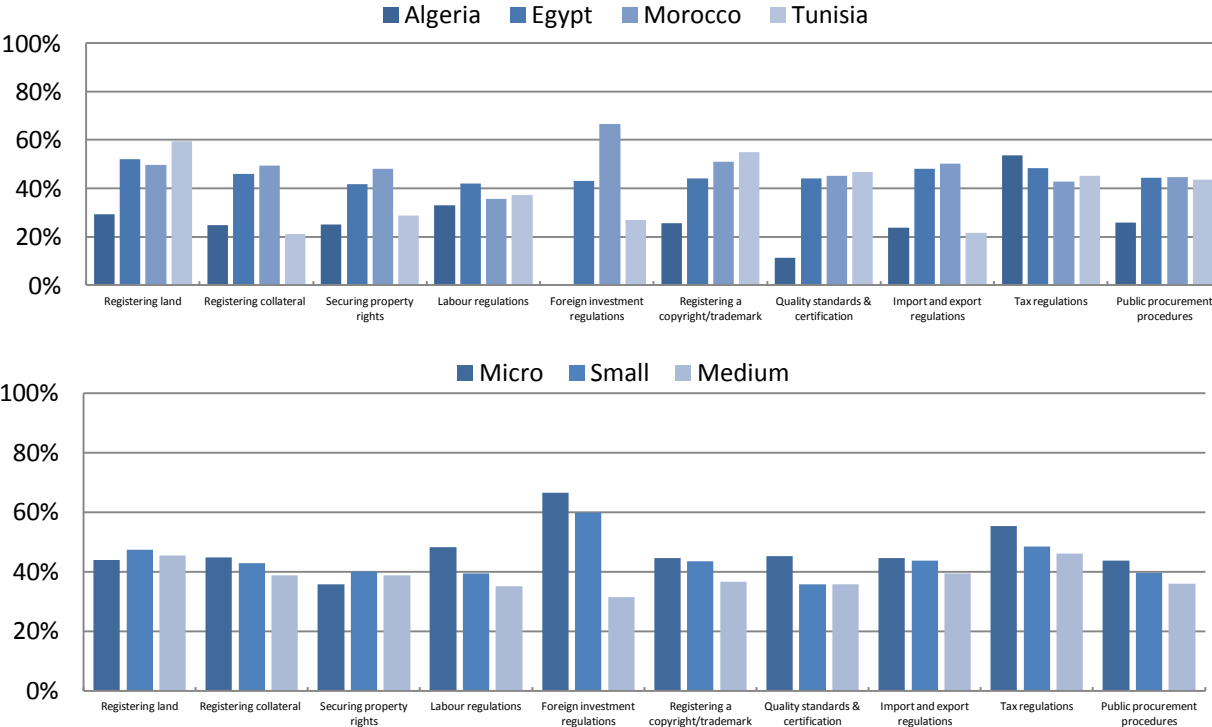
The questions on administrative procedures focus on the difficulty that fast-growing MSMEs experience with complying with 10 different procedures. The results presented in Figure 3.1 show a wide variance between the four countries. The Algerian and Tunisian high-growth potential MSMEs indicated that they are confronted with relatively more constraints in complying with administrative procedures than their Egyptian and Moroccan counterparts. However, with average constraints between 40% and 70%, the procedures in Morocco and Egypt are still around no more than moderate levels.

¹⁸ Only registered organisations are included in this survey. In the countries in the region, however, there are many organisations that qualify as micro- or small-sized enterprises but they are not registered. That fact alone puts a constraint on their growth.

There are a few exceptions to these general divisions. MSMEs in Algeria, for instance, have least difficulties with tax regulation. And in Tunisia the difficulties MSMEs face with registering land, complying with labour regulations and public procurement procedures are at levels comparable to Egypt and Morocco.

The results further show that micro and small sized enterprises face more difficulties than the medium-sized enterprises. The results for micro and small enterprises are more or less similar for all items, with the exception of foreign investment regulations. Micro enterprises indicate that they face significantly more constraints in complying with these regulations.

Figure 3.2 Availability of advisory support for administrative procedures indices*



* These indices are calculated using the responses to question A.2 in the survey (DB CODE B_02). The indices are calculated by converting the unweighted average scores ranging from a minimum of 1 to a maximum of 5 for Tunisia and a minimum of 1 to a maximum of 7 for the remaining countries into percentages.

Note: The results of the survey are presented on a scale from 0 to 100, with 0 being the most difficult and 100 being the least difficult. No data were available for Algeria on the difficulty of complying with foreign investment regulations.

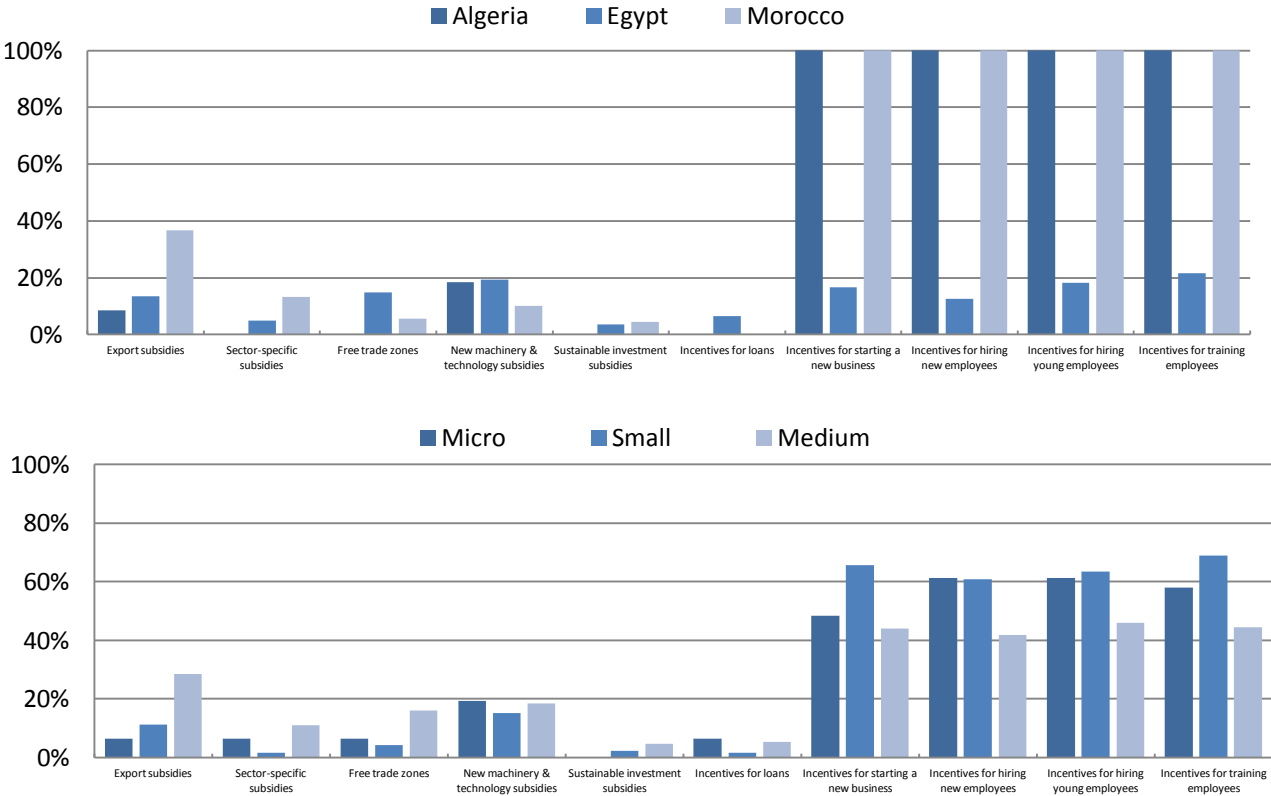
The availability of advisory services can support MSMEs to respond to administrative procedures. Legal counselling and consulting services provide the entrepreneur with the possibility to outsource part or sometimes even all the work required to reduce the administrative burden, while keeping his/her costs under control. Moreover, advisory services can help the enterprises to get most benefit from the administrative procedures (e.g. exploiting copyrights/trademarks or reducing the tax burden).

The results summarised in Figure 3.2 show that advisory services are widely available throughout the four countries in the region. The availability of advisory

services is in general at moderate levels or above. The only exceptions are the advisory services in Morocco to comply with the foreign investment regulations and to register land in Tunisia. It is noteworthy that the results for Algeria are similar to the difficulties experienced by the MSMEs to fulfil or comply with the advisory procedures. The survey results do not provide an explanation for these similarities. However, more difficult administrative procedures are likely to be reflected in a larger demand for advisory services in a country.

The results by size show limited significant differences, with the exception of foreign investment and labour regulations. The micro-, small- and medium-sized enterprises responded that legal counselling or consulting services to support their enterprise is more than moderately available. Yet, micro- and small-sized enterprises reported that the availability of support to comply with foreign investment and labour regulations is substantially less for them.

Figure 3.3 Tax incentives used by MSMEs indices*



* These indices are calculated using the responses to question A.6 in the survey (DB CODE B_06). The indices are the unweighted average scores of the MSMEs that responded to the question

Note: The results presented in this figure show the percentage of MSMEs affirming that they use a particular tax incentive. For Tunisia, no representative data are available.

Governments use policies to direct enterprises’ behaviour (e.g. promoting exports, research & development, etc.). One way of doing this is by providing tax incentives. The governments in the four countries have introduced tax incentives that aim to enhance job creation, exports and innovation. Yet these tax incentives can only deliver a positive contribution to the economy when it generates new activities instead of crowding out private initiatives.

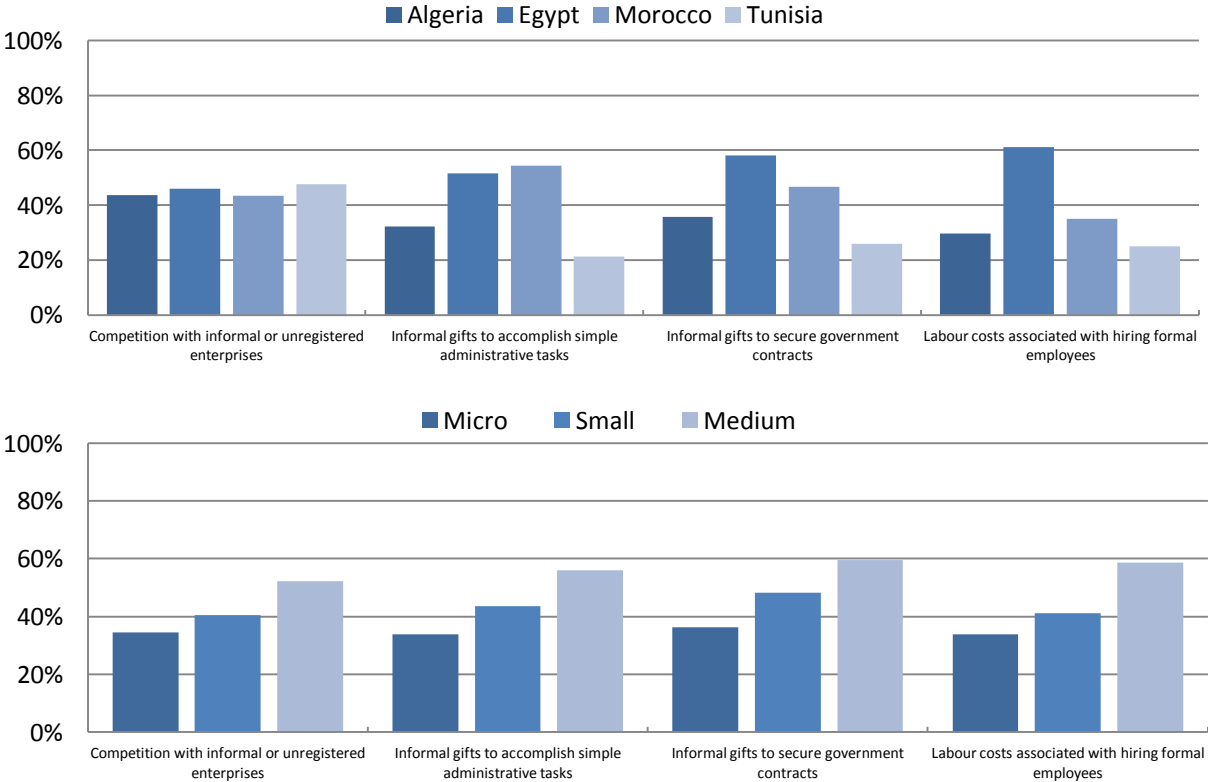
MSMEs in these countries make use of tax incentives, despite the fact that they are only moderately or less available. *Figure 4.3* shows that all respondents in Algeria and Morocco have used tax incentives to start up a new business, hire new (young) employees and train employees. In turn, in Egypt only between one in five and one in ten MSMEs use these incentives, respectively. Of the remaining tax incentives only the export subsidies and new machinery are used by a large minority in all three countries. These results are largely in line with the availability of tax incentives. In Algeria and Morocco, MSMEs expressed the view that tax incentives are, respectively, more than moderately or moderately available, while those in Egypt found them less available.

Turning to the results by size, the tax incentives to start up a new business, hire new (young) employees and train employees are mostly used by micro and small enterprises. Medium-sized enterprises utilise significantly less tax incentives, with the exception of export subsidies.

3.1.2 Area II: Corruption and informality

Corruption and informality increases costs, uncertainty and unfair competition of formal enterprises. Hence, informal enterprises or unregistered organisations do not comply with the legislations and thus have a cost advantage compared to formal or registered enterprises. Informal enterprises, for example, often do not comply with tax and labour regulations. In turn, this makes informal enterprises unlikely business partners for governments as well as large and international companies. Corruption enhances uncertainty in the economy, which makes investing less attractive as well as efficient allocation of resources more difficult.

Figure 3.4 Difficulties due to informality and corruption indices, by country and by size*



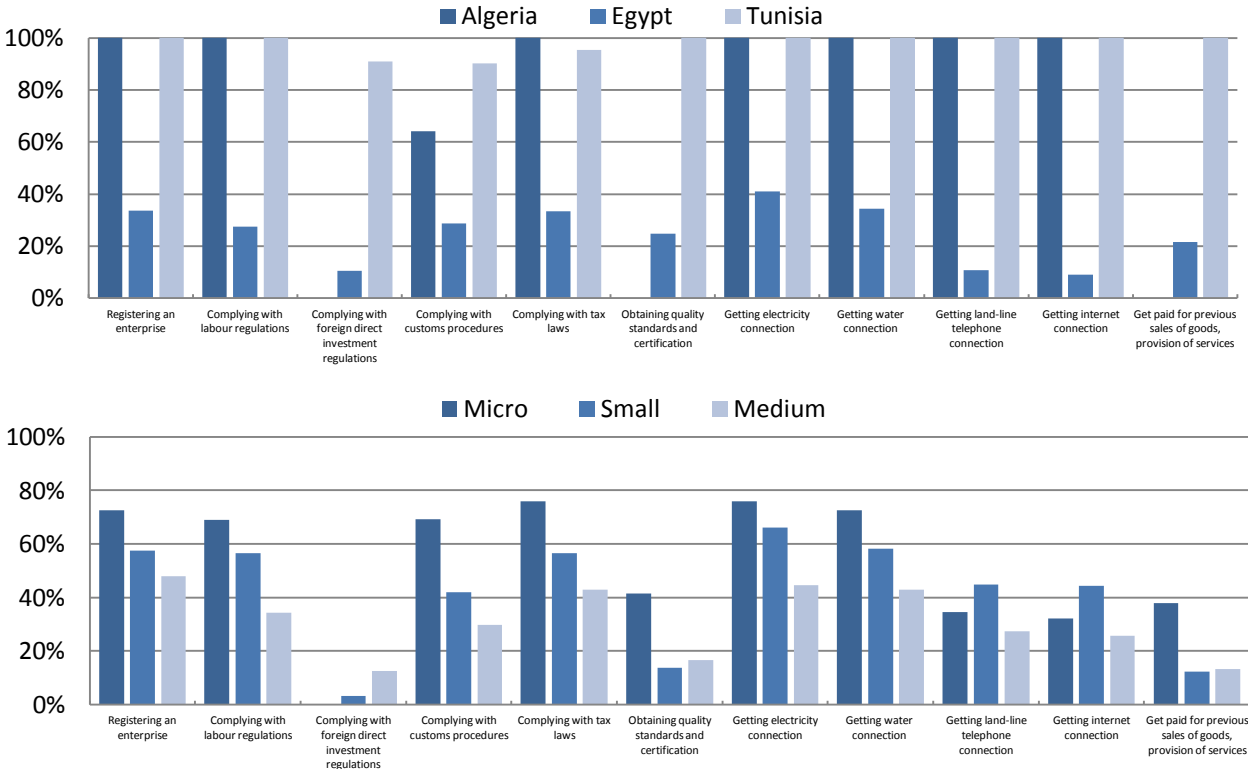
* The difficulties due to informality and corruption indices are calculated using the responses to question F.1 in the survey (DB CODE G_01). The indices are calculated by converting the unweighted average scores ranging from minimum 1 to maximum 5 for Tunisia and minimum 1 to maximum 7 for the remaining countries into percentages.

Note: The results of the survey are presented on a scale of 0 to 100 with 0 being the most difficult and 100 being least difficult.

MSMEs in the four countries experience moderate to large difficulties due to informality and corruption. The results presented in Figure 3.4 show that MSMEs face moderate difficulties with competition from unregistered enterprises and the most difficulties from labour costs associated with hiring formal employees, with Egypt being the only exception. In Algeria and Tunisia, MSMEs encounter the most difficulties with the need to provide informal gifts for simple administrative tasks and government contracts. In turn, the necessity to provide informal gifts to accomplish administrative tasks and to secure government contracts is less important in Egypt and Morocco, where MSMEs face moderate difficulties.

Micro and small enterprises are confronted with significantly more difficulties with informality and corruption than medium-sized enterprises. For micro enterprises, it is significantly more difficult to accomplish administrative tasks and to secure government contacts without providing informal gifts than both for small- and medium-sized enterprises.

