THE JOURNAL OF THE AMERICAN CHAMBER OF COMMERCE IN EGYPT

Business monthly

January 2022
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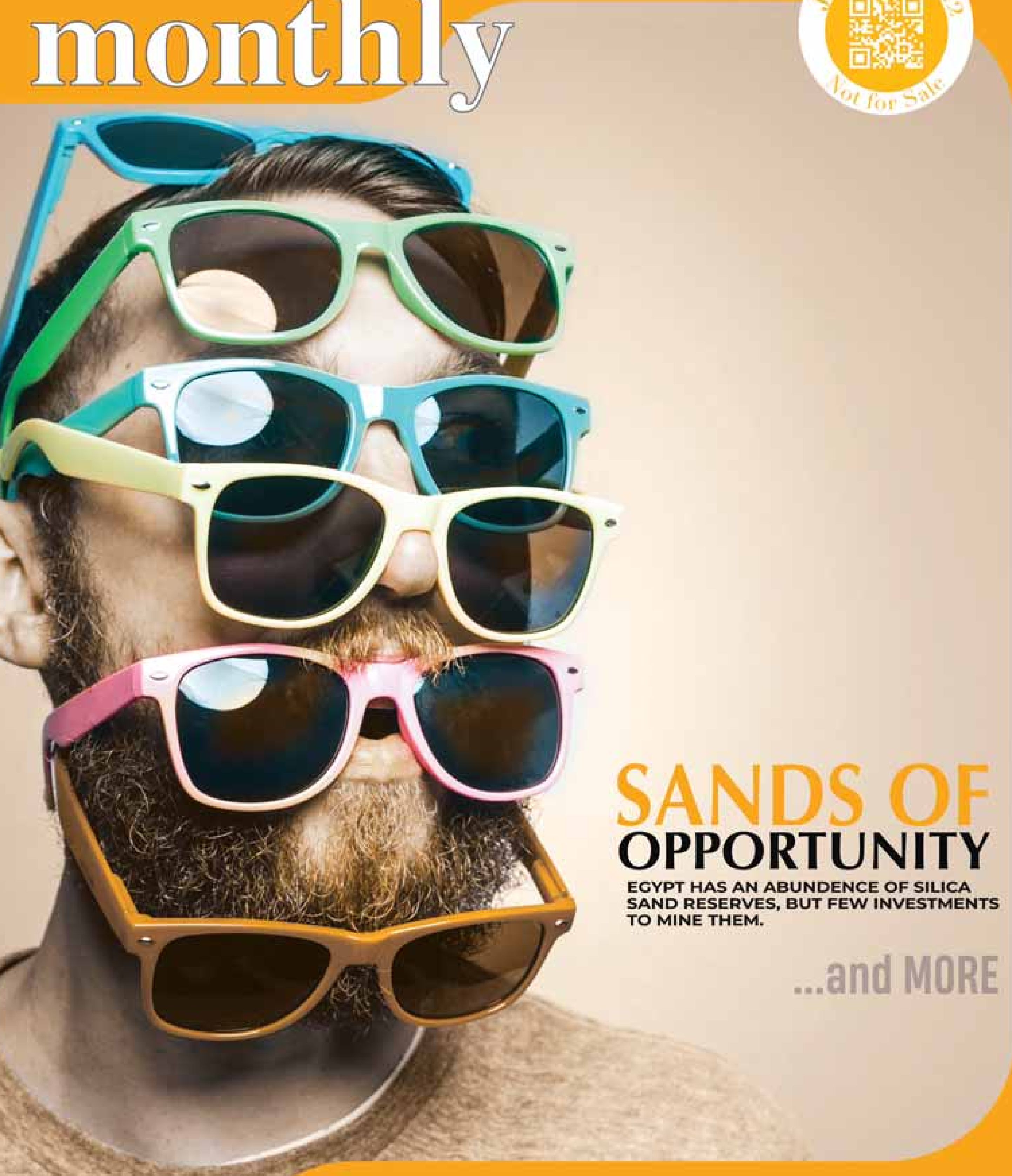
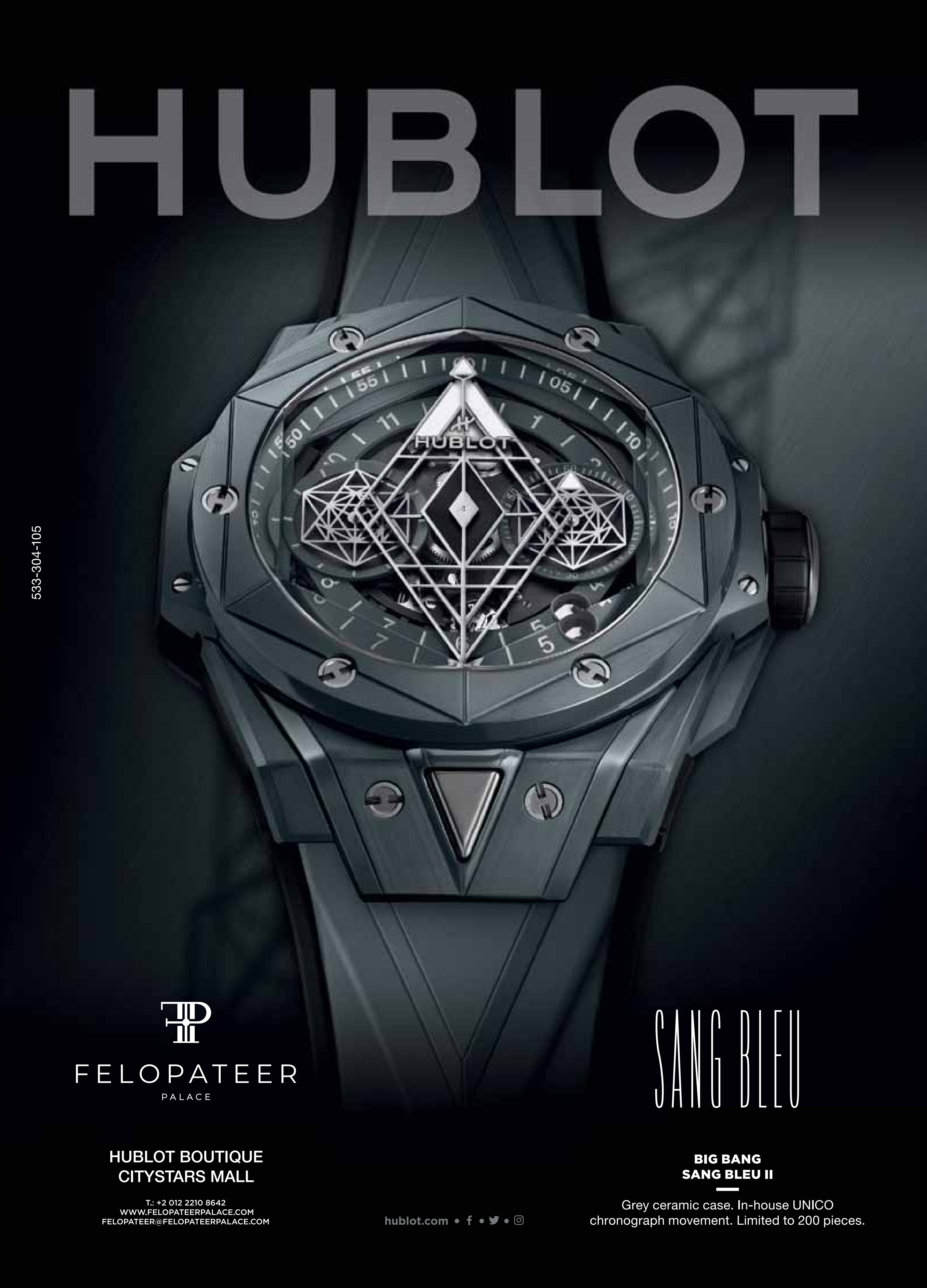


SANDS OF OPPORTUNITY

EGYPT HAS AN ABUNDENCE OF SILICA SAND RESERVES, BUT FEW INVESTMENTS TO MINE THEM.

...and MORE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COLDWELL BANKER-EGYPT CELEBRATES THE LAUNCH OF ITS NEW PROGRAM

"FRANCHISE AND CAPITALIZE"

Coldwell Banker – Egypt, a leader in Real Estate investment and Marketing, has celebrated the launch of its new program, "Franchise and Capitalize." It enables investors and entrepreneurs in the Real Estate sector to establish successful projects, expand in existing ones, achieve well-managed risk; meanwhile, comply with the framework of the Egyptian Real Estate new market requirements. During the celebration, Coldwell Banker – Egypt has announced that more than 2,000 applicants have applied to participate in the program, with Redcon Construction and Yassir Barkouky being the first to join the Franchise Program.

Attending the event were Khaled Abbas, Deputy Minister of Housing, Nicole Shampaine, Deputy Chief of the American Mission at the US Embassy in Cairo, representatives from Coldwell Banker International, along with a large number of real estate experts, success partners, and those interested in cooperating with Coldwell Banker by participating in the Franchise Program.

The launch of the new "Franchise and Capitalize" Program aligns with the vision of Coldwell Banker's global strategy, which focuses on supporting and developing the Real Estate sector in Egypt. It complements the urban renaissance witnessed in Egypt, and the country's interest in micro, small, and medium enterprises. Furthermore, by implementing the "Franchise and Capitalize" Program, Coldwell Banker strives to build a generation of professional Real Estate experts that will cater to all the Egyptian governorates, provide job opportunities, and create new investment windows with highest ROI.

On this occasion, Mohamed Abdalla, Chairman of the Board of Directors of Coldwell Banker – Egypt, expressed his pride in the successes of Coldwell Banker International, being the world's leading full Real Estate service provider in 40 countries. Thus, he stated: "The Real Estate Sector is currently undergoing several developments, which led to the establishment of new fundamentals, and the application of a new set of standards, which follow Egypt's Sustainable Development Goals (SDGs), and Egypt's 2030 Vision."

Abdalla added: “We started our operation in the Egyptian market twenty years ago, and during this time, we have succeeded in building a generation of real estate experts; who can think, analyze, and gain the customers’ trust. With the launch of the new “Franchise and Capitalize” Program, we look forward to adding a new chapter to our success story and providing more advanced real estate advisory services; backed by our global and local expertise.”

capital. Throughout the program, Coldwell Banker seeks to develop the Egyptian Real Estate market through supporting and empowering investors with high-level and effective training programs and shared experiences. Participants will attend exhibitions, seminars, and conferences, affiliated with Coldwell Banker in America and Egypt through the Coldwell Banker Academy. They will also gain access to our client network, which holds more than 400 projects.”

Furthermore, Karim Zain, CEO of Coldwell Banker – Egypt, congratulated Redcon Construction and Yassir Barkouky for being the first to join the Franchise Program by saying: “Our new “Franchise and Capitalize” Program provides the opportunity to benefit from Coldwell Banker’s diversified portfolio of services in Egypt, including marketing studies, asset valuation, capital services, and others related to the Real Estate sector for the developer and the customer.” He further commented: “We are proud that Coldwell banker is a trusted source for clients, acknowledged for its use of the latest techniques, to recognize real estate trends, and help customers make calculated decisions, and identify alternatives.”

Regarding the program’s requirements, Sherif Mahmoud, Vice President of Coldwell Banker- Egypt for Franchising, explained: “The new “Franchise and Capitalize” Program compels the presence of a legal entity for the company, and a minimum, agreed-upon,

Additionally, Mahmoud mentioned: “We are proud of the high number of applicants for the program, which has reached 2,000 applications. We are currently reviewing the criteria and evaluating the applicants to announce the final participants of the program.”

It is noteworthy that Coldwell Banker’s Franchise Program has achieved great success in the USA. By witnessing a good example unleash, the company endeavors to achieve a similar impeccable impact on the Egyptian Real Estate sector; by offering job opportunities and working through a set of regulations and operating policies of Coldwell Banker International. Subsequently, that will reduce the risks of failure and build a strong foundation that will reflect the growth of the sector and the national economy as a whole.

SCAN ME

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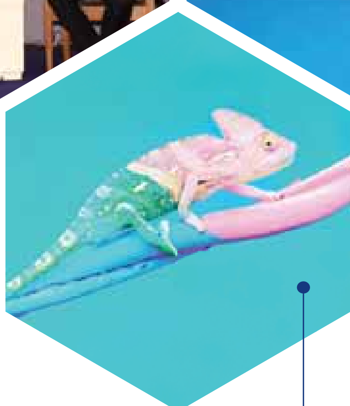

MARAKEZ

Interview with
SHAZA EL KADY
CHIEF FINANCIAL OFFICER

1 How has Covid-19 impacted MARAKEZ business and operations?

One might assume real estate has been slowed by the pandemic and resulting economic downturn, but for Marakez annual sales over the last two years exceeded its primary sales targets.
The real estate sales market in Egypt has continued to witness solid demand from customers as interest rates have declined over the last few years. As we've seen, residential real estate has been a bright spot and has the potential of helping to lead in the country's economic recovery. 2021 was certainly a record year for MARAKEZ. We witnessed a phenomenal growth in sales and have increased our landbank in East Cairo.

2 What initiatives has MARAKEZ recently taken to protect its visitors, homeowners and employees?
And why is MARAKEZ perceived as a unique leading mixed-use developer?

We launched a vaccination campaign against COVID-19 for the company's employees and their families across Mall of Arabia, Mall of Tanta and MARAKEZ offices – whereby the majority of staff working across all stores got vaccinated. We successfully vaccinated over 2,000 employees. MARAKEZ develops properties that provide their residents and visitors with an integrated living experience. Our world class mixed-use developments are designed to offer residents and visitors a chance to live, work and play in comfort. Our newest mixed-use development in East Cairo District 5 is a true state-of-the-art development that brings together the five key elements required to create a vibrant and thriving community. One can find everything, from homes, offices, sports facilities, restaurants and cafes, retail offerings to entertainment facilities. Our performance-driven perception and our commitment to delivering authentic customer experiences is what makes our developments unique. While we focus on delivering our projects on time, we also make sure our developments include all needed amenities and services, being for mall visitors, homeowners, and commercial partners. There are lot of promises in the business we operate in but our commitment to timely delivery sets us apart. In 6 years, we have built a strong reputation, we keep our promises and we will continue to do so as we deliver and reinvest in our existing developments to ensure that they are relevant for our customers.

3 What are MARAKEZ's investments in the Egyptian market and what are the forecasted investments in the upcoming 3 years? And how do you perceive the market?

We are fortunate to operate in a sector with very strong local fundamentals and continue to believe in the long-term drivers of growth.
MARAKEZ total investments for its current projects exceed EGP 21 Bn of which we already invested EGP 11 Bn and EGP 10 Bn to be invested in the coming 3 years.
As interest rates declined over the last few years, our decision for more exposure to bank debt comes as part of the company's strategy to create a sizable investment portfolio of prime assets that will contribute to our recurring income in the future. We manage our expansion plans, construction, balance sheet and commitments. Since starting delivery, we have managed to deliver ahead of our contractual delivery. Our discipline and wise cash management is also the foundation of our solid relationship with the country's leading governmental and financial institutions. This has allowed us to access the funding needed to fuel our ambitious strategy in pursuing diversity, growth and expansion.

4 MARAKEZ has pioneered the real estate development sector in Egypt in many ways. What innovations are on the horizon?

Both District 5 and Mall of Mansoura are flagship projects that are changing the real estate development landscape in new and innovative ways.
For District 5, we're excited to have started delivering residential units of District Five Residences and offices at Mindhaus. D5 is the first-of-its-kind walkable destination setting the benchmark for mixed-use developments in Egypt. It features the first mall in New Katameya, D5M with renowned restaurants and a wide range of retail offerings as well as Mindhaus, an office park, and District Five Residences, the unique residential area with over 1800 units.
As for Mall of Mansoura, our second commercial development in the Delta region and the second internationally modeled-mall outside Greater Cairo and Alexandria is opening in 2023.

5 How have you risen to the role of CFO and achieved such success at a young age? And what are the most significant achievements with MARAKEZ and what are your upcoming plans?

I joined MARAKEZ with the new management team in 2015 as part of the company's strategic expansion in Egypt. Before becoming CFO, I headed the investment department in MARAKEZ, growing it from a one asset under management to multiple assets in East and West as well as secondary cities. With over 13 years of experience in the finance industry, I took part of the signings of all facilities and have negotiated and closed financial deals worth EGP 4 billion. We look forward to expanding and diversifying our land bank. We are currently studying a wide range of opportunities to be able to continue to offer the right products and create the right community while delivering the right services to our clients and visitors.
Our projects' diversity gives us flexibility and options to address a wide segment and to diversify risks. Together, with our strong team, we look forward to what's next.

> **MARAKEZ, ANNUAL SALES OVER THE LAST 2 YEARS EXCEEDED ITS PRIMARY SALES TARGETS**

BEGINNINGS, OPPORTUNITIES, CHALLENGES

As we enter year three of the pandemic, it is safe to assume that governments, businesses and employees are starting to get into a rhythm. That might prove vital to navigate a year that will be pretty familiar yet unprecedented.

Familiar in that we again are starting a new year with a new variant of COVID-19 -- Omicron. Fear of lockdowns, supply disruptions and novel, unpredictable consumption trends still cast a long shadow.

However, 2022 also could prove to be unprecedented. The most significant difference is that scientists are divided like never before. Some believe Omicron is the biggest viral threat, given its dominance in the United States and Europe in less than two months. Others see it as COVID-19's endgame, given its lower mortality and hospitalization rates compared to previous variations.

This year will also prove unprecedented for some of Egypt's biggest trade partners. Decades-high inflation is ravaging the U.S., EU and other wealthy countries, which built their economies on near-zero inflation, and, as a result, near-zero interest rates. How they deal with it could impact their business outlook, affecting emerging markets that trade with them.

Such uncertainty will invariably spur new investment opportunities. (Read our cover story about one commodity that might become more precious than gold.) It also will force managers and executives to change how they build their teams to navigate these unprecedented times. (Check out our new section Ahead of the Curve.)

Elsewhere in the issue, we analyze the Egyptian government's decision to tax income from online content. We also highlight how some local private-sector companies benefit from the government's eco-friendly strategy.

In 2022, we at Business Monthly will turn our focus to opportunities on the horizon, reveal the latest management trends and ideas, and analyze government announcements and decisions in a global context.

Our aim will be to start conversations in an increasingly volatile global outlook, hopefully giving you, our readers, new insights to benefit your businesses.

Not to mention a happier new year.

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2022: A YEAR OF THREATS AND **OPPORTUNITIES**

The outlook for the coming year is a mixed bag. While there is no certainty yet, COVID-19 could theoretically subside. Even with new variants, lockdowns could well be a thing of the past, as one after another, governments seem to be pursuing this shift in policies. In other good news, growth and employment are picking up, and supply chain slowdowns are gradually easing. However, inflation is still looming on the horizon and how sustainable it might be remains in question.

Meanwhile, the U.S. Federal Reserve's policy on interest rates, which are expected to rise in the coming months, and the tapering of its pandemic stimulus measures are already starting to impact emerging markets and the risk of capital flight. For the second month in a row, Egypt's net carry trade is negative — a trend that, if sustained, would not bode well for the country. The carry trade has been an important part of the policy of availing U.S. dollars in the market to indirectly prop up the CBE dollar reserves. Despite the increased proceeds from exports, both oil and non-oil, and the improvement in tourism proceeds and remittances, there is still the risk of a foreign currency gap. If and when this happens, the solution will require measures such as raising interest rates, gradually devaluing the Egyptian pound or both, as well as more foreign borrowing.

That said, Egypt is already in the good books of potential investors and is still generating interest from financial institutions, which are still willing to extend conditional credit to the government. The good news: no more blank checks, and the conditionality is about more structural reforms and a gradual exit of the state from the economy.

The government is working on an elaborate private sector inclusion program coupled with a phased exit plan for the state to leave certain sectors over a period of time. The announcement is imminent and once implemented will finally put the country on the track to assume its full potential — no more lost opportunities. It's time for Egypt to join the ranks of developed nations.

TAREK TAWFIK
President, AmCham Egypt

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THE NEWSROOM

NEW YEAR, NEW PRIVATE-SECTOR MINIMUM WAGE

Egypt will institute a minimum monthly wage of EGP 2,400 ($153) for private-sector employees with a bonus worth 3% of the employee's insurance starting Jan. 1, the National Wages Council (NWC) announced.

It is the first time Egypt has set a minimum wage for the private sector.

The council said that several private sector entities would be exempt from the minimum wage through mid-February due to the economic impact of the COVID-19 pandemic.

In July, the government raised the minimum wage for the public sector to EGP 2,400 a month, up from the previous EGP 2,000 ($127). In mid-2019, Egypt increased its public sector minimum wage to EGP 2,000 from EGP 1,200 ($76).

MEDICAL, PHARMACEUTICAL EXPORTS JUMP $602 MILLION

Medical and pharmaceutical exports increased by 27.5% to $602 million from January to November (11M) compared to $472 million during the same period in 2020.

The report issued by the Export Council for Medical and Pharmaceutical Industries said exports were up 3.2% year-on-year in November to $65 million.

Cosmetics exports increased 32.8% to $267 million in the first 11 months of 2021 compared to $201 million the previous year and 3% year-on-year to $34 million in November.

Exports of medicines increased by 31.2% to $248 million in the first 11 months of 2021, compared to $189 million in 2020, but declined by 4.3% to $22 million in November compared to $23 million a year ago.

Exports of medical supplies grew 7.4% to $87 million through November, compared to $81 million during the same period in 2020. In November, they increased 28.6% to $9 million.

AIN SOKHNA ZONE TO GET METHANOL, AMMONIA COMPLEX

The Suez Canal Economic Zone signed a contract with Abu Qir Fertilizers and Chemicals Industries Co. to establish a methanol and ammonia production complex in the Ain Sokhna Industrial Zone, costing $2.6 billion.

The megacomplex, operated by the International Company for Methanol and Derivatives, will be established on 2 million square meters with a storage area of 50,000 square meters.

The project's first phase will cost an estimated $1.6 billion, completed in 2025. The first phase should produce 1 million tonnes of methanol and 400,000 tonnes of ammonia annually. The cost of the second phase is estimated at $1 billion.

The project should create 1,200 direct and indirect jobs.

GM, AL-MANSOUR AUTOMOTIVE STUDY EV MANUFACTURING

According to a Cabinet statement, US multinational automotive giant General Motors, and Al-Mansour Automotive Co. are preparing a comprehensive study on their plan to manufacture electric vehicles locally.

Public Enterprise Minister Hesham Tawfik said in an interview with Bloomberg that Egypt plans to begin manufacturing electric vehicles for a unit price of $20,000 in 2023.

Tawfik added that this would come after Egypt finishes negotiating with three potential partners and decides on one.

The project, to be carried out by state-run El Nasr Automotive Manufacturing Co., will see EGP 2 billion ($127 million) in investments. Tawfik said that annual production should reach 20,000 vehicles over three years.

Egypt initially embarked on a partnership with Chinese automaker Dongfeng, but talks collapsed last month due to an import pricing dispute.

TRADE WITH ARAB COUNTRIES JUMPS BY $3 BILLION

Trade between Egypt and other Arab countries amounted to $15.47 billion in the first eight months of 2021, up from $12.45 billion during the same period last year.

Egypt's exports rose to $6.8 billion during the first eight months of the year, compared with $6.4 billion in the same period of 2020, while the value of Egyptian imports from Arab countries rose from $6.1 billion to $8.7 billion.

Saudi Arabia was Egypt's biggest trade partner from January to August, with a value of about $4.1 billion. Egyptian exports to the Kingdom were worth $1.4 billion, and its imports were $4.1 billion.

The U.A.E. came in second, with a trade value of $2.5 billion, followed by Kuwait at $1.3 billion.

Sudan ($758.7 million) and Libya ($679.5 million) ranked fourth and fifth on the bilateral trade list

TAXING CONTENT

Egypt says it will start taxing internet content creators for the first time. While it could be lucrative, taxing digital content may prove challenging.

By **Nada Naguib**

With the rise of social media, the type of content people consume has evolved. Entertainment no longer means movies shown in a cinema or television series starring actors paid millions. Today, anyone can create and distribute content and make money doing it.

Over the past decade, social media has proven to create astounding success stories. YouTube star PewDiePie (real name Felix Kjellberg) is one example of achieving fame and fortune. With 110 million subscribers, PewDiePie has the most on YouTube. He started making videos of himself playing video games in 2010, and in 2011 left his industrial engineering studies to work on his channel full time. His net worth is estimated at $40 million.

Egypt has some breakout social media stars of its own. Travel blogger Sherif Fayed has 1.4 million followers on Instagram, while Samar Samir, creator of "Asrar Al Matbakh Ma' Samar (Kitchen Secrets With Samar)," has 2.1 million subscribers on YouTube.

In Egypt, content creation can be a way to make some extra cash or even become a primary source of income. However, an announcement by the Egyptian Tax Authority (ETA) in September revealed a plan to tax YouTubers, bloggers, and other content producers. That might rock the boat for some creators, but international experience with similar rules and regulations has exposed loopholes, such as using third-party entities or websites to diversify income channels.

YouTube economy

Egypt's YouTube consumption (average amount of time spent on the platform) has risen significantly during the past decade and is seen by some as an indicator of growing content production. In August 2018, Laila El Naggar started her cooking channel after an upsetting medical diagnosis. Preparing traditional Egyptian dishes such as fesikh (pickled fish) and tripe, she found a market on YouTube that had not been tapped. Her channel currently has 800 videos and more than 45 million total views. El Naggar says she and other women who create

cooking content on YouTube make EGP 20,000-100,000 ($1,270-$6,350) a month from a combination of ads and sponsorship deals.

Ten years ago, Facebook dominated Egyptian social media with a 95% market share, according to web traffic analysis site StatCounter, but has since lost significant ground. In April, YouTube surpassed Facebook with almost 51% of market share compared to Facebook's 41% and Twitter at 6.25%. However, Twitter has had its moments, reaching its high this year of 35% in July, while Facebook was at 53% and YouTube just over 11%.

However, viewer count (the number of people who watch a video for at least 30 seconds) does not always reflect profit. According to multiple guides such as Shopify and wikiHow, the best way to make money online is by branding and content where businesses pay to promote products or services. That enables a creator with 100,000 loyal subscribers who buy the sponsored products to make more than another creator with 1,000,000 casual subscribers. While Instagram (owned by Meta, formerly known as Facebook) and YouTube (owned by Google) mark such posts and videos as "paid partnerships," there is no way for their parent companies to find out how much any company pays directly to creators to plug their products.

Such sponsorship deals might fall under freelance agreements, another area which Egypt sometimes struggles to tax because it often falls within the informal economy. Informal freelance work allows businesses to pay freelancers a little more money instead of going through contractual arrangements that would ultimately cost the company more administrative fees and taxes.

International YouTubers use similar tactics to get around inconsistent monetization rules. In 2018, YouTube's parent company Google introduced rules that give creators "the ability to turn on ads for [their] videos if they meet [Google's] advertiser-friendly content guidelines." However, if the content violates the guidelines, Google would turn off ads. Among Google's "main topics that are not advertiser-friendly" are inappropriate language, violence, adult content, shocking content, and harmful or dangerous acts.

Essentially, "instead of ads being randomly placed on videos, YouTube and advertisers would work together to ensure that top ads got placed on specific types of content or creators," wrote technology writer Ross Miller in Polygon, an online publication.

For content that doesn't meet Youtube's advertiser-friendly standards, some creators have turned to Patreon, which bills itself as an "American membership platform that provides business tools for content creators to run a subscription service." The service offers several business models that allow creators to accept subscription fees for a little bit of extra, members-only content. News YouTuber Philip Defranco credits Patreon and his sponsorships for "paying the bills" every month, explaining it allows him to continue covering "difficult stories" that might include terrorism, sexual assault or other topics that get videos flagged as "not advertiser friendly."

However, Patreon only operates in the U.S., Canada, Australia, the U.K., and Germany, and the website is blocked in Egypt.

Laying down the proposed law

In September, the Egyptian Tax Authority (ETA) announced it would start taxing "bloggers and YouTubers" based on their income and earnings. "The Ministry of Finance is closely following the Tax Authority to make every effort to achieve tax justice by listing the tax community more accurately, especially the transactions that take place through electronic platforms," said authority head Reda Abdelkader.

The authority's statement urged content creators to head to their nearest tax office to set up files to record their income. However, they gave no additional information or timeline.

Taxing content creators is in line with Egypt's efforts to formalize the informal sector. In 2019, Ahmed Kamali, deputy minister of planning, follow-up and administrative reform, estimated that the informal economy accounted for 40% of GDP. At a May AmCham event, Walid Darwish, deputy minister for environmental affairs in the Ministry of Trade & Industry, said "formalizing the informal sector" was a focus of the ministry.

Content creators will be taxed on their annual income, based on the same brackets used for company-based salaries: EGP 15,000 or less, exempt; EGP 15,000 to EGP 30,000, 2.5%; EGP 30,000 to EGP 40,000, 10%; EGP 45,000 EGP 60,000, 15%; EGP 60,000 EGP 200,000, 20%; EGP 200,000- EGP 400,000, 22.5%; and EGP 400,000 or more, 25%.

A value-added tax (VAT) will apply to the highest income bracket, but the Tax Authority did not clarify how it will collect that tax from content creators. Ashraf El-Araby, former deputy to the minister of finance, told local media outlet Mada Masr he had some concerns regarding enforcement of a VAT. He explained that a VAT is passed on to consumers and collected by retailers or manufacturers, so it is unclear how it applies to digital content.

Tax and data collection

According to the Tax Authority statement, the government will ask Meta and Google to supply AdSense data about Egyptian content creators' earnings. AdSense is the program "through which website publishers serve text, images, video, or interactive media advertisements that are targeted to the site content and audience." Thus, the request for data does not cover income from sponsorship deals.

Under Chapter 3 of the U.S. Internal Revenue Code, Google has a responsibility "to collect tax info, withhold taxes, and report" YouTube earnings from viewers in the U.S. to the Internal Revenue Service (IRS), according to Google's support page. Money from YouTube ads is collected per view, according to Influencer Marketing Hub, a Danish media company supporting the social media and influencer marketing industry. The company estimates that the average YouTuber can make $18 for every 1,000 ad views or $3-5 for every 1,000 video views. The distinction between ad and video views is made because if a viewer watches a video but skips or blocks the ad, the creator makes no money from that viewer. According to Google Support, even YouTubers who do not file U.S. taxes might have up to 30% of their earnings withheld depending on the number of American viewers who watch the ads on their videos.

While Google and Meta, both based in California, are obligated to comply with U.S. law, it is unclear whether the companies would agree to international requests. Egypt's digital content tax plans are a few years behind the E.U., which in 2018 proposed new rules "to ensure that digital business activities are taxed in a fair and growth-friendly way," according to the European Commission website. "Today's international corporate tax rules are not fit for the realities of the modern global economy." The U.S. asked the E.U. to postpone its deployment of the tax as it "could derail work on a planned global minimum tax rate," and the two parties are still negotiating the issue.

Complying with international tax reporting rules would entail an adjustment of U.S. law to allow companies like Google to disclose information to foreign governments. U.S. law currently does not force U.S. companies to disclose their financials to other governments. Even if both companies agree, they will still have to navigate reciprocity tax treaties to ensure all creators only pay taxes once. Egypt does have a reciprocity tax treaty with the U.S. But it is unclear whether Egyptian YouTubers would have to pay the Tax Authority in addition to having some earnings from U.S. viewership withheld for the IRS.

Google's terms of service state that it "carefully reviews each request" from government agencies from around the world to disclose user information to "make sure it satisfies applicable laws." Google adds that if a request asks for too much information, it narrows it and, in some cases, "objects to producing any information."

As Egypt works to expand its revenue base and formalize the economy, taxing bloggers and YouTubers may well be an appropriate step, but the details are still thin. Additionally, Google and Meta aren't the whole story. While creators might make some money from these platforms, a lot of the income comes from third parties. A thorough understanding of the industry will be essential because not all business deals are carried out on social media; many earnings are hidden. Making the most of tax collection from social media will mean regulating Google and Meta and formalizing and regulating sponsorship deals.


TikTok
LINE
Linked in

INFORMAL RECYCLERS BUILD EGYPT'S CIRCULAR ECONOMY

By **Ola Noureldin**

Moataz El Hout
Chairman and CEO of Nestlé Egypt

Laila Iskandar
Founder and member of the board at CID Consulting and former Minister of State for Urban Renewal and Informal Settelments

Mohamed Shelbaya
CEO of PepsiCo Egypt

More than half of Cairo's municipal waste is collected by the informal sector, which consists of 50,000 waste processors and 150,000 collectors, sorters, traders and truck drivers. Of all the municipal waste collected, 80% gets recycled, including 290,000 tons of plastic per year.

Cairo's waste collectors (zabbaleen) have gathered, sorted and recycled the city's trash for more than 60 years. Yet, their key role in the city's circular economy has gone unacknowledged.

Today, that is changing. DORNA, a system supported by multinational corporations and the government, puts the zabbaleen's work in the spotlight and empowers their businesses with the help of simple digital technology. DORNA, spearheaded by Nestlé Egypt aims to incentivize the zabbaleen to boost their collection of PET plastics in exchange for money transferred to their e-wallets.

According to Laila Iskandar, founder and member of the board at CID Consulting and former Minister of State for Urban Renewal and Informal Settelments, the initiative uses a "reverse credit" approach, a monetary incentive paid to waste collectors, sorters and processors on their e-wallet. This monetary incentive is paid by the partnering companies responsible for originally producing plastic. The money is transferred electronically to all workers across the value chain including collectors, sorters, traders and processors. Every transaction along the value chain is logged and confirmed via SMS message, and recyclers are paid through e-wallets.

DORNA has the backing of the Ministry of the Environment, which lauds this model as Egypt's first socially inclusive extended producer responsibility (EPR) system. EPR is mandated by Waste Management Law 202 of 2020, which will eventually extend social protection to informal garbage collectors by designating them "recyclers" on national IDs.

In interviews with Business Monthly, DORNA stakeholders Iskandar; Moataz El Hout, Chairman and CEO of Nestlé Egypt and Mohamed Shelbaya, CEO of PepsiCo Egypt, talk about their objectives, achievements, challenges and future plans. Nestlé Egypt has been working closely with CID Consulting since 2019 to set the framework for operations and ensure smooth implementation. PepsiCo Egypt joined DORNA in April under their "Recycle for Tomorrow" platform.

What sparked the idea to launch DORNA in Egypt and what's the story behind the name?

Moataz El Hout: As part of our global commitment and in response to European Union directives for Extended Producer Responsibility (EPR), we devised a "plastic roadmap" comprised of three pillars: developing packaging for the future, helping to shape a waste-free future, and driving new behavior and understanding of recycling.

We chose DORNA for Egypt, a direct translation of "our role" because we wanted to create an emotional connection built on a shared sense of responsibility and, most importantly, the inclusion of various stakeholders. We strongly believe working collectively is the best way to protect the environment and create social and economic impact.

How does DORNA support Egypt's role in the circular economy?

Laila Iskandar: In a linear economy, materials are made into products, consumed and then disposed of. The circular economy model is one in which the entire life cycle of a product is taken into account. Materials are designed with a view to their circulation in the economy from cradle to cradle – rather than from cradle to grave. DORNA aims to boost the recovery and recycling of plastic packaging to preserve the environment. This also reduces plastic waste.

What's your investment in DORNA?

El Hout: Our total investment in DORNA so far has been more than EGP 30 million.

Mohamed Shelbaya: In 2021, our investment was based on the amount we collected and recycled. By the end of the year, we exceeded our target by collecting 11,600 tons. This year, we plan to collect 15,000 tons of our PET production, equivalant to more than 500 million bottles. Our partnership with DORNA is definitely not a hit-and-run, rather we aim to play a remarkable and sustainable role. We also urge other private sector companies to join DORNA and help create a more sustainable future.

How is DORNA designed to incentivize the informal sector to increase recycling efforts?

Iskandar: We conducted a thorough study with Nestlé Egypt on all the recovery routes of plastic. We concluded the informal sector recovers the highest volume. The outcome of this study informed the design of the reverse credit system by placing a minimum monthly threshold slightly above the prevailing average collection rate to incentivize increased collection.

What were the challenges of recycling before DORNA and how are they overcome?

Iskandar: Informal waste recyclers have been playing a significant and critical role in collecting and recycling the city's waste for more than 70 years, yet their contribution to keeping our cities clean and recycling waste has not been quantified or tracked. They do not perceive their jobs as managing waste as much as harvesting

materials to trade. They are not formally contracted by municipalities. This institutional and financial structure prevents them from being financially rewarded and limits their recovery and recycling rates.

When we designed DORNA with Nestlé Egypt, we did so while fully recognizing the existing PET plastic value chain created by the informal sector. We sought to introduce a digital system that would not only financially incentivize them to increase their recovery and recycling rates for PET plastic, but integrate itself along the existing value chain to avoid disrupting well-established operations and trading relationships.

How many workers are you partnering with under DORNA?

Iskandar: Over 2,600 informal waste collectors are onboarded to DORNA; more than 20% are women.

What's the minimum threshold per month for informal workers to receive reverse credit?

Iskandar: 1.3 tons per waste collector/sorter. The incentive paid per ton is calculated based on the actual cost of handling the material, determined during the initial in-depth study by CID Consulting and Nestlé Egypt.

How do you ensure transparency in measurements among informal workers?

Iskandar: The DORNA digital platform includes a robust tracking system linked with e-payments for onboarded waste collectors. It tracks and confirms all transactions via SMS and is overseen by field coordinators who monitor and verify quantities collected and the transactions made between each value chain actor. After transactions are verified, monetary incentives are disbursed to informal waste recyclers' e-wallets as reverse credits at the end of each month. The amounts paid out to each informal waste recycler depend on quantities collected above the minimum threshold. The reverse credits can be then cashed out through various outlets including Orange, Fawry and others. Field coordinators provide technical support and onboard new informal waste recyclers by showing them how to use the digital platform.

How does DORNA improve recycling efforts in Cairo?

El Hout: DORNA benefits households, the city, the government and the environment by creating an additional source of revenue for informal waste recyclers, covering the cost of door-to-door household collection, transport and sorting. It improves the livelihoods of the main recyclers of Cairo and supports their businesses. DORNA recovery thresholds have driven the recovery rates of 2,600 recyclers up by 20%.

How much PET plastic has been recovered and recycled since DORNA's launch and how much has been paid out to value chain actors so far?

Iskandar: 37,000 tons have been recovered and recycled since its launch. (This figure accounts for both Nestlé Egypt and PepsiCo Egypt's rates). About EGP 25 million in total has been paid to value chain actors. In 2022, we expect another EGP 25 million to be paid out.

Can you explain "extended producer responsibility" and how is it being applied through DORNA?

Iskandar: EPR is an environmental policy in which producers become responsible for the entire life cycle of their products, including disposal. Environmental sustainability is a strategic national priority in Egypt's Vision 2030. The new waste management law no. 202 issued in 2020 by the Ministry of Environment explicitly refers to EPR policy. Executive regulations are expected in early 2022.

The Ministry of Environment promoted EPR principles in Egypt, officially recognizing DORNA as the first socially inclusive EPR model in Egypt and showcasing it as a successful and viable EPR model at the UN's climate conference COP26.

The ministry further launched the Post-Consumer Plastic Waste Pact in early 2021, where businesses including Nestlé Egypt, Pepsico Egypt, Proctor and Gamble, Coca-Cola Egypt, Unilever Egypt and Al Ahram Beverages (Heineken) pledged to create a circular economy for plastics.

Why did PepsiCo choose to partner with DORNA?

Shelbaya: As one of the world's leading food and beverage companies, we have an important role to play in turning sustainable packaging into a reality. To start making this dream come true, we require some fundamental changes in how packaging is made and disposed of, as well as rethinking its forms and functions. Partnering with DORNA gives us the opportunity to invest in recycling infrastructure and consumer education to help build new systems that we believe will make plastic use more sustainable. This partnership brings higher recycling rates, which will yield a higher supply of recycled plastic. DORNA sets an example for private-public sector collaboration in waste management and environmental sustainability in Egypt.

What are your recycling targets under DORNA?

Shelbaya: We focused our efforts on one goal for 2021, which was to collect and recycle 8,800 tons of plastic. We have collected more than 11,000 tons and hope to exceed 12,000 tons by the end of the year.

El Hout: Our recycling target was 17,000 tons of PET plastic in 2021. So far we have collected more than 18,000 tons. We expect to recycle 25,000 tons by 2025.

What is Nestlé's role in supporting extended producer responsibility?

El Hout: We target three key areas in our sustainability commitments: investing in innovative sustainable packaging, working toward plastic neutrality and promoting the circularity of our plastic packaging. In Egypt, we are set to achieve our goals for 100% recyclable or reusable packaging in 2022 and already have made advancements in plastic neutrality, such as water bottles made of 100% recyclable PET plastic. With DORNA's system, we not only invested in plastic neutrality infrastructure but created a model for fellow industry players.

How will PepsiCo change its packaging to be more recyclable?

Shelbaya: Globally, by 2025, we want 100% of our packaging to be recyclable, compostable or biodegradable – we have already achieved 88% of that goal. We also have targets to reduce virgin plastic content by 35% across our beverage portfolio and to use recycled content in 25% of plastic packaging.

The "Recycle for Tomorrow" platform is our way to achieve positive value chain targets in Egypt in line with our Pep+ Strategy. Through our partnership with DORNA, we were able to surpass our targets. The platform embraces several projects. We cooperated with the Ministry of Tourism and Antiquities on the recycling bins project that supports development and innovation at archeological destinations. More than 200 recycling bins

have been distributed so far in Cairo, Alexandria, Fayoum, Giza, Aswan, Qena, Sohag and Luxor.

How can PepsiCo continue to grow with DORNA in the near future?

Shelbaya: Our partnership with DORNA has been a tremendous success as we exceed our targets and raise consumer awareness regarding waste management. Although we kickstarted the partnership this year as a pilot, we're excited to see the environmental, social and economic impact we can continue to create through DORNA's reverse credit system. It is crucial to work on our targets one step at a time while setting realistic goals. Nonetheless, we aim to exceed our targets this year and put new targets that can directly impact every Egyptian consumer.

What's an obstacle you wish DORNA would tackle in the future?

El Hout: Promoting the principles of the circular economy and the impact it has on both environmental and social fronts. We cannot achieve our vision of a waste-free future without collective and collaborative efforts.

Which governorates are you taking DORNA to next after Cairo?

El Hout: We plan to expand DORNA to Alexandria, the Suez Canal cities and Upper Egypt.

Shelbaya: We have a set of criteria that we check with our partners. The current program fits Greater Cairo. In the future, we plan to expand it to governorates that have the required infrastructure in terms of collection, segregation and availability of recycling plants.

What's one thing you hope to add to this project in 2022?

El Hout: Although informal waste recyclers have essential jobs in our society, they can often be exposed to serious health hazards. We are working closely with our partners to provide health insurance and medical coverage to all our value chain actors in 2022.

Where do you see this project in 10 years?

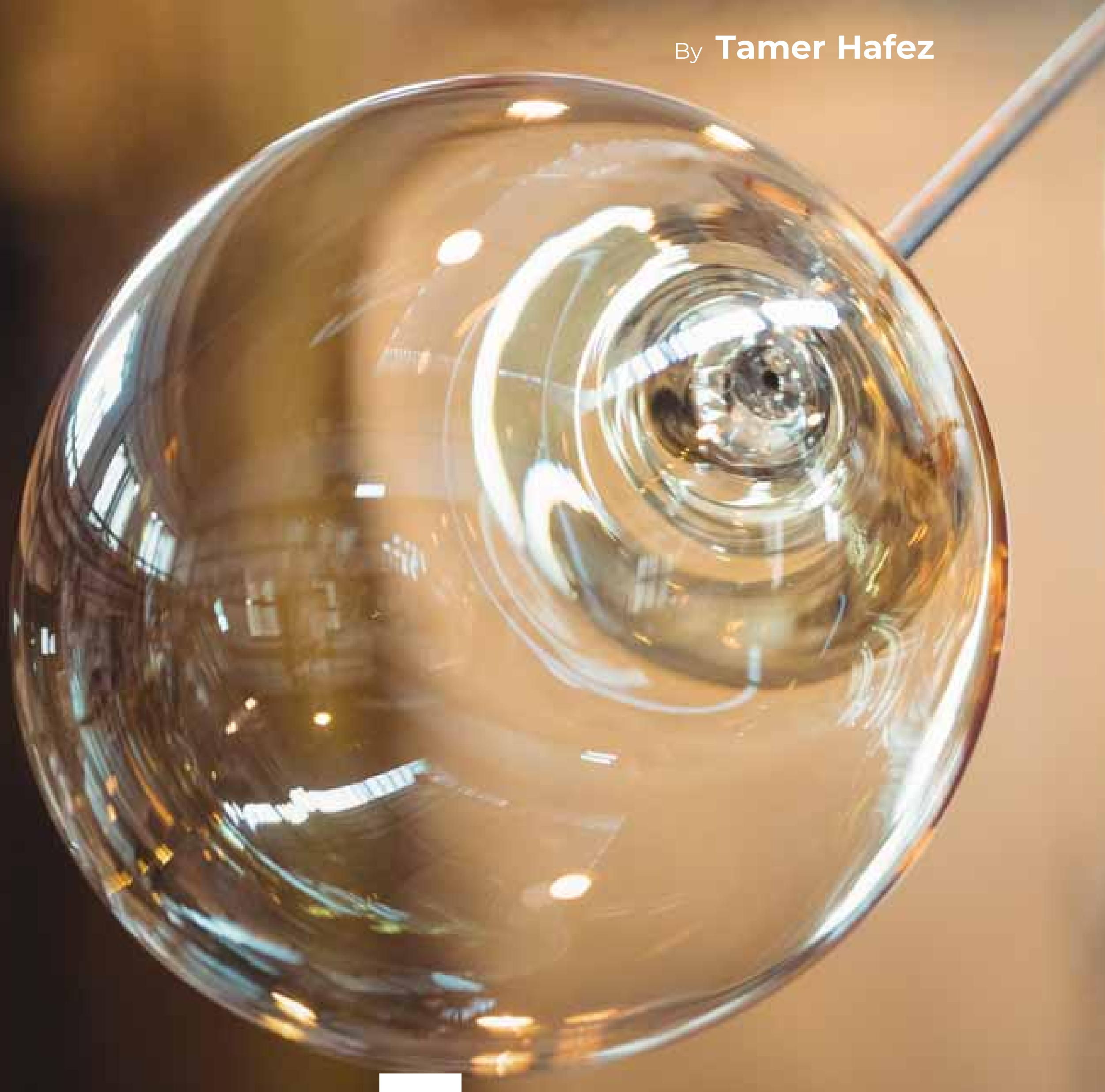
Shelbaya: Circular products will become the norm, with 100% closed-loop recycling systems, ensuring that recycled materials are used in products of equal value to the original. We can already sense how DORNA is changing the future of recycling. As a result of this system's impact, the government is changing the national IDs for waste collectors from "unemployed" to "recyclers." Our partnership with DORNA supports us in continuing to raise awareness and promoting conscious consumption, which will become the driving force behind the wholesale changes. Conscious consumption will influence companies' choices, the materials they use and how they dispose of them. The move away from single-use water bottles is a good example of how people can effect change. Over the next decade, as sustainability education becomes ingrained, DORNA will continue to highlight the demand for more honest labeling on products, alternative packaging solutions, simple and cost-efficient repairs on devices and equipment, and a move away from plastics across all industries.

El Hout: While designing DORNA, we envisioned the reverse credit system would scale as a nationwide and industry solution. With the entire industry for post-consumer packaging onboard, the environmental, social and economic impact generated through DORNA could leave a lasting mark on the country's environmental sustainability.

BUILT ON A GRAIN OF SAND

Egypt's pristine sand has been central to beach tourism and basic glass-making, but little else. Around the world, however, high-quality silica sand fuels industries from high-strength glass to microchips. Now, the global economy is attempting a snap recovery from the pandemic, stressing silica sand supplies to sectors ranging from water purifiers to drilling for shale gas. That could fuel an investment boom to mine silica sand from Egypt. But the government must be careful.

By **Tamer Hafez**



Walking on the pristine beaches at Zafarana and the Sinai Peninsula, people can feel one of the cheapest yet most sought-after commodities under their feet. "Silica sand is being used for well-diversified applications, including paving roads, glass-making, foundries that create the building blocks of microchips, oil and water filtration, industrial casting, sandbagging, etc.," noted IMARC Group, a research firm, in a report published in February. The World Wide Fund for Nature (WWF) described it in a September paper as "a vital component of modern living."

Now, the world requires more of it than ever before. The global microchip shortage affecting automobiles and less sophisticated electric equipment is forcing producers to expand, ultimately requiring more silica sand. In addition, pharmaceutical companies developing COVID-19 vaccines are ramping up production to inoculate the world, which means rising demand for glass vials. Moreover, governments, including Egypt's, are fast-tracking digital and conventional infrastructure developments, digital transformation in all sectors, and promoting high-tech manufacturing. All those investment opportunities require electronic equipment that wouldn't exist without silica sand. "Although largely a forgotten commodity until now, today the silica sand market is ... expanding and [raising] prices along with it," noted journalist Robin Bromby writing for Small Caps, an Australian news portal, in February.

That is enticing investors to search for silica sand mines, the starting point of the microchip global supply chain. "We have seen significant interest from family offices and smaller institutional investors, who are starting to ask informed questions [about] product specification and applicability of particular grades," Julian Babarczy, executive chairman of the Australian mining company Perpetual Resources, told the investment portal Stockhead in October. "There is much greater awareness of key demand drivers supporting industry growth and of some of the key profitability drivers ... such as logistics and access to markets."

Silica mining doesn't emit harmful emissions, and it doesn't require heavily polluting machinery or processes. Additionally, nature replenishes silica sand from currents scraping away soil, pulverized seashells, and sediments under corals. The problem is "we are consuming sand faster than nature can replace it," noted the WWF paper. If the Egyptian government decides to promote more investments in silica sand, it needs to be careful to avoid the potential environmental impacts of over-mining.

Silica in Egypt

Local silica sand reservoirs are primarily along Zafarana's beaches and north and south Sinai. However, there are deposits in 16 other locations on Egypt's two coastlines, according to a South Valley University study in 2017, including 11 sites along a 400-kilometer (248-mile) stretch from Rashid to Rafah on the Mediterranean Sea.

According to the Nuclear Materials Authority (NMA) in its 2021 annual report, 41 industries in Egypt rely on silica sand. It estimates the country's reserves at 12 million tons in relatively easy-to-reach locations between five and 20 kilometers from existing dirt paths. Those sands are mostly first-grade, with between 95% and 99.5% silica.

Hassan Alakimy, who wrote the NMA report, said local investments in mining silica sand are limited, with small and medium private companies dominating the sector. Additionally, there are few incentives for them to scale up. Only 30% of mined silica sand is used domestically, primarily to make basic glass sheets for windows and home accessories for local consumption and export to the region, according to data from the Glass Division at the Federation of Egyptian Industries (FEI). The FEI's Glass Division says Egypt achieved self-sufficiency in glass after doubling the national production output in 2012, when "two large factories" opened.

The rest of Egypt's mined silica sand is exported without any refining or processing, the NMA report noted. That is a significant loss.

The government only recently started promoting other industries that rely on silica sand. The transition to clean energy, in particular, opens a significant opportunity for domestic companies to use locally sourced silica sands.

In May 2017, Daily News Egypt reported the Ministry of Military Production contracted with PSE German Alliance to do a feasibility study for a $2 billion plant that would use local silica sand to produce enough solar panels to generate 1 gigawatt of electricity a year. By May 2018, China's GCL Group had signed an MoU with the ministry to build the facility, with the Chinese company fully responsible for securing sand from local mines.

During the signing ceremony, then Minister of Military Production Mohamed al-Assar said the plan was to build several similar facilities that could manufacture enough photovoltaic cells to generate a combined 5 gigawatts of electricity a year.

In February 2019, GCL Group restarted negotiations to build a 600-megawatt-solar-cells-a-year plant rather than the targeted 1-gigawatt facility. At the time, Allen Gai, GCL's investment and development director, said the group was still looking to finance the project and select a local partner.

In May 2019, the government unveiled plans to build a specialized free zone southwest of New Aswan City. It would manufacture "electronic boards, photovoltaic cells and reflectors from the 98% silica sand ... found in large quantities there," said then Investment Minister Sahar Nasr.

The proposed zone can accommodate 160 projects spread over 194 acres, worth a combined $2.3 billion in investments, creating 15,000 jobs, said Nasr. At full capacity, it would contribute $1.1 billion to Egypt's GDP and increase exports by $675 million annually, she added.

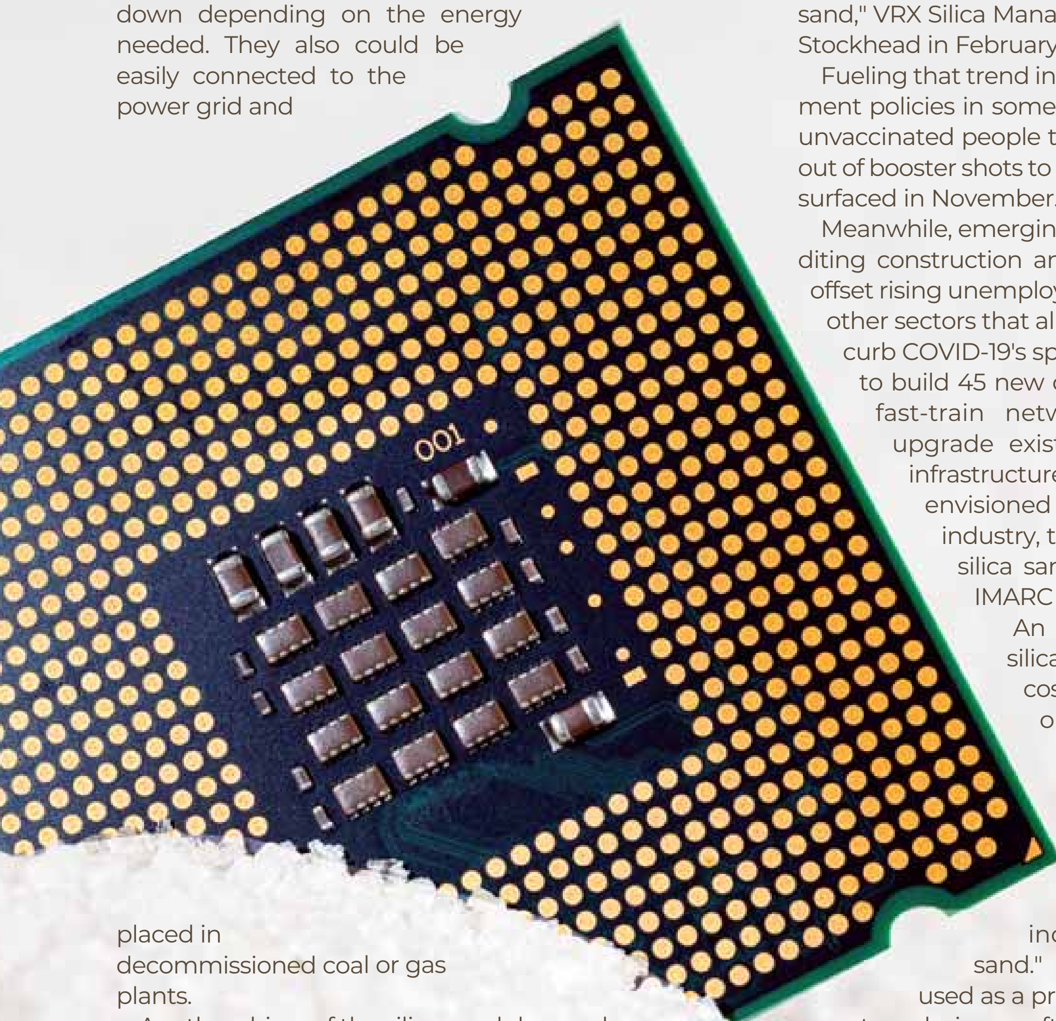
Since then, there have been no updates on either the GCL Group complex or the New Aswan City free zone.

Opportunities arise

As the global economy looks to recover amid the pandemic, several industries that rely on silica sand are poised for growth. According to Quantalign Research, a specialized think tank, significant demand for silica sand is clean energy investments, mainly to make solar panels. "The market will witness an increased demand for premium-quality silica sand, which will further aid in the growth of the [overall] silica sand market," noted the paper. In addition, IHS Markit analyst Josefin Berry told Stockhead that demand for silica sand used in solar panels would increase by 34% in 2021 compared to 2020.

Additionally, companies are researching new technologies to use silica sands to store generated energy longer. "While decarbonization of electricity has a clear path, decarbonization of the whole economy — which includes things like building heat and industrial processes — is more challenging," said Zhiwen Ma, a researcher at the Economic Long-Duration Electricity Storage by Using Low-Cost Thermal Energy Storage and High-Efficiency Power Cycle project. It is the brainchild of the U.S. Department for Energy, whose primary focus is how to use high-grade silica sand to make rechargeable batteries.

Meanwhile, the U.S. National Renewable Energy Laboratory announced in September it is testing new thermal energy storage technologies that use "inexpensive silica sand [instead of lithium] as a medium" to store electricity. Ma noted silica sand silos would offer unprecedented flexibility to scale up or down depending on the energy needed. They also could be easily connected to the power grid and placed in decommissioned coal or gas plants.



Another driver of the silica sand demand boom has been the pandemic, as more people seek out new computers and smartphones so they can work and shop from home. Intel Corp.'s CEO Patrick Gelsinger said in December that microchip demand had increased 20% since the start of the pandemic.

Meanwhile, many governments are expanding digital infrastructure to accommodate rising internet use. In Egypt, government figures show the number of unique internet users increased 8.1% from January 2020 to January 2021. According to a release from the Cabinet Information and Decision Center in November, Egypt increased its "digital transformation" budget by nearly 63% in the fiscal year 2020/2021 compared to a year earlier.

Other pandemic-related factors driving up demand is the need for glass vials to hold COVID-19 vaccine doses. "There's a current shortage of vials for vaccines. They require high-quality glass, which needs high-quality sand," VRX Silica Managing Director Bruce Maluish told Stockhead in February.

Fueling that trend in 2022 and beyond will be government policies in some wealthy countries to encourage unvaccinated people to get the jabs, as well as the roll-out of booster shots to combat the Omicron variant that surfaced in November.

Meanwhile, emerging and wealthy markets are expediting construction and infrastructure investments to offset rising unemployment in tourism, hospitality, and other sectors that almost halted due to lockdowns to curb COVID-19's spread. That includes Egypt's plans to build 45 new cities by 2052 with monorail and fast-train networks to connect them and upgrade existing infrastructure. "Upcoming infrastructure projects in various countries are envisioned to stimulate the construction industry, thereby boosting the demand for silica sand across different sectors," said IMARC Group's February report.

An unexpected trend that requires silica sand is shale gas mining. The cost of natural gas and oil has been on the rise in 2021. "Several countries are preferring naturally available shale gas ... to reduce their dependence on crude oil," said IMARC Group's February report. "That growth ... is expected to increase the demand for silica sand." It explained that "silica sand is used as a proppant" to open a hydraulic fracture during or after a fracturing treatment.

That growth in demand for silica sand should continue for years. A VRX Silica stock market filing predicts the international sand market could reach $60 billion in 2030, up from $14.1 billion in 2020. The document also noted that 47% of global demand for silica sand could come from the Asia Pacific region, including China, as it remains the manufacturing hub for wealthy countries.

Precious commodity

The immediate fallout is that silica sand is getting more expensive. According to Refinitiv Datastream, a U.K.-based provider of financial markets data, silica prices in the United States, Europe, and China have effectively doubled, hovering close to $4,000 a tonne in

September, compared to less than $2,000 at the start of the fourth quarter in 2020. "Silicon prices have been soaring as recent output curbs in China have made the supply even tighter, [adding to] the first-half deficit this year of more than 100,000 tonnes," Jorn de Linde, an analyst at CRU Group, a commodities portal, told Reuters in September.

In July, U.S. Silica Holdings informed Nasdaq it was increasing its non-contracted silica sand prices by 15%, effective September. "The increase in prices is requisite to help balance significant cost increases in energy, transportation, materials, and manufacturing costs," noted the stock exchange statement. That sat well with investors, as the U.S. Silica Holdings shares rose nearly 171% after the announcement.

VRX Silica noted in a May presentation that the commodity's prices would grow by over 10% from 2021 to 2025 in response to demand increasing 21.5%. Citing patterns since 2015, it said the Asia Pacific region would continue to rely on imported sand as the consumption rate continues to outstrip supply, especially since several Asian governments are tightening regulations on local silica sand dredging.

Risky mining

Finding industry-grade silica sand is not as simple as going to the desert and digging. "Desert sand is too smooth, the grains too round, shaped by wind instead of water, so it won't easily adhere to other materials," said the WWF on its portal. That is why North Africa and the GCC depend on imported sand.

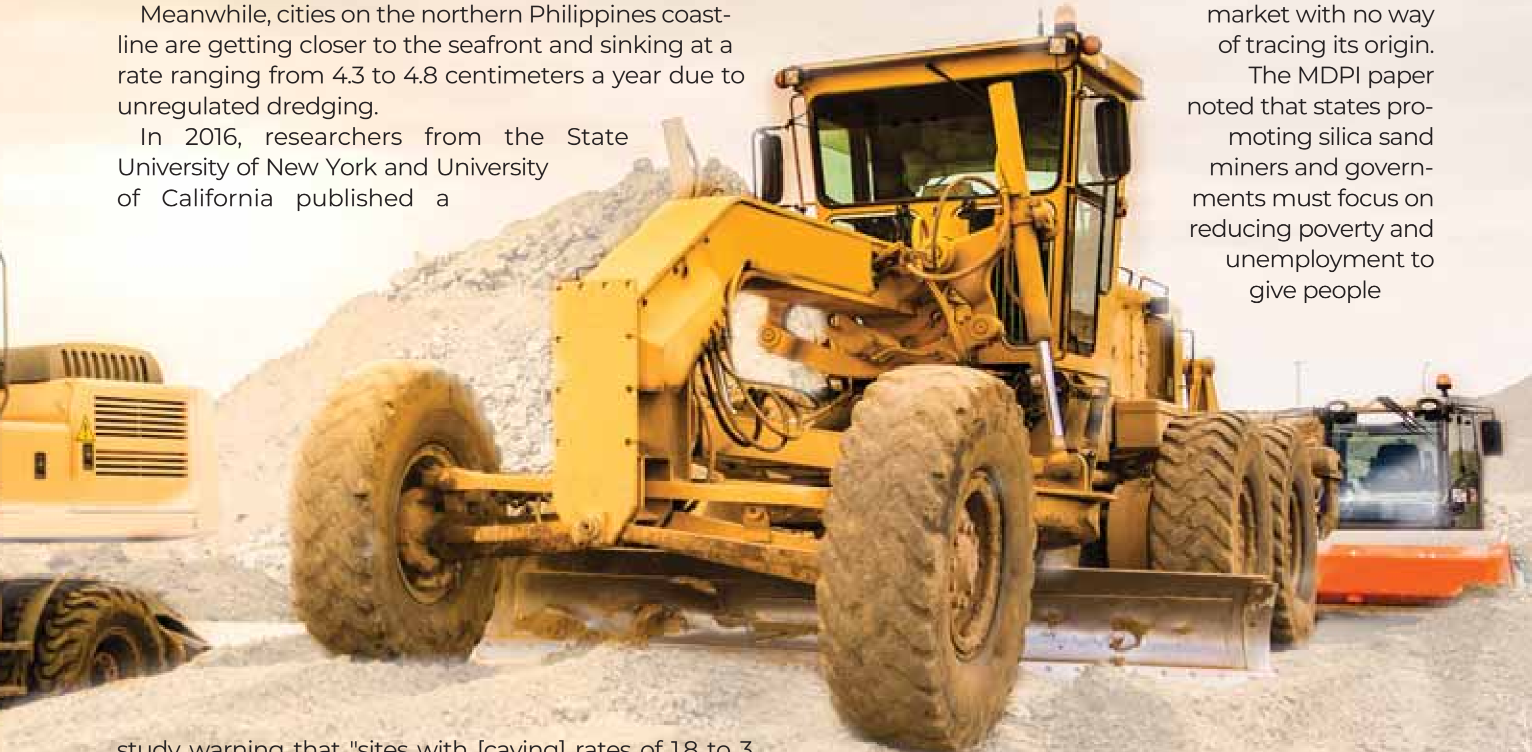
Marine sand is usable but requires more processing to extract the salt. The best industry-grade silica sand comes from river beds due to its rough surface shaped by water currents, which makes binding them with other materials more accessible.

However, river silica sand makes up "less than 1% of the world's land, and is the most adversely affected by excessive, unregulated, if not illegal, mining," noted the WWF.

That is highly problematic as many people live and farm by rivers as they are a source of fresh water. "The land beneath our feet is sinking away," said an Indian girl in a video she shot with her smartphone and posted on social media in January 2015. She showed how sand miners in Kerala are digging away her village's riverbanks to the point where parts of the town collapse in the water.

Similar problems appear when over mining silica sands in coastal areas, causing shoreline erosion and deltas sinking. "As sea-level rise associated with climate change threatens coastal areas, [and] sand in coastal areas will play an increasingly greater role in determining the amount of damage from floods and erosion," according to a 2021 report written and published by the Multidisciplinary Digital Publishing Institute (MDPI), an independent publishing house.

The Indonesian Center for Forestry Studies published



a report highlighting the risks for Sumatra's Riau islands, where sand dredging can "sometimes [come] within meters of the shoreline ... causing extensive damage to coral reefs and seabeds. It has also wiped out the fishing grounds." The report noted that since 2005 at least 24 small uninhabited islands in Indonesia have vanished after dredging by silica sand miners.

Meanwhile, cities on the northern Philippines coastline are getting closer to the seafront and sinking at a rate ranging from 4.3 to 4.8 centimeters a year due to unregulated dredging.

In 2016, researchers from the State University of New York and University of California published a study warning that "sites with [caving] rates of 1.8 to 3 centimeters a year are projected to be underwater in 50 to 70 years. [Those with caving] rates of 4.3 to 4.6 centimeters a year are projected to be underwater in 30 to 40 years."

The study also noted that island and coastal cities in Vietnam, Cambodia, China, India, Morocco and California face similar crises caused by informal dredging.

Making it sustainable

The MDPI paper stressed that the silica sand mining industry's fragmented and unregulated nature is causing those environmental issues. "Illicit mining activities compound environmental damages and result in conflict, the loss of taxes/royalties, illegal work, and losses in the tourism industry," noted the MDPI report.

It found that in 70 countries, most mining is informal or unregulated. "Sand mining is the world's largest mining endeavor, responsible for 85% of all mining extractions," noted a study by the Yale School of the Environment in August 2019. "It is also the least regulated and quite possibly the most corrupt and environmentally destructive."

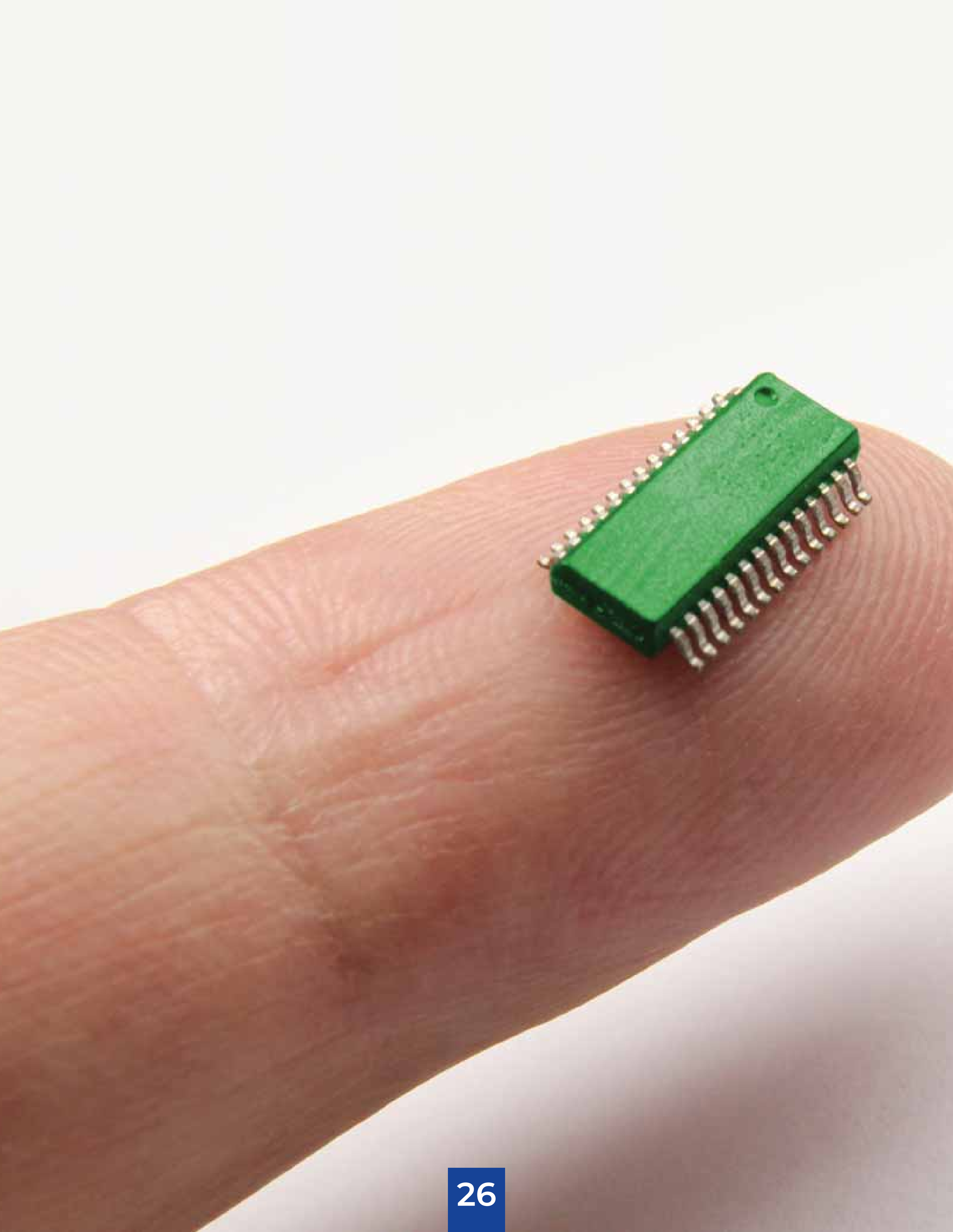
Accordingly, governments must enforce a loophole-proof regulatory framework for formal sand miners and a capable policing apparatus. Silica sand can be efficiently mined with essential tools in remote areas and smuggled into the formal market with no way of tracing its origin.

The MDPI paper noted that states promoting silica sand miners and governments must focus on reducing poverty and unemployment to give people better options than working at informal sites.

The MDPI paper also stressed that governments must have an investment strategy with clear environmental and sustainability criteria and benchmarks to prevent over-mining. That includes "creating mechanisms to evaluate the possibility of ecological disasters resulting from excessive ... sand exploitation, as well as educating the public," said the report.

To ensure the government can realize a profit from national resources, authorities must also offer taxation and royalties schemes that are attractive for formal institutional investors and discourage informal miners.

Getting all those factors right could open the floodgates for silica sand investments in new locations, such as Egypt. Other countries are already benefiting: Despite the informal mining challenges, registered investors, particularly in Australia, the leading silica sand supplier to Asia, nearly doubled in 2020, noted Stockhead in October.



FUELING A MICROCHIP BOOM

Microchip producers are betting they can find enough silica sand to fuel massive expansion plans.

By **Tamer Hafez**

With few signs the microchip shortage will end soon, several manufacturers have been vocal about boosting production. That ultimately means they would require more high-grade silica sand than ever. "Supply and demand are the most extreme they have ever been," said Simon Segars, CEO of Arm, a semiconductor design firm. He fears the gap could stretch for another year if producers don't raise production.

Taiwan Semiconductor Manufacturing Co. (TSMC), the world's largest microchip producer by volume and third by revenue, said in a statement it plans to double output capacity by 2024. Various media reports estimate the company supplies at least 90% of the world's microchips. "We started speeding up our capacity expansion at the beginning of last year," TSMC's Senior Vice President Y.P. Chin told a November forum organized by National Cheng Kung University in Taiwan. "But the semiconductor supply chain was still unable to catch up ... with demand growth."

To meet current and expected demand until 2023, Chin said TSMC spent $28 billion this year to boost production at existing facilities.

To meet rising demand beyond 2023, TSMC allocated $100 billion in new investments, including building a facility in Japan to make old-tech chips, primarily used in cars, basic electronic devices, and home appliances. It is also building another plant in Taiwan to manufacture advanced microchips for mid-range smartphones and basic microchips. Both facilities will come online in 2024 at a combined cost of $9.04 billion.

Additionally, TSMC said it started construction on a $12 billion facility in the United States last July. It will make their most advanced microchips, usually reserved for the most expensive and fastest smartphones. It also should start production in 2024.

The world's most profitable microchip maker, Intel Corp., has been unsuccessful in its attempt to expand production at its Chinese plant due to the ongoing political tensions between Washington and Beijing.

In mid-December, Intel CEO Patrick Gelsinger told reporters the company would build a $7.1 billion microchip packaging facility in Malaysia, which will start production in 2024. The facility will package low-tech chips for cars and general-purpose electronic devices to cater to Asia-based electronics producers.

Other producers also plan to expand. For example, U.S. chipmaker Micron has announced a $150 billion investment in manufacturing and R&D over the next 10 years. ■

PREPARING FOR CHANGE

Omicron, fake news, digital transformation, structural reforms and environmental change are all factors that will reshape how organizations work. A McKinsey report in December shows how to build teams that can adapt to new realities quickly and effectively.

Analysis By **Tamer Hafez**

Looking to next year, uncertainty will continue to dominate the business landscape as countries react to the Omicron variant. The United States announced a free-to-travel pass for fully inoculated incoming visitors in mid-December. They have also kept the economy mostly open. On the flip side, the Netherlands is in economic lockdown until mid-January, leaving only supermarkets and essential shops open.

The U.K. and EU countries are in partial lockdowns, preventing some travelers from entering and closing some entertainment facilities. The U.K. also is threatening to impose movement restrictions if Omicron infections persist. On the other hand, China is fully open, but has shown on several occasions it is ready to isolate entire cities. So far, Egypt and other MENA countries are imposing precautionary measures, but leaving their economies and borders open with almost no hint of impending closures.

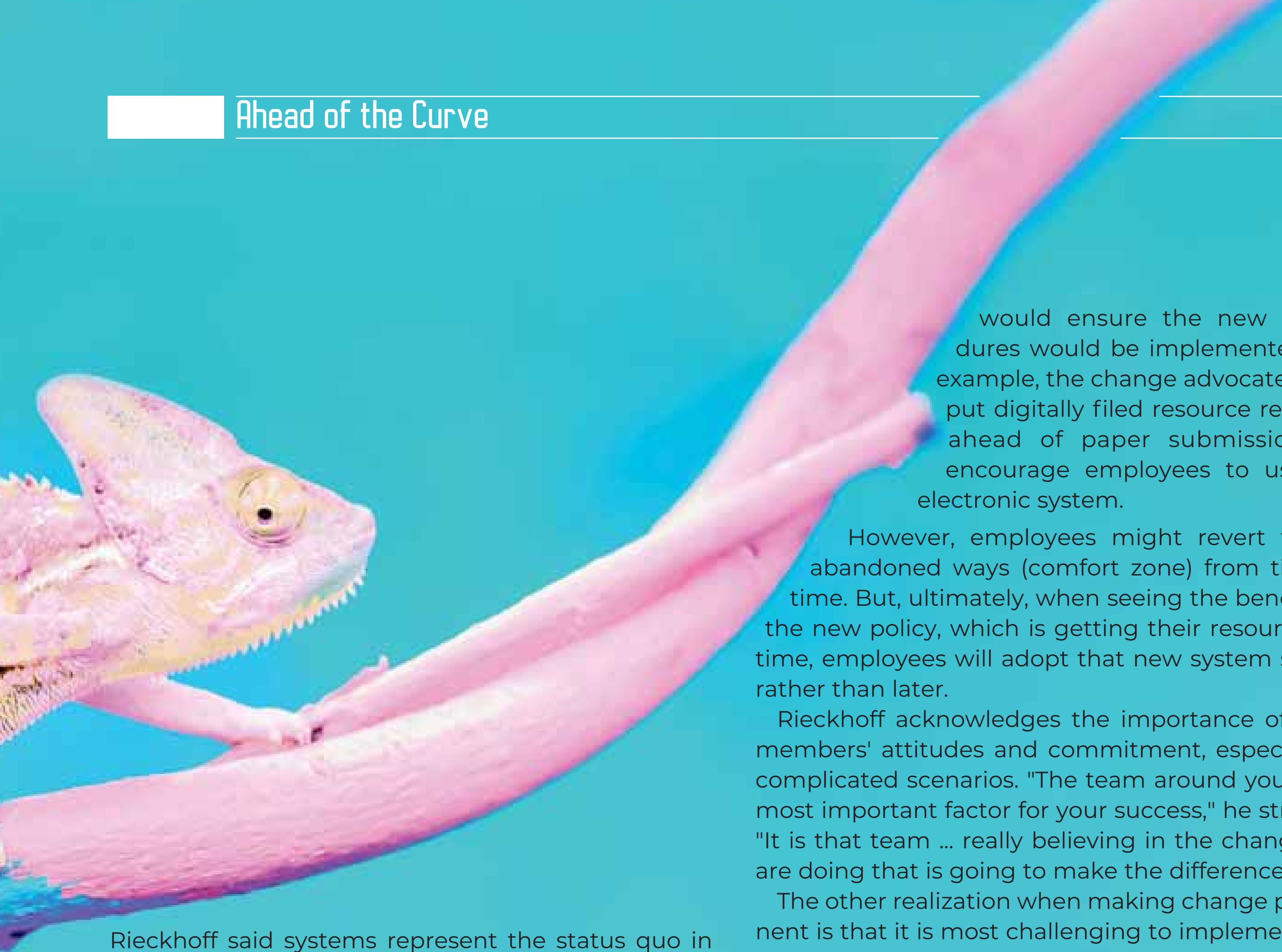
Those contrasting approaches invariably affect businesses and their supply and distribution chains. "The last year and a half have certainly been a time of change," said Francis Rose, of the McKinsey on Government podcast, in the December report titled Organizing for Change: Knowing How to Effect Change Is Just as Important as Knowing What to Change. "The next 18 months will include even more."

How to effect change is not a new topic in C-suite circles. In his 1959 book “Landmarks of Tomorrow,” renowned management guru Peter Druker wrote, "The greatest danger in times of turbulence is not the turbulence, it is to act with yesterday's logic," but today’s unpredictable environment makes it even more pressing. Building a corporate culture that accepts altering strategies, business models and policies without warning will likely become a prerequisite for success in 2022.

A difficult sell

Kirk Rieckhoff, a senior partner at McKinsey's Washington office, acknowledged in the December report that almost any organizational change is challenging. "When I hear the question today, 'Why is change so hard?' I would almost turn it on its head and say, 'Well, it shouldn't be easy,'" he said.

That difficulty arises from the basic concept that companies are systems with people operating them.



Rieckhoff said systems represent the status quo in any organization: "Imagine a ball between two hills. It [can roll, but will always stay in the middle."

To make change more acceptable to the organization, Rieckhoff recommends managers carefully consider what needs changing. "The question is ... 'What matters to the people in this system?' and working within that, not against it."

Making change stick

Once the manager decides on the nature of the change and how it would benefit the team and the organization, the other challenge is to make it permanent. Or at least stable, noted Rieckhoff.

To make changes permanent, a manager has several options. The first is to convince the entire team to align and comply with those new policies. The other option is to change the system to force implementation of those new procedures. "One common way of doing it is to 'burn the boat' ... make it so we can't go backward," said Rieckhoff. The third way is to hire a third party to supervise and ensure implementation.

Rieckhoff believes any of those options can be effective, depending on the nature of the business and what is changing. "That's where we have to start the discussion," he said, stressing that once managers select a path, they could alter it midway.

Regardless of the path chosen, the first step is not to change the entire system. The key is to correctly identify a small part in the system that, if altered, would ensure the new procedures would be implemented. For example, the change advocate could put digitally filed resource requests ahead of paper submissions to encourage employees to use the electronic system.

However, employees might revert to the abandoned ways (comfort zone) from time to time. But, ultimately, when seeing the benefits of the new policy, which is getting their resources on time, employees will adopt that new system sooner rather than later.

Rieckhoff acknowledges the importance of team members' attitudes and commitment, especially in complicated scenarios. "The team around you is the most important factor for your success," he stressed. "It is that team ... really believing in the change you are doing that is going to make the difference."

The other realization when making change permanent is that it is most challenging to implement it at the top of an organization. "This idea that you're controlling [subordinates] or telling them what to do is ludicrous," said Rieckhoff. That is particularly so in upper management. "No senior leaders are interested in someone else directing them on what to do. They became senior leaders because they like to make things happen."

Change advocates overcome that barrier by persuading others that change is the right thing to do. Rieckhoff identifies several routes to appeal to senior executives and managers. The first is to show how the new policies or procedures would serve the organization's mission. The second is to highlight how that change would benefit executives' stature or help advance their careers. The third option is to highlight the benefits to customers and the organization. "These are the deep 'whys' that really get people going," noted Rieckhoff.

However, sometimes change advocates tend to paint a rosy picture of how those new policies and procedures would make everything great. "You also have to equally describe what reality is today and get common agreement there," said Rieckhoff.

Introducing the plan

The other challenge change advocates face when talking about new policies and procedures is that company executives could change their minds. To avoid that, the change advocate must have a plan. "I think a good leader is somebody who has the rough outlines of

where we're going and lets everyone figure it out from there," said Rieckhoff.

Components of such a plan are milestones and who is responsible for achieving what after how long. Otherwise, the organization will remain stuck in planning mode, he noted.

Change advocates should also initially give direction about the path changes will take. Rieckhoff warns against starting the process with "quick wins," as they are an "illusion. Most organizations will have accomplished those already ... What you're really looking for is quick progress."

This early guidance gives managers and employees a fresh perspective on what can and should change versus allowing them to fall into their comfort zone. "It is ... showing people who have been in this system, oftentimes where they've been trying to make a change ... that change is possible," said Rieckhoff.

In those early phases, change advocates should have the authority to move existing resources to different departments, hire more people and ask employees to assume different roles. "It's those kinds of things where people begin saying ... 'Their actions are following their words, so I'm going to follow and do it as well,'" explained Rieckhoff.

Overcoming barriers

Rieckhoff notes that as change advocates start implementing their plans, they face incumbent barriers that stalled previous attempts at change. "The first one is around the 'frozen middle' that we commonly hear people talk about," he said.

That barrier occurs when the change advocate, be it the top executive or owner, has a vision for the organization, but the changes stall as the idea moves toward middle management. At that point, top managers and owners have the option to force change.

Before taking that step, Rieckhoff advises those instigating changes need to consider the unique insights that middle managers have. "The people in the middle have the most expertise because they can see the front lines," he explained.

They also can see the top of the organization and pressures that would eventually reach junior managers and front-line employees. "If nothing's happening, it's probably because [middle managers] are quite smart and understand this doesn't work," noted Rieckhoff.

At that point, change advocates need to step back to ask: Why isn't it working? Rieckhoff stressed that any new policy could work in any organization. But if it doesn't, there is an incumbent reason and middle managers are the key to understanding and resolving it. That would most likely only happen by molding those new procedures and policies to work on the ground. "We can spend a lot of time trying to get senior leaders on board," he said, "when actually what you want to do is just make it make sense for middle management."

Rieckhoff also stressed that middle managers must attend all top-level meetings that discuss the new processes and procedures from day one to get the smoothest and most effective transitions.

The other challenge when implementing a new policy or procedure is resistance from departments that facilitate that change but are not part of it. A case in point is convincing the finance department to allocate funds for employees' home internet, as hybrid work becomes the norm. Change advocates "are going to need other parts of the organization to help them ... because of the way the [company] is set up," noted Rieckhoff.

However, he stresses this shouldn't be a problem the change advocate must solve. "'You go figure out what to do' is a great leadership maxim," said Rieckhoff. "[Employees] need to go figure that out, but [change advocates] have to help them and support them as they do it. It can't be just a fire-and-forget ... weapon."

Scaling up

Top executives or owners have an array of options to start implmenting their new policies or procedures. Yet, in most cases, they only see one solution to enacting change. "Typically, it's, 'Hey, I want to make a change happen, so I'm going to pick this person.' And you go get a team, and you make it happen," explained Rieckhoff.

However, he noted that three approaches stand out when the top executive or owner wants to implement change. One is the "incubator model," suitable for testing new ideas never implemented in the organization. Rieckhoff explained the owner or top executive would create a mini-company with enough authority to implement the new processes or policies. "And you let it run," he said.

The pros of that approach are that it allows the change advocate to see how the new policies and procedures would work in the organization's ecosystem. However, the top executive or owner must protect it from the larger company. "That's important, especially when you're trying to do self-disruptive things or things that the organization ... wouldn't naturally do," said Rieckhoff.

The second strategy to implement change is the "pathfinder" approach. "It is the most common one that I see," said Rieckhoff. It is when the company decides to do a pilot project that runs parallel to the currently used policy or procedure to compare outcomes.

However, Rieckhoff warns those "pathfinder" projects should not be too big or small. If they are too large and fail, it might drag down the entire company. On the other hand, if it is too small, it might not "require changes to happen," he explained. They must also be "something that the top of the house cares about."

Implementation of new processes and policies is up to "agile teams," whose members must include high-rank employees who have the authority and expertise to make the changes necessary to fulfill the owner or top manager's vision.

The third approach is the fastest, but also the riskiest. The "transformation office" approach is when the entire company implements the new policies and procedures simultaneously. "The transformation office inherently is trying to make change happen within the existing organizational model ... which is great, as long as that's the organizational model that will work," explained Rieckhoff.

Measuring results

Before deciding to scale up new policies and procedures across the organization, Rieckhoff stressed the need for a "performance management" apparatus. Its first job is to ensure that outcomes from the change align with the mission statement. That would ensure briefings don't become a "pony and horse show where whoever's the best briefer wins," noted Rieckhoff. That is how the top executive or owner keeps change "alive."

Another vital factor in measuring performance is selection of data that reflects the change. Rieckhoff said that top-line revenue and bottom-line cost would be the straightforward metrics for any change advocate. However, organizations also need to consider more qualitative metrics, including employee satisfaction with the new processes and policies. "That is where performance management comes into play," said Rieckhoff.

He stressed that the people measuring those qualitative results must be "independent from the organization that's doing the change." They also must command respect from the organization's employees under review.

However, Rieckoff stressed that the top executive or owner must not focus solely on results: "You use them as a tool to dig in to understand more. It just tells you where to look, not what the answer is." ■

VACCINE PASSPORTS
TO THE RESCUE?

Egypt and countries around the globe are adopting markedly different approaches to vaccine passports, affecting travel in various ways.

By **Adam Skaria**

As countries begin to emerge from the thick of the pandemic, despite the Omicron variant, there is a breadth of policies that both complicate and, in many instances, alleviate international travel restrictions.

In countries like Austria and Australia, lockdowns, closed borders, and mandatory vaccine passports dominate their inbound travel policies. Meanwhile, Egypt is fully open to vaccinated tourists, while the U.S., the UK, and U.A.E have more balanced policies, indicating they are on their respective ways to being available for foreign businesses and tourists.

Accordingly, internationally recognized proof of vaccination (vaccine passports) is central to any discussion of how and to what extent a country will reopen to visitors. However, there is little to suggest there will be a one-size-fits-all approach. What is certain, though, is that such documents are key to revitalizing the tourism sector in countries that mandate those passports from foreign visitors.

Safe Egypt

Egypt currently offers a printed paper in English and Arabic with a QR code to affirm its holder has been vaccinated for travel anywhere. It also provides a similar document in Arabic only for a significantly lower fee than the bilingual version to anyone vaccinated. The latter is suitable for traveling to Arabic-speaking countries only as well as accessing local offices that restrict entry to only vaccinated visitors.

The Ministry of Health and Population said it's adopting a 'traffic light' vaccine passport system -- red for unvaccinated, yellow for one dose, and green for two doses -- which is currently limited to the healthcare sector. That scheme is in collaboration with the Ministry of Communication and Information Technology, which announced in October that Egyptian travelers could use the health passport for international trips to prove their vaccination status. QR codes are on the smartphone app and paper documents to make forgeries or tampering more difficult.

However, with the economy relying on inbound tourism and FDI for much-needed foreign currency, the government focuses more on vaccinating residents to promote itself as a safe destination. Egypt has vaccinated about 19% of its 100-million-plus population with at least one dose, as of Dec. 29, according to government statistics. That lags behind most European and Asian nations.

The first step to promoting Egypt as a safe destination for inbound visitors, particularly tourists, was in May, when the government rolled out a vaccination program specifically for tourism and hospitality workers. To ensure other sectors don't cause a national outbreak that could keep international visitors away, the government on Nov. 15 said all civil servants must be vaccinated to enter their workplaces, including airports. Starting 2022, the government will mandate vaccines for all adults and open them for teenagers aged 15 and above.

The government also requires vaccine passports and testing of all inbound visitors to ensure it doesn't suffer an outbreak that could cripple the economy in 2022.

Those efforts should reflect positively on the tourism industry first and foremost. Before the pandemic, in 2019, Egypt's tourism industry brought in a record $13 billion after the arrival of more than 13 million tourists. This peak came after years of decline following a Russian jetliner crash in Sinai in October 2015 and an EgyptAir crash in May 2016.

In November, Ahmed Shafiq, reporting for Xinhua News, said Egypt is targeting "revenues of $6 billion to $9 billion in tourism and hopes to receive more than 6 million tourists." In the first half of 2021, he reported that 3.5 million tourists visited the country, while the total revenues were about $4 billion.

Speaking to Gulf News in November, Lamia Kamal, assistant minister of tourism and antiquities for marketing and promotion, said post-pandemic tourism had become a high priority for the government.

"Tourism [constitutes] a quick win for us," she said. "We have the destinations to attract tourists. We have the experience of the people working in this industry. We have the heritage. We have two-thirds of the antiquities of the world. We have warm weather; 365 days a year, we have the sun.

"We are 110 million people, but our [COVID-19] numbers are minimal compared to our population. We've also had almost zero tourists getting COVID in Egypt. If any tourist gets COVID, we give them free accommodations, free medication, free hospitalization."

Since July, Egyptian hotels have been running at 70% capacity due to COVID-19 regulations. However, since November, the government has allowed them to operate at full capacity.

Attracting visitors

Like Egypt, the UAE has been focusing inward to promote itself to international visitors as a safe destination. Dubai and Abu Dhabi are central business, investment, and entertainment hubs in the MENA region and the Near East. Accordingly, nearly 99% of the population has received at least one dose of a COVID-19 vaccine, according to the country's National Emergency Crisis and Disaster Management Authority (NCEMA).

In December, the Emirates placed first in the Bloomberg News chart, with high vaccination rates and increased air travel among the key factors, wrote Sarah Forster for The National. To maintain its status as a safe destination for foreign travelers, the UAE requires proof of vaccinations for all live events.

That has resulted in tourism in the Emirates being back in full swing. The recent Top 100 City Destinations Index 2021 produced by U.K. market research company Euromonitor International placed Dubai first regionally and second globally, wrote Patrick Ryan in The National last month. Only Paris finished above Dubai, with Amsterdam, Madrid, and Rome rounding out the top five.

The index analysis praised the emirate "for being open to tourists since the summer of 2020, despite the pandemic."

U.S. open?

A Dec. 2 order by the Centers for Disease Control requires all travelers three years old and over arriving from other countries to show a negative COVID test within 24 hours of their flight or proof of recovering from COVID in the past 90 days. The new rules apply to every port of entry, and non-U.S. citizens are required to show proof of vaccination with a U.S.-certified vaccine.

The move is part of President Joe Biden's plan to control the spread of the new Omicron variant. In addition, the United States issued travel warnings to its citizens against flying to certain European nations, including Germany, Denmark, and France.

But according to Victoria Milko, writing for U.S. News & World Report, millions are still ineligible to travel to the United States despite being fully vaccinated. That is because "they might not have had shots recognized by the U.S. Food and Drug Administration (FDA) or the World Health Organization (WHO)."

Notable omissions from the FDA-approved list include the Chinese Sinovac and Russian Sputnik V vaccines, which the World Health Organization, Egypt and other countries recognize.

"[Those vaccines] will not all be evaluated in clinical trials with the necessary rigor," said William Moss, the Johns Hopkins International Vaccine Access Center executive director. However, the U.S. does allow entry to people who got two doses of any "mix-and-match" combination of vaccines on the FDA and WHO lists.

With each state able to impose domestic travel restrictions of its own volition coupled with varying infection rates, states like California and Florida are adopting almost polar opposite approaches to proof of vaccines.

In California, when the Omicron variant surfaced, "new air travel restrictions, including for American citizens, established in response to the spreading Omicron COVID-19 variant" went into effect on Dec. 6, according to the Center for Disease Control. On the flipside, Florida has no travel restrictions beyond those mandated by the Federal government as of Dec. 29.

Passports ++

However, having vaccine passports won't be enough to travel to every country. For example, Austria, Australia, and New Zealand impose the most restrictive COVID-mitigation measures.

On Dec. 6, the Austrian government, headed by Chancellor Alexander Schallenberg, said that all non-residents must present a negative PCR test plus proof of vaccination with a certified vaccine.

However, tourists might still find it hard to visit the country. The government there imposed a total lockdown in mid-November. "Tourism in Austria has been put on hold and people are expected to stay at home," wrote Karla Manson for the online blog Travel With Bender in December.

The government suspended inbound travel for touristic purposes at the time of publication.

The UK government has been increasingly cautious despite reaching an 80% vaccination rate without mandating it. It reintroduced in December travel restrictions in light of the Omicron variant, including mandatory quarantines for travelers with proof of vaccination until they produce a negative PCR result.

Various travel associations estimate foreign visitor numbers will be down 75% during the holiday season, compared to the data from 2019, attributing the decrease to the spread of the Omicron variant and the resulting travel restrictions. On average, tourism businesses expect their revenue for 2021 to be 93% lower compared to 2019," wrote Pat Hyland for TourismReview News last month.

How badly the sector will suffer could depend on which approach a country takes to limit COVID-19 infections. There will be clear winners and losers when it comes to assessing the relative efficacy of those approaches and their impact on tourism and international travel.■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EUROPEAN UNION
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Certificate of immunity
COVID-19
SARS-CoV-2
for vaccination on March 3, 2021
The holder of this certificate is authorized to travel to the states of the European Union without travel restrictions due to the Coronavirus emergency

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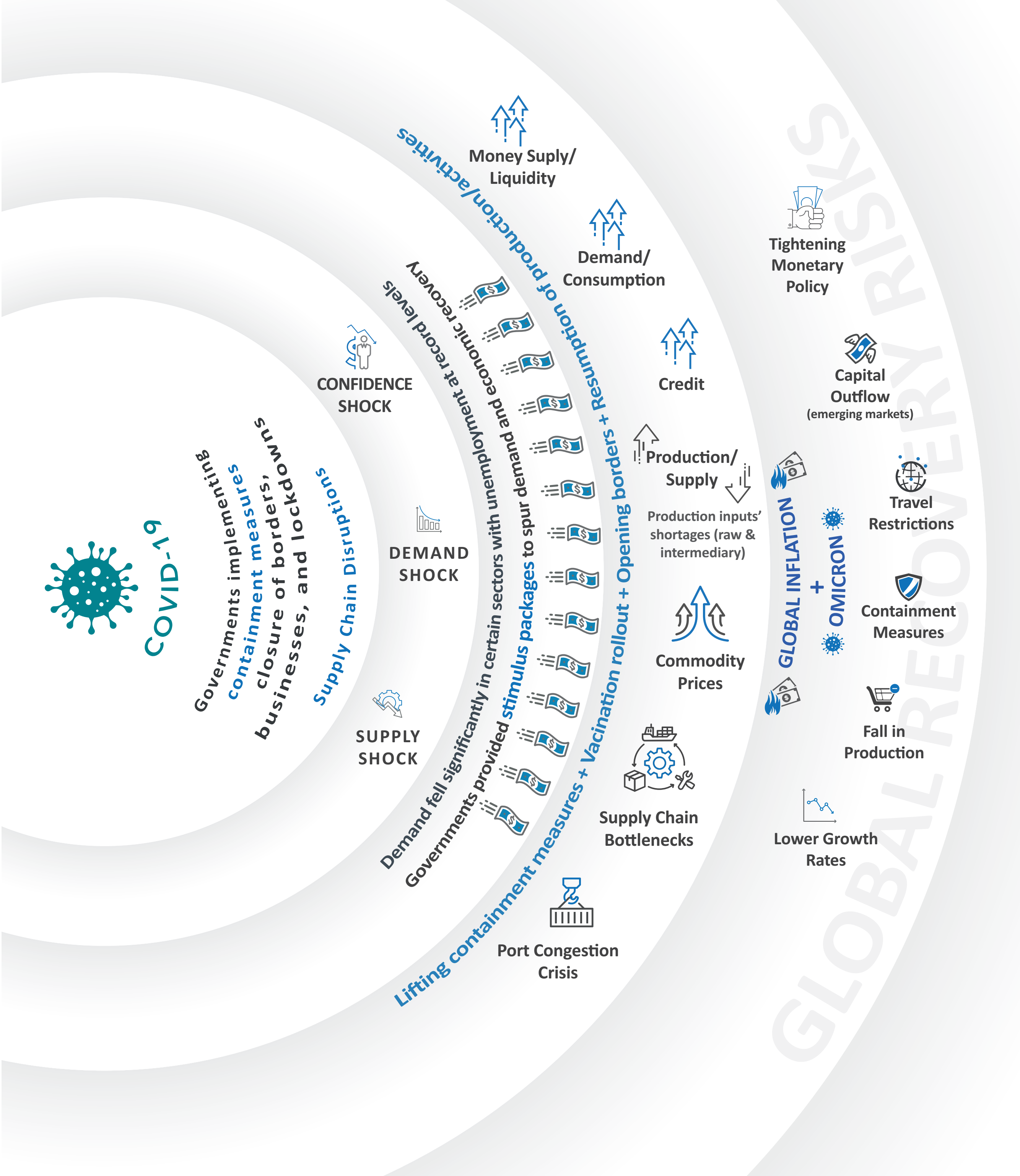
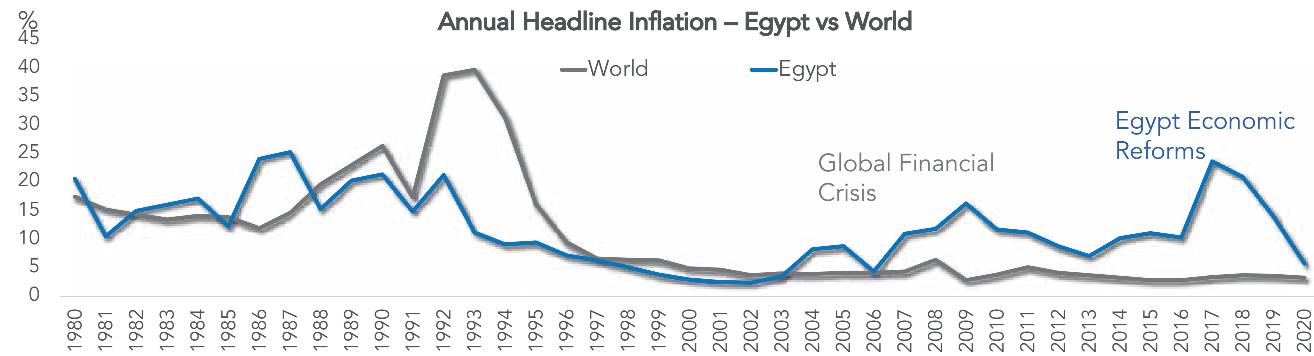
GLOBAL INFLATION: CAUSES & EFFECTS..........

The shockwave caused by the pandemic is continuing till today, affecting global economies, changing consumer behavior, and altering the way of doing business. Several current global challenges are casting a shadow over the once optimistic recovery outlook of 2022. The below ripple effects' diagram shows the reasons of why we are witnessing the current global rise in inflation, and the expected measures to be taken and their effects. The economic recovery path in 2022 will hinge on how major economies will react to the rise in inflation, and to the health and economic risks posed by the new variant (Omicron).

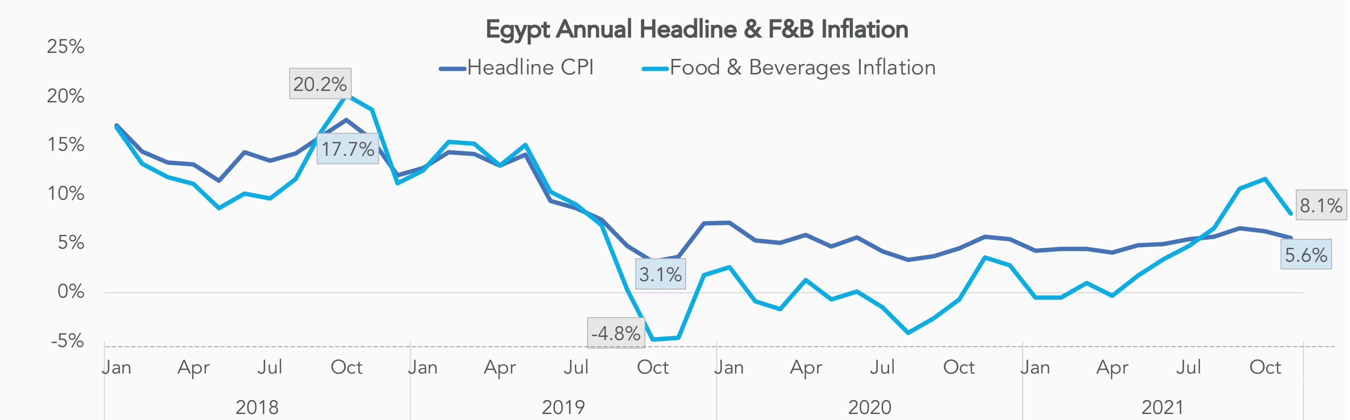


......AND HOW IT AFFECTS EGYPT'S INFLATION

Current inflation in Egypt is a result of cost-push factors; where prices of the factors of production (raw material, capital...etc.) along with imported goods and commodities increased. Inflation in Egypt has 0.4 correlation with global inflation, a significant correlation that can suggest that domestic inflation can be partly explained by global factors with big certainty.



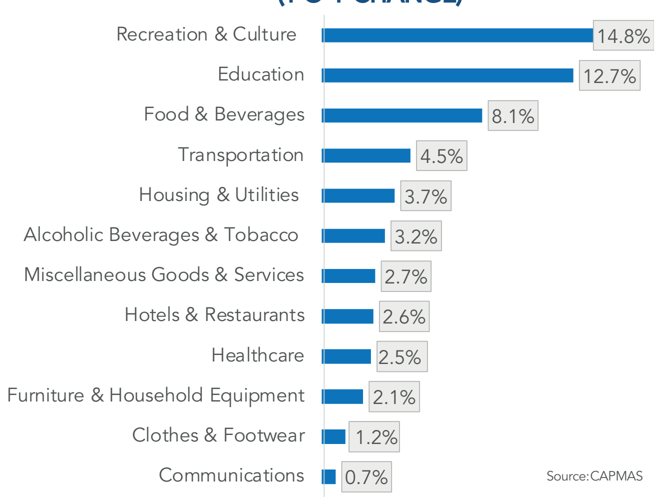
Source: IMF WEO Database



Source: CBE & CAPMAS

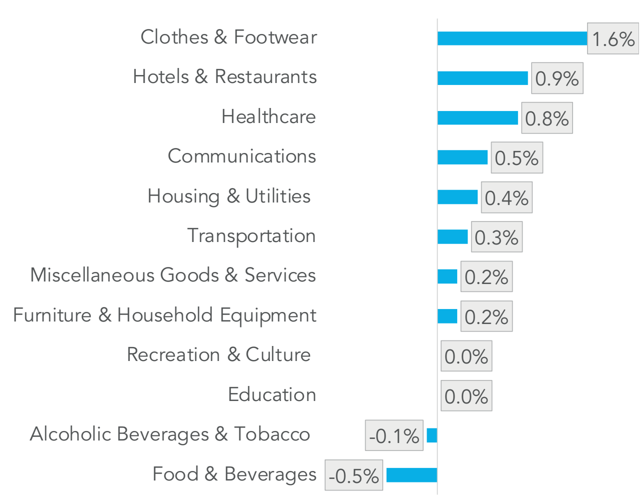
While annual F&B inflation accelerated to a 29-month high of 11.6% in October 2021 before declining to 8.1% in November, annual headline inflation currently stands within CBE target range of 7% (±2 percentage points) registering 5.6% in November.

ANNUAL HEADLINE INFLATION BY CATEGORY IN NOVEMBER 2021 (Y-O-Y CHANGE)



Source:CAPMAS

MONTHLY HEADLINE INFLATION BY CATEGORY IN NOVEMBER 2021 (M-O-M CHANGE)



A year to forget

As usual, we gauge the market's performance from mid-month, and during the period from Nov. 15 to Dec. 15, we witnessed continued divergence between the EGX 30 and EGX 70 EWI. The former rose 1.1%, extending its year-to-date gain to 7.2%, whereas the latter fell 0.8%, widening its year-to-date losses to 1.5 %. Ironically, the number of advances and declines were even during the period. On average, gainers during the period rose 13%, while losers fell 11%.

In hindsight, 2021 will go down in the history of the Egyptian Exchange as quite extraordinary. Not only was the stock market impacted by global events, but it also fell victim to local events that further exacerbated the situation.

Globally, headwinds from global supply chain bottlenecks and everlasting accommodative monetary policies meant the global economy was struggling to emerge from the COVID-19 pandemic. Then came Omicron, a new COVID-19 variant. That raised the level of uncertainty worldwide as investors began to speculate whether it would result in full economic lockdowns similar to what we experienced with the onset of COVID-19 and what they might mean in terms of economic growth.

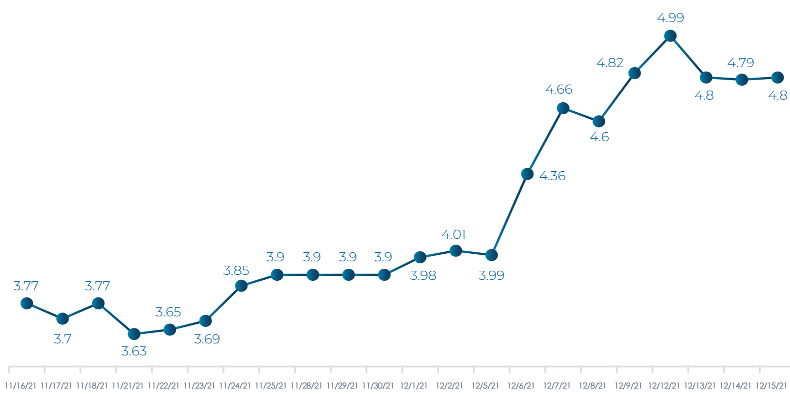
Locally, Egyptian stock market performance in 2021 was a mixed bag. On the one hand, the EGX 70 EWI, once a high-flying performer, succumbed to the pressure of unwinding margin-trading positions after small-cap stocks began to plummet. But, on the other hand, the EGX 30 mustered some courage after a long lull to eke out a single-digit year-to-date gain, driven mainly by CIB (COMI).

Narrowing down specific stock performance, a couple of names stand out. Egyptian Iron & Steel (IRON) rose 76% during the period after a plan to change its land designation from industrial to residential was revealed. However, since the company is facing liquidation, trading in the name was limited to only two days a week. Also, Heliopolis Housing & Development (HELI) rose 57% as the investors bid the stock higher on moves to unlock its intrinsic value by monetizing some of its landholdings. Meanwhile, speculators swarmed into the stock on renewed interest in this long-overlooked name. Elsewhere, GB Auto (AUTO) rose 25% during the period after the company began executing its previously announced plan to buy back 20 million treasury shares.

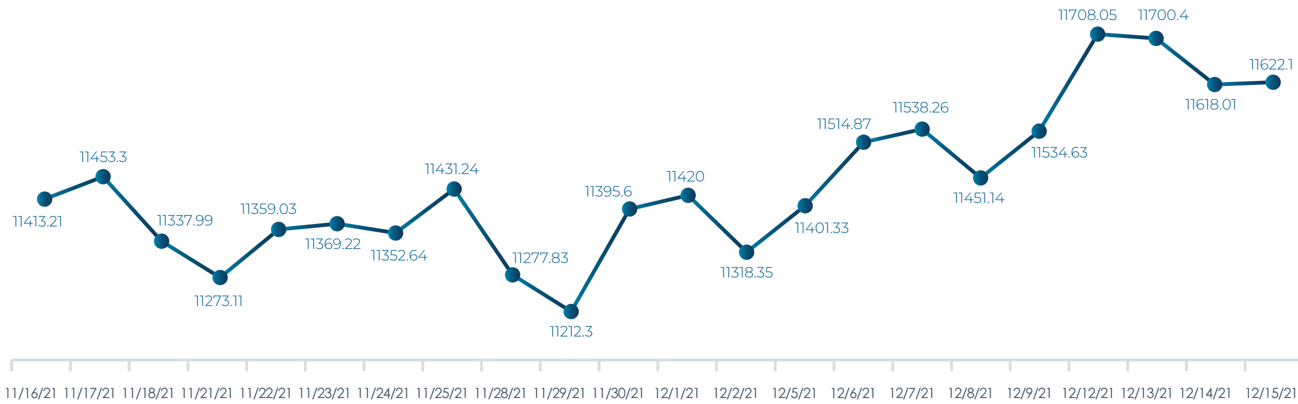
Despite it all, investors can look forward to the New Year, hopeful that a slew of initial public offerings will bring more liquidity into the market. Otherwise, the market would face the risk of remaining in the doldrums for yet another year.

GB Auto (AUTO)

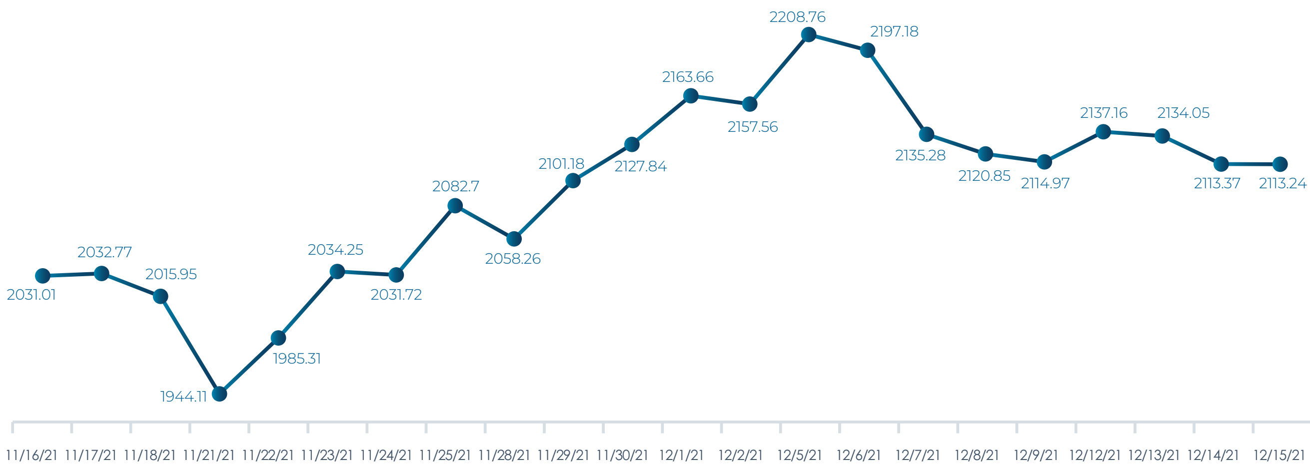
GB Auto (AUTO) reported net earnings of EGP 1.3 billion in the nine months ending Sept. 30. The stock was trading at a low single-digit price-to-earnings multiple of only four. Perhaps that is why the company decided to buy back 20 million treasury shares, representing 1.8% of its outstanding shares and 4.5% of its free float. The stock rose 24.7% during the period, with 55.7 million shares changing hands worth EGP 248 million.



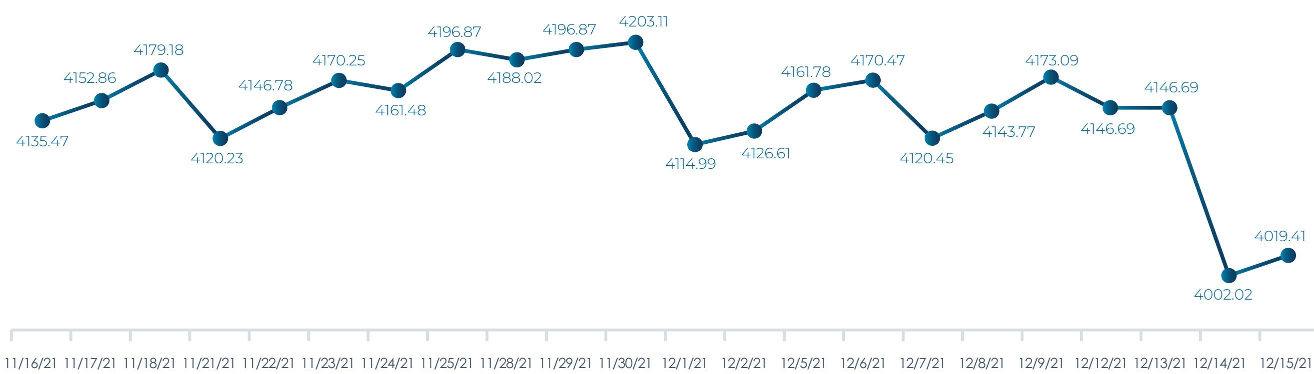
EGX 30



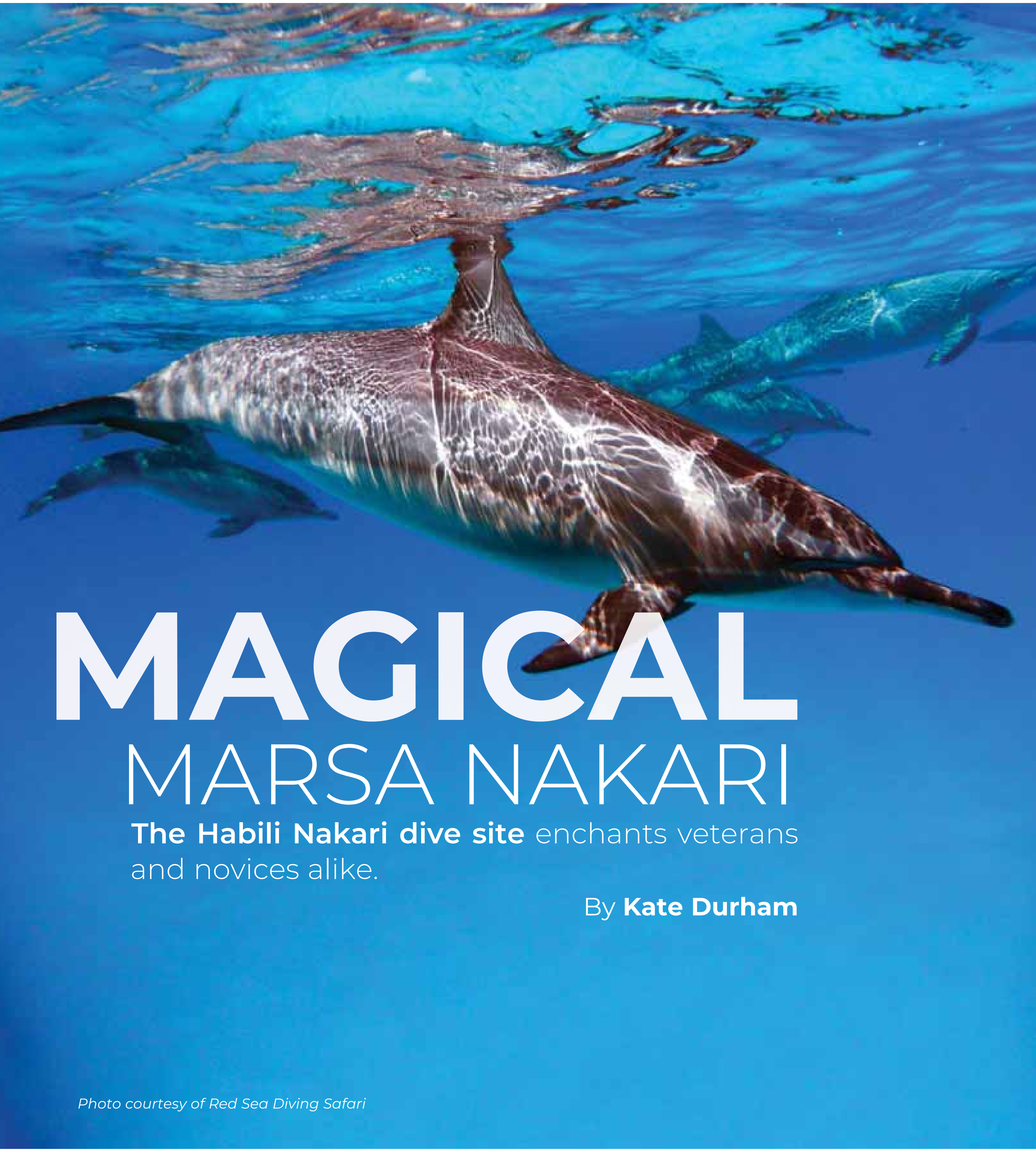
EGX 70



Tamayuz



Tamayuz index is an all-new weighted index, launched on June 23rd. It comprises companies with high free cash flows from operations. EGX stresses that this is not an endorsement of those stocks.



MAGICAL
MARSA NAKARI

The Habili Nakari dive site enchants veterans and novices alike.

By **Kate Durham**

Photo courtesy of Red Sea Diving Safari

It's always a good sign when your dive guide is excited about a site. And our guide Ahmed "Andy" Hamdy was very excited. "We have to go to Habili Nakari," he told us. "It's magical!"

Now, "magical" is a really high bar for the Red Sea. The day before, we had snorkeled with a Dugong at Marsa Abu Dabab. And just that morning, we'd been snorkeling with a pod of spinner dolphins and met a giant moray eel in an underwater canyon at Shaab Samadai (better known as Dolphin House). We had just surfaced from our second dive at Samadai when Andy made his pitch, hopping between the two rigid inflatable boats to convince our group.

Convinced we were, so after a lunch break on land at Red Sea Diving Safari's (RSDS) Marsa Nakari village, we were back in the boats.

Five minutes away from Marsa Nakari, the Habili Nakari dive site gets its name from a massive pinnacle in the northwest corner. According to Andy, the word "habili" means pregnant, which in this case refers to the biggest pinnacle, which hasn't yet reached the surface. (Once the reef reaches the surface, it is called a "shaab.") To the east across a coral garden are four smaller pinnacles close enough together to look like an underwater ridge. Our plan was to descend at the habili, cross the garden to explore the ridge, and return to end the dive at the big pinnacle.

When we first descended, I didn't even notice the massive pillar at my shoulder. I was captivated by all the different fish schooling around us, including some species I hadn't encountered before.

The first to catch my eye was a large school of sleek unicornfish, which look like someone stuck a triangle on the end of an ellipse. The school cruised slowly around the pillar, a collection of black geometric silhouettes with the occasional flash of silvery gray when a single fish caught the light on its side. The yellow-tailed Ehrenberg's snappers, not much longer than a human foot, skimmed right up against the pillar's skirts. Yellow and black bannerfish, almost always seen in pairs, promenaded past the green, blue and pink parrotfish nibbling at the hard coral with their beaks. Off in the distance, a trio of trevallies were patrolling several meters above the sea floor, the stocky silver fish no doubt contemplating their next meal darting among the coral.

Anna Florin, a newly certified diver from Cambridge, England, was also struck by the many layers of life in this aquatic ecosystem. She describes it with the eye of a future underwater photographer: "What I really enjoyed on the pillars ... was the way you've got these tiny, little fish that sit around these beautiful corals ... then you've got slightly bigger fish who move around a tiny, small patch of coral, maybe three or four of them, [in] the little garden ... And then you've got bigger fish again, you've got schools of fish that go up and down that column, and then finally you see these big fish coming out of nowhere."

The maximum depth is the seafloor at 27 meters (88.5 feet), making this site optimal for diving with nitrox tanks. The oxygen-rich gas mix reduces nitrogen build-up in the body, allowing divers to stay underwater longer as long as they don't go deeper than 30 meters.

But there really is no need to go that deep. Anna and one other diver had just earned their open-water certification the day before and were limited to 18 meters, which was an excellent level to take in the underwater landscape and diversity of fish. Over at the cluster of smaller pinnacles, the peaks range from seven to 14 meters deep.

It was a photographer's playground. The reef's slopes are covered with soft coral: small forests of leaf-like branches swaying on stout stalks, carpets of tiny pulsating snow-white flowers like jasmine. Vibrant purple finger coral sheltered shy damselfish, with glimpses of greens, yellows, blues and even zebra stripes hidden among the spiky branches. Jutting outward were mustard-yellow lattices of fire coral and spiral strands of black wire coral. And all around us were schools of Anthias, the proverbial goldfish, creating a veritable blizzard of orange and dusky rose as the finger-length creatures flitted around their territory.

Hovering like a genie, our guide Andy gestured expansively around the reef as if to say, "Look... Magical!" I am positive he was grinning behind his regulator.

Caught up in this real-life aquarium at the beginning of the dive, I had not paid much attention to the pinnacle that gives the site its name. Now, as we crossed back to our start point, it gradually came into view, growing from a faint vertical shadow in the distance to a massive column with an aura of Anthias.

The top of the pillar is just five meters below the surface, which is where we did our three-minute safety stop required to let your body start decompressing after a dive. "The best safety stop ever," Andy had promised, which I thought was an odd thing to say. After all, you're usually just hovering in place while your dive computer counts down. At Habili Nakari, however, the waves moving across the reef create a washing machine effect, moving us – and everything else not attached to the reef - in wide vertical circles. There we all were, divers and fish, riding the loop-the-loop in an underwater amusement park.

Photo courtesy of Stefan Beskow

Photo courtesy of Paul Pettitt

Back on land, we were still riding the waves of excitement, and over drinks at Marsa Nakari's café we studied my "Coral Reef Guide Red Sea" book to identify all the fish we'd just seen.

RSDS (www.redsea-divingsafari.com) is my go-to for diving in Egypt's southern Red Sea, with three villages offering full-board accommodation ranging from a tent on the beach to air-conditioned chalets. Each village has a fully stocked dive center offering scuba certification courses by the Professional Association of Diving Instructors (PADI) and the technical diving organization TDI; there is also an instructor certified by the International Association for the Development of Apnea (AIDA) to teach freediving (diving on a single breath, without scuba gear). Marsa Shagra, the main village, is 45 kilometers south of the Marsa Alam International Airport.

My buddies and I stayed at Shagra and visited Marsa Nakari, 45 kilometers south, as a day-trip excursion. (The third village, Wadi Lahmi, is 140 kilometers south of Shagra.) Nakari has almost all the same services as Shagra, but is half the size and feels more rustic. And, as I've just begun to discover, it offers some very different diving experiences.

Sarah O'Gorman, executive marketing manager for RSDS and an avid underwater photographer, explains, "In Shagra, most of the other dive sites are in the Abu Dabab area, so [they're] all against the waves and [have] quite similar hard coral landscapes. The off-shore dive sites from Nakari are much more varied, mostly unknown and unvisited by safari boats, a good mix of pinnacles, long reefs, soft and hard corals, and plenty of fish."

The differences, she adds, extend to the house reefs. Compared to Shagra, "the house reef at Nakari [has] lots of macro life, nudibranchs and shrimps. It's quite common to find seamoths, ghost pipefish and velvetfish on the sand in the shallows."

Marsa Nakari is now on the shortlist for my next dive getaway, with the promise of new sites, new species and even more magic.

SCUBA in the time of COVID-19

In 2020, a group of international diving medicine experts — including Adel Mohamed Taher, national director of Divers Alert Network (DAN)-Egypt and the founder of Egypt's first fully equipped hyperbaric medical center — updated the 30-year-old Recreational Diving Medical Screening System. The new Diver Medical Participant Questionnaire includes a section asking if you have had a diagnosis of COVID-19; if the answer is yes, you need to get a signed medical evaluation form clearing you to dive.

DAN, an international nonprofit organization focused on scuba safety, notes on its website: "Current guidance for returning to dive is based on prior experience with viral pneumonias, which often manifest similarly. That guidance is based on full recovery, a rehabilitation period to achieve previous baseline exercise tolerance and a formal evaluation by a physician with the assistance of diving medical experts if required." To get a better picture of how COVID-19 might impact a person's diving ability over time, DAN is currently running a five-year study called "Diver Return After COVID-19 Infection (DRACO): A Longitudinal Assessment," through August 2025.

You can download a copy of the new questionnaire and evaluation form from the Resources section of the Undersea & Hyperbaric Medical Society website www.uhms.org ■

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Real estate conference

Developers dive into real estate agenda

Government plans to double Egypt's livable area from 7% to 14% by 2030 and build 37 new cities by 2052 will create unprecedented opportunities for real estate developers. Additionally, new laws aim to drive out small, unreliable developers and prevent the conversion of residential units to offices. However, other problems limit developers' ability to meet the Egyptian market's true potential.

Discussing opportunities and solutions, government officials, private developers, financiers, and brokers gathered on Dec. 13 for AmCham's annual Real Estate Conference at the Four Seasons Nile Plaza Hotel.

Government plan

Over the past eight years, the government has expedited its construction efforts, with 1.5 million units built, equaling what past administrations produced in the previous 40 years. As a result, the New Urban Communities Authority budget increased from EGP 6 billion ($382 million) in 2014 to EGP 140 billion in the fiscal year 2021/2022. "Our current plans will make 12% [out of a targeted 14%] of Egypt's land livable," Khaled Abbas, deputy minister of the Housing, Utilities and Urban Development Ministry, said at the conference.

The other focal point for the government is eliminating informal settlements and relocating their residents to purpose-built cities. The ministry has invested EGP 2.7 billion to eliminate all "dangerous informal settlements" by early 2022. "Nearly 230,000 people were living in those 'high-risk' areas," said Abbas. "We built 210,000 units for them." He added the government relocated closer to employment, education, and health care opportunities. "In the Egyptian market, people follow work opportunities," he noted.

Those fast-track plans are part of the Ministry of Housing's strategic plan for 2014 to 2052. "We have challenges that are also opportunities," said Abbas. "Our population grows by 2.6 million a year. So by 2052, we will be between 150 million and 180 million."

To accommodate nearly double the current population, the government has plans to have 61 cities by 2052. Of them, 37 are currently in various construction phases. So far, the government is building two towns and plans to relocate to the New Administrative Capital in 2022.

Another significant government investment is building roads to connect cities via more than one highway. The plan is to pave 4,000 kilometers (2,485 miles) of roads by 2030. According to Abbas, the government has already paved 5,000 kilometers and has plans to add 1,000 more by the end of 2022.

The goal is to have 25% of Egypt's land for cities or green areas by 2052, said Abbas. "Currently, 24% of Egypt's lands have no natural barriers to building," noted Abbas. "Meanwhile, 22% have some geological problems, such as mountains. But with investments to flatten the land, they could also accommodate new cities."

Abbas believes the government could achieve those targets ahead of schedule, as Egypt currently ranks as the most attractive real estate market in Africa. "For the past two years, we ranked first in the 'Best Opportunities for Real Estate' category among African nations," he said. "Before that, we ranked fourth."

Additionally, Egypt reports several positive macroeconomic indicators, including a 5.4% increase in GDP, inflation at 6%, unemployment at 7.3%, and an investment growth rate of 17.6%.

Despite that, Abbas believes there are hindrances for local developers. He cited high poverty, illiteracy, and income disparity. As a result, the poverty rate is 28.5%, and GDP per capita grew at only 3.4%.

Arising opportunities

According to the latest report by Jones Lang LaSalle (JLL), the real estate sector accounted for 15% to 20% of Egypt's GDP as of December 2021. During the conference, Ayman Sami, country head of JLL in Egypt, said macroeconomic indicators, inflation, population growth, and unemployment all impact the country's real estate market in terms of demand, construction costs, and pricing of units.

One trend showing promise is B-Class office space, notably after the government ordered all companies in converted residential areas to relocate to formal office spaces. However, Sami said demand for A-Class office space is increasing. It currently stands at 1.6 million square meters, with 250,000 square meters planned for 2022 and 340,000 for 2023.

That rise in demand is concentrated in Cairo's eastern and western suburbs in New Cairo, Six of October City, and Sheikh Zayed. However, Sami noted that the trend would move more eastward in the coming few years as the New Administrative Capital gradually becomes Egypt's business hub.

In terms of office space design, there is more demand for flexible and serviced offices, said Sami, citing the rise of hybrid work schedules. He noted that seating density would decrease as more businesses consider social distancing and other health and well-being steps.

Sami said similar residential and entertainment facilities also would shift east of Cairo as more people occupy the New Administrative Capital. He also cited Mostakbal City and the eastern edge of New Cairo as two hotspots for mixed-use developments in the next few years.

In terms of design, commercial and entertainment facilities would likely be in the "mall format" seen in New Cairo rather than the "strip format" in Cairo's western suburbs. Additionally, renters probably will prefer more flexibility, such as pop-up stores, booths, and rent plans.

Sami predicted rent across all three types of properties will likely remain stable in 2022, but sale prices of residential units will go up 7% to 8% due to inflation.

Hazem Helal, commercial director for DMG, is generally optimistic Egypt's real estate market will continue to perform well. "Coronavirus is something that neither we nor the past generations have witnessed before. Two years of challenge, it was a roller coaster ride," he said. Yet, the market saw 8% growth in 2021, and developers promised a 10% increase in residential, retail, and office space in 2022.

Additionally, he believes recently-passed laws will open the door for large and reputable developers to cater to rising domestic demand for property. "The next decade will be the decade of real estate. Developers must gear up for it," he said. Those laws would impact financing, developers, and real estate brokers.

Breakout sessions

This year's conference offered three breakout sessions. The first focused on the rising opportunities in real estate investments, including A-Class residential projects, middle and low-income units, and commercial facilities.

On the panel were Ashraf Ezz, Al Futtaim's managing director; Ramy ElSayed, CEO of New City Housing & Development; Mohamed Khalid, CEO and Managing Director at Misr Italia; and Hisham Mousa, CEO of Redcon for Offices and Commercial Centers.

Khaled highlighted that the New Administrative Capital is ripe with investment opportunities, as prices are currently 25% less than New Cairo. But he expects that to change over the next two to three years.

Youssef, meanwhile, stressed that developing affordable real estate has challenges not present in high-end developments. However, it targets the largest market segment, as most buyers are middle-income families or first-time purchasers.

Ezz and Moussa stressed the arising opportunities and changing requirements for businesses renting or buying office or commercial space. They also said inflation and uncertainty due to the pandemic didn't hurt their expansion plans, but they will alter designs.

The second breakout session focused on how real estate companies are burdened by financing all aspects of a project and taking risks by funding buyers for 10 or more years.

Panelists included Mona El Helw, chief commercial officer at Talaat Moustafa Group; Nagui Fahmy, chairman of the Egyptian Federation for Mortgage Finance Companies; Ahmed Emam, Amlak Finance's CEO; and Ahmed Kamal, founder and managing director at Brok-Net Group.

The focus was the government's 2017 revenue-sharing model with private sector developers because land prices were too high. Panelists also stressed the elevated risk developers face when they attempt to pay for new projects with down payments of older ones. Additionally, developers, rather than financial institutions, have been financing home buyers by stretching installments for 10 years or more. That represents an untapped opportunity for brokerages.

The last session focused on the role of brokerages in marketing and selling property offered by developers. Panelists included Hashem El-Kadi, managing director at PRE-Developments; Karim Zein, CEO of Coldwell Banker Egypt; Mostafa El Beltagy, Nawy's founder and CEO; and Nihad Adel, president of B2B for Investment & Real Estate Marketing.

Discussions revolved around the industry's low entry barriers due to the government's lack of regulation and supervision. Accordingly, unfair practices by informal brokerages ultimately hurt the business, which is the primary way people buy property in developed countries.

Women in Business

Webinar discusses women in unconventional jobs

On Nov. 29, AmCham's Women in Business Committee and the International Finance Corp. (IFC) hosted an online workshop on "Women in Unconventional Jobs." Companies participating in the Pledge for Gender Diversity Program attended the event, where speakers included Mutaz Nabulsi, CEO of Estarta Solutions; Nourah Mehyar, CEO of Nafith; and Sara Twigg, program manager on women and work in the IFC.

The webinar discussed the importance of integrating women into traditionally male jobs to enhance workforce balance while drawing on case studies from companies with concrete initiatives to create opportunities for women in unconventional roles.

Twigg highlighted how policies, practices, and workplace cