

Stakeholder Engagement Plan (SEP)

MSME Competitiveness and Resilience in Egypt (P502495)

October 2024

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1. Introduction/Project Description

Egypt has significant potential for private sector growth. However, it has not been able to leverage its market access to the same extent as some of its peers, such as Morocco and Turkey.¹ Egypt is a lower middle-income country inhabiting close to 110m people, and it is strategically located at the crossroads of Europe, the Middle East and Africa. The country's domestic and regional markets are thus sizable. Additionally, Egypt's cost competitiveness compares favorably to peers, and it has excellent international connectivity and a number of free trade agreements in place.² That said, private sector performance is muted. Private sector investment (as a percentage of Gross Domestic Product (GDP)) is on a downward trend historically. Egypt's market share has remained modest in most sectors, while its share of some low value-added sectors increasing significantly. Foreign Direct Investment (FDI) shows modest growth, particularly in manufacturing and green investments. Egypt implemented a series of reforms over the past decade³, however economic imbalances remained, and were exacerbated by a series of external shocks. The recent adjustments seek to redress long-standing fiscal and external imbalances, worsened by multiple global shocks.

Micro, small and medium enterprises (MSME) Competitiveness and Resilience in Egypt (P502495) aims *to catalyze innovative financing solutions, mobilize private capital and improve programs targeting MSMEs and innovative ventures.*

MSME Competitiveness and Resilience in Egypt is comprised of three components that combined contribute to achievement of the Project Development Objective (PDO). Component 1 aims to develop and deploy a range of catalytic financing mechanisms to improve access to finance for innovative ventures and growth Small and Medium Enterprises (SMEs); Component 2 aims to increase the resilience of micro enterprises at the base of the pyramid, particularly those in the manufacturing and services sectors; and Component 3 aims to strengthen MSMEDA's institutional capacity as an apex organization for entrepreneurship and MSME development in the country. Component 1 and 2 both include some activities that are financed by the loan proceeds, and others that are financed by trust funds managed by the World Bank. Additionally, discussions are advancing with key development partners to closely align with activities they are implementing that have similar long term development objectives. Both gender and climate are cross-cutting and thus integrated in all three components.

The MSME Competitiveness and Resilience in Egypt is being prepared under the World Bank's Environment and Social Framework (ESF). Per Environmental and Social Standard ESS10 on Stakeholder Engagement and Information Disclosure, the implementing agencies should provide stakeholders with timely, relevant, understandable, and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination, or intimidation.

2. Objective/Description of SEP

The overall objective of this SEP is to define a program for stakeholder engagement, including public information disclosure and consultation throughout the entire project cycle. The SEP outlines the ways in which the project team will communicate with stakeholders and includes a mechanism by which people can raise concerns, provide feedback, or make complaints about project activities or any activities related to the project.

¹ Egypt Country Private Sector Diagnostic.

² Background analysis conducted for the Industrial Development and Trade Enhancement Strategy.

³ See annex x for an overview of significant reforms introduced since 2016

The Plan and all its attachments will be translated and made available in Arabic to be shared with relevant stakeholders.

2.1 Applicability

This plan applies to all “MSME Competitiveness and Resilience in Egypt” project activities. The plan will be implemented by MSMEDA, and all its beneficiaries involved in the project, as relevant to their scope of work.

2.2 Effective Date

This plan will be effective once it is disclosed. It is considered a dynamic document, which is amended in line with the expansion of the project activities or project progress.

2.3 Plan Structure

This plan outlines the management requirements for stakeholder engagement at the project level, and is structured as follows:

- *Section 1 and 2:* Aims to give a brief introduction to the project and the plan
- *Section 3:* Summarizes previous stakeholder engagement activities
- *Section 4:* Identifies project stakeholders
- *Section 5:* Elaborates on a detailed stakeholder engagement program and key methods of engagement
- *Section 6:* Gives an overview of the roles and responsibilities in implementing the measures of this management plan
- *Section 7:* Provides a description of the project’s grievance mechanism
- *Section 8:* Outlines performance monitoring procedures for this plan

3. Brief Summary of Previous Stakeholder Engagement Activities

3.1. Summary of stakeholder engagement done during project preparation

As part of the Catalyzing Entrepreneurship for Job Creation Project, which is an ongoing operation, satisfaction surveys were conducted to assess the beneficiaries’ engagement and satisfaction from the services offered through the project. Four rounds of surveys are expected during the ongoing operation, and they are conducted by HLB Egypt - Makary Consulting. The first round (loan disbursement timeframe between April 2020 and June 2021) and second round (loan disbursement timeframe between July 2021 and June 2022) of the stakeholder survey were finalized in December 2023.

The first round was conducted with 29 Participating Financial Intermediaries (PFIs), contracted by MSMEDA, including 6 Banks and 23 NBFIs (20 NGOs and 3 leasing companies) and 881 end-beneficiaries (109 small enterprises, 93% were existing ones, in 11 governorates and 772 microenterprises, 40% were first time borrower in 7 governorates). This round covered only funds channeled through PFIs, as component 2 was not yet active enough. The second round was conducted with 26 NGOs, in 12 governorates (sample depends on the PFIs newly contracted and most active during the indicated timeframe) and 864 end-beneficiaries (67 small enterprises, 98% were existing ones, in 12 governorates and 797 microenterprises, 24% were first time borrowers in 7 governorates). Satisfaction was measured for intermediaries with regards to the loan terms and conditions, the engagement rates and contracting process as well as lending process to end-beneficiaries. Findings were segregated by microfinance banks, small and medium enterprises banks, leasing companies and NGOs. For the first round, the overall satisfaction rate for the whole lending experience was 77% for leasing companies, 83% for NGOs, 88% for SME banks and 93% for microfinance banks and for the second round it was 84% for NGOs. In general, female and youth coverage percentages were

perceived to be challenging, except for microfinance banks. Most respondents agreed that MSMEDA was responsive and were willing to join the initiative again, but leasing companies mentioned it should be more profitable.

As for small enterprises, the average loan amount for the first round was 656,600 EGP (ranging from 50,000 – 4,000,000 EGP) and for the second round 1,050,580 EGP (ranging from 50,000 – 5,000,000 EGP), with loan limits of 2,000,000 EGP for all enterprises and 5,000,000 EGP for industrial enterprises during the first round, and then loan limits were increased to reach 5,000,000 million for all economic sectors during the second round. Yet, expectations were for higher loan amounts. 27% (round 1) and 22% (round 2) of beneficiaries were females and the average age of small enterprises owners was 45 years old. Most respondents worked in the retail sector in both rounds. For 85% (round 1) and 93% (round 2) of the small enterprises the loan amount was sufficient to cover their needs. In the first round, the main purposes for applying for the loan were mentioned to be for working capital requirements (51%), then for capital financing (equipment, new location, etc.) (31%) and in the second round for capital financing (46%) and working capital requirements (39%). The main reasons mentioned for not being able to fulfill the purpose of the loan taken during the first round were insufficient loan amounts (42%), external market factors (39%) and inefficient use of funds (19%) and during the second round were insufficient loan amounts (56%), external market factors and inefficient use of funds (each 22%). In round 1 and 2, majority of the respondents (75% and 70%, respectively) believed they were able to increase their revenues following the loan and 42% and 52%, respectively, were able to increase their labor force.

As for microenterprises, the average loan amount for the first round was 28,630 (ranging from 1,400 – 50,000 EGP) and for the second round was 22,800 EGP (ranging from 2,000– 50,000 EGP). 31% (round 1) and 42% (round 2) of beneficiaries were females and average age regardless of gender was 43 years old (round 1) and 41 years old (round 2). Most respondents worked in the retail sector (both rounds) and 17% of them worked in the services sector (round 1) and 11% in the agriculture sector and 10% in the services sector (round 2). For the second-round loan amount expectations were higher ranging from 1,500 – 250,000 EGP. The majority of respondents believed the loan amount covered their needs. In round 1, the purposes for applying for the loan were mentioned to be for working capital requirements (39%), start the business (29%), capital financing (22%), and liquidity shortage (10%) and in round 2 the reasons were working capital requirements (44%), capital financing (34%), start the business (12%), and liquidity shortage (10%). For round 1 and 2, 59% and 74% of the respondents believed they were able to increase their revenues following the loan and only 11% and 12% were able to increase their labor force, respectively.

For all end-beneficiaries, satisfaction was measured with regards to the application process, the loan terms and conditions, the transparency of the procedures, communication and engagement rates. For round 1 and 2, the overall satisfaction rate for the whole lending experience was 77% and 73% for small enterprises and 87% and 85% for microenterprises, respectively. In general, communication was clear with regards to filling the application, respondents mentioned receiving constant support and guidance. For round 1 and 2, for small enterprise, only less than 5% of respondents mentioned filing a complaint, 69% and 68% of them mentioned that their complaints were handled professionally and 70% and 69% mentioned being handled in a timely manner, respectively and for microenterprises only 1% of respondents mentioned filing a complaint, 82% and 78% of them mentioned that their complaints were handled professionally and 83% and 79% and mentioned being handled in a timely manner, respectively.

During project scoping and preparation, a number of public consultation meetings were conducted with potential financial intermediaries, this includes state-owned and private banks, and NBFIs: microfinance institutions, financial leasing and factoring companies), and risk capital intermediaries (venture capital funds, and private equity and SME funds), as well as potential beneficiaries (mostly innovative start-ups). This was conducted over the course of the different missions and visits since the government request for a new operation in September 2023 to date, building upon the ongoing project, and its associated trust fund funded by the Government of Italy. In addition, various

consultations with donors and development partners active in that space (including Canada, European Union, Italy, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), USAID, Agence Française de Développement (AFD), AFDB, and KfW) were conducted.

