

Conference Report



Background

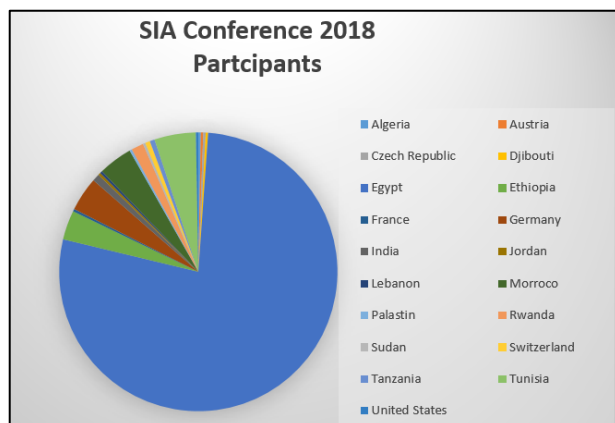
The concept of Sustainable Industrial Areas (SIA) promotes sustainable industrial development by balancing environmental, economic and social aspects. Shared infrastructure and services in the industrial areas, which are based on sound business and management models, improve the socio, economic, environmental and technical quality of industrial areas. The individual industries in such sustainable industrial areas thus gain economic efficiencies and competitiveness. The sheltered environment and the strong support of the park management in a sustainable industrial area is able to meet in particular the needs of small and medium scale enterprises (SME).

While industrial areas are a motor of industrialisation and technological development worldwide, they are often criticised as areas of extended resource consumption and environmental pollution. In order to guide industrial areas towards the SIA concept, GIZ developed "[Guidelines for Sustainable Industrial Areas](#)". They highlight the most important sustainability aspects for planning and operating an industrial area as well as for elaborating a legal framework for sustainable industrial area development.

In recent years, the [International Conferences on Sustainable Industrial Areas](#) (SIA) has become a recognised instrument to bring experts from all over the world together to discuss recent trends, best practices and future development of SIA. In this way, the conferences serve as an international platform for exchanging knowledge about Sustainable Industrial Development worldwide.

SIA Conference 2018 in Egypt

The International SIA Conference of 2018 took place on the 6th and 7th of March 2018 in Egypt at the Nile Ritz-Carton Hotel in Cairo. The conference addressed the topics **“Investment Promotion, SME Development and Generation of Productive Employment”**, thus supporting Egypt’s goal for sustainable industrial area development. More than 350 participants from Egypt and abroad attended the conference, among them representatives from companies, industrial parks, industry associations, industrial development agencies, financial institutions, government institutions and international donor agencies as well as consultants and experts from all over the world. Previous International SIA Conferences have taken place in India, China, Indonesia, Turkey, Mexico and Morocco.



Objective of SIA and the conference

The SIA concept guides a way to sustainable industrial development by improving the organizational performance of industrial areas, while balancing economic, social and environmental concerns. The International SIA Conference of 2018 set the focus on:

- **Creating a favourable climate for investment**

Local and foreign investment into industrial areas is regarded as a key driver of industrial growth, employment creation and prosperity, therefore one of the core priorities of the Egyptian Government. Sustainable Industrial Areas with their reputation in Resource and Energy Efficiency, Environmental Protection, Social Standards as well as Good Governance are attractive for modern investment decisions.

- **Developing of SME**

SMEs contribute significantly to employment generation and the strengthening of domestic value creation. They facilitate innovation spillover effects and ensure a robust supply of goods and services needed for the functioning of related enterprises inside the park. The sheltered environment and the strong support of the park management in a sustainable industrial area is able to meet in particular the needs of SME and support their interaction with the larger players in the park.

- **Promoting of Employment**

Population growth and the increasing demand for jobs give also responsibility to industrial areas to supply a significant amount of jobs. Apart from the bare numbers of jobs, Sustainable Industrial Areas intend to create jobs of social quality. Together with additional jobs created by the social infrastructure, (e.g. schools, housing and recreation facilities, etc.) and various services provided by the park, SIA are able to contribute significantly to employment generation.

Partners of the conference

The Conference was organised under the auspices of the **Ministry of Trade and Industry (MTI)** represented by the **Industrial Development Authority of Egypt (IDA)**. The conference was prepared and carried out in partnership between the **East Port Said Development Company (EP)** and the **Egyptian-German Program “Promotion of Small and Medium Enterprises (PSME)”** implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) on behalf of the **German Federal Ministry of Economic Cooperation and Development**.

Target groups

The conference addressed and, as the registration list showed, attracted representatives of the following target groups:

- National and Foreign Governments
- Owners, developers, operators and tenants of industrial parks and areas
- Industrial chambers and associations
- Partners of GIZ programs
- National and international key actors/resource persons related to industrial areas and climate change
- Financing institutions.

General Conference Structure

The conference itself took place on the 6th and 7th of March 2018 and was complemented by site visits to industrial parks in Cairo and the Suez Canal Region before and after the conference.

In line with the three focus areas of the conference, the program consisted of thematic plenary sessions targeting higher-level government officials, private sector representatives and international experts. Parallel working group sessions provided space to discuss a variety of topics related to investment promotion, SME development and employment promotion in industrial areas.

During coffee breaks, lunch and cultural and networking events in the evenings, opportunity was given to discuss experiences with colleagues from different countries and projects. The conference program is available under: <https://www.siaconference.com/>.

Site visits

The pre- and post-conference programme invited registered participants to visit Egyptian industrial parks to the City 6th of October (**CPC Industrial Zone** and **Engineering Square Industrial Park**) and to the Port Suez Region (**East Port Said Special Economic Zone**). This allowed face-to-face encounters with estate managers, business representatives and officials alike in order to gain some first-hand impressions on the efforts undertaken in Egypt to improve the sustainability of industrial areas.



Contents and main messages

- Opening session

Main purpose of the opening session, moderated by the Conference Moderator, **Mr. Ashraf Naguib**, was to welcome the participants to the conference and to receive key messages from the organisers.

The speaker of the GIZ Working Group on Sustainable Industrial Areas, **Ms. Franziska Kohler** gave the first presentation of the conference by introducing the GIZ in general as well as the SIA concept. Following this presentation, **Eng. Karim Samy Saad**, Chairman of EP Development Company highlighted the Industrial Area Development Goals of the company. Afterwards, **Eng. Ahmed Abdelrazik**, Chairman Industrial Development Authority (IDA) explained the policy of IDA in supporting the establishment and operation of industrial areas in Egypt. **Mr. Sebastian Lesch** delivered the greetings of the German Ambassador in Egypt, Mr. Julius Georg Luy, and assured the ongoing support of the German Government for the industrial development of Egypt and related transformation processes. Finally, **H.E. Eng. Tarek Kabil**, Minister of Trade and Industry of Egypt, highlighted the great number of governmental initiatives to boost economic and industrial development, pointing out that environmental protection issues are always integral parts of the respective economic and development strategies.

The welcoming session was followed by a keynote on the “[International Framework of Eco-Industrial Parks \(EIP\)](#)”, a cooperation of GIZ, UNIDO and the World Bank. **Mr. Raghu Babu Nukala** (GIZ), **Mr. Smail Alhilali** (UNIDO) and **Mr. Etienne Kechichian** (World Bank) presented their joint work on defining performance requirements for EIP/SIA and gave some insights in the Framework, which was published in December 2017.