Figure 3.5 Necessity of corruption to accomplish administrative tasks indices*



* The necessity of corruption to accomplish administrative tasks indices are calculated using the responses to question F.2 in the survey (DB CODE G_02). The indices are the unweighted average scores of the MSMEs that responded to the question.

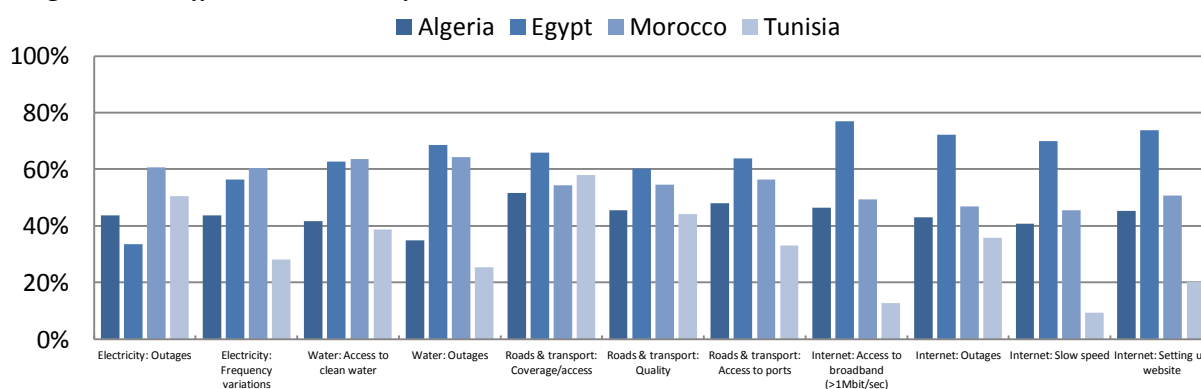
Note: The results presented in this figure show the percentage of MSMEs affirming that an informal gift or payment is, in their experience, expected or requested to accomplish an administrative task. For Morocco no representative data are available on this question.

Looking at the detailed results for 11 different administrative procedures, there are barely any procedures where corruption is not necessary to accomplish the task. The results presented in Figure 3.5 show that informal gift or payments are perceived as a necessity for almost all administrative tasks in Algeria and Tunisia. The only exceptions for Algeria are foreign direct investment regulation, obtaining quality standards, certifications and getting paid for the sale of goods and provision of services. For Tunisia, corruption is almost always a necessity, with the exception of foreign direct investment regulations, customs procedures and tax laws. Moreover, in Egypt substantially fewer MSME perceive corruption as expected or requested to accomplish administrative tasks. To obtain a telephone or Internet connection as well as to comply with foreign direct investment regulations, Egyptian MSMEs expect at a minimum that they have to provide an informal gift or an additional payment.

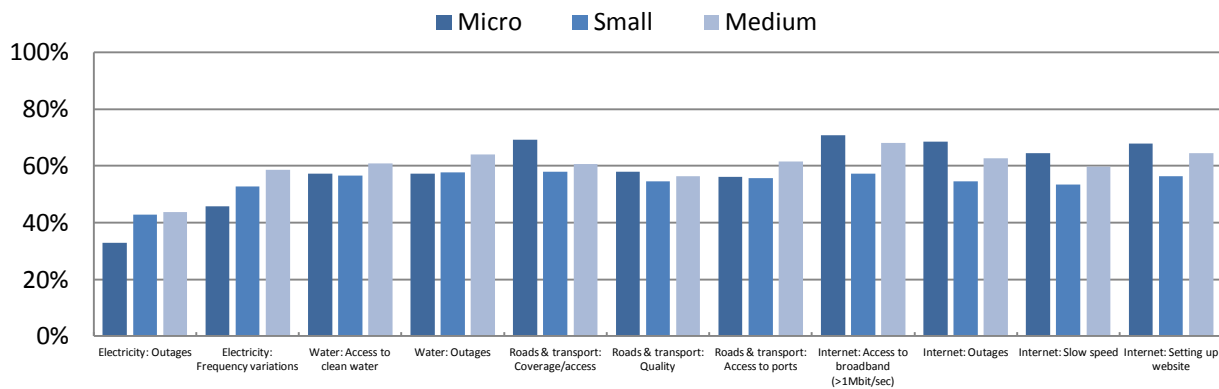
3.1.3 Area III: Infrastructure availability

The availability of infrastructure is essential for MSMEs to operate. The types of infrastructure included in the survey can be divided in roughly three categories: utility services, transportation and communications. To fabricate their products enterprises often depend on the availability of utility services (e.g. water and electricity). For the distribution of their services and products, the availability of transport facilities and connection to transport hubs are important (e.g. quality and access to roads, transportation as well as ports). For the contacts with related parties like customers and suppliers, the availability of communication services are important (e.g. internet, telephone and fax).

Figure 3.6 Difficulties with infrastructure indices¹⁹



¹⁹ The difficulties with infrastructure indices are calculated using the responses to question C.1 in the database. The indices are calculated by converting the unweighted average scores ranging from minimum 1 to maximum 5 for Tunisia and minimum 1 to maximum 7 for the remaining countries into percentages.



* The difficulties with infrastructure indices are calculated using the responses to question B.1 in the survey (DB CODE C_01). The indices are calculated by converting the unweighted average scores ranging from minimum 1 to maximum 5 for Tunisia and minimum 1 to maximum 7 for the remaining countries into percentages.

Note: The results of the survey are presented on a scale from 0 to 100, with 0 being the most difficult and 100 being the least difficult.

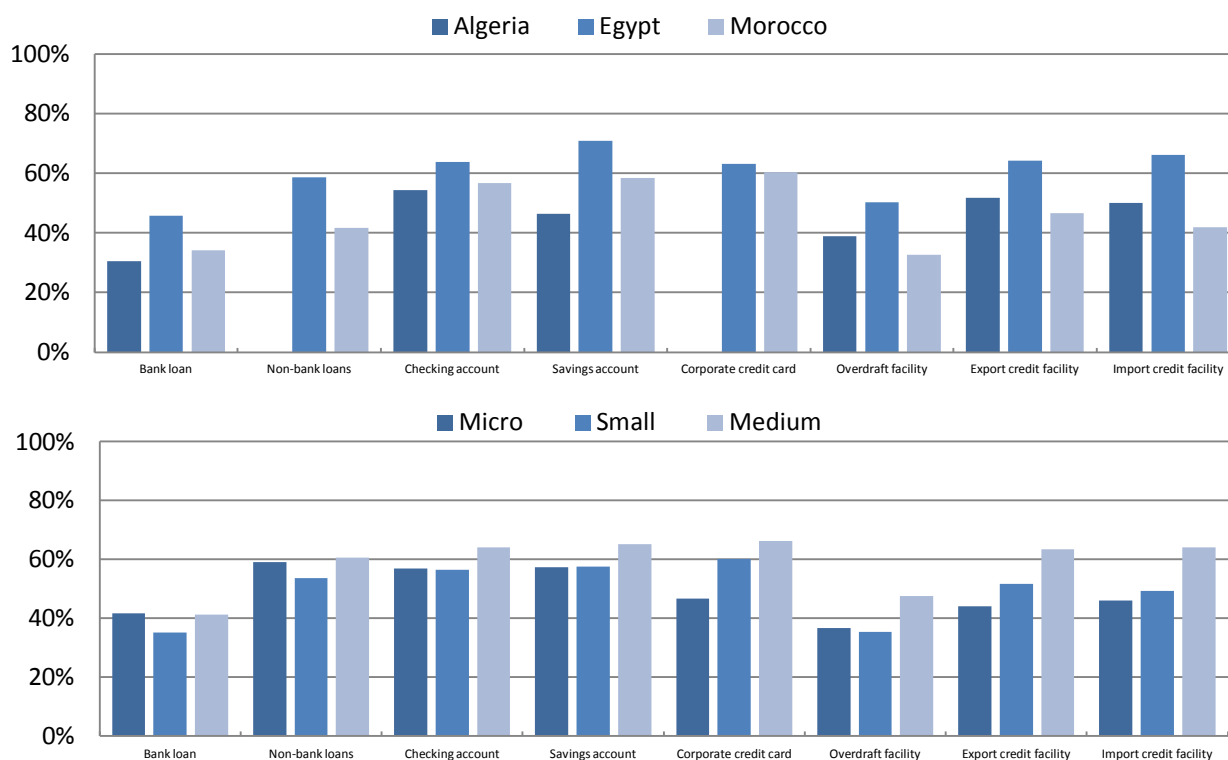
The results on infrastructure draw a mixed picture. The results presented in Figure 3.6 show that the difficulties that MSMEs face with roads and transportation are similar. The level of the four countries for coverage/access and quality to roads & transport as well as the access to ports is mostly moderate throughout the region, except for the access to ports in Tunisia. Turning to digital and utility services, the picture becomes more diffuse. Yet the MSMEs in Algeria and Tunisia report significantly more difficulties with outages of and access to clean water supply as well as, but to a lesser extent, frequency variations in electricity than those in Egypt and Morocco. Moreover, in contrast to the MSMEs in Egypt that face limited difficulties with internet services, their counterparts in Tunisia face the most difficulties with obtaining access to the internet and the setting up of websites. The difficulties faced in Algeria and Morocco are described as at moderate levels.

The results by size show limited distinct differences. Micro enterprises have slightly more difficulties with electricity than small- and medium-sized enterprises. Small enterprises face significantly more difficulties with internet services.

3.1.4 Area IV: Access to finance

Enterprises typically face the costs before they generate revenues. In order to fund their investments MSMEs depend on the availability of both internal and external funds. Hence, when internal funds like retained earnings or savings are insufficient, enterprises depend on external sources like banks to obtain finance. When these funds are inadequate or too expensive, investments with a net positive contribution to the economy can be withheld. Moreover, MSMEs often need a checking account to carry out payments.

Figure 3.7 Difficulties with access to financial instruments indices*



* The difficulties with access to financial instruments indices are calculated using the responses to question C.1 in the survey (DB CODE D_01). The indices are calculated by converting the unweighted average scores ranging from a minimum of 1 to a maximum of 5 for Tunisia and a minimum of 1 to a maximum of 7 for the remaining countries into percentages.

Note: The results of the survey are presented on a scale from 0 to 100, with 0 being the most difficult and 100 being the least difficult. For Tunisia, there are no representative data available on this question and for Algeria no data exist on the access to non-bank loans and corporate credit cards.

The difficulties that MSMEs face in obtaining access to financial instruments are in general moderate. The results presented in Figure 3.7 show that MSMEs in the three countries for which data are available face more difficulties in getting a bank loan or overdraft facility than any other financial instruments. On the other hand, savings and checking accounts are available with the least difficulty. Hence, the risks for banks on these debit instruments are less than on the other credit products. Regarding the differences by country, MSMEs face least difficulties with access to finance in Egypt and enterprises face similar but more difficulties in both Algeria and Morocco.

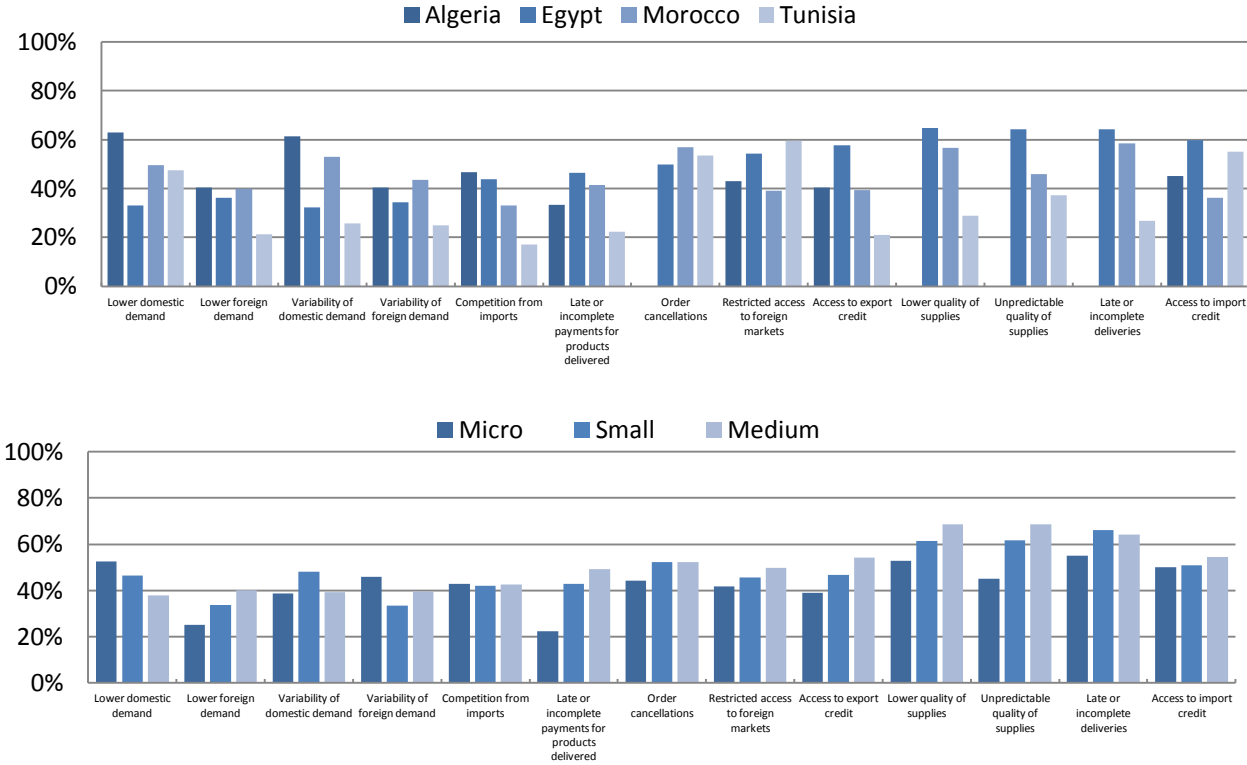
The survey results further show that micro and small enterprises have somewhat more difficulty in getting an overdraft facility and export and import credit facilities than do medium-sized enterprises.

3.1.5 Area V: Clients and suppliers

An enterprise forms the link between its suppliers and its clients in the value chain. Thus it is very important for an enterprise to develop these two connections. Suppliers are important for the delivery of raw materials of a stable quality against an attractive price and in time. If one of these three conditions is not fulfilled, the

operations of an enterprise are likely to work inefficiently, resulting in underperformance. Clients, on the other hand, are important for the sales of the enterprise. The demand for the product/service and its price determine the total sales. The demand is determined by the quality, uniqueness, availability, affordability and necessity of the product but also the price, which is often set by the enterprise itself.

Figure 3.8 Difficulties with clients and suppliers since 2008 indices*



* The difficulties with clients and suppliers indices are calculated using the responses to question D.1 in the survey (DB CODE E_01). The indices are calculated by converting the unweighted average scores ranging from a minimum of 1 to a maximum of 5 for Tunisia and a minimum of 1 to a maximum of 7 for the remaining countries into percentages.

Note: The results of the survey are presented on a scale from 0 to 100, with 0 being the most difficult and 100 being the least difficult. For Algeria there are no data on the difficulties regarding order cancellations, unpredictability of quality of supplies and late or incomplete deliveries.

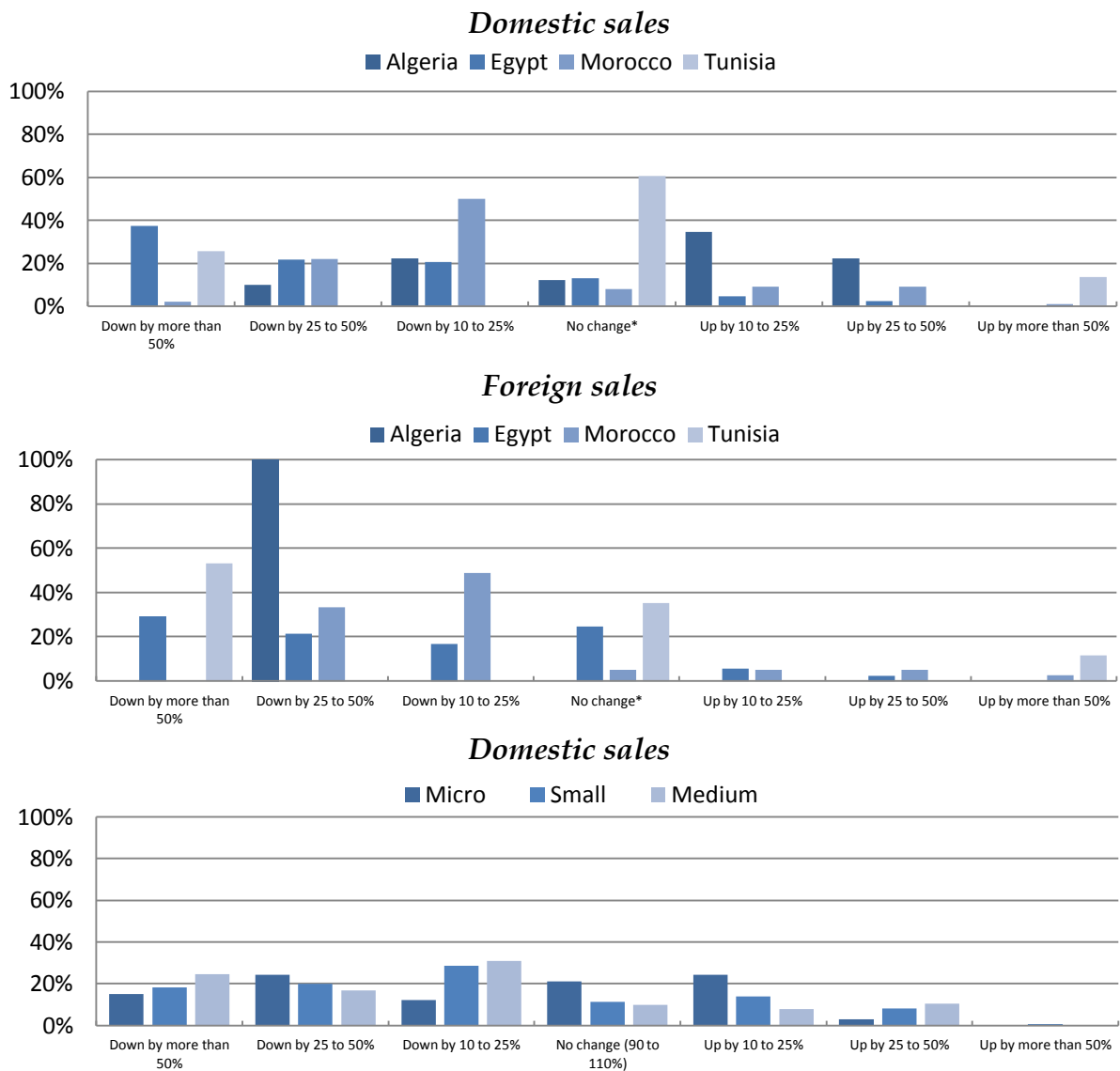
Since 2008, the Southern Mediterranean economies have also suffered from the global financial crisis. The results presented in Figure 3.8 show that cross-border MSMEs activities suffered the most from the crisis (e.g. lower foreign demand, variability of foreign demand and competition from imports, and to a lesser extent, access to export credit and restricted access to foreign markets). On the other hand, domestic demand suffered the most in countries that had a tumultuous regime change. The domestic demand decreased in Egypt and the variability of domestic demand increased in both Egypt and Tunisia.

The size of the enterprises seems to have only a limited impact on the difficulties associated with the enterprise’s clients and suppliers. Medium-sized enterprises

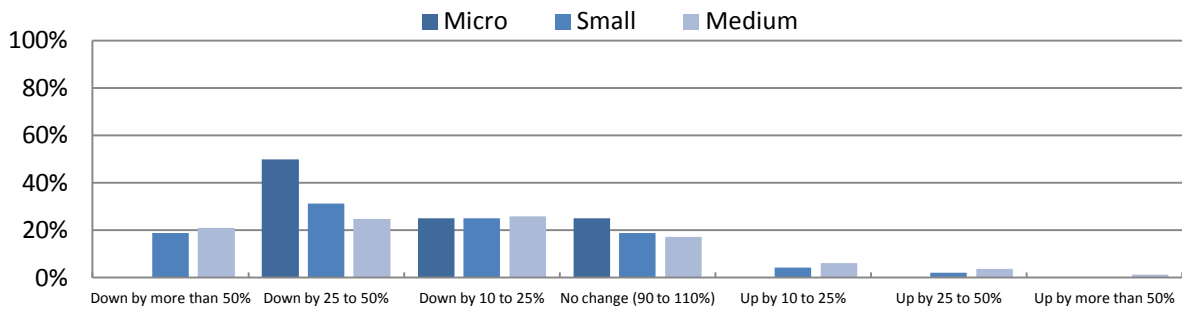
faced relatively more difficulties with a lower domestic demand. Micro enterprises also experienced later and incomplete payments for delivered products.

Sales dropped substantially between 2008 and 2011. The figures for domestic and foreign sales presented in Figure 3.89 show that the domestic sales of most MSMEs have remained unchanged or decreased since the burst of the financial crisis, with the exception of Algeria where around 50% of the enterprises reported higher sales revenues. Foreign demand fell even deeper. The MSMEs with foreign sales revenue saw their foreign revenues decreasing substantially. Hence, only up to 20% of MSMEs in the different countries quoted an increase of more than 10% in foreign sales revenues.

Figure 3.9 Change in sales between 2008 and 2011 by country*



Foreign sales



* The change in sales between 2008 and 2011 by country is calculated on the basis of responses to question D.2 in the survey (DB CODE E_02). The results are unweighted average scores of the MSMEs that responded to the question.

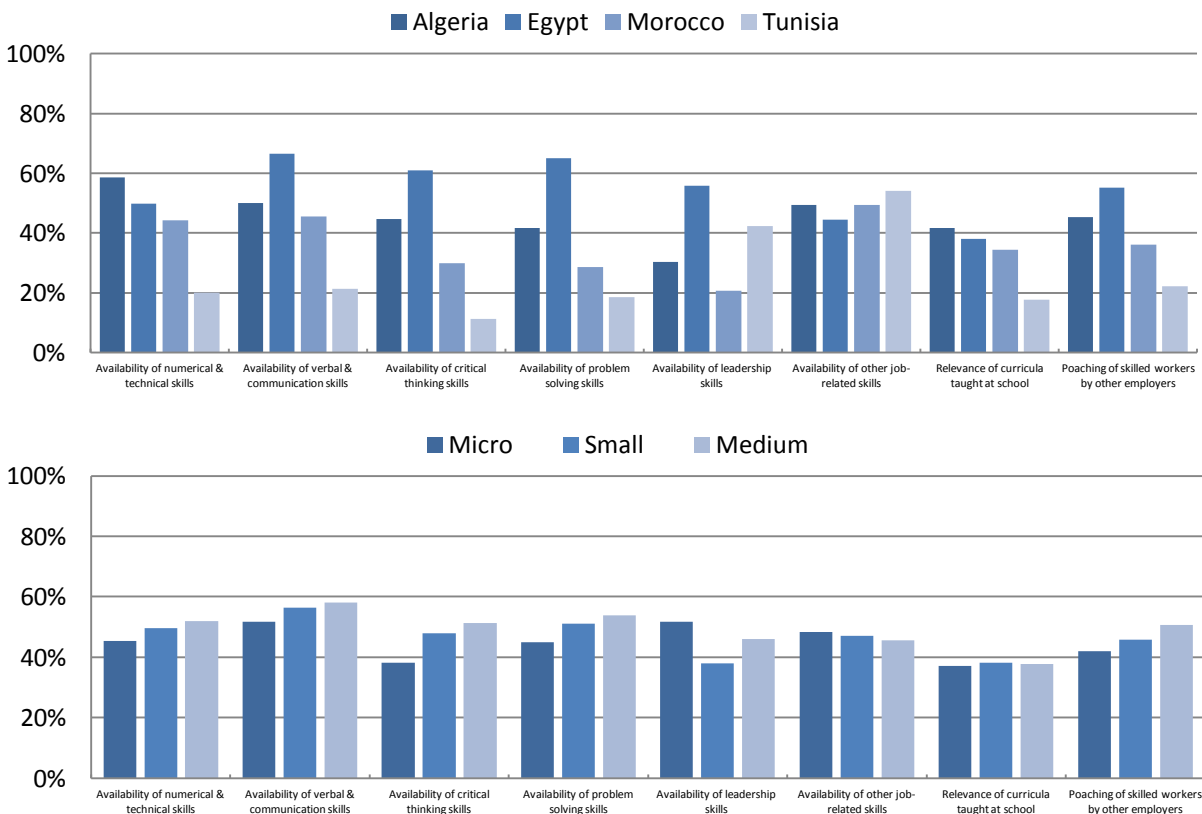
** The MSMEs in Tunisia had only three options to choose from; down by more than 50%, no change and up by more than 50%. The 'no change' results for Tunisia indicate a change in sales between plus and minus 50%, while for the other countries it just indicates a change between plus and minus 10%.

Note: The results presented in this figure show the percentage of change in domestic and foreign sales between 2008 and 2011. Only the MSMEs that reported the change in their sales were included. Hence, the limited number of MSMEs having external sales revenues reduces the number of observations for 'foreign sales' substantially. In Algeria, for instance, only five MSMEs responded to the question on the change in foreign sales.

3.1.6 Area VI: Availability of skills

Human capital is another important factor that could obstruct MSMEs in exploiting their growth potential. When enterprises grow, they often need to recruit new employees. The availability of qualified personnel with the right technical and social skills is enormously important for the productivity and continuity of enterprises.

Figure 3.10 Skills-related difficulties indices*



* The skills-related difficulties indices are calculated using the responses to question E.1 in the survey (DB CODE F_01). The indices are calculated by converting the unweighted average scores, ranging from a minimum of 1 to a maximum of 5 for Tunisia and a minimum of 1 to a maximum of 7 for the remaining southern Mediterranean countries, into percentages.

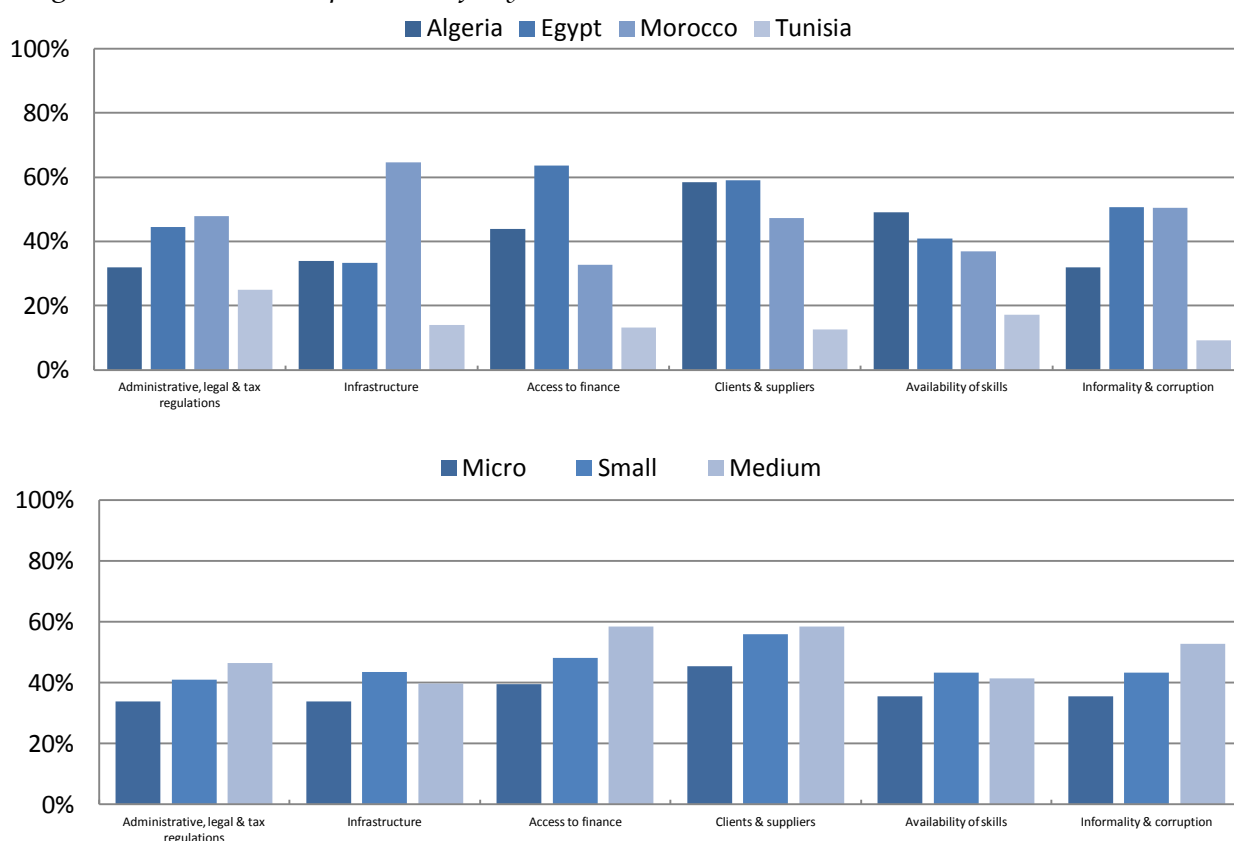
Note: The results of the survey are presented on a scale from 0 to 100, with 0 being the most difficult and 100 being the least difficult.

The results on human capital show a large variance up to moderate levels. The detailed outcomes in Figure 3.10 show that MSMEs in Egypt face the least difficulties in finding new employees. All the skills in demand are around moderate levels. Moreover, they are least confronted with poaching of skilled workers by other employers. Egypt is followed by Algeria, Morocco and Tunisia, respectively, where MSMEs face most difficulties in finding qualified personnel.

The figures by size show that the larger the enterprise the fewer problems it has in finding skilled employees. However, with the exception of leadership skills, these results are not significantly different at 5%, using the Wilcoxon-Mann-Witney non-parametric two-sample tests.

3.2 Main obstacles

Figure 3.11 Relative importance of key obstacles indices*



* The relative importance of key obstacles indices are calculated on the basis of the responses to question G.1 in the survey (DB CODE H_01). The indices are calculated by converting into percentages the unweighted average scores ranging from minimum 1 to maximum 5 for Tunisia and a minimum of 1 to a maximum of 7 for the remaining southern Mediterranean countries.

Note: The results of the survey are presented on a scale from 0 to 100, with 0 being the most difficult and 100 being the least difficult.

To determine the importance of the obstacles in the different areas, the relative importance of each has been assessed. Overall, the results suggest that all areas are perceived to be moderately difficult or more difficult, except for infrastructure, which is widely considered to be more difficult. The results presented in Figure 3.10 confirm this for Algeria, where MSMEs have the most difficulties with infrastructure, informality & corruption as well as administrative, legal & tax regulations. In Egypt, MSMEs experience the most difficulties with the availability of good infrastructure, followed by administrative, legal & tax regulations and the availability of skilled workers. Morocco is the only country in the sample where infrastructure is considered the least problematic. Hence, Moroccan MSMEs experience the most difficulties with access to finance. And they also face significant difficulties with the availability of skilled workers. This is in line with the findings in Arbak (2012), which showed that the returns to education are much higher in Morocco than in Algeria and to a lesser extent also in Egypt, while the average level of education achieved is lower. Finally, MSMEs in Tunisia experience severe difficulties in all six categories, with slightly less difficulties in complying with administrative, legal and tax regulations.

Turning to the obstacles by size, micro enterprises face significantly more difficulties with the five of the six areas. The availability of skills is the only area for which the results are not significant. Moreover, administrative, legal & tax regulations, infrastructure, availability of skills and informality & corruption seem more or less similarly difficult for all MSMEs. Hence, access to finance and clients & suppliers seem in general less of an obstacle for the small- and medium-sized enterprises.

Table 3.1 combines the results on both countries and size. The disaggregated results are only available for MSMEs in Algeria, Egypt and Morocco that reported employee statistics, which were used to determine the size. The results show that the obstacles faced by micro enterprises are not significantly different between the three countries, in contrast to small- and medium-sized enterprises where these are more apparent. Access to finance is for instance quite difficult for small- and medium-sized enterprises in Morocco, whereas it does not seem as great an obstacle in Algeria and least of a barrier in Egypt. And administrative, legal & tax regulation requirements as well as informality & corruption are significantly more of greater obstacles to SMEs in Algeria. Moreover, the SMEs in Morocco face substantially fewer difficulties with infrastructure, but medium enterprises face more difficulties with clients & suppliers in the past few years.

Differences in size are in general less evident than differences between countries. In Egypt there are for instance no obstacles significantly different from two other sizes. Micro enterprises only perceive more difficulties with access to finance than medium-sized enterprises. Similarly, in Algeria and Morocco the micro and small enterprises report facing significantly more difficulties in obtaining access to financial products than medium-sized enterprises. Furthermore, micro enterprises faced more difficulties with clients & suppliers in recent years than SMEs.

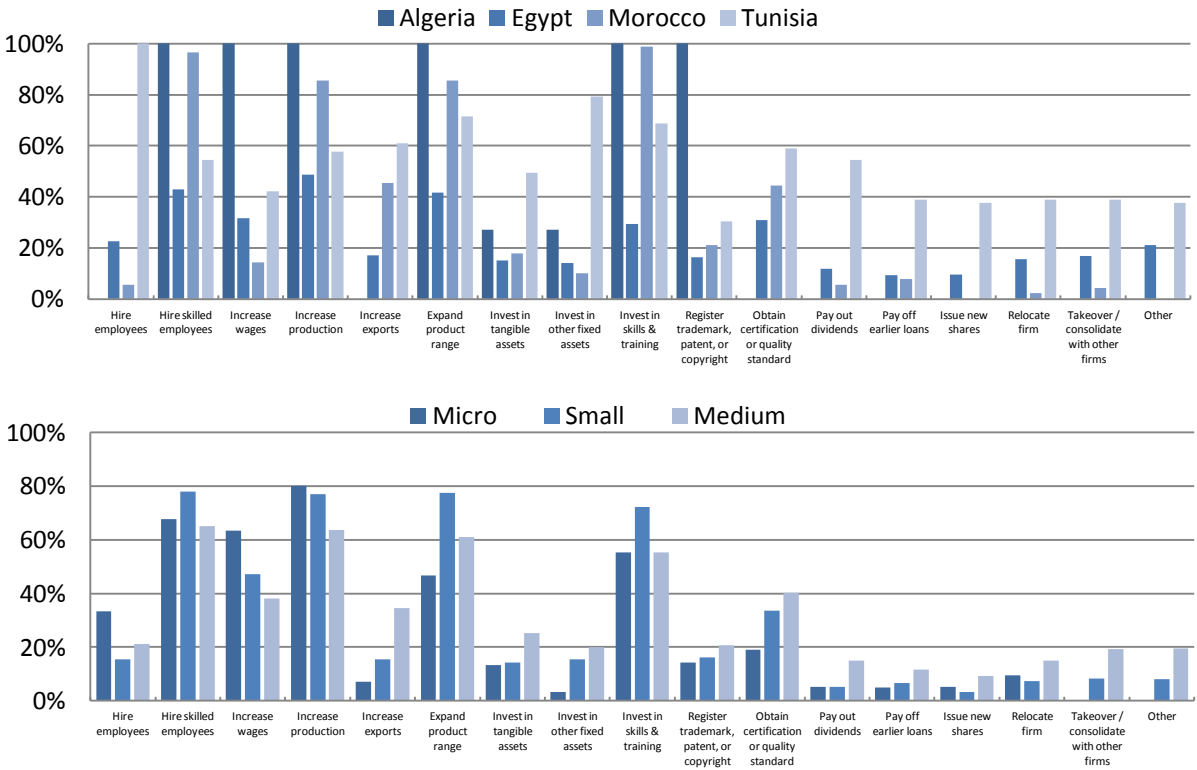
Table 3.1 Obstacles faced by MSMEs in the southern Mediterranean

	Micro		Small		Medium		All MSME	
	Index	Rank	Index	Rank	Index	Rank	Index	Rank
Algeria								
Administrative, legal & tax regulations	33-/*	3	33**/-	1	29**/*	1	32**	2
Infrastructure	31-/*	2	35**/*	3	32*-/	3	34*	3
Access to finance	39-/*	4	44**/*	4	46**/**	4	44**	4
Clients & suppliers	54-/**	6	60**/*	6	57-/*	6	58*	6
Availability of skills	44-/-	5	50*-/	5	48*-/	5	49**	5
Informality & corruption	28-/*	1	33**/*	2	31**/**	2	32**	1
Egypt								
Administrative, legal & tax regulations	33-/-	2	43*-/	2	48*-/	3	44*	3
Infrastructure	31-/-	1	35*-/	1	32*-/	1	33*	1
Access to finance	42-/*	5	65**/-	6	67**/*	6	64**	6
Clients & suppliers	43-/-	6	61*-/	5	61*-/	5	59*	5
Availability of skills	33-/-	3	43-/-	2	41-/-	2	41*	2
Informality & corruption	37-/-	4	47*-/	4	56*-/	4	51*	4
Morocco								
Administrative, legal & tax regulations	44-/*	4	46*-/	4	50**/*	3	48*	4
Infrastructure	61-/-	6	64**/-	6	65**/-	6	65**	6
Access to finance	22-/**	1	28**/*	1	41**/*	2	33**	1
Clients & suppliers	33-/**	3	45**/*	3	52**/*	4	47**	3
Availability of skills	22-/-	1	37*-/	2	38*-/	1	37*	2
Informality & corruption	50-/*	5	48*-/	5	54**/*	5	50*	5
Tunisia								
Administrative, legal & tax regulations	..		..		..		25***	6
Infrastructure	..		..		..		14***	4
Access to finance	..		..		..		13***	3
Clients & suppliers	..		..		..		13***	2
Availability of skills	..		..		..		17***	5
Informality & corruption	..		..		..		9***	1
All 4 countries								
Administrative, legal & tax regulations	34*	1	41-	1	46*	3	37	4
Infrastructure	34*	2	43*	4	40-	1	33	1
Access to finance	39*	5	48*	5	58**	5	39	5
Clients & suppliers	45**	6	56*	6	58*	6	42	6
Availability of skills	35-	3	43-	2	41-	2	34	2
Informality & corruption	35*	4	43*	3	53**	4	35	3

Notes: The distinction of the survey results based on respectively country (i.e. Algeria, Egypt, Morocco and Tunisia) and size (i.e. micro, small and medium) was tested using Wilcoxon-Mann-Witney non-parametric two-sample tests at 5% significance. The number of asterisks (*, **, etc.) shows the number of groups (i.e. countries / sizes) that are statistically different.