Moreover, as part of ongoing stakeholder engagement activities aimed at supporting MSMEs in Egypt, various consultations were conducted from May 2024 to September 2024 with potential financial intermediaries, which included venture capital funds, financial institutions, and microfinance organizations. Consultations and meetings were conducted with key managers and decision-makers from the represented entities. Whenever possible, gender balance was ensured amongst the participants. These consultations highlighted important insights into the needs and challenges faced by startups and SMEs. Key findings highlighted the necessity to have tailored financial products that cater specifically to startups, as well as significant financing gaps within the SME market. Stakeholders emphasized the importance of integrating green finance into their portfolios, underscoring the demand for capacity-building initiatives focused on environmental and social (E&S) aspects. While operational grievance mechanisms were reported to be functioning effectively by some stakeholders, there was a call for improved communication in customer service interactions from MSMEDA's end to foster better relationships with beneficiaries.

Findings of those activities informed the design of the project. A List with conducted stakeholder activities is provided in **Annex 1 and 3**.

MSMEDA's environmental and social management system (ESMS) will be prepared one month after the effective date. Feedback received during any additional consultations will be considered by MSMEDA in the ESMS and as possible in project design.

4. Stakeholder identification and analysis

4.1 Methodology

In order to meet best practice approaches, the project will apply the following principles for stakeholder engagement:

- *Openness and life-cycle approach*: Public consultations for the project will be arranged during the whole life cycle, carried out in an open manner, free of external manipulation, interference, coercion, or intimidation.
- *Informed participation and feedback*: Information will be provided to and widely distributed among all stakeholders in an appropriate format; opportunities are provided for communicating stakeholder feedback, and for analyzing and addressing comments and concerns.
- *Inclusiveness and sensitivity*: Stakeholder identification is undertaken to support better communications and build effective relationships. The participation process for the projects is inclusive. All stakeholders at all times are encouraged to be involved in the consultation process. Equal access to information is provided to all stakeholders. Sensitivity to stakeholders' needs is the key principle underlying the selection of engagement methods. Special attention is given to vulnerable groups that may be at risk of being left out of project benefits, particularly women, the elderly, persons with disabilities, displaced persons, and migrant workers and communities, and the cultural sensitivities of diverse ethnic groups.

4.2. Affected parties and other interested partiesⁱ

Affected parties include:

1. Financial intermediaries (FIs) (direct beneficiaries), such as i) Banks; ii) Non-Banking Financial Institutions (NBFIs), such as non-governmental organizations (NGOs), Microfinance Companies and leasing, factoring, SME finance companies; iii) private investors; iv) Egyptian venture capital industry investing; and v) risk capital funds who establish an operational

presence in Egypt and have a strategic focus of investing in Egyptian small, medium enterprises (SMEs) and innovative ventures.

2. Beneficiary enterprises (indirect beneficiaries) such as i) Innovative ventures, they can be micro, small, or medium sized in any sector, and they are often technology-based financing small and micro-finance enterprises; ii) Growth-oriented SMEs, they can be in any sector, including export-oriented sectors such as agribusiness, apparel, etc.; iii) Striving microenterprises and emerging small firms in value adding sectors. They can be i) existing or newly established; ii) female owned/led enterprises; iii) beneficiary enterprises that invest in green solutions; iv) those who contribute to national and international value chain participation; v) those who contribute to spillovers to other private sector firms; vi) growing Egyptian fintech companies that are enabling/providing digital financing solutions for MSMEs.

The projects' stakeholders also include parties other than the directly affected communities, including:

1. Governmental entities: Ministry of Finance (MoF), Central Bank of Egypt (CBE), Financial Regulatory Authority (FRA), The Egyptian Microfinance Federation (EMFF) State-owned Financial Institutions, The General Authority for Investment and Free Zones (GAFI), Authorities under the Ministry of Trade and Industry, including the Industrial Development Authority (IDA) and the Industrial Modernization Center (IMC), Ministry of Local Development (MoLD), Ministry of Planning and Economic Development (MoPED), National Council for Women (NCW), National Council for Persons with Disabilities (NCPWD), Egyptian environmental Affairs Agency (EEAA) at the central and regional level, local units at the regional level involved in supervising implementation of EEAA recommendations as well as approved permits (each department is responsible for supervising the permits they provided e.g., local government, manpower department, EEAA regional offices, etc.).
2. Non-Governmental entities: Credit Guarantee Company, Private and Public sector Financial Institutions (e.g., El Mobdra Association, Erada Company, Banque Misr, Arab African International Bank, etc.), Private sector business associations, export councils, incubators, accelerators and other providers of non-financial services, organizations among others Helm Foundation, Al-Hassan Foundation, Wayana Foundation that can facilitate stakeholder engagement activities with persons with disabilities, organizations that can facilitate access to women owned/led enterprises, donors and international organization (e.g., African Development Bank (AFDB), Kreditanstalt für Wiederaufbau (KfW), United States Agency for International Development (USAID)).

4.3. Disadvantaged/vulnerable individuals or groupsⁱⁱ

Within the Project, vulnerable or disadvantaged groups may include but are not limited to the following: persons with disabilities, women-owned/managed firms or those who want to start a firm, especially those in rural areas and firms located outside of greater Alexandria and greater Cairo. The NCPWD and the following organizations among others Helm Foundation, Al-Hassan Foundation, Wayana Foundation could possibly facilitate stakeholder engagement activities with persons with disabilities.

Vulnerable groups within the communities affected by the Project may be added, further confirmed, and consulted through dedicated means, as appropriate. Description of the methods of engagement that will be undertaken by the project is provided in the following sections.

5. Stakeholder Engagement Program

5.1. Summary of project stakeholder needs and methods, tools, and techniques for stakeholder engagement

Different engagement methods (e.g., proposed focus group meetings/discussions, community consultations, formal meetings and email correspondence, newsletters, one-on-one interviews, dissemination on social media platforms, and site visits) cover different stakeholder needs, including informing project stakeholders about project components, eligibility criteria to be able to benefit from the project, potential environmental and social (E&S) impacts and risks, project E&S instruments prepared (e.g., SEP, ESMS, LMP), dissemination of the grievance channels, awareness sharing that there is no tolerance to gender-based violence (GBV) in the project and share dedicated grievance channels for GBV related complaints, and any new information or updates regarding the project.

5.2. Stakeholder engagement plan

Project Stage	Estimated Date/Time Period	Topic of Consultation/ Message	Method Used	Target Stakeholders	Responsibilities
Project lifecycle	Before Project effectiveness and throughout the Project	<ul style="list-style-type: none"> Project components Potential E&S impacts and risks, project E&S instruments prepared (e.g., SEP), Dissemination of the grievance channels, no tolerance to gender-based violence in project and dedicated grievance channels for GBV related complaints, Any new information or updates regarding the project 	<ul style="list-style-type: none"> Public Consultation Dedicated focus groups with vulnerable groups For direct beneficiaries' correspondence by email to share project environmental and social instruments Disseminate on MSMEDA's website and social media platform Dissemination through flyers, posters and other marketing materials and publications 	All project stakeholders, including project affected parties and vulnerable groups.	MSMEDA
	Once direct beneficiaries (FIs) identified, and contracts signed	<ul style="list-style-type: none"> Dissemination of the grievance mechanism (GM) 	<ul style="list-style-type: none"> Correspondence by email to share MSMEDA GM channels and request to have them as part of application forms of beneficiaries 	Direct beneficiaries	MSMEDA
	Once direct beneficiaries (FIs) identified, and contracts signed	<ul style="list-style-type: none"> Eligibility criteria to benefit from project and procedures to apply to project 	<ul style="list-style-type: none"> Disseminate on MSMEDA's website and social media platform. FIs to conduct campaigns. Direct communication with end-beneficiaries who reach out to MSMEDA 	Indirect beneficiaries	MSMEDA and Direct Beneficiaries (FIs)

Implementation	Once plan prepared then throughout implementation	<ul style="list-style-type: none"> Sexual exploitation and abuse / sexual harassment (SEA/SH) action plan, including GM SEA/SH 	<ul style="list-style-type: none"> For direct beneficiaries', orientation meetings to introduce the policy, correspondence by email to share action they need to implement from the SEA/SH action plan. For women beneficiaries, as much as possible, focus group discussions. 	Women end-beneficiaries and direct beneficiaries	MSMEDA
		<ul style="list-style-type: none"> MSMEDA's ESMS, including the Labor management procedures (LMP) 	<ul style="list-style-type: none"> Disseminate on MSMEDA's website. Share with project workers 	All project stakeholders Project workers	MSMEDA
		<ul style="list-style-type: none"> Implementation of the ESMS and the appropriate E&S instruments prepped as per the ESMS 	<ul style="list-style-type: none"> Site visits 	End beneficiaries	MSMEDA

Information will be disclosed as follows: SEP; ESMS; LMP; Grievance Mechanism (GM) procedures; project orientation; regular updates on project developments); and in what formats (through MSEMADA's website and social media platforms; consultation meetings; information leaflets and brochures; separate focus group meetings with vulnerable groups. MSMEDA will disclose information in Arabic and English. MSMEDA will ensure that messages are designed and delivered to reach all project stakeholders, including vulnerable groups and to be universally accessible.

5.3 Reporting back to stakeholders

Stakeholders will be kept informed as the project develops, including reporting on project environmental and social performance and implementation of the stakeholder engagement plan and Grievance Mechanism, and on the project's overall implementation progress.

6. Responsibilities and Resources for implementing stakeholder engagement activities

6.1. Management functions and responsibilities

6.1.1 Environment Department

MSEMDA's central Environment Department is responsible for the implementation of the SEP. In close collaboration with the central Risk Management Department, they are responsible for managing the environmental and social risks of the project.

6.1.2 Monitoring and Evaluation Sector

The coordination of reporting on environmental, social and health and safety (ESHS) activities will be handled at the level of the Monitoring and Evaluation (M&E) Sector, who will coordinate with the technical sectors. The M&E sector will be responsible for organizing and coordinating stakeholder engagement activities in coordination with the Environment Department that is tasked with ESHS management.

6.1.3 Customer Service Department

The Customer Service Department is tasked with handling grievance mechanisms across MSMEDA.

6.1.4 Gender Unit

The Gender Department is responsible for implementing MSMEDA's sexual harassment policy and handles GBV related complaints, in close coordination with the HR department.

6.1.5 Regional Offices

At the regional level, there are 33 MSMEDA regional branches⁴ at governorate/local level, which can work closely with MSMEDA central level to ensure wider dissemination of information and better outreach. Also, the environmental focal points at the regional offices are responsible for managing the E&S risks of the projects.

6.1.6 Marketing and Communication Sector

The central Marketing and Communication Sector is responsible for the disclosure of all necessary project documents, information and plans on MSMEDA's website.

6.2. Resources

As mentioned above MSEMDA central Environment Department, in collaboration with Risk Management Department is responsible for the management of environmental and social risks related to the project, including the implementation of the SEP.

The budget for the SEP will be determined during Appraisal. Those resources will be used to organize public consultation activities, focus group discussions, brochures, posters and flyers, to inform about project activities, including eligibility criteria to be able to benefit from project as well as procedures to apply to project.

⁴ As per information on MSMEDA's website.

7. Grievance Mechanism

The main objective of a GM is to assist to resolve complaints and grievances in a timely, effective, and efficient manner that satisfies all parties involved.

7.1. Description of GM

Step	Description of Process	Time Frame	Responsibility
GM implementation structure	<ul style="list-style-type: none"> MSMEDA Customer Service Department is handling complaints at the central level. At the regional level there are no customer service personnel, but complaint boxes are made available in some of the regional offices. FIs have their own channels and handle their complaints at their level. They only inform MSMEDA about the received complaints in case the complaint concerns MSMEDA (e.g., there are delays in sending funds). MSMEDA will request the FIs to include MSMEDA hotline number in the application forms shared by the FIs to beneficiaries to ensure that all beneficiaries are aware of the main complaint channels. 	Not Applicable (NA)	MSMEDA
Grievance uptake	<p>Grievances can be submitted via the following channels:</p> <ul style="list-style-type: none"> Hotline of MSMEDA (16733), MSMEDA's hotline has an assigned extension specifically for receiving women's grievances. Facebook page of MSMEDA, (https://www.facebook.com/msmeda.eg/) WhatsApp (accessed through the Facebook page) Government e-portal (https://www.shakwa.eg/GCP/Default.aspx), Walk-ins at the central level Complaints boxes at the regional level FIs GM channels 	Daily	MSMEDA
Sorting, processing	Any complaint received is forwarded to the Customer Service Department. Logged in to the data base to check whether this is a first-time complaint or redundant, and categorized according to MSMEDA's	Upon receipt of complaint	MSMEDA

Step	Description of Process	Time Frame	Responsibility
	concerned sector / department (financial, non-financial, ... etc.).		
Acknowledgment and follow-up	Complaints received from the government e-portal receive an automated message to confirm the receipt of the complaint. Receipt of the grievance received at MSMEDA level is acknowledged to the complainant by the Customer Service Department.	Within 2 days of receipt	MSMEDA
Verification, investigation, action	Investigation of the complaint is led by the Customer Service Department in collaboration with the concerned sector or department. A proposed resolution is formulated by the Customer Service Department and communicated to the complainant based upon the concerned sector/department feedback.	Within 2 to 5 working days	MSMEDA (Customer Service Department with concerned sector/department)
Monitoring and evaluation	Data on complaints are collected in the database and reported to the Executive Director and his Deputies and MSMEDA sectors' focal points on monthly basis ⁵ .	Monthly	MSMEDA (Customer Service Department)
Provision of feedback	Feedback from complainants regarding their satisfaction with complaint resolution is collected and reported to MSMEDA planning sector on quarterly basis	Quarterly	MSMEDA (Customer Service Department)
Training	Training needs for MSMEDA for the customer services team are a capacity building training program in various types of customer behaviours and best methodologies of customer handling	Not Applicable (NA)	Customer Service accredited experts in coordination with the Human Resources Central Sector

The GM will provide an appeals process if the complainant is not satisfied with the proposed resolution of the complaint. Once all possible means to resolve the complaint have been proposed and if the complainant is still not satisfied, then they should be advised of their right to legal recourse, which happens in very rare cases.

MSMEDA has a sexual harassment policy, which includes separate channels to handle gender-based violence (GBV) complaints in a confidential manner (through the sexual harassment focal point, gender department, or customer service department who are trained on the matter) and possibility of referral system to the National Council for Women, as needed. Investigations are done at MSMEDA

⁵ The reporting structure is currently being discussed with new management and will be updated if there are any changes in the structure.

level by the Legal Department. In the meantime, intermediary FIs are not yet known and their own policies and procedures on the matter are not known.

The Labor Management Procedures (LMP) will be integrated in the ESMS to be prepared one month after the Effective Date. The LMP will include details about Labor Grievance Mechanism. At this stage, identified project workers are MSEMEDA's personnel, and they submit their complaints through their relevant technical sectors.

The World Bank and the Borrower do not tolerate reprisals and retaliation against project stakeholders who share their views about Bank-financed projects.

8. Monitoring and Reporting

8.1. Summary of how SEP implementation will be monitored and reported

As mentioned above, the SEP implementation progress will be included in the bi-annual progress report throughout project implementation, commencing after the Effective Date, and which will be submitted to the Bank no later than 30 days after the end of each reporting period.

While the format of the progress report will be discussed at a later stage it will include the below minimum information:

- Number and types of stakeholder engagement activities held to discuss project progress,
- Number and category of stakeholders met
- Number of information dissemination activities (e.g., online dissemination, paper-based dissemination or campaigns organized, etc.).
- Number of complaints received, their category, timeframe for resolving and status of resolution.
- How were feedback received from stakeholder engagement activities and from the grievance mechanism used by the project.
- Regular reports to be sent by FIs on number of complaints received that are related to the project, their category, timeframe for resolving and status of resolution.

8.2. Reporting back to stakeholder groups

The SEP will be periodically revised and updated as necessary in the course of project implementation. Bi-annual summaries and internal reports on public grievances, enquiries, and related incidents, together with the status of implementation of associated corrective/preventive actions, will be collated by responsible staff and referred to the senior management of the project. The bi-annual summaries will provide a mechanism for assessing both the number and nature of complaints and requests for information, along with the Project's ability to address those in a timely and effective manner. Information on public engagement activities undertaken by the Project during the year may be conveyed to the stakeholders through MSEMEDA's website and social media platforms.

Annex 1: List of past Stakeholder Engagement Activities

Date	Stakeholder Engagement Activity	Stakeholder Groups/stakeholders	Summary of Engagement Activity
May 2024- July 2024	One on one consultations	Venture Capital Funds <ul style="list-style-type: none"> - 1 venture capital fund - 1 accelerator - 1 consulting firm assessing VC - 2 entrepreneurship support organizations - 1 International startup 	<ul style="list-style-type: none"> - Discussion of the needs of startups, venture capital funds and other organizations.
2 nd of May 2024	Meetings with Financial Institutions	<ul style="list-style-type: none"> - Commercial International Bank (CIB) Development Finance team 	<ul style="list-style-type: none"> - Insights on the Egyptian SME market status and challenges, as well as an overview of CIB's SME portfolio and breakdown.
7 th of Feb 2024	Meetings with Financial Institutions	<ul style="list-style-type: none"> - Bedyaty MF company 	<ul style="list-style-type: none"> - All companies presented an overview of the challenges, as well as their portfolio and the breakdown and finance gap, the potential various sectors to fund with high demand One on one consultations -Details of attendees is found in Annex 3
5 th of March 2024	(FinTech, FOFs, NBFs, Factoring Companies, Commercial Banks SMEs & Risk Department, Credit Companies	<ul style="list-style-type: none"> - Al mobadra Association - Erada Company - Banque Misr 	
7 th of Feb 2024	One on one consultations	<ul style="list-style-type: none"> - Egypt Trade,(a USAID trade project) 	<ul style="list-style-type: none"> - An overview of the project's available programs to assist Egyptian exporters, including the green aspect. - General discussion of the new co-financing mechanisms suggested for the project under preparation "MSME Competitiveness and Resilience in Egypt"
8 th of Feb 2024	One on one consultations	<ul style="list-style-type: none"> - SME team- National Bank of Egypt (NBE) - Qatar National Bank – international Funds Program and SMEs team 	<ul style="list-style-type: none"> - Insights on the Egyptian SME market status and challenges, as well as an overview of the NBE's and QNB's SME portfolio and breakdown, including both banks experiences in green finance. - General discussion of the new co-financing mechanisms suggested for project under preparation. - Main needs from NBE and QNB's side and from the end-beneficiaries side

Date	Stakeholder Engagement Activity	Stakeholder Groups/stakeholders	Summary of Engagement Activity
6 th of March 2024	One on one consultations	<ul style="list-style-type: none"> - Banque Misr - SMEs team - United Bank⁶ - Arab African International Bank (AAIB)- SMEs team 	<ul style="list-style-type: none"> - Insights on the Egyptian SME market status and challenges, as well as an overview of the three banks' SME portfolio and breakdown. - General discussion of the new co-financing mechanisms suggested for the project under preparation. - Main needs from Banque Misr, United Bank and AAIB's side and from the end-beneficiaries' side
21 st of May 2024	One on one consultations	<ul style="list-style-type: none"> - Banque Misr (BM)- Sustainable Finance and SMEs teams 	<ul style="list-style-type: none"> - Detailed discussion of the BM's previous experience and future plans for sustainable and green finance. - Detailed discussion of the suggested co-financing mechanisms Main needs from the project under preparation (from BM's side and from the end-beneficiaries side).
22 nd of May 2024	One on one consultations	<ul style="list-style-type: none"> - National Bank of Egypt (NBE)- Business Development and Non-Financial Services team 	<ul style="list-style-type: none"> - Detailed discussion of NBE's previous experience and future plans for green finance. - Main needs from NBE's side and from the end-beneficiaries side) focusing on the non-financial services.
3 rd of June 2024	One on one consultations	<ul style="list-style-type: none"> - AAIB- SMEs team 	<ul style="list-style-type: none"> - Detailed discussion of AAIB's experience in green finance. - Main needs from the project under preparation from AAIB's side and from the end-beneficiaries side, focusing on green finance.
5 th of June 2024	One on one consultations	<ul style="list-style-type: none"> - Abu Dhabi Commercial Bank "ADCB"- Sustainable Finance and Product Development teams 	<ul style="list-style-type: none"> - An overview of ADCB's current and future priorities which include green, energy efficiency, and exports finance. - General discussion of the new co-financing mechanisms. - Main needs from project under preparation (from ADCB's side and from the end-beneficiaries side).
6 th of June 2024	One on one consultations	<ul style="list-style-type: none"> - CIB- Development Finance, and SMEs teams 	<ul style="list-style-type: none"> - Detailed discussion of the CIB's previous experience and future plans for developmental and green finance. - Detailed discussion of the suggested co-financing mechanisms - Main needs from the project under preparation (from CIB's side and from the end-beneficiaries side).

⁶ Owned by Central bank of Egypt

Date	Stakeholder Engagement Activity	Stakeholder Groups/stakeholders	Summary of Engagement Activity
10 th of June 2024	One on one consultations	- NBE's SMEs team	<ul style="list-style-type: none"> - Detailed discussion of the suggested co-financing mechanisms (especially green facility). - Main needs from project under preparation (from NBE's side and from the end-beneficiaries side) regarding the financial services.
26 th of September	Roundtable Meetings with Microfinance institutions	<ul style="list-style-type: none"> - Mobadra Association - Reefy Microfinance Company 	<ul style="list-style-type: none"> - Relevance of the upcoming project to the stakeholders needs - Feedback on MSMEDA's grievance mechanism and suggestions for the project under preparation. - Description of the portfolio of each stakeholder and beneficiary database
	Roundtable Meetings with SMEs financing institutions	<ul style="list-style-type: none"> - BM Leasing Company - Zilla Finance Company - Tabdeer Leasing and Factoring Company 	
30 th of September 2024	Cleantech Financing and Technical Assistance Validation Workshop	- Venture Capital funds, startups and private sector startups and ecosystem experts	<ul style="list-style-type: none"> - Governance, operations, organization and strategy of fund management companies. - Needs of funds and startups: <ul style="list-style-type: none"> o Financial management & planning strengthening including budgeting & Forecasting as this will improve the financial performance and reduce unnecessary cash burn). o Expansion strategies including marketing analysis & entry, legal considerations. - Need for Technical Assistance/Coaching to help in fundraising for funds.

Annex 2: Summary of key findings from Stakeholders Received During Roundtable Discussions on 26th of September

No.	Stakeholder Groups	Technical Comments/ Suggestions
1.	<p>Microfinance Institutions</p> <ul style="list-style-type: none"> - Mobadra Association - Reefy Microfinance Company 	<p>-Need technical support and capacity building activities on the E&S aspects for micro-enterprises.</p> <p>-Need awareness sessions on E&S aspects of projects, especially the environmental screening of projects.</p> <p>-Community and workers’ GM is operational and functioning at Mobadra’s and Reefy’s Head offices.</p>
2.	<p>SME finance Institutions</p> <ul style="list-style-type: none"> - BM Leasing Company - Zilla Finance Company - Tabdeer Leasing and Factoring Company 	<p>- Community and workers’ GM is operational and functioning at all stakeholders’ offices. They already follow Financial Regulatory Authority (FRA) regulations, which entails strict grievance mechanism procedures and E&S requirements.</p> <p>-Need of awareness raising sessions and capacity building sessions (especially in Upper Egypt) on the Environmental and Social risks of different types of activities (as project beneficiaries are not fully aware of E&S risks and their mitigation measures).</p> <p>-It was mentioned that “Agrofarms, solar panels, water treatment, and recycling” projects are promising green projects/activities, however awareness raising and capacity building among SMEs (and among some financial institutions) is needed in this regard.</p> <p>-It is recommended that MSMEDA revisits some of the terms/conditions and loan limits under its future contracts with factoring companies (noting that factoring companies provide “short term finance” which differs than leasing companies which provide “medium-term finance”).</p> <p>-Suggestion that all stakeholders are further involved in the consultations for the design of the new operation between MSMEDA & WB “MSME growth and resilience project” to exchange experience and ideas for green products and services that can be implemented based on actual local market needs.</p> <p>- MSMEDA’s follow-up calls to funded SMEs (which is conducted by an out-sourced institution) should adopt a more diplomatic and courteous approach. Some beneficiaries have expressed concerns that the current tone of these interactions makes them feel as though they are being investigated. MSMEDA mentioned that this comment shall be conveyed to the related outsourced institution to take into immediate consideration.</p>

Annex 3: Participants Lists

Participants List for meeting held in Feb and March with Financial Institutions

Entity	Position
Bedayty Microfinance Company	- Managerial representative (male)
Mobadra Association	- Chief Executive Officer (Female)
Erada Company	- Managerial representative (male)
Banque Misr	- Finance Manager at Banque Misr (male)

26th of September Roundtable Meeting Participants List

Entity	Position
Mobadra Association	- Chief Executive Officer (Female)
Reefy Microfinance Company	- Chief Financial Officer (Male)
BM Lease Company	- Managing Director (Male) - Finance Manager (Male) - Regional Director for Upper Egypt (Male)
Zilla Finance Company	- Finance Officer at Misr Bank (Male)

Annex 4: Example of Grievance Form

GRIEVANCE FORM

I would like to report a: (mark with X)

Complaint

Suggestion/ Inquiry

Concern

Personal Information/According to the Mechanism, you may choose to remain anonymous

Name of Complainant:

Telephone:

Email:

National ID:

Employer's (Company) name:

Description of the complaint / suggestion / concern

I expect the following actions for resolution (short sentences)

Signature (not required if the complainant wishes to remain anonymous)

Complaint recipient

Name of the person received the complaint:

Signature:

Corrective action:

Person responsible of the corrective action

Signature:

Annex 5 : Example of Grievance Acknowledgement

Name of the person received the complaint:

Complainant Name:

Date:

Number of Complaint in the Register:

Grievance Register

Case #	Date Received	Type of Issue	Received by (Receptor)	Name of Complainant and contact information A code for anonymous complaints	Grievance category	Brief Grievance Description	Channel through which the complaint was received

Will the complaint be resolved at the entity that received it? (Yes/ No)	If yes, what action was taken?	What is the date of the solution?	If the complaint was referred to another entity, what is the entity, and what is the date of referral?	The action taken by the party to which the complaint was referred	Date resolution	Satisfied with Process (yes/no)?	If no, why not?

Endnotes

ⁱ For the purposes of effective and tailored engagement, stakeholders of the proposed project(s) can be divided into the following core categories:

- **Affected Parties:** Persons, groups, and other entities within the Project Area of Influence (PAI) that are directly influenced (actually or potentially) by the project and/or have been identified as most susceptible to change associated with the project, and who need to be closely engaged in identifying impacts and their significance, as well as in decision-making on mitigation and management measures.

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- **Other Interested Parties:** Individuals/groups/entities that may not experience direct impacts from the Project but who consider or perceive their interests as being affected by the project and/or who could affect the project and the process of its implementation in some way.
 - **Vulnerable Groups:** Persons who may be disproportionately impacted or further disadvantaged by the project(s) compared with any other groups due to their vulnerable status and that may require special engagement efforts to ensure their equal representation in the consultation and decision-making process associated with the project.
 - It is important to note that sometimes projects have different components with very different sets of stakeholders for each component. Those different stakeholders should be considered in preparing the SEP.
- ⁱⁱ It is particularly important to understand whether project impacts may disproportionately fall on disadvantaged or vulnerable individuals or groups, who often do not have a voice to express their concerns or understand the impacts of a project, and to ensure that awareness raising and stakeholder engagement be adapted to take into account such groups' or individuals' particular sensitivities, concerns, and cultural sensitivities and to ensure a full understanding of project activities and benefits. Engagement with vulnerable groups and individuals often requires the application of specific measures and assistance aimed at the facilitation of their participation in the project-related decision making so that their awareness of and input into the overall process are commensurate with those of other stakeholders.