- **Plenary session of 1st day**

The **thematic plenary session** of the first day, moderated by **Dr. Ahmed F. Abdel Wahab**, focused on “Attracting Investment for Industrial Areas”. **H.E. Sisay Gemechu Edo**, CEO of the Industrial Park Development Corporation (IPDC) Ethiopia, introduced the Ethiopian industrial development policy, in which industrial areas play an important role. H.E. Sisay Edo highlighted that sustainability of Ethiopian industrial parks is of course the ultimate goal to be achieved by this policy and that the development of favourable framework conditions is of great importance. **Eng. Sameh Attia**, Managing Director Industrial Development Group (IDG) gave a brief overview of challenges to overcome when trying to establish industrial parks in the past. As a solution, Eng. Sameh Attia mentioned the development of procedures and methodologies to handle Egyptian bureaucratic and administrative processes. The acquired knowledge and respective services to facilitate investments in Egyptian industrial parks are now offered to possible investors. **Ms. Amany Moemen**, Chairman's Counsellor for Strategies and International Cooperation at the Industrial Development Authority (IDA) gave a brief overview of the history, structure and responsibility of IDA. IDA considers the establishment of a sustainable industrial development as a core issue, in particular to attract SMEs. Strategically, IDA is heading to become the responsible regulatory body for all Egyptian industrial parks, and is going to develop the respective framework conditions for the parks. **Mr. František Řezáč**, CEO of PEGAS explained the history of the company and of his investment in Egyptian industrial parks. He highlighted the efforts and assistance of e² to realize his investments in the e² park.



- **Parallel working groups of 1st day**

WG1: Corporate Start-Up collaboration (moderated by **Mr. Rainer Engels**)

Corporate Start-up collaborations in which established businesses engage with start-ups and support young entrepreneurs have become a way that help businesses to react to changing markets and absorb innovative ideas. In the working group session, **Ms. Alexandra Oppermann** demonstrated why it is fruitful that start-ups and established businesses work together and discussed preconditions to make it a success for both sides.. In particular, such a collaboration can turn an industrial zone or a business park into a hub for innovation.

WG2: Role of financial sector - suitable investment routes for Egyptian industrial areas (moderated by **Dr. Nguyen Thanh Hai**)

The session addressed the important role of the financial sector in promoting investment in SIAs and the residential SMEs. The most important financial instruments of the banking sector, the capital market and investment funds, which have been realized in Egypt and Vietnam, were presented and discussed.

Mr. Mohamed Shwaky from the National Bank of Egypt presented his experiences from Egypt. **Ms. Sally Yacoub**, GIZ PSME program and **Mr. Mohamed Shawky** introduced the green investment financing GGF in Egypt. Based on these examples, experts and participants of the session exchanged their views on suitable investment routes for Egyptian SIAs.



WG3: Invest in Sustainable Industrial Areas (moderated by **Dr. Ernst Grigat**)

During the session, experiences from different sustainable industrial parks all over the world have been presented. While **Ms. Elisaveta Kostova** (GIZ) demonstrated the experience of the Mekelle Industrial Park in Ethiopia, **Mr. Luc Jaquet** (Sofies Group) and **Shayman Shaban** (Fondation pour les terrains industriels de Genève) presented their work in Vietnam. The industrial parks are based on integrated networks for the exchange of raw material, energy and knowledge in an industrial park. Measures to achieve and maintain sustainability as well as establishing the required political, governmental and financing framework to promote this process and to attract investors have been elaborated by all experts in detail.

WG4: Industrial Park 4.0 (moderated by **Prof. Hannes Utikal**)

The working group demonstrated the current developments of the fourth industrial revolution “Industry 4.0”. Based on the experience of the industrial park “Frankfurt Höchst” Prof. Hannes Utikal introduced the topic of Industry 4.0 and showed how it is implemented in the Frankfurt Höchst Industrial Park. **Mr. Ahmed Alaa** from the Egyptian Ministry of Trade and Industry presented the “Merghem Plastic Industrial Complex”, an Egyptian project to apply Industry 4.0 technologies. **Mr. Tamer Nour** from Siemens AG gave insights in current activities and products of the company supporting this development. Impacts on employment, relevant technologies for increasing the industrial parks’ competitiveness and improving their sustainability were discussed.



• **Plenary sessions of 2nd day**

The **1st thematic plenary session** on “Supporting SME development in Sustainable Industrial Areas” was moderated by **Ms. Dalia Abd-Allah**. The session started with the

presentation “Main success barriers for SMEs in Industrial Areas and how the Park Management can support SMEs” of **Mr. Adolfo Held** from SEGURA Consulting who showed that SME all over the world face similar problems mostly related to management constrains. Receiving the right managerial support, e.g. from the park management, SMEs can play an important role in industrial parks and for the national economy. **Ms. Salwa Ben Ali** from the Egyptian company “La Finestra” explained her role as entrepreneur of a SME and demonstrated how she had to learn managerial skills in order to cope with the day-to-day problems of her company. Ms. Salwa stressed out that new entrepreneurs are in need of guidance and support to make their SME successful. Responding to the request of the previous presenters **Dr. Sherin El Sabbagh**, Secretary General of the Board of Trustees of the Egyptian SME Development Agency explained how the Agency promotes SME development by offering a wide variety of tailor-made support measures.

The **2nd thematic plenary session** on “Generating productive employment within industrial areas” moderated by **Prof. Alia El Mahdy** started by a presentation of **Ms. Stefanie Slaoui-Zirpins** from GIZ on the topic “International/regional employment strategies for industrial areas”.

Based on the recommendations of the ILO’s Global Employment Agenda and the World Development Report, the importance of international and regional employment strategies were highlighted. In particular, Ms. Slaoui-Zirpins considered employment strategies for industrial areas as important in order to provide skilled labour to meet the demand of the residential companies. In his presentation “International labour standards and the SIA approach”



Mr. Peter van Rooji, Director of ILO Cairo introduced the international labour standards and the Egyptian labours laws as well as respective control mechanisms to comply with labour and social standards. He stressed out that investing into decent work contributes to international competitiveness. The management of industrial parks needs to motivate the different stakeholders in order to achieve a win-win situation for companies and the labour force. **Ms. Rama Devi Kanneganti**, President of the Association of Lady Entrepreneurs (ALEAP) of India presented the concept of promoting women entrepreneurship using the example of ALEAP Green Industrial Park. Besides the focus on women entrepreneurship and employment, the park intends to realise all aspects of sustainable industrial areas starting from master planning over implementation and operation/ management. **Eng. Ahmed El Mofty**, Commercial Director of East Port Said Development highlighted in his presentation “Support to decent jobs from the industrial developers perspective” the role of the park developers. Mr. Ahmed pointed out that creating decent employment and a respective social environment is one of the success factors of prosperous industrial parks.

- **Parallel working groups of 2nd day**

WG5: Matching labour demand and supply, and importance of TVET (moderated by **Dr. Stefanie Slaoui-Zirpins**)

The working group discussed efforts to promote employment in matching labour demand and supply as well as technical and vocational education and training (TVET). This was

explained by an integrated approach to employment promotion and the tool “Employment and Labour Market Analysis (ELMA)” developed by GIZ. Based on these theoretical considerations, **Ms. Shahira Wassef** and **Mr. Teymour Anwar** discussed the major job challenges in Egypt as well as possible approaches to tackle these.. An important element to overcome these challenges is a well-functioning TVET system.

WG6: Requirements for decent employment within IA (moderated by **Dr. Farid Hegazy**)

The working group highlighted the importance of the availability of skilled labour and how it influences investment decisions. **Prof. Heba Nassar** gave insights in the needs for different types of trainings in Egypt and what industrial park management can do to assist in providing trained labourers to the companies in the park. Apart from technical skills, the working group also addressed how industrial park management can assist in improving other elements to secure decent work in the park.

WG7: SME promotion strategies (moderated by **Ms. Alexandra Oppermann**)

The working group discussed the current overall situation, trends and approaches related to SME promotion and highlighted the important functions and roles SMEs can play in an industrial park. On a macro-economic level, **Amirah El-Haddad** (DIE) elaborated how the economy and industrialisation can be steered towards diversification and structural change in order to identify future export sectors for Egypt. In this respect, **Mr. Rainer Engels** (GIZ) presented the EQUIP Toolbox (Enhancing the Quality of Industrial Policies) developed by UNIDO and GIZ, which can be used to improve SME related policies within an industrial strategy.

WG8: Promotion of women entrepreneurs and workers (moderated by **Ms. Hoda Mahmoud**)

The working group gave tribute to the fact that an important driver for economic growth is the role of women offering an increased share in labour force, women entrepreneurship, and women in leadership positions. The question was discussed whether industrial areas shall play a role in leveraging that economic role of women. Learning from international best practice **Mr. Raghu Babu Nukala** (GIZ) presented the ALEAP Green Industrial Park in India which fosters women entrepreneurship within an industrial area. After the presentation from the Egyptian expert **Dr. Ola El Sakka**, the working group discussed how industrial areas could serve the needs of women entrepreneurs and workers across industrial sectors.

Recommendations for Egypt

As part of the thematic presentations and in particular as results of the working groups, some recommendation were given by the experts to support investment into industrial areas, promote SMEs and create decent employment.

Investment in industrial parks is attracted primarily by business opportunities, but needs as well the support of the park management to overcome the bureaucratic and administrative barriers, the provision of services and skilled labour. International investors look for high compliance standards and sustainability concepts, while SME often need managerial assistance by the park during the initial phase of their investment. Government therefore needs to foster and ensure economic and environmental sustainability and high social stands in industrial parks.

SMEs in particular need financial and fiscal incentives offered by the government. Located in parks, SMEs are able to benefit from expertise and guidance provided by the park management and find favourable framework condition for networking and industrial symbiosis among SMEs or between SMEs and large companies in the park. Government needs to introduce support schemes to promote investment of SME in industrial areas.

Employment creation is one of the main goals of the Egyptian industrial development policy. However, not only the sheer number of new jobs is important, but also the quality of the jobs matters. In line with international labour standards, Egypt needs to give attention to the creation of decent jobs. Sustainable industrial areas based on high social standards are a favourable instrument to create large numbers of decent job and well-trained labourers. In particular, the presently underexploited economic potential of women entrepreneurship and expertise needs to be given more attention.

Feedback

The SIA Conference of 2018 in Cairo received a broad positive feedback. The conference managed to combine the SIA approach with the general topics on Investment Promotion, SME Development and Employment Generation successfully. The organising partners (GIZ, IDA, EP) worked cooperatively. In particular, the contribution of the industry partner EP was highly appreciated in being most helpful in organising the conference.

Also appreciated was the high number of participants visiting the conference. Amongst a relatively high share of local and international private sector stakeholders, the conference hosted several international delegations such as those from Ethiopia, Cameroon, Tanzania and Tunisia.

A good balance of international and national speakers / panellists on the stage was achieved from the participant's point of view. The format and the wide range of topics presented were positively mentioned and the number of parallel working groups and their input quality appreciated. The presentations of the speakers were perceived as valuable and on a high level of expertise. Many presentations focused on practical examples, which were useful to underline the theoretical approaches and enable participants – not so familiar with SIA – to better adopt the theoretical knowledge to their own national/sectoral contexts and to allow for concrete takeaways. Although there was a tight time schedule, the conference provided enough opportunities for individual networking talks and matchmaking.

As lessons learned for future conferences, the set-up of the plenum with table seating did not turn out to be practically and undermined the attentiveness of the audience. This made the work of the moderator difficult and guidance of the participants complicated.

Conclusions and outlook

The 2018 SIA Conference proved again, that there is an ongoing need for personal and professional exchange on the topic of Sustainable Industrial Areas. From year to year, the number of participants interested in this topic seems to grow. More and more countries identify sustainable industrial areas as an important element of their industrial development policy. Beside the aim to develop the SIA approach further, the hosting local GIZ cooperation projects are able to benefit from such an event in order to increase their stakeholder participation, political influence and visibility.

In this respect and to continue the SIA Conference tradition **H.E. Sisay Gemechu Edo**, CEO of the Industrial Park Development Corporation (IPDC) of Ethiopia announced to host the SIA Conference of 2019 in Addis Abeba and invited the international SIA community to Ethiopia.