



مُنظمة العرب العرباء  
للبروزة الأس بعثة والأر بعون

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# Item 1 – Section 1

## Report of the Director-General

### Summary

**Entrepreneurship and Small Enterprises,**  
The path towards Sustainable Development  
and Empowerment



## Foreword

This report is issued while the world and the Arab countries are facing an unprecedented pandemic in terms of its continuing health effects till nowadays and its current, short, medium and long-term economic and social repercussions. There is no doubt that the Corona pandemic has raised many question marks about the readiness of our Arab countries to respond to an emergency crisis of this immensity, as our country's nowadays need to make changes and reforms in order to be put on the path of recovery and desired transformation.

Only nine years separate us from 2030, taking into consideration that the repercussions of this crisis have directly affected the progress made by our endeavors to achieve the sustainable development goals in accordance with the national Arab visions. In order not to be left behind, we need to work together, hand in hand, with the Arab Tripartite in an innovative way to support entrepreneurship and empower small enterprises, as our markets today need to stimulate creativity, innovation and Strengthening competitiveness in light of the challenges that affect them. Creating an enabling environment conducive to entrepreneurship and small projects in the Arab countries, especially with regard to securing the regulatory environment in terms of developing national legislation and regulations, obtaining the necessary funding, filling skill gaps between experienced workers and the freshly enrolled to the labor market from young men and women, reforming educational systems, and consolidating the infrastructure for the use of modern digital technologies are some of the fundamentals presented in this report.

It is worth mentioning that this report has been prepared before the COVID-19 pandemic so that it would have been presented to the 47<sup>th</sup> session of the Arab Labor Conference, which was supposed to be held in (Sultanate of Oman April 2020). Except that this report has been reviewed

according to the emerging changes imposed by the repercussions of the pandemic on the labor markets, accordingly we have added a new section to discuss the challenges faced by the entrepreneurship sector and small and micro enterprises in addition to the processes of recovery and rebuilding.

In this report, we seek to discuss effective ways to bridge the gaps deepened by the pandemic, find solutions and address imbalances in order to bring positive changes in this sector. Staying behind is not an option, we must overcome the current situation with quantum leaps that optimally utilize our human capabilities and resources, in order to move confidently towards achieving the sustainable development goals.

Our general conference provides an excellent opportunity for a constructive social dialogue between the Arab Tripartite, as the recovery from the corona virus pandemic will not be reached by a single country, but by all the Arab countries together. This means that the responses to recovery plans should be joint at the Arab level.

I am confident that your valuable inputs, observations and opinions shall enrich this report and therefore shall be turned into tangible decisions that contribute to achieving our hopes and aspirations.

Thank you.

**Fayez Ali Al-Mutairi**

**Director-General**

The report of the Director-General presented to the 47<sup>th</sup> session of the Arab Labor Conference “Entrepreneurship and Small Enterprises: The path towards Sustainable Development and Empowerment” consists of five main sections:

*Section 1: The role of entrepreneurship in sustainable development issues*

This section presents a forward-looking vision for an integrated Arab system that support entrepreneurship and small enterprises, as it proposes the building of an integrated, updated and sustainable Arab national systems for entrepreneurship and innovation. Among the most important outputs is a proposal for “ **General Features of an Arab Strategy for Entrepreneurship** ”.

This section is summarized as follows:

- 1- Increasing the competitiveness of Arab economies globally through the optimal utilization of Arab human capital, the integrated use of natural resources that guarantees the achievement of maximum added value through a legal and legislative system of governance, maximizing the benefit and possible use of technological capabilities, and opening all horizons to all forms of innovation and creativity.
- 2- Building the capabilities and skills of Arab youth and enabling them to implement entrepreneurial and innovative initiatives to move towards a new prospects of horizontal and vertical expansion.
- 3- Optimizing the usage of the Fourth Industrial Revolution with all its prospects and mechanisms as an unconventional and real opportunity for the Arab youth so that their creative and innovative potentials are converted into economic, productive entrepreneurship activities.
- 4- Redefining the principles and values of work provided to Arab youth within the curriculums of education, technical and vocational training in order to include the fundamentals and principles of entrepreneurship and self-employment. In addition to the importance of granting educational degrees in entrepreneurship by colleges and institutes.
- 5- Enhancing the ecosystem for business activities in general, especially medium, small and micro enterprises, for example by issuing legislations and laws that stimulate innovation and incubate patents and intellectual property rights. This aims to support initiatives that will result in an added value to Macro economy.
- 6- Encouraging economic clusters: which is one of the proposed initiatives in this report based on digital economy and technology that extends across the Arab world in order to maximize the benefit of values and supply chains. As the economic clusters contribute to supporting the operational capabilities of medium, small and micro enterprises, attracting investment, and stimulating incorporation of many institutions under the umbrella of the formal sector.