MSMEs are likely to use the benefits from the removal of obstacles for the expansion of their enterprise. The results presented in Figure 3.12 show that most MSMEs would respond by expanding the production or product range, obtain certification or quality standards and invest in hiring skilled employees and in skills & training if obstacles would be addressed. Moreover, MSMEs in Algeria indicated that they would also increase wages of their employees and register trademark, patents or copyrights. In Tunisia, the most MSMEs would invest in fixed assets and a minority would also use the benefits to pay off loans earlier, pay out dividends and invest in tangible assets.

Figure 3.12 Response if obstacles would be addressed*

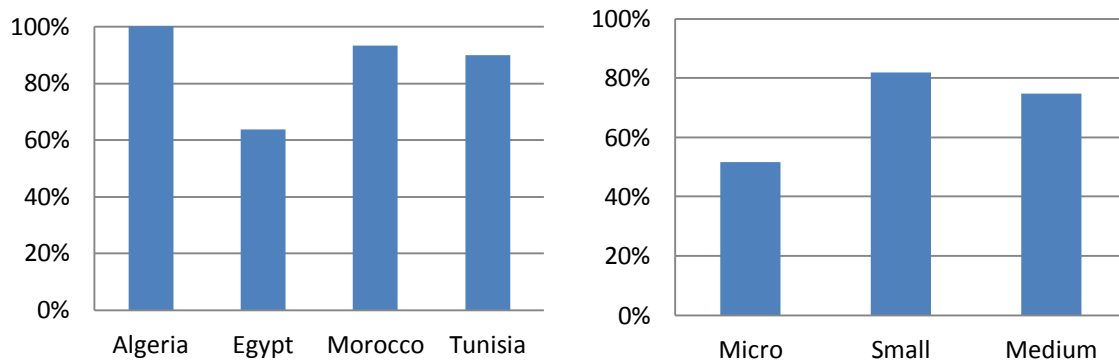


* The response "if obstacles would be addressed" is calculated on the basis of the responses to question G.2 in the survey (DB CODE H_02). Results presented show the unweighted average scores of the MSMEs that responded to the question.

Note: The results of the survey presented in this figure show the percentage of MSMEs that indicated that they would undertake a certain action if the main obstacles it is facing would be addressed. There were no responses in Algeria on the categories hire employees, obtain certification or quality standard, pay out dividends, pay off earlier loans, issue new shares, relocate firm, takeover/consolidate with other firms and other.

3.3 National policy initiatives

Figure 3.13 MSMEs benefitting from domestic SME support organisations*

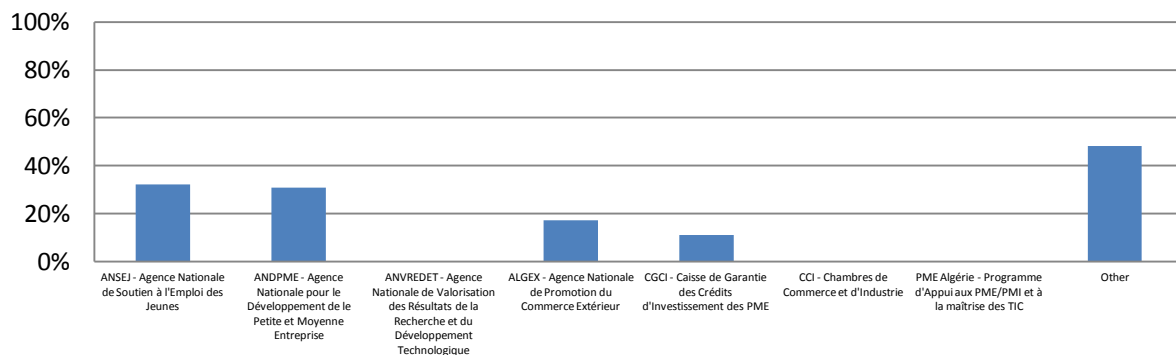


* The MSMEs benefitting from domestic SME support organisations are calculated using the responses to question H.2 in the survey (DB CODE I_02). The presented results are unweighted average scores of the MSMEs that responded to the question.

Note: The results of the survey presented in this figure show the percentage of MSMEs that reported they benefitted from services provided by SME support organisations.

The countries under study have already taken initiatives to support MSMEs. The results presented in *Figure 3.13* shows that most of the MSMEs in the sample benefit from services provided by SME support organisations in their home countries. In Algeria, all MSMEs benefit from domestic SME support organisations, whereas in Egypt, Morocco and Tunisia, a large share of the MSMEs benefit of support. Hence, these results are likely to be influenced by the fact that the MSMEs in Algeria and Morocco were selected with the support of SME development organisations.

Figure 3.14 MSMEs benefitting from support organisations in Algeria*



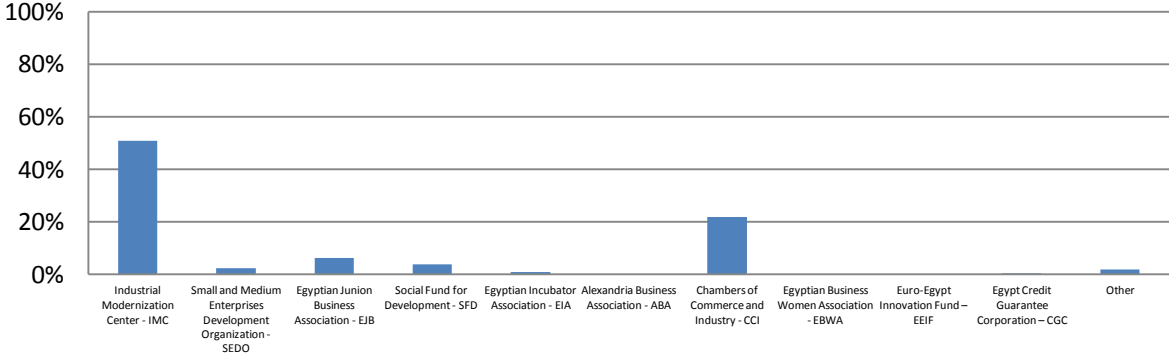
* The MSMEs benefitting from support organisations in Algeria are calculated on the basis of the responses to question H.2.1 in the survey (DB CODE I_03_01). The presented results are unweighted average scores of the MSMEs that responded to the question.

Note: The results of the survey presented in this figure show the percentage of MSMEs from Algeria that benefitted from services by SME support organisation.

Turning to the detailed results by country, the Algerian MSMEs in the sample all benefit from the support of one or more support organisations. The results presented in *Figure 3.14* show that the National agency for the promotion of youth employment (ANSEJ) and the National agency for SME development (ANDPME) are providing their services to most of the MSMEs. They are followed by the National agency for foreign trade (ALGEX) and the credit guarantee fund for SMEs (CGCI). Moreover,

more than half of the MSMEs in Algeria benefits from another support organisation, which has not been specified in the responses to the questionnaire.

Figure 3.15 MSMEs benefitting from support organisations in Egypt*

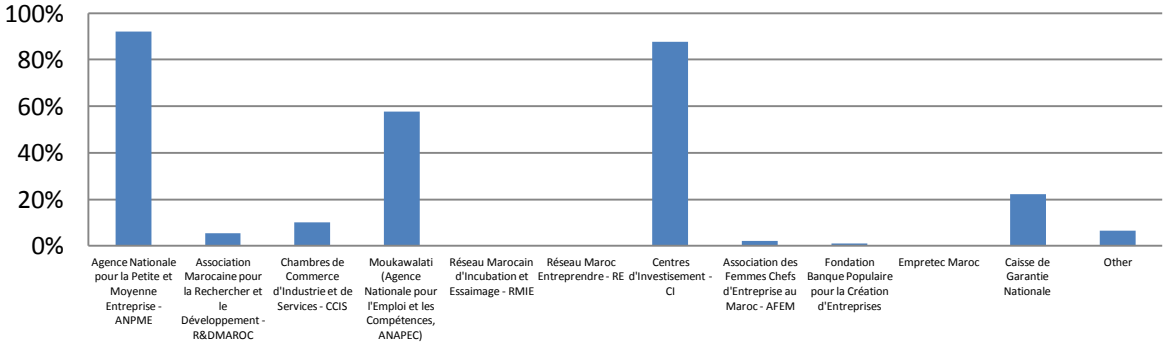


* The MSMEs benefitting from support organisations in Egypt are calculated using the responses to question H.2.1 in the survey (DB CODE I_03_02). The presented results are unweighted average scores of the MSMEs that responded to the question.

Note: The results of the survey presented in this figure show the percentage of MSMEs from Egypt that benefitted from services provided by SME support organisation.

In Egypt one-half of the participating MSMEs benefit from of the support of the Industrial Modernisation Center (IMC), which provides programmes focusing on export, finance, human capital development and research & development. Moreover, the results presented in Figure 3.15 show that around 20% of the Egyptian MSMEs acknowledged benefit from support of the Chamber of Commerce and Industry. The other support organisations provide their services to no more than 5% of the MSMEs.

Figure 3.16 MSMEs benefitting from support organisations in Morocco*



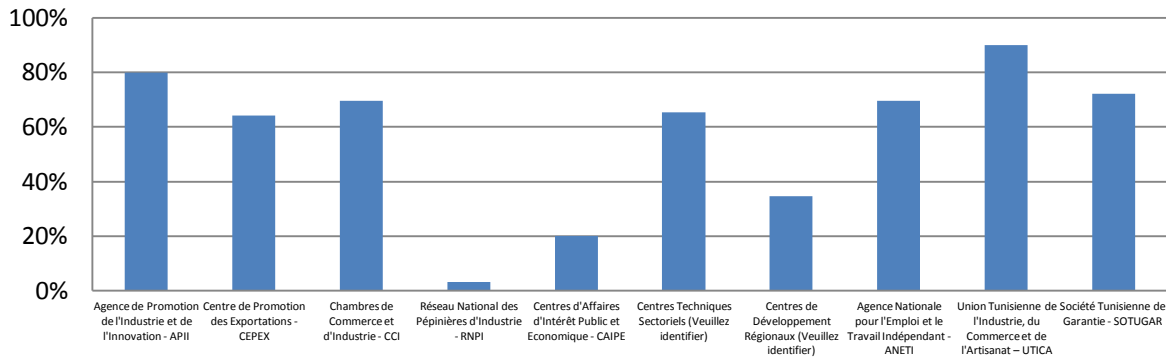
* The MSMEs benefitting from support organisations in Morocco are calculated using the responses to question H.2.1 in the survey (DB CODE I_03_03). The presented results are unweighted average scores of the MSMEs that responded to the question.

Note: The results of the survey presented in this figure show the percentage of MSMEs from Morocco that benefitted from services by SME support organisation.

The results for Morocco show that almost all MSMEs in the sample are supported by National Agency for the Promotion of SMEs (ANPME), Investment Centres (CI) and Moukawalati (National Agency for employment and capacity building - ANAPEC). This should not come as a surprise, however, since the Moroccan contacts for this

survey were provided by ANPME, which in turn is closely related to the CIs and Moukawalati. In fact, ANPME might in practise even support all the MSMEs in the sample, since the remaining MSMEs did not report on whether they are supported by the organisation or not. The results presented in *Figure 3.16* further show that around 20% of the MSMEs in Morocco are supported by the credit guarantee scheme and around 10% benefit from the Chamber of Commerce for Industry & Services and/or the Moroccan Association for Research & Development.

*Figure 3.17 MSMEs benefitting from support organisations in Tunisia**



* The MSMEs benefitting from support organisations in Tunisia are calculated using the responses to question H.2.1 in the survey (DB CODE I_03_04). The results presented here are unweighted average scores of the MSMEs that responded to the question.

Note: The results of the survey presented in this figure show the percentage of MSMEs from Tunisia that benefitted from the services of SME support organisation.

The responses in Tunisia show that a large share of the MSMEs in the sample receives support from multiple organisations. The results presented in *Figure 3.17* show that almost 90% benefit from the Tunisian employer's organisation UTICA and around 80% benefit from the Organisation for the promotion of industry and innovation (APII). These are followed by the National Agency for Employment and Self-employed (ANETI), credit guarantee fund SOTUGAR, Chamber of Commerce & Industry, centre for export promotion CEPEX and sector expertise centres, which all support between 60% and 70% of the MSMEs in the sample. Finally, the regional development centres and the public affairs & economic centres provide support services to respectively around 30% and 40%.

The policy initiative part in the questionnaire also included some questions on industrial clusters. These groupings of multiple enterprises in related sectors in one location often aim to create centres of excellence via scope advantages and collective knowledge-building. The results from these questions show that around 20% of the high-growth potential MSMEs in Algeria, Egypt and Morocco are established in an industrial cluster. They often benefit from discounted prices for office space and/or equipment, assistance with administrative tasks as well as training and screening of prospective employees.

4. CONCLUDING REMARKS & POLICY RECOMMENDATIONS

Micro-, small-, and medium-sized enterprises represent an overwhelming majority of the economic activity in the southern Mediterranean. MSME development plays a pivotal role at times that the local governments are in need of private-sector development, job creation, improved governance and a fairer distribution of economic opportunities to address the concerns that ushered in the Arab Spring. Based on interviews with more than 550 representatives of potential high-growth MSMEs, this survey provides some policy recommendations to enhance its growth prospects.

Table 4.1 Ranking of top growth obstacles faced by the surveyed MSMEs in the four southern Mediterranean countries

	Algeria	Egypt	Morocco	Tunisia
1	Informality & corruption	Infrastructure	Access to finance	Informality & corruption
2	Administrative, legal & tax regulations	Availability of skills	Availability of skills	Clients & suppliers
3	Infrastructure	Administrative, legal & tax regulations	Clients & suppliers	Access to finance
4	Access to finance	Informality & corruption	Administrative, legal & tax regulations	Infrastructure
5	Availability of skills	Clients & suppliers	Informality & corruption	Availability of skills
6	Clients & suppliers	Access to finance	Infrastructure	Administrative, legal & tax regulations

Note: For the calculation of the country aggregates, micro-, small-, and medium-sized enterprises were defined as those having less than 10, 100, and 250 employees, respectively.

MSMEs in Algeria, Egypt, Morocco and Tunisia face different obstacles that limit their growth, which is in line with previous surveys for the region. The ranking of the six different areas signalled out in this survey are presented in *Table 4.1*. The ranking shows that informality & corruption is the main obstacle in both Algeria and Tunisia. In Egypt and Morocco, MSMEs perceive infrastructure and access to finance, respectively, as the main obstacles. Surveys conducted by the World Bank (2002) on Algeria, Egypt and Morocco several years ago tried to identify the different key obstacles. The results found in this survey were largely in line with these findings. The World Bank survey also identified anti-competitive & informal practices as the top obstacle in Algeria and access to and cost of financing in Morocco. Only the

results for Egypt deviated substantially. The top obstacle of the World Bank study, tax rate & administration, is only the third obstacle in this survey. The results of Tunisia cannot be compared since it was not included in the World Bank's study.

Regarding the results by country, MSMEs in Algeria consider informality & corruption as most important obstacle, closely followed by administrative, legal & tax regulations and the quality and availability of infrastructure. Informal gifts to accomplish simple administrative tasks and secure government contracts as well as labour costs associated with hiring formal employees are the most important informality & corruption-obstacles. Registering a copyright/trademark, quality standards & certification and import & export regulations are further the most difficult administrative tasks. Moreover, the speed of the internet connection and water outages are the most severe infrastructure obstacles for potential high-growth MSMEs in Algeria.

MSMEs in Egypt identify infrastructure as the most severe obstacle, followed at some distance by the availability of skills and administrative, legal & tax regulations. All items score significantly above the average for availability of infrastructure. The only exception is electricity outages, which have been awarded an equal score. This makes it likely that the most important factor(s) on infrastructure are not included in the survey. Moreover, the curricula at school are insufficiently relevant and the available personnel lack job-related skills. The tax measures further include only limited incentives for business development.

MSMEs in Morocco cite access to finance as the main obstacle, closely followed by availability of skills. The detailed results show that the MSMEs have most problems in getting credit, in the form of either loans or overdraft credit facilities. In the four years since 2008, loan request by 28% of enterprises were rejected, significantly more than in both Algeria and Egypt. Yet the MSMEs in the sample already received substantially more credit guarantees than their counterparts in both other countries. The lack of critical-thinking, problem-solving and leadership skills further categorise availability of skills as another main obstacle. The absence of an apprenticeship programme might play a role in this context. In Egypt, which scores best on availability of leadership skills, 34% of the enterprises have participated in an apprenticeship or mentoring programme. In turn, participation in these kinds of programmes has been much lower in Algeria and Morocco, which have much lower scores on the availability of leadership skills.

The results on the main obstacles faced by MSMEs in Tunisia are in general lower, showing more difficulties, than the other southern Mediterranean countries. The combination of informality & corruption has been identified as most severe obstacle, followed by clients & suppliers, access to finance²⁰ and infrastructure with similar scores. Like in Algeria, the MSMEs in Tunisia have most difficulties with informal gifts to accomplish simple administrative tasks and secure government contracts as well as labour costs associated with hiring formal employees, among the most important obstacles in informality & corruption. Moreover, MSMEs suffered in the years that followed the global financial crisis in 2008 from more competition from

²⁰ There are no detailed results available on access to finance in Tunisia.

imports, less foreign demand, more variability in demand, more incomplete or late payments as well as late and lower quality deliveries. Regarding infrastructure, the unreliability of utility services and the lack of fast internet services are the main obstacles.

Turning to the obstacles by size, micro enterprises face significantly more difficulties than small- and medium-sized enterprises in five of the six areas. MSMEs face administrative, legal & tax regulations, infrastructure and informality & corruption as the most severe obstacles. The detailed results by area show that micro enterprises face significantly more difficulties to comply with foreign investment regulations, electricity outages and the myriad forms of informality & corruption.

The role of the government is essential for promoting MSMEs in the four surveyed countries. Their governments have already taken measures to strengthen the position of enterprises, including e.g. providing tax incentives and establishing industrial clusters, support organisations and credit guarantee schemes. Nevertheless, MSMEs are still confronted with obstacles that can harm their growth. These should be addressed to further improve the environment for MSMEs to do business.

Based on the survey findings, Table 4.2 outlines policy measures that could serve to attenuate the impact of these obstacles in the four individual countries under investigation:

Table 4.2 Policy measures to address to MSME growth

Algeria

	Obstacles	Index	Policy recommendations
1	Informality & corruption	32	
	Labour costs associated with hiring formal employees	30	Simplify labour regulations to facilitate hiring of staff with different levels of competences Provide incentive schemes (e.g. subsidies and tax holidays) for the informal sector to be made more formal
	Informal gifts to accomplish simple administrative tasks	32	Standardize the procedures for public procurement and ensure procedures are disclosed and are fully transparent
	Informal gifts to secure government contracts	36	
2	Administrative, legal & tax regulations	32	
	Quality standards & certification	11	Assess the effectiveness of quality standards and certification procedures and adjust to size to ensure MSMEs can benefit at all stages of their development
	Registering a copyright/trademark	19	Further enable MSME agencies to support the companies of different sizes and activities to comply effectively with quality standards and certification and registration of copyright and trademark is needed
3	Infrastructure	34	
	Water: Outages	35	Promote private-public partnership infrastructure projects (e.g. water infrastructure, sanitation, etc.) at a national and regional levels and facilitate the procedures for MSME to participate in
	Water: Access to clean water	41	

			such projects
	Internet: Slow speed	42	Privatise and liberalise internet communications to improve the efficiency, quality and availability
4	Access to finance	44	
	Bank loan	30	Design finance sources for MSMEs at all stages of their development: - For micro enterprises, secure finance through the development of microfinance institutions and new microfinance products
	Overdraft facility	39	- For small- to medium-sized enterprises, improve the equity base through support to investment funds/risk capital and to pilot funds for small enterprises
	Savings account	46	Support specific segments, such as start-ups through start-up funds, industrial/technology clusters and women-owned enterprises and increasing the volume and outreach of financing instruments such as leasing and factoring, export/import credit and guarantee schemes
			Increase the access to finance for MSMEs through a support to guarantee institutions and the creation of a counter-guarantee fund to help risk-sharing in particular for exporting companies
5	Availability of skills	49	
	Availability of leadership skills	30	Develop public-private partnerships aiming at promoting apprenticeship or mentoring programs to improve the work related skills
	Availability of problem solving skills	42	Support new curricula design that promotes critical thinking, problem solving and business orientation and leadership necessary for private sector development
	Relevance of curricula taught at school	42	Develop joint programmes with universities and technical institutes with key players in the MSMEs and supported by the government
6	Clients & suppliers	58	
	Late or incomplete payments for products delivered	33	Tackle late payments by law
	Variability of foreign demand	40	Developing more effective business clusters and expanding the existing ones to allow especially micro enterprises to overcome their size obstacles and to enhance joint capacity building
	Access to export credit	40	Empowering local MSME entities such the MSME development agencies and others to promote the MSMEs in the domestic market and in the international market
			Promote international business-to-business forums to enhance market capabilities access to MSMEs

Egypt

	Obstacles	Index	Policy recommendations
1	Infrastructure	33	
	Electricity: Outages	34	Promote private-public partnership infrastructure projects (e.g. road and transport and utility) at a national and regional levels and facilitate the procedures for MSME to participate in such projects
	Electricity: Frequency variations	56	
	Roads & transport: Quality	60	
2	Availability of skills	41	
	Relevance of curricula taught at school	38	Develop joint programmes with universities and technical institutes with key players in the MSMEs and supported by the government
	Availability of other job-related skills	45	Develop public-private partnerships aiming at promoting apprenticeship or mentoring programmes to improve the work related skills
	Availability of numerical & technical skills	50	Support new curricula design that promotes critical thinking, problem-solving and business orientation and leadership necessary for private-sector development
3	Administrative, legal & tax regulations	44	
	Tax regulations	50	Assess the extent of administrative and regulatory burdens from an MSME perspective and consider deregulating the firm registration procedures and adjusting tax, import/export/foreign investment regulations to size to ensure MSME can benefit at all stages of their development
	Foreign investment regulations	57	
	Import and export regulations	57	
4	Informality & corruption	51	
	Competition with unregistered enterprises	46	Provide incentive schemes (e.g. subsidies and tax holidays) for the informal sector to become more formalised
	Informal gifts to accomplish simple administrative tasks	52	Standardise the procedures for public procurement and ensure that procedures are disclosed and are fully transparent
5	Clients & suppliers	59	
	Variability of domestic demand	32	Empowering local MSME entities such the MSME development agencies and others to promote the MSMEs in the domestic market and in the international market
	Lower domestic demand	33	
	Variability of foreign demand	34	Promote international business-to-business forums to enhance market capabilities access to MSMEs
6	Access to finance	64	
	Bank loan	46	Design finance sources for MSMEs at all stages of their development

		For micro enterprises, secure finance through the development of microfinance institutions and new microfinance products
Overdraft facility	50	For small- to medium-sized enterprises, improve the equity base through support to investment funds/risk capital and to pilot funds for small enterprises
Non-bank loan	59	Support specific segments, such as start-ups through start-up funds, industrial/technology clusters and women-owned enterprises and increasing the volume and outreach of financing instruments such as leasing and factoring, export/import credit and guarantee schemes
		Increase the access to finance for MSMEs through a support to guarantee institutions and the creation of a counter-guarantee fund to help risk-sharing in particular for exporting companies.

Morocco

	Obstacles	Index	Policy recommendations
1	Access to finance	33	
	Overdraft facility	33	Design finance sources for MSMEs at all stages of their development - For micro enterprises, secure finance through the development of microfinance institutions and new microfinance products
	Bank loan	34	- For small- to medium-sized enterprises, improve the equity base through support to investment funds/risk capital and to pilot funds for small enterprises
	Non-bank loan	42	Support specific segments, such as start-ups through start-up funds, industrial/technology clusters and women-owned enterprises and increasing the volume and outreach of financing instruments such as leasing and factoring, export/import credit and guarantee schemes
			Increase the access to finance for MSMEs through a support to guarantee institutions and the creation of a counter-guarantee fund to help risk sharing in particular for exporting companies
2	Availability of skills	37	
	Availability of leadership skills	21	Support new curricula design that promotes critical thinking, problem solving and business orientation and leadership necessary for private sector development
	Availability of problem solving skills	29	Develop public-private partnerships aiming at promoting apprenticeship or mentoring programs to improve the work related skills
	Availability of critical thinking skills	30	Develop joint programmes with universities and technical institutes with key players in the MSMEs and supported by the government
3	Clients & suppliers	47	
	Competition from imports	33	Undertake an impact assessment about the import/export market with the aim to assess competition between local versus imported products and services

			Empowering local MSME entities such the MSME development agencies and others to promote the MSMEs in the domestic market and in the international market
	Access to import credit	36	Promote international business-to-business forums to enhance market capabilities access to MSMEs
4	Administrative, legal & tax regulations	48	
	Labour regulations	35	Assess the extent of administrative and regulatory burden from an MSME perspective and consider deregulating the firm registration procedures and adjusting tax, labour import/export/foreign investment regulations to size to ensure MSMEs can benefit at all stages of their development
	Tax regulations	42	Further enable MSME agencies to support the companies of different sizes and activities to comply effectively with the administrative (e.g. public procurement procedures), legal and tax regulations
	Public procurement procedures	43	
5	Informality & corruption	50	
	Labour costs associated with hiring formal employees	35	Simplify labour regulations to facilitate hiring of staff with different levels of competences
	Competition with unregistered enterprises	43	Provide incentive schemes (e.g. subsidies and tax holidays) for the informal sector to be formalised
	Informal gifts to secure government contracts	47	Standardise the procedures for public procurement and ensure procedures are disclosed and are fully transparent
6	Infrastructure	65	
	Internet: Slow speed	46	
	Internet: Outages	47	Privatise and liberalise communications and internet companies as well as markets to improve the efficiency, quality and availability in these sectors
	Internet: Access to broadband	49	

Tunisia

	Obstacles	Index	Policy recommendations
1	Informality & corruption	9	
	Informal gifts to accomplish simple administrative tasks	21	Provide incentive schemes (e.g. subsidies and tax holidays) for the informal sector to be formalised
	Labour costs associated with hiring formal employees	25	Simplify labour regulations to facilitate hiring of staff with different levels of competences
	Informal gifts to secure government contracts	26	Standardise the procedures for public procurement and ensure procedures are disclosed and are fully transparent
2	Clients & suppliers	13	
	Competition from imports	17	Undertake an impact assessment about the import/export market with the aim to assess competition between local versus imported products and services
	Access to export credit	21	Empowering local MSME entities such as the MSME development agencies and others to promote the MSMEs in the domestic and international markets

	Lower foreign demand	21	Promote international business-to-business forums to enhance market capabilities access to MSMEs
3	Access to finance	13	
			Design finance sources for MSMEs at all stages of their development: - For micro enterprises, secure finance through the development of microfinance institutions and new microfinance products; - For small- to medium-sized enterprises, improve the equity base through support to investment funds/risk capital and to pilot funds for small enterprises
			Support specific segments, such as start-ups through start-up funds, industrial/technology clusters and women-owned enterprises and increasing the volume and outreach of financing instruments such as leasing and factoring, export/import credit and guarantee schemes Increase the access to finance for MSMEs through a support to guarantee institutions and the creation of a counter-guarantee fund to help risk-sharing in particular for exporting companies
4	Infrastructure	14	
	Internet: Slow speed	9	
	Internet: Access to broadband	13	Privatise and liberalise communications and internet companies as well as markets to improve the efficiency, quality and availability in these sectors
	Internet: Setting up website	20	
5	Availability of skills	17	
	Availability of critical-thinking skills	11	Support new curricula design that promotes critical thinking, problem solving and business orientation and leadership necessary for private sector development
	Relevance of curricula taught at school	18	Develop joint programmes with universities and technical institutes with key players in the MSMEs and supported by the government
	Availability of problem-solving skills	19	Develop public-private partnerships aiming at promoting apprenticeship or mentoring programmes to improve the work-related skills
6	Administrative, legal & tax regulations	25	
	Import and export regulations	17	Assess the extent of administrative and regulatory burden from an MSME perspective and consider deregulating the firm registration procedures and adjusting tax, labour import/export/foreign investment regulations to size to ensure MSMEs can benefit at all stages of their development
	Foreign investment regulations	21	
	Tax regulations	22	Further enable MSME agencies to support the companies of different sizes and activities to comply effectively with the administrative (e.g. public procurement procedures), legal and tax regulations

Finally, it remains to be seen whether the recommended policy measures would address the obstacles for MSMEs. The question remains, however, whether these measures will also contribute to further economic growth and local development. Hence, the aim of the survey has been to identify the obstacles hindering MSME development and to assess the relative importance of the obstacles MSMEs face and to a lesser extent the benefits that the removal would generate. To allow policy-makers to take a balanced and informed decision, it is highly recommended to perform an ex-ante impact assessment to estimate both the expected economic costs and benefits of such policy measures and to continue monitoring the development of the MSME sector.

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ANNEX 1. DESCRIPTIVE STATISTICS FROM SOUTHERN MEDITERRANEAN MSMES SURVEY

DB CODE	Questions	DZA	EGY	MAR	TUN	Micro	Small	Medium	ALL	SD	Min	Max	Obs
ADMINISTRATIVE, LEGAL and TAX													
Please assess the extent of difficulties you have faced (in terms of compliance costs or time spent) in fulfilling or complying with the following administrative procedures. For each case, identify a single level of difficulty, with 1 being most difficult, 4 being moderately difficult, and 7 being least difficult.													
B_01_00_01	Registering land	3.1***	4.7***	4.2**	4.3**	4.0	4.1	4.4	4.3	1.8	1.0	7.0	505
B_01_00_02	Registering collateral	2.6**	5.0***	4.0***	2.8**	3.6	3.9	4.3	3.6	1.9	1.0	7.0	445
B_01_00_03	Securing property rights	2.5**	5.0***	3.8***	2.6**	3.6*	3.7*	4.5**	3.5	1.9	1.0	7.0	459
B_01_00_04	Labour regulations	2.5***	4.8***	3.1***	3.9***	3.3*	3.7*	4.2**	3.9	1.8	1.0	7.0	517
B_01_00_05	Foreign investment regulations	..	4.4*	4.0*	2.3**	2.2**	4.6*	4.9*	2.9	1.8	1.0	7.0	217
B_01_00_06	Registering a copyright/trademark	2.1***	5.2***	4.0***	2.5***	3.8	3.7*	4.4*	3.5	1.9	1.0	7.0	436
B_01_00_07	Quality standards and certification	1.7***	5.1***	4.1***	2.5***	3.7*	3.7*	4.5**	3.5	2.0	1.0	7.0	493
B_01_00_08	Import and export regulations	2.4***	4.4**	4.1**	2.0***	3.5	3.5*	4.1*	3.2	1.8	1.0	7.0	423
B_01_00_09	Tax regulations	4.2**	4.0*	3.5**	2.3***	3.6	3.8	4.1	3.5	1.7	1.0	7.0	507
B_01_00_10	Public procurement procedures	2.6***	4.8***	3.6***	4.2***	3.6	3.6*	4.3*	4.0	1.9	1.0	7.0	400
Please assess the availability of legal counselling or consulting services to support your enterprise in responding to the procedures above. For each case, identify a single level of availability, with 1 being most available, 4 being moderately available and 7 being least available.													
B_02_00_01	Registering land	2.8***	4.1*	4.0**	4.6**	3.6	3.8	3.7	4.0	1.8	1.0	7.0	511
B_02_00_02	Registering collateral	2.5***	3.8**	4.0**	2.3***	3.7	3.6	3.3	3.1	1.8	1.0	7.0	456
B_02_00_03	Securing property rights	2.5**	3.5***	3.9***	2.7**	3.1	3.4	3.3	3.1	1.7	1.0	7.0	458
B_02_00_04	Labour regulations	3.0	3.5	3.1	3.2	3.9**	3.4*	3.1*	3.3	1.7	1.0	7.0	517
B_02_00_05	Foreign investment regulations	..	3.6*	5.0*	2.6**	5.0*	4.6*	2.9**	3.0	1.8	1.0	7.0	237
B_02_00_06	Registering a copyright/trademark	2.5***	3.7**	4.1*	4.3**	3.7	3.6*	3.2*	3.8	1.8	1.0	7.0	437
B_02_00_07	Quality standards and certification	1.7***	3.6*	3.7*	3.8*	3.7	3.1	3.1	3.4	1.8	1.0	7.0	499
B_02_00_08	Import and export regulations	2.4**	3.9**	4.0**	2.3**	3.7	3.6	3.4	3.1	1.7	1.0	7.0	441
B_02_00_09	Tax regulations	4.2**	3.9	3.6*	3.7*	4.3	3.9	3.8	3.8	1.8	1.0	7.0	511
B_02_00_10	Public procurement procedures	2.6***	3.7*	3.7*	3.6*	3.6	3.4	3.2	3.4	1.8	1.0	7.0	396
B_04_01_01	Have you ever been awarded a project under a public procurement or a government contract? (No = 0 and Yes = 1)	0.5**	0.2*	0.2*	..	0.3	0.3	0.3	0.3	0.5	0.0	1.0	377
Please assess the availability of tax incentives for your business. For each case, identify a single level of availability, with 1 being least available, 4 being moderately available and 7 being most available.													
B_05_00_01	Tax incentives	4.2**	2.6**	3.3**	..	3.2	3.3	3.1	3.2	1.5	1.0	7.0	346

DB CODE	Questions	DZA	EGY	MAR	TUN	Micro	Small	Medium	ALL	SD	Min	Max	Obs
What are the tax incentives that are utilised by your enterprise? Please check as many as applicable.													
B_06_00_01	Export subsidies	0.1*	0.1*	0.4**	..	0.1*	0.1*	0.3**	0.2	0.4	0.0	1.0	372
B_06_00_02	Sector-specific subsidies (e.g. subsidies for companies in the tourism sector, information and communication technology etc.)	0.0**	0.0**	0.1**	..	0.1	0.0*	0.1*	0.1	0.2	0.0	1.0	372
B_06_00_03	Free trade zones	0.0**	0.1**	0.1**	..	0.1	0.0*	0.2*	0.1	0.3	0.0	1.0	372
B_06_00_04	New machinery and technology subsidies	0.2	0.2*	0.1*	..	0.2	0.2	0.2	0.2	0.4	0.0	1.0	368
B_06_00_05	Sustainable (i.e. "green") investment subsidies	0.0	0.0	0.0	..	0.0	0.0	0.0	0.0	0.2	0.0	1.0	369
B_06_00_06	Incentives for loans	0.0*	0.1**	0.0*	..	0.1	0.0	0.1	0.0	0.2	0.0	1.0	370
B_06_00_07	Incentives for starting a new business	1.0*	0.2**	1.0*	..	0.5	0.7*	0.4*	0.6	0.5	0.0	1.0	369
B_06_00_08	Incentives for hiring new employees	1.0*	0.1**	1.0*	..	0.6*	0.6*	0.4**	0.5	0.5	0.0	1.0	370
B_06_00_09	Incentives for hiring young employees	1.0*	0.2**	1.0*	..	0.6	0.6*	0.5*	0.6	0.5	0.0	1.0	369
B_06_00_10	Incentives for training employees	1.0*	0.2**	1.0*	..	0.6	0.7*	0.4*	0.6	0.5	0.0	1.0	370
INFRASTRUCTURE													
Please identify the extent of difficulties you face with the infrastructure. For each case, identify a single level of difficulty, with 1 being most difficult, 4 being moderately difficult and 7 being least difficult.													
C_01_00_01	Electricity: Outages	3.6***	3.0***	4.6***	4.0***	3.0*	3.6*	3.6	3.7	1.8	1.0	7.0	529
C_01_00_02	Electricity: Frequency variations	3.6***	4.4**	4.6**	2.7***	3.8*	4.2*	4.5**	3.8	1.7	1.0	7.0	520
C_01_00_03	Water: Access to clean water	3.5***	4.8**	4.8**	3.3***	4.4	4.4	4.7	4.2	1.8	1.0	7.0	527
C_01_00_04	Water: Outages	3.1***	5.1***	4.9***	2.5***	4.4	4.5*	4.8*	4.0	1.9	1.0	7.0	520
C_01_00_05	Roads and transport: Coverage/access	4.1**	5.0***	4.3*	4.5**	5.2*	4.5*	4.6	4.6	1.6	1.0	7.0	526
C_01_00_06	Roads and transport: Quality	3.7**	4.6***	4.3**	3.7*	4.5	4.3	4.4	4.1	1.8	1.0	7.0	518
C_01_00_07	Roads and transport: Access to ports	3.9***	4.8***	4.4***	3.0***	4.4	4.3	4.7	4.0	1.8	1.0	7.0	502
C_01_00_08	Internet: Access to broadband (>1Mbit/sec)	3.8**	5.6***	4.0**	1.8***	5.3*	4.4**	5.1*	3.9	2.1	1.0	7.0	504
C_01_00_09	Internet: Outages	3.6**	5.3***	3.8**	3.1***	5.1*	4.3**	4.8*	4.1	1.9	1.0	7.0	491
C_01_00_10	Internet: Slow speed	3.4***	5.2***	3.7***	1.6***	4.9*	4.2**	4.6*	3.6	2.0	1.0	7.0	506
C_01_00_11	Internet: Setting up website	3.7***	5.4***	4.0***	2.2***	5.1*	4.4**	4.9*	3.9	2.0	1.0	7.0	481
Does your enterprise have the following communication means? Please check all that apply.													
C_02_00_01	Land-line telephone	1.0	1.0*	1.0	1.0*	1.0	1.0	1.0	1.0	0.1	0.0	1.0	567
C_02_00_02	Mobile telephone	1.0*	0.9***	1.0*	1.0*	1.0	1.0	0.9	1.0	0.1	0.0	1.0	567
C_02_00_03	Internet connection	1.0*	0.8***	1.0*	1.0*	0.9	0.9	0.9	0.9	0.2	0.0	1.0	566
ACCESS TO FINANCING													
How would you rate your enterprise's difficulty of access to the following financial instruments? For each case, identify a single level of difficulty of access, with 1 being most difficult, 4 being moderately accessible and 7 being least difficult.													
D_01_00_01	Bank loan	2.8*	3.7**	3.1*	..	3.5*	3.1*	3.5	3.3	1.5	1.0	7.0	295
D_01_00_02	Non-bank loan from micro-finance or other credit institutions	..	4.5	3.5	..	4.5	4.2	4.6	4.5	1.9	1.0	7.0	94
D_01_00_03	Checking account	4.3*	4.8**	4.4*	..	4.4	4.4*	4.8*	4.6	1.4	1.0	7.0	240
D_01_00_04	Savings account	3.8**	5.3**	4.5**	..	4.4	4.5*	4.9*	4.6	1.4	1.0	7.0	294
D_01_00_05	Corporate credit card	..	4.8	4.6	..	3.8*	4.6	5.0*	4.7	1.7	1.0	7.0	196
D_01_00_06	Overdraft facility	3.3	4.0*	3.0*	..	3.2	3.1*	3.8*	3.5	1.7	1.0	7.0	177

DB CODE	Questions	DZA	EGY	MAR	TUN	Micro	Small	Medium	ALL	SD	Min	Max	Obs
D_01_00_07	Export credit facility	4.1	4.9*	3.8*	..	3.6	4.1*	4.8*	4.5	1.7	1.0	7.0	135
D_01_00_08	Import credit facility	4.0**	5.0**	3.5**	..	3.8*	4.0*	4.8**	4.4	1.7	1.0	7.0	156
D_02_01_01	Did your enterprise obtain a loan from a financial institution over the past four years? (No = 0 and Yes = 1)	0.9*	0.1**	0.9*	..	0.4	0.5*	0.4*	0.5	0.5	0.0	1.0	374
D_08_01_01	Has your enterprise been refused a loan since 2008? (No = 0 and Yes = 1)	0.0**	0.1**	0.3**	..	0.1	0.1	0.1	0.1	0.3	0.0	1.0	347
CLIENTS AND SUPPLIERS													
In your experience, what were the main difficulties associated with your enterprise's clients and suppliers since 2008? For each case, identify a single level of difficulty, with 1 being most difficult, 4 being moderately difficult and 7 being least difficult.													
E_01_00_01	Lower domestic demand	4.8***	3.0***	4.0**	3.9**	4.2*	3.8*	3.3**	3.7	1.6	1.0	7.0	511
E_01_00_02	Lower foreign demand	3.4*	3.2*	3.4*	2.3***	2.5	3.0	3.4	2.8	1.5	1.0	7.0	285
E_01_00_03	Variability of domestic demand	4.7***	2.9***	4.2***	2.5***	3.3	3.9*	3.3*	3.3	1.6	1.0	7.0	508
E_01_00_04	Variability of foreign demand	3.4*	3.1**	3.6**	2.5***	3.8	3.0	3.4	2.9	1.5	1.0	7.0	295
E_01_00_05	Competition from imports	3.8**	3.6*	3.0**	2.0***	3.6	3.5	3.5	3.0	1.6	1.0	7.0	424
E_01_00_06	Late or incomplete payments for products delivered	3.0*	3.8*	3.5*	2.3***	2.3**	3.6*	3.9*	3.2	1.7	1.0	7.0	363
E_01_00_07	Order cancellations	..	4.0	4.4	4.2	3.6	4.1	4.1	4.1	1.9	1.0	7.0	294
E_01_00_08	Restricted access to foreign markets	3.6	4.3*	3.3**	4.6*	3.5	3.7	4.0	4.3	1.8	1.0	7.0	283
E_01_00_09	Access to export credit	3.4*	4.5**	3.4**	2.3***	3.3	3.8	4.3	3.1	1.8	1.0	7.0	284
E_01_00_10	Lower quality of supplies	..	4.9*	4.4	2.7*	4.2*	4.7	5.1*	3.9	2.2	1.0	7.0	330
E_01_00_11	Unpredictable quality of supplies	..	4.9*	3.8	3.2*	3.7*	4.7	5.1*	4.1	2.2	1.0	7.0	336
E_01_00_12	Late or incomplete deliveries	..	4.9*	4.5*	2.6**	4.3	5.0	4.9	3.8	2.1	1.0	7.0	333
E_01_00_13	Access to import credit	3.7***	4.6*	3.2*	4.3*	4.0	4.0	4.3	4.2	1.7	1.0	7.0	330
How much did the domestic and foreign (if applicable) sales change between the years 2008 and 2011? Please approximate the total change and not the annualised figures.													
<i>Domestic demand</i>													
E_02_01_01	Down by more than 50%	0.0**	0.4***	0.0**	0.3***	0.2	0.2	0.2	0.2	0.4	0.0	1.0	550
E_02_01_02	Down by 25 to 50%	0.1**	0.2*	0.2*	..	0.2	0.2	0.2	0.2	0.4	0.0	1.0	360
E_02_01_03	Down by 10 to 25%	0.2*	0.2*	0.5**	..	0.1**	0.3*	0.3*	0.3	0.4	0.0	1.0	360
E_02_01_04	No change (90 to 110%)	0.1*	0.1*	0.1*	0.6***	0.2	0.1	0.1	0.3	0.5	0.0	1.0	550
E_02_01_05	Up by 10 to 25%	0.3**	0.0*	0.1*	..	0.2*	0.1	0.1*	0.1	0.3	0.0	1.0	360
E_02_01_06	Up by 25 to 50%	0.2**	0.0**	0.1**	..	0.0	0.1	0.1	0.1	0.3	0.0	1.0	360
E_02_01_07	Up by more than 50%	0.0*	0.0*	0.0*	0.1***	0.0	0.0	0.0	0.0	0.2	0.0	1.0	550
<i>Foreign demand</i>													
E_02_02_01	Down by more than 50%	0.0*	0.3**	0.0**	0.5***	0.0	0.2	0.2	0.4	0.5	0.0	1.0	323
E_02_02_02	Down by 25 to 50%	1.0**	0.2*	0.3*	..	0.5	0.3	0.2	0.3	0.4	0.0	1.0	133
E_02_02_03	Down by 10 to 25%	0.0*	0.2*	0.5**	..	0.3	0.3	0.3	0.3	0.4	0.0	1.0	133
E_02_02_04	No change (90 to 110%)	0.0	0.2*	0.1**	0.4*	0.3	0.2	0.2	0.3	0.5	0.0	1.0	323
E_02_02_05	Up by 10 to 25%	0.0	0.1	0.1	..	0.0	0.0	0.1	0.1	0.2	0.0	1.0	133
E_02_02_06	Up by 25 to 50%	0.0	0.0	0.1	..	0.0	0.0	0.0	0.0	0.2	0.0	1.0	133
E_02_02_07	Up by more than 50%	0.0	0.0*	0.0	0.1*	0.0	0.0	0.0	0.1	0.3	0.0	1.0	323

DB CODE	Questions	DZA	EGY	MAR	TUN	Micro	Small	Medium	ALL	SD	Min	Max	Obs
AVAILABILITY OF SKILLS													
What are the main skills-related difficulties faced by your enterprise? For each case, identify a single level of difficulty, with 1 being most difficult, 4 being moderately difficult and 7 being least difficult.													
F_01_00_01	Availability of numerical and technical skills	4.5***	4.0**	3.7**	2.2***	3.7	4.0	4.1	3.5	1.8	1.0	7.0	522
F_01_00_02	Availability of verbal and communication skills	4.0***	5.0***	3.7***	2.3***	4.1	4.4	4.5	3.7	1.7	1.0	7.0	464
F_01_00_03	Availability of critical thinking skills	3.7***	4.7***	2.8***	1.7***	3.3	3.9	4.1	3.2	1.8	1.0	7.0	439
F_01_00_04	Availability of problem solving skills	3.5***	4.9***	2.7***	2.1***	3.7	4.1	4.2	3.5	1.9	1.0	7.0	506
F_01_00_05	Availability of leadership skills	2.8**	4.4***	2.2***	3.5**	4.1*	3.3*	3.8	3.6	2.0	1.0	7.0	503
F_01_00_06	Availability of other job-related skills	4.0	3.7*	4.0	4.2*	3.9	3.8	3.7	3.9	1.7	1.0	7.0	508
F_01_00_07	Relevance of curricula taught at school	3.5***	3.3**	3.1**	2.1***	3.2	3.3	3.3	2.9	1.6	1.0	7.0	413
F_01_00_08	Poaching of skilled workers by other employers	3.7***	4.3***	3.2***	2.3***	3.5	3.8	4.0	3.4	1.8	1.0	7.0	463
F_02_00_01	Since 2008, did your enterprise take part in apprenticeship or mentoring programmes? (No = 0 and Yes = 1)	0.0**	0.3**	0.1**	..	0.1*	0.1*	0.3**	0.2	0.4	0.0	1.0	376
F_03_01_01	Since 2008, did your enterprise offer to its employees formal training programmes? (No = 0 and Yes = 1)	0.7*	0.2**	0.6*	..	0.5	0.4	0.4	0.4	0.5	0.0	1.0	364
INFORMALITY and CORRUPTION													
What are the main difficulties faced by your enterprise due to informality and corruption? For each case, identify a single level of difficulty, with 1 being most difficult, 4 being moderately difficult and 7 being least difficult.													
G_01_00_01	Competition with informal or unregistered enterprises	3.6	3.8	3.6	3.9	3.1*	3.4*	4.1**	3.7	1.8	1.0	7.0	522
G_01_00_02	Informal gifts to accomplish simple administrative tasks	2.9***	4.1**	4.3**	2.3***	3.0**	3.6**	4.4**	3.4	1.8	1.0	7.0	512
G_01_00_03	Informal gifts to secure government contracts	3.1***	4.5***	3.8***	2.5***	3.2**	3.9**	4.6**	3.6	1.9	1.0	7.0	451
G_01_00_04	Labour costs associated with hiring formal employees	2.8***	4.7***	3.1***	2.5***	3.0*	3.5*	4.5**	3.5	1.9	1.0	7.0	516
In your experience, is an informal gift or payment expected or requested "to get things done" to accomplish the following administrative tasks? Please check all that apply.													
G_02_00_01	Registering an enterprise	1.0*	0.3**	..	1.0*	0.7*	0.6*	0.4**	0.7	0.5	0.0	1.0	437
G_02_00_02	Complying with labour regulations	1.0*	0.3**	..	1.0*	0.7*	0.6*	0.3**	0.7	0.5	0.0	1.0	437
G_02_00_03	Complying with foreign direct investment regulations	0.0**	0.1**	..	0.9**	0.0	0.0*	0.1*	0.4	0.5	0.0	1.0	416
G_02_00_04	Complying with customs procedures	0.6**	0.3**	..	0.9**	0.7**	0.4**	0.3**	0.6	0.5	0.0	1.0	430
G_02_00_05	Complying with tax laws	1.0*	0.3**	..	1.0*	0.8*	0.6*	0.4**	0.7	0.5	0.0	1.0	438
G_02_00_06	Obtaining quality standards and certification	0.0**	0.2**	..	1.0**	0.4**	0.1*	0.2*	0.5	0.5	0.0	1.0	437
G_02_00_07	Getting electricity connection	1.0*	0.4**	..	1.0*	0.8*	0.7*	0.4**	0.7	0.4	0.0	1.0	438
G_02_00_08	Getting water connection	1.0*	0.3**	..	1.0*	0.7*	0.6*	0.4**	0.7	0.5	0.0	1.0	438
G_02_00_09	Getting land-line telephone connection	1.0*	0.1**	..	1.0*	0.3	0.4*	0.3*	0.6	0.5	0.0	1.0	438
G_02_00_10	Getting internet connection	1.0*	0.1**	..	1.0*	0.3	0.4*	0.3*	0.6	0.5	0.0	1.0	436

G_02_00_11	Get paid for previous sales of goods, provision of services	0.0**	0.2**	..	1.0**	0.4**	0.1*	0.1*	0.5	0.5	0.0	1.0	435
DB CODE	Questions	DZA	EGY	MAR	TUN	Micro	Small	Medium	ALL	SD	Min	Max	Obs
SUMMARY: MAIN OBSTACLES													
Please assess comparatively the importance of the following general categories of obstacles already covered in the questionnaire. For each case, identify a single level of difficulty, with 1 being most difficult, 4 being moderately difficult and 7 being least difficult.													
H_01_00_01	Administrative, legal and tax regulations	2.9***	3.7**	3.9**	2.5***	3.0*	3.5	3.8*	3.2	1.6	1.0	7.0	540
H_01_00_02	Infrastructure	3.0**	3.0**	4.9***	1.8***	3.0*	3.6*	3.4	3.0	1.8	1.0	7.0	531
H_01_00_03	Access to finance	3.6***	4.8***	3.0***	1.8***	3.4*	3.9*	4.5**	3.4	2.0	1.0	7.0	530
H_01_00_04	Clients and suppliers	4.5**	4.5**	3.8***	1.8***	3.7**	4.4*	4.5*	3.5	2.0	1.0	7.0	542
H_01_00_05	Availability of skills	3.9***	3.5**	3.2**	2.0***	3.1	3.6	3.5	3.0	1.9	1.0	7.0	547
H_01_00_06	Informality and corruption	2.9***	4.0**	4.0**	1.5***	3.1*	3.6*	4.2**	3.1	1.9	1.0	7.0	523
How would you respond if the top obstacles faced by your enterprise that you identified in the previous question within the shaded area (under levels 1 and 2) were addressed today? Please check all that apply.													
H_02_00_01	Hire employees	..	0.2**	0.1**	1.0**	0.3*	0.1**	0.2*	0.5	0.5	0.0	1.0	421
H_02_00_02	Hire skilled employees	1.0**	0.4***	1.0**	0.5***	0.7	0.7	0.7	0.7	0.5	0.0	1.0	504
H_02_00_03	Increase wages	1.0***	0.3***	0.1***	0.4***	0.6**	0.4*	0.4*	0.4	0.5	0.0	1.0	505
H_02_00_04	Increase production	1.0***	0.5**	0.9***	0.6**	0.8	0.7	0.6	0.7	0.5	0.0	1.0	504
H_02_00_05	Increase exports	0.0***	0.2***	0.5***	0.6***	0.1*	0.1*	0.3**	0.3	0.5	0.0	1.0	495
H_02_00_06	Expand product range	1.0***	0.4***	0.9***	0.7***	0.5*	0.7**	0.6*	0.7	0.5	0.0	1.0	505
H_02_00_07	Invest in tangible assets (machinery, equipment, etc.)	0.3**	0.2**	0.2*	0.5***	0.1	0.1*	0.3*	0.3	0.4	0.0	1.0	503
H_02_00_08	Invest in other fixed assets (land, building, office-space, etc.)	0.3***	0.1**	0.1**	0.8***	0.0*	0.2	0.2*	0.4	0.5	0.0	1.0	501
H_02_00_09	Invest in skills and training	1.0**	0.3***	1.0**	0.7***	0.6	0.7*	0.6*	0.7	0.5	0.0	1.0	502
H_02_00_10	Register trademark, patent, or copyright	1.0*	0.2**	0.2	0.3*	0.1	0.2	0.2	0.2	0.4	0.0	1.0	423
H_02_00_11	Obtain certification or quality standard	..	0.3**	0.4**	0.6**	0.2	0.3	0.4	0.4	0.5	0.0	1.0	419
H_02_00_12	Pay out dividends	..	0.1*	0.1*	0.5**	0.1	0.1*	0.2*	0.3	0.4	0.0	1.0	411
H_02_00_13	Pay off earlier loans	..	0.1*	0.1*	0.4**	0.1	0.1	0.1	0.2	0.4	0.0	1.0	415
H_02_00_14	Issue new shares	..	0.1**	0.0**	0.4**	0.1	0.0	0.1	0.2	0.4	0.0	1.0	411
H_02_00_15	Relocate firm	..	0.2**	0.0**	0.4**	0.1	0.1	0.2	0.2	0.4	0.0	1.0	423
H_02_00_16	Takeover/consolidate with other firms	..	0.2**	0.0**	0.4**	0.0*	0.1*	0.2**	0.2	0.4	0.0	1.0	421
H_02_00_17	Other	..	0.2**	0.0**	0.4**	0.0	0.1*	0.2*	0.2	0.4	0.0	1.0	391
POLICY INITIATIVES													
I_01_01_01	Is your enterprise within an industrial cluster? (No = 0 and Yes = 1)	0.0*	0.3**	0.0*	..	0.2*	0.1**	0.3*	0.2	0.4	0.0	1.0	371
IF YES, what services does the cluster provide? Please check all that apply.													
I_01_02_01	Provision of offices at discount prices	..	0.2*	1.0*	..	0.5*	0.1*	0.2	0.2	0.4	0.0	1.0	69
I_01_02_02	Provision of equipment at discount prices	..	0.1*	0.5*	..	0.0	0.2	0.1	0.1	0.3	0.0	1.0	71
I_01_02_03	Assistance with customs procedures	..	0.1*	0.5*	..	0.0	0.1	0.2	0.1	0.4	0.0	1.0	68
I_01_02_04	Assistance with tax procedures	..	0.2*	1.0*	..	0.1	0.4	0.3	0.3	0.5	0.0	1.0	71
I_01_02_05	Assistance with other administrative procedures	..	0.3*	1.0*	..	0.6	0.4	0.4	0.4	0.5	0.0	1.0	71

I_01_02_06	Provision of job-specific training services	..	0.3	0.5	..	0.1	0.3	0.3	0.3	0.4	0.0	1.0	70
I_01_02_07	Provision of other training services	..	0.2*	0.8*	..	0.0	0.3	0.2	0.2	0.4	0.0	1.0	69
DB CODE	Questions	DZA	EGY	MAR	TUN	Micro	Small	Medium	ALL	SD	Min	Max	Obs
I_01_02_08	Screening potential employees	..	0.1*	0.5*	..	0.0	0.2	0.1	0.1	0.3	0.0	1.0	69
I_01_02_09	Marketing assistance, e.g. advertisement, web-site design, etc.	..	0.3	0.8	..	0.0	0.4	0.3	0.3	0.5	0.0	1.0	72
I_01_02_10	Guidance on access to foreign clients and suppliers	..	0.3	0.0	..	0.0	0.4	0.3	0.3	0.5	0.0	1.0	71
I_01_02_11	Guidance on potential clients and suppliers	..	0.3	0.0	..	0.0*	0.4*	0.2	0.2	0.4	0.0	1.0	62
I_01_02_12	Assistance with patents, trademarks or copyrights	..	0.1	0.0	..	0.0	0.3	0.1	0.1	0.3	0.0	1.0	68
I_01_02_13	Assistance with access to finance	..	0.1	0.0	..	0.0	0.1	0.1	0.1	0.3	0.0	1.0	67
I_01_02_14	Other	..	0.1	0.0	..	0.0	0.1	0.0	0.0	0.2	0.0	1.0	44
I_02_00_01	Does the enterprise benefit from services provided by SME support organisations in your country? (No = 0 and Yes = 1)	1.0***	0.6***	0.9**	0.9**	0.5**	0.8*	0.7*	0.8	0.4	0.0	1.0	559
IF YES, what are the relevant organisations that provided services to your enterprise? Please check all that apply.													
<i>Algeria</i>													
I_03_01_01	ANSEJ - Agence Nationale de Soutien à l'Emploi des Jeunes	0.5	..	..	..	0.5	0.6	0.5	0.5	0.5	0.0	1.0	49
I_03_01_02	ANDPME - Agence Nationale pour le Développement de le Petite et Moyenne Entreprise	0.5	..	..	..	0.8	0.5	0.4	0.5	0.5	0.0	1.0	49
I_03_01_03	ANVREDET - Agence Nationale de Valorisation des Résultats de la Recherche et du Développement Technologique	0.0	..	..	..	0.0	0.0	0.0	0.0	0.0	0.0	0.0	49
I_03_01_04	ALGEX - Agence Nationale de Promotion du Commerce Extérieur	0.3	..	..	..	0.3	0.3	0.3	0.3	0.5	0.0	1.0	49
I_03_01_05	CGCI - Caisse de Garantie des Crédits d'Investissement des PME	0.2	..	..	..	0.0	0.1	0.3	0.2	0.4	0.0	1.0	49
I_03_01_06	CCI - Chambres de Commerce et d'Industrie	0.0	..	..	..	0.0	0.0	0.0	0.0	0.0	0.0	0.0	49
I_03_01_07	PME Algérie - Programme d'Appui aux PME/PMI et à la maîtrise des TIC	0.0	..	..	..	0.0	0.0	0.0	0.0	0.0	0.0	0.0	49
I_03_01_08	Other	0.5	..	..	..	0.6	0.6*	0.2*	0.5	0.5	0.0	1.0	81
<i>Egypt</i>													
I_03_02_01	Industrial Modernisation Centre - IMC	..	0.9	..	..	1.0	0.9	0.9	0.9	0.3	0.0	1.0	117
I_03_02_02	Small and Medium Enterprises Development Organisation - SEDO	..	0.0	..	..	0.0	0.0	0.0	0.0	0.2	0.0	1.0	111
I_03_02_03	Egyptian Junion Business Association - EJB	..	0.1	..	..	0.0	0.1	0.1	0.1	0.3	0.0	1.0	109
I_03_02_04	Social Fund for Development - SFD	..	0.1	..	..	0.0	0.1	0.1	0.1	0.3	0.0	1.0	109
I_03_02_05	Egyptian Incubator Association - EIA	..	0.0	..	..	0.0	0.0	0.0	0.0	0.1	0.0	1.0	109
I_03_02_06	Alexandria Business Association - ABA	..	0.0	..	..	0.0	0.0	0.0	0.0	0.0	0.0	0.0	109

I_03_02_07	Chambers of Commerce and Industry - CCI	..	0.4	..	..	0.6	0.3	0.4	0.4	0.5	0.0	1.0	111
I_03_02_08	Egyptian Business Women Association - EBWA	..	0.0	..	..	0.0	0.0	0.0	0.0	0.0	0.0	0.0	109
DB CODE	Questions	DZA	EGY	MAR	TUN	Micro	Small	Medium	ALL	SD	Min	Max	Obs
I_03_02_09	Euro-Egypt Innovation Fund - EEIF	..	0.0	..	..	0.0	0.0	0.0	0.0	0.0	0.0	0.0	109
I_03_02_10	Egypt Credit Guarantee Corporation - CGC	..	0.0	..	..	0.0	0.0	0.0	0.0	0.1	0.0	1.0	109
I_03_02_11	Other	..	0.0	..	..	0.5**	0.0*	0.0*	0.0	0.2	0.0	1.0	96
<i>Morocco</i>													
I_03_03_01	Agence Nationale pour la Petite et Moyenne Entreprise - ANPME	..	..	1.0	..	1.0	1.0	1.0	1.0	0.1	0.0	1.0	84
I_03_03_02	Association Marocaine pour la Recherche et le Développement - R&DMAROC	..	..	0.1	..	0.5*	0.0*	0.1	0.1	0.2	0.0	1.0	84
I_03_03_03	Chambres de Commerce d'Industrie et de Services - CCIS	..	..	0.1	..	0.5*	0.1	0.0*	0.1	0.3	0.0	1.0	84
I_03_03_04	Moukawalati (Agence Nationale pour l'Emploi et les Compétences, ANAPEC)	..	..	0.6	..	0.0*	0.6	0.8*	0.6	0.5	0.0	1.0	84
I_03_03_05	Réseau Marocain d'Incubation et Essaimage - RMIE	..	..	0.0	..	0.0	0.0	0.0	0.0	0.0	0.0	0.0	84
I_03_03_06	Réseau Maroc Entreprendre - RE	..	..	0.0	..	0.0	0.0	0.0	0.0	0.0	0.0	0.0	84
I_03_03_07	Centres d'Investissement - CI	..	..	0.9	..	0.5**	1.0*	0.9*	0.9	0.2	0.0	1.0	84
I_03_03_08	Association des Femmes Chefs d'Entreprise au Maroc - AFEM	..	..	0.0	..	0.5**	0.0*	0.0*	0.0	0.2	0.0	1.0	84
I_03_03_09	Fondation Banque Populaire pour la Création d'Entreprises	..	..	0.0	..	0.5**	0.0*	0.0*	0.0	0.1	0.0	1.0	84
I_03_03_10	Empretec Maroc	..	..	0.0	..	0.0	0.0	0.0	0.0	0.0	0.0	0.0	84
I_03_03_11	Caisse de Garantie Nationale	..	..	0.2	..	0.0	0.2	0.3	0.2	0.4	0.0	1.0	84
I_03_03_12	Other	..	..	0.1	..	0.0	0.0	0.1	0.1	0.3	0.0	1.0	84
<i>Tunisia</i>													
I_03_04_01	Agence de Promotion de l'Industrie et de l'Innovation - APII	..	..	..	0.9	..	..	..	0.9	0.3	0.0	1.0	174
I_03_04_02	Centre de Promotion des Exportations - CEPEX	..	..	..	0.7	..	..	..	0.7	0.5	0.0	1.0	174
I_03_04_03	Chambres de Commerce et d'Industrie - CCI	..	..	..	0.8	..	..	..	0.8	0.4	0.0	1.0	174
I_03_04_04	Réseau National des Pépinières d'Industrie - RNPI	..	..	..	0.0	..	..	..	0.0	0.2	0.0	1.0	174
I_03_04_05	Centres d'Affaires d'Intérêt Public et Economique - CAIPE	..	..	..	0.2	..	..	..	0.2	0.4	0.0	1.0	174
I_03_04_06	Centres Techniques Sectoriels (Veuillez identifier)	..	..	..	0.7	..	..	..	0.7	0.5	0.0	1.0	174
I_03_04_07	Centres de Développement Régionaux (Veuillez identifier)	..	..	..	0.4	..	..	..	0.4	0.5	0.0	1.0	174
I_03_04_08	Agence Nationale pour l'Emploi et le Travail Indépendant - ANETI	..	..	..	0.8	..	..	..	0.8	0.4	0.0	1.0	174
I_03_04_09	Union Tunisienne de l'Industrie, du Commerce et	..	..	..	1.0	..	..	..	1.0	0.1	0.0	1.0	174

DB CODE	Questions	DZA	EGY	MAR	TUN	Micro	Small	Medium	ALL	SD	Min	Max	Obs
I_03_04_10	de l'Artisanat - UTICA Société Tunisienne de Garantie - SOTUGAR	..	..	..	0.8	..	..	..	0.8	0.4	0.0	1.0	174
IF YES, what services does the relevant organization(s) provide to your enterprise? Please check all that apply.													
I_04_00_01	Credit guarantees	0.3**	0.0***	0.3**	0.8***	0.0	0.2	0.2	0.5	0.5	0.0	1.0	413
I_04_00_02	Export credit guarantees	0.4**	0.0***	0.1***	0.4**	0.1	0.1	0.1	0.2	0.4	0.0	1.0	413
I_04_00_03	Research and development incentives	..	0.2*	0.1*	0.0**	0.1	0.1	0.2	0.1	0.3	0.0	1.0	381
I_04_00_04	Other financial assistance	..	0.1*	0.0	0.0*	0.3**	0.0*	0.1*	0.0	0.2	0.0	1.0	382
I_04_00_05	Assistance with customs procedures	..	0.1*	0.0	0.0*	0.0	0.0	0.1	0.0	0.2	0.0	1.0	380
I_04_00_06	Assistance with tax procedures	..	0.1*	0.0*	0.2**	0.1	0.1	0.1	0.1	0.3	0.0	1.0	380
I_04_00_07	Assistance with other administrative procedures	..	0.3**	0.9**	0.8**	0.3	0.6	0.5	0.7	0.5	0.0	1.0	381
I_04_00_08	Provision of job-specific training services	0.6*	0.4	0.5*	0.4**	0.5	0.5	0.5	0.4	0.5	0.0	1.0	417
I_04_00_09	Provision of other training services	0.2*	0.4*	0.2*	0.0***	0.1	0.3	0.3	0.2	0.4	0.0	1.0	415
I_04_00_10	Guidance on access to foreign clients and suppliers	..	0.2**	0.0*	0.0*	0.1	0.1*	0.2*	0.1	0.2	0.0	1.0	381
I_04_00_11	Guidance on potential clients and suppliers	..	0.2**	0.0*	0.0*	0.3*	0.1*	0.1	0.1	0.2	0.0	1.0	382
I_04_00_12	Assistance with patents, trademarks or copyrights	..	0.2*	0.0**	0.2*	0.3	0.1	0.1	0.2	0.4	0.0	1.0	388
I_04_00_13	Assistance with access to finance	..	0.1*	0.1*	0.8**	0.3*	0.1*	0.1	0.5	0.5	0.0	1.0	380
I_04_00_14	Other	..	0.2**	0.0**	0.4**	0.2	0.0	0.1	0.2	0.4	0.0	1.0	355
How would you assess the effectiveness of the initiatives that your enterprise benefits from? For each case, identify a single level of effectiveness, with 1 standing for ineffective, 4 being moderately effective and 7 standing for highly effective initiatives.													
I_05_00_01	Industrial cluster	..	3.8	6.5	..	3.1	4.1	3.9	3.9	2.0	1.0	7.0	76
I_05_00_02	SME support organisation(s)	..	3.3**	5.2**	4.5**	4.7	4.1	3.9	4.2	1.7	1.0	7.0	392
GENERAL INFORMATION													
What is your enterprise's legal status? Please check one option.													
J_01_00_01	Single proprietorship	0.1*	0.3**	0.1*	..	0.5**	0.2*	0.2*	0.2	0.4	0.0	1.0	374
J_01_00_02	Limited liability	0.8*	0.1**	0.8*	..	0.2*	0.5**	0.3*	0.4	0.5	0.0	1.0	374
J_01_00_03	Joint stock company	0.0**	0.3**	0.2**	..	0.1*	0.1*	0.4**	0.2	0.4	0.0	1.0	374
J_01_00_04	Cooperative	0.0	0.0	0.0	..	0.0	0.0	0.0	0.0	0.1	0.0	1.0	374
J_01_00_05	Other	0.0*	0.3**	0.0*	..	0.2	0.1	0.2	0.1	0.4	0.0	1.0	374
What is your enterprise's shareholder structure? Please indicate in % ownership.													
J_05_00_01	Director(s) and/or manager(s)	16*	54.3**	8.9*	..	44.5	32.3	34.5	34.3	41.0	0.0	100	359
J_05_00_02	Family and relatives	44.4*	27.0*	70.3**	..	52.2	44.8	36.3	41.8	44.8	0.0	100	358
J_05_00_03	Domestic shareholder	40.7**	16.4*	14.6*	..	3.3**	21.5*	25*	21.4	37.2	0.0	100	359
J_05_00_04	Foreign shareholder	0.0**	2.3*	6.2*	..	0.0	1.1*	5.3*	2.8	13.4	0.0	100	359
J_05_00_05	Government or state-owned enterprise	0.0	0.1	0.0	..	0.0	0.0	0.1	0.1	1.1	0.0	20	359
J_05_00_06	Other	0.0	1.3	0.0	..	0.0	1.1	0.3	0.7	6.4	0.0	80	359
How many employees did your enterprise employ from 2008 to 2012? Please state the number of employees at the end of each year.													
J_06_03_01	2008	29.9**	83.6*	53.6*	..	7.4**	25.3**	123.6**	65.0	75.9	0.0	580	373
J_06_03_02	2009	32.4**	85.7*	55.4*	..	7.8**	26.3**	127.7**	66.9	80.6	0.0	690	375
J_06_03_03	2010	34.1**	90.5*	54.7*	..	8.3**	27.1**	133.4**	69.7	105.7	0.0	1340	375

J_06_03_04	2011	35.9**	72.4*	54.1*	..	8.3**	25.9**	112.2**	60.2	58.3	2.0	370	376
J_06_03_05	2012	..	69.9	..	..	5.2**	24.5**	119**	69.9	64.2	0.0	250	204

Notes: The distinction of the survey results, based on respectively country (i.e. Algeria, Egypt, Morocco and Tunisia) and size (i.e. micro, small and medium), are tested using the Wilcoxon-Mann-Witney non-parametric two-sample tests at 5% significance. The number of asterisks (*, **, etc.) shows the number of groups (i.e. countries or sizes) that are statistical different. For comparison have the responses for Tunisia, which were scaled from 1 to 5, been converted to a 1 to 7 scale.

Source: CEPS database on MSME Obstacles in the South Mediterranean.

ANNEX 2. MASTER COVER LETTER AND QUESTIONNAIRE (EGYPT)



Brussels, July 24th 2012

Dear Madam or Sir,

The Centre for European Policy Studies (CEPS) is one of EU's largest and most influential "think tanks", whose core business is to conduct independent analysis on current political and economic topics and to disseminate its findings through a regular flow of authoritative publications, the participation in numerous networks, the organisation of many public events and the publication of commentaries.

Within the framework of our activities in the Southern Mediterranean, the present project, financed by the Euro-Mediterranean Forum of Economics (FEMISE, a network funded by the EU) aims at gaining knowledge on Egypt's high-growth potential small- and medium-sized enterprises (SMEs). The work seeks to shed light on the obstacles faced by these companies and quantify their impact on economic performance so as to identify what policy measures could best support them in achieving their development potential, notably as regards job creation.

To help us to do so, please find attached a questionnaire which we invite you to complete. The questionnaire is composed of ten sections and will be administered by our country expert Mr. Bassem Kamar. The questionnaire has been designed to last one hour maximum and to ensure the broadest coverage of obstacles faced by Egyptian SMEs.

The data originating from the questionnaire will be anonymous and no individual piece of information about your company will be disseminated.

I would be grateful if you could devote the time necessary for the accomplishment of our research and will remain fully available for any additional information.

Yours sincerely,

Dr. Rym Ayadi

Project Director

Head of Financial Institutions and Prudential Policy, CEPS

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High-Growth Potential MSMEs in the Southern Mediterranean: Identifying Obstacles and Policy Responses EGYPT QUESTIONNAIRE

Code of interviewer: _____

Date of interview: _____

Interview time: Start _____

End _____

Name of enterprise: _____

City/town of enterprise: _____

Postal code (if applicable): _____

INSTRUCTIONS:

The aim of the study is to identify the obstacles faced by **high-growth potential MSMEs** and the effectiveness of various policy responses. The questionnaire comprises ten sections.

Parts A to G assess the extent and nature of obstacles faced by the responding firm, ranging from administrative to skills.

Part H asks the respondent to provide a comparative view of the top obstacles and how the enterprise would respond if those obstacles were addressed.

Finally, Parts I and J cover basic financial information of the enterprise. **The entire interview should take about 60 minutes.**

A. ADMINISTRATIVE, LEGAL & TAX

A.1. Please assess the extent of difficulties you have faced (in terms of compliance costs or time spent) in fulfilling or complying with the following administrative procedures. For each case, identify a single level of difficulty, with 1 being most difficult, 4 being moderately difficult and 7 being least difficult.

	Most difficult \longrightarrow Least difficult							
	1	2	3	4	5	6	7	No response
i. Registering land								
ii. Registering collateral								
iii. Securing property rights								
iv. Labour regulations								
v. Foreign investment regulations								
vi. Registering a copyright/trademark								
vii. Quality standards and certification								
viii. Import and export regulations								
ix. Tax regulations								
x. Public procurement procedures								

A.2. Please assess the availability of legal counselling or consulting services to support your enterprise in responding to the procedures above. For each case, identify a single level of availability, with 1 being most available, 4 being moderately available and 7 being least available.

	Least available \longrightarrow Most available							No response
	1	2	3	4	5	6	7	
i. Registering land								
ii. Registering collateral								
iii. Securing property rights								
iv. Labour regulations								
v. Foreign investment regulations								
vi. Registering a copyright/trademark								
vii. Quality standards and certification								
viii. Import and export regulations								
ix. Tax regulations								
x. Public procurement procedures								

A.3. Is an annual external audit obligatory for your enterprise?

Yes _____ No _____

A.3.1. IF YES, which authority imposes the requirement? Please check all that are applicable.

Bank or other lender

Credit guarantee scheme

SME support organisation

Company by-laws

Other (please specify): _____

A.4. Have you ever been awarded a project under a public procurement or a government contract?

Yes _____

No _____

A.4.1. IF YES, when?

Year: _____

A.5. Please assess the availability of tax incentives for your business. For each case, identify a single level of availability, with 1 being least available, 4 being moderately available and 7 being most available.

	Least available \longrightarrow Most available							
	1	2	3	4	5	6	7	No response
Tax incentives								

A.6. What are the tax incentives that are utilised by your enterprise? Please check as many as are applicable.

- i. Export subsidies
- ii. Sector-specific subsidies (e.g. subsidies for companies in the tourism sector, information and communication technology, etc.)
- iii. Free trade zones
- iv. New machinery and technology subsidies
- v. Sustainable (i.e. "green") investment subsidies
- vi. Incentives for loans
- vii. Incentives for starting a new business
- viii. Incentives for hiring new employees
- ix. Incentives for hiring young employees
- x. Incentives for training employees
- xi. Other (please specify): _____

B. INFRASTRUCTURE

B.1. Please identify the extent of difficulties you face with the infrastructure. For each case, identify a single level of difficulty, with 1 being most difficult, 4 being moderately difficult and 7 being least difficult.

	Most difficult \longrightarrow					Least difficult		
	1	2	3	4	5	6	7	No response
i. Electricity: Outages								
ii. Electricity: Frequency variations								
iii. Water: Access to clean water								
iv. Water: Outages								
v. Roads and transport: Coverage/access								
vi. Roads and transport: Quality								
vii. Roads and transport: Access to ports								
viii. Internet: Access to broadband (>1Mbit/sec)								
ix. Internet: Outages								
x. Internet: Slow speed								
xi. Internet: Setting up website								

B.2. Does your enterprise have the following communication means? Please check all that apply.

Land-line telephone

Mobile telephone

Internet connection

Other (Please specify): _____

B.3. Does your enterprise have a website?

Yes _____

No _____

B.3.1. IF YES, is it used for the following? Please check all that apply.

Procure supplies

Market products (domestically)

Market products (internationally, i.e. English/French site)

Sell products (domestic)

Sell products (internationally)

General communication with company

Hire employees

B.4. Does your enterprise take internet-based orders from domestic or foreign clients?

Yes _____

No _____

B.4.1. IF YES, what is the share of internet-based sales in total sales in 2011?

	< 1%	1- 5%	5-10%	10-25%	25-50%	50-75%	> 75%
Internet-based sales (% of total sales)							

C. ACCESS TO FINANCING

C.1. How would you rate your enterprise's difficulty of access to the following financial instruments? For each case, identify a single level of difficulty of access, with 1 being most difficult, 4 being moderately accessible and 7 being least difficult.

Ease of access to financial products	Most difficult \longrightarrow					Least difficult		No response
	1	2	3	4	5	6	7	
i. Bank loan								
ii. Non-bank loan from micro-finance or other credit institutions								
iii. Checking account								
iv. Savings account								
v. Corporate credit card								
vi. Overdraft facility								
vii. Export credit facility								
viii. Import credit facility								

C.2. Did your enterprise obtain a loan from a financial institution over the past four years? Please check all years during which your enterprise had one or more outstanding loans. For each year, approximate the total outstanding amounts.

Yes _____

No _____

2008	2009	2010	2011

C.2.1. IF A LOAN WAS OBTAINED, what was it used for? Please check all that apply for each specific year and/or relevant loan.

Use of loans	2008	2009	2010	2011
i. Pay earlier loans				
ii. Buy inputs and supplies				
iii. Buy new machinery or equipment				

iv. Upgrade (or replace) existing machinery or equipment				
v. Buy other fixed assets (i.e. land, buildings, office-space, etc.)				
vi. Other (please specify): _____				

C.2.2. IF A LOAN WAS OBTAINED, was it formally guaranteed by an institution or authority, such as a credit guarantee institution?

Yes _____ No _____ Do not know _____

C.2.3. IF A LOAN WAS OBTAINED, was collateral required?

Yes _____ No _____

C.2.3.1 IF REQUIRED, what kind of collateral was used? Please check all that apply.

Types of collateral	2008	2009	2010	2011
i. Machinery or equipment				
ii. Other fixed assets (land, buildings, etc.)				
iii. Personal assets				
iv. Sales receivables or inventories				
v. Deposit account				
vi. Other (please specify): _____				

C.3. Since 2008, what were the shares of alternative sources of funding? Please identify approximate share in total funding.

Sources of funding (% of total)	<10%	10-25%	25-50%	50-75%	75-90%	>90%
i. Issuance of new shares						
ii. Internal funds or retained earnings						
iii. Loans from foreign banks						
iv. Loans from domestic banks						
v. Non-bank loans from micro-finance institutions, credit unions, etc.						
vi. Family, relatives or friends						
vii. Trade credit						
viii. Government (other than public banks)						
ix. Informal sources (i.e. moneylenders)						
x. Other (please specify): _____						

C.4. Has your enterprise been refused a loan since 2008?


Yes _____ No _____

C.4.1. IF YES, what was (were) the primary reason(s) for the refusal(s)?

- i. Insufficient collateral
- ii. Insufficient cash-flow or sales
- iii. Unclear business model
- iv. Owner's credit history
- v. Enterprise's credit history
- vi. Refusal was unjustified
- vii. Other (please specify): _____
- viii. Do not know

D. CLIENTS AND SUPPLIERS

D.1. In your experience, what were the main difficulties associated with your enterprise's clients and suppliers since 2008? For each case, identify a single level of difficulty, with 1 being most difficult, 4 being moderately difficult and 7 being least difficult.

Difficulties with clients and suppliers	Most difficult  Least difficult							No response
	1	2	3	4	5	6	7	
i. Lower domestic demand								
ii. Lower foreign demand								
iii. Variability of domestic demand								
iv. Variability of foreign demand								
v. Competition from imports								
vi. Late or incomplete payments for products delivered								
vii. Order cancellations								
viii. Restricted access to foreign markets								
ix. Access to export credit								
x. Lower quality of supplies								
xi. Unpredictable quality of supplies								
xii. Late or incomplete deliveries								
xiii. Access to import credit								

E.2. Since 2008, did your enterprise take part in apprenticeship or mentoring programmes?

Yes _____ No _____

E.3. Since 2008, did your enterprise offer to its employees formal training programmes?

Yes _____ No _____

E.3.1. IF YES, how many of your full-time and part-time employees took part in the programmes?

Full-time _____ Part-time _____ TOTAL _____

E.3.2. IF YES, please approximate the typical cost of the programmes as a share of payrolls.

	<0.5%	0.5 to 1%	1 to 2%	2 to 5%	5 to 10%	>10%
Cost of training programmes (please check approx. share of payroll)						

F. INFORMALITY and CORRUPTION

F.1. What are the main difficulties faced by your enterprise due to informality and corruption? For each case, identify a single level of difficulty, with 1 being most difficult, 4 being moderately difficult and 7 being least difficult.

Difficulties due to informality and corruption	Most difficult \longrightarrow Least difficult							No response
	1	2	3	4	5	6	7	
i. Competition with informal or unregistered enterprises								
ii. Informal gifts to accomplish simple administrative tasks								
iii. Informal gifts to secure government contracts								
iv. Labour costs associated with hiring formal employees								

G.2. How would you respond if the top obstacles faced by your enterprise that you identified in the previous question within the shaded area (under levels 1 and 2) were addressed today? Please check all that apply.

- i. Hire employees
- ii. Hire skilled employees
- iii. Increase wages
- iv. Increase production
- v. Increase exports
- vi. Expand product range
- vii. Invest in tangible assets (machinery, equipment, etc.)
- viii. Invest in other fixed assets (land, building, office-space, etc.)
- ix. Invest in skills and training
- x. Register trademark, patent or copyright
- xi. Obtain certification or quality standard
- xii. Pay out dividends
- xiii. Pay off earlier loans
- xiv. Issue new shares
- xv. Relocate firm
- xvi. Takeover/consolidate with other firms
- xvii. Other (please specify): _____

H. POLICY INITIATIVES

H.1. Is your enterprise within an industrial cluster?

Yes _____ No _____

H.1.1. IF YES, what services does the cluster provide? Please check all that apply.

- i. Provision of offices at discount prices
- ii. Provision of equipment at discount prices
- iii. Assistance with customs procedures
- iv. Assistance with tax procedures
- v. Assistance with other administrative procedures
- vi. Provision of job-specific training services
- vii. Provision of other training services
- viii. Screening potential employees
- ix. Marketing assistance, e.g. advertisement, website design, etc.
- x. Guidance on access to foreign clients and suppliers
- xi. Guidance on potential clients and suppliers
- xii. Assistance with patents, trademarks or copyrights
- xiii. Assistance with access to finance
- xiv. Other (please specify): _____

H.2. Does the enterprise benefit from services provided by SME support organisations in your country?

Yes _____ No _____

H.2.1. IF YES, what are the relevant organisations that provided services to your enterprise? Please check all that apply.

- Industrial Modernisation Centre - IMC
- Small and Medium Enterprises Development Organisation - SEDO
- Egyptian Junior Business Association - EJB
- Social Fund for Development - SFD
- Egyptian Incubator Association - EIA
- Alexandria Business Association - ABA
- Chambers of Commerce and Industry - CCI

Egyptian Business Women Association - EBWA

Euro-Egypt Innovation Fund – EEIF

Egypt Credit Guarantee Corporation – CGC

Other (please specify): _____

H.2.2. IF YES, what services are provided by the relevant organization(s) to your enterprise? Please check all that apply.

- i. Credit guarantees
- ii. Export credit guarantees
- iii. Research and development incentives
- iv. Other financial assistance
- v. Assistance with customs procedures
- vi. Assistance with tax procedures
- vii. Assistance with other administrative procedures
- viii. Provision of job-specific training services
- ix. Provision of other training services
- x. Guidance on access to foreign clients and suppliers
- xi. Guidance on potential clients and suppliers
- xii. Assistance with patents, trademarks or copyrights
- xiii. Assistance with access to finance
- xiv. Other (please specify): _____

*The interviewer may consider including a table, in order to ease the identification of the activities per institution.

H.3. How would you assess the effectiveness of the initiatives that your enterprise benefits from? For each case, identify a single level of effectiveness, with 1 standing for ineffective, 4 being moderately effective and 7 standing for highly effective initiatives.

Effectiveness of initiatives	Ineffective \longrightarrow Highly effective							Not applicable
	1	2	3	4	5	6	7	
i. Industrial cluster								
ii. SME support organisation(s)								

* The interviewer may consider completing the table in order to evaluate the relevant institutions.

I. GENERAL INFORMATION

I.1. What is your enterprise's legal status? Please check one option.

Single proprietorship

Limited liability

Joint stock company

Cooperative

Other (please specify): _____

I.2. Is your enterprise a subsidiary of a larger enterprise? Please check one option.

Yes _____

No _____

I.3. When was the enterprise incorporated? Please name the year of incorporation.

Please specify: _____

I.4. What is your enterprise's main sector of activity? Please check one option.

i. Chemicals, chemical products, and plastics

ii. Food products and agrifood industries

iii. Telecommunications

iv. Financial services and other business services

v. Other (please specify): _____

1.5. What is your enterprise's shareholder structure? Please indicate in % ownership.

Shareholder	Ownership (%)
i. Director(s) and/or manager(s)	
ii. Family and relatives	
iii. Domestic shareholder	
iv. Foreign shareholder	
v. Government or state-owned enterprise	
vi. Other (please specify): _____	

1.6. How many full-time and part-time employees did your enterprise employ since 2008? Please state the number of employees at the end of each year.

	2008	2009	2010	2011
i. Full-time employees				
ii. Part-time employees				
iii. TOTAL (i + ii)				

1.8. Of the total employees above, how many were women? How many were between the ages 16 and 25 (inclusive)?

	2008	2009	2010	2011
i. Female				
ii. Youth (ages 16 to 25)				

I.10. *What were the education levels of your employees in 2011? Please correspond with each function the number of employees with a specific diploma, e.g. secondary, tertiary, etc.*

	Less than secondary education	Secondary - General education	Secondary - Technical and vocational	Tertiary - Bachelor or undergraduate	Tertiary - Graduate and above
i. Owners					
ii. Management and directors					
iii. Other employees					

J. FINANCIAL INFORMATION

J.1. Please provide the following information on your establishment's production, sales, expenses and balance sheet since 2008 in local currency.

	2008	2009	2010	2011
INCOME STATEMENT				
Total revenue or sales				
Costs of goods sold				
<i>of which, Purchases of raw and intermediate goods</i>				
<i>of which, Change in inventory costs</i>				
Total operational costs				
<i>of which, Total labour costs, including wages and bonuses</i>				
<i>of which, Rent on land and buildings</i>				
<i>of which, Rent on machinery, equipment and vehicles</i>				
Interest income				
Interest expenses				
Depreciation costs				
Profits before tax				
Taxes paid				
Profits after tax				
Dividend payments				
BALANCE SHEET				
Cash and cash equivalents				
Intangible fixed assets				
<i>of which, Computer software</i>				
Tangible fixed assets				
<i>of which, Land and buildings</i>				
<i>of which, Machinery and equipment</i>				
Stock and inventories				
Accounts receivable				
Total assets				
Current liabilities				
<i>of which, Loans</i>				
<i>of which, Accounts payable</i>				
Non-current liabilities				
<i>of which, Long-term debt</i>				
Total equity (or own funds)				