- 7- Encouraging the Arab countries to establish an Arab investment zone, in line with the idea of economic clusters, to serve as an incubator capable of sponsoring and promoting the Arab strategic industries and attracting the Arab investments through a package of incentives and rewards.
- 8- The large Arab market is considered one of the most important opportunities that can stimulate entrepreneurship in the Arab countries, as facilitating the intra-Arab trade will support national and Arab entrepreneurship systems.
- 9- The importance of entrepreneurship in the economic activities related to the blue and green economies with the aim of supporting environmental sustainability, achieving optimal use of natural resources and supporting means of food security by linking these goals to the dimensions of economic activity and developing a package of incentives and rewards that encourage entrepreneurship activities in these sectors.
- 10- Designing programs and frameworks for entrepreneurial activities which are directly related to the knowledge economy.



## *Section 2: Developing the educational and vocational habilitation system to create future entrepreneurs*

The beginning of the third stage of development between education and training systems and national and global labor market systems, starts with the acceleration of technological progress that comes in line with the Fourth Industrial Revolution, starts. The essential changes in the world of work will lead to the vanishing of some jobs and the appearance of others, which is known as the jobs of the past and the jobs of the future. Therefore, foreseeing future work domains has become a necessity when building any system for developing strategies and policies related to education and training.

The development of educational and vocational habilitation systems has two main challenges:

The first one is the extrapolation of the reality of labor market, and the second is to anticipate the future of the global, regional and local labor markets to determine the list of jobs, skills and attributes required for future graduates. The report highlights the most important future approaches and determinants for **developing the educational and vocational habilitation systems**, which are as follows:

- 1- Education associate with the future labor market
- 2- Education based on technology inclusion and empowerment
- 3- Technical / Vocational education and training
- 4- Required specializations and skills

- 5- Innovation, criticism and creativity
- 6- Entrepreneurship and taking risks
- 7- Strengthening partnerships with knowledge and creativity institutes and international universities.
- 8- The ability of fine selection and training of skills and personal characteristics
- 9- Breaking into global competitiveness



### *Section 3: Opportunities and challenges for promoting entrepreneurship in the Arab world*

This section is devoted to studying the entrepreneurship's ecosystem dimensions. The analysis tackles the monitoring of four interrelated and integrated elements. The initial elements are the strengths and weaknesses of the components of national ecosystems. This section contains some of the global benchmarking indicators (global competitiveness index, ease of doing business index and national entrepreneurship context index), as an approved tools to diagnose strengths and weaknesses and accordingly propose special policies and approaches based on the capabilities of each country. This section also demonstrates the main challenges that the countries are facing while working on development and overcoming obstacle and the exploitation of opportunities to overcome these obstacles. The mentioned elements are known as SWOT (Strength, Weakness, Opportunity, and Threat) analysis, and it can be summarized as follows:

- 1- Policies of an empowering environment
- 2- Education and spreading the culture of entrepreneurship
- 3- Local markets and intra-Arab trade
- 4- Infrastructure and Institutional structure
- 5- Funding



### *Section 4: Entrepreneurship and Small Enterprises Post COVID-19*

During the absence of treatment and the waiting for the production and circulation of vaccines, along with the appearance of new Virus strains, the governments have taken strict precautionary measures in 2020-2021, including full and partial closure, bans and restrictions on traveling, imposing social distancing and personal hygiene rules. This led to an economic slowdown, which affected trade, investment, growth, employment and it made changes in cultures and lifestyle. However, medium, small and micro enterprises were more vulnerable to

the risk compared to large enterprises, and this is due the lack of the needed resources to withstand and adapt the emergencies caused by the pandemic. This section focuses on some of the important factors that led to the profound impact of the pandemic on entrepreneurship and small enterprises, the response of Arab governments and the exceptional support provided by them to confront the economic contraction and recession additionally to the support to mitigate the health and social impacts of the COVID-19 pandemic. This section provides methods for the entrepreneurship and small business sector to recover and adapt to the new normal, and the importance of seizing opportunities to enhance resilience and prepare for similar future crises. The points covered in this section can be summarized as follows:

- 1- Crises management and the capability of resilience
- 2- Government responses
- 3- Recovery and seizing opportunities for a better structure
- 4- Entrepreneurship and the new normal



#### *Section 5: Conclusion and Recommendations*

This section is presented to the Arab Tripartite and decision-makers. The main recommendations and initiatives summarized in the Director - General's report, which are as follows:

- 1- **Proposing The Arab Strategy for Entrepreneurship**
- 2- **Increasing the effectiveness of participation in The Arab Labor Market Information Network**
- 3- **Encouraging and supporting The Arab Investment Zone**
- 4- **Stimulating the establishment of The Arab Economic Clusters**
- 5- **Reserving a percentage allocated to Arab tenders and bids for The Arab Entrepreneurs and start-up companies**
- 6- **Establishing an Arab fund for crises and emergencies to support affected small projects and institutions**
- 7- **Establishing the Arab portal for knowledge in entrepreneurial activities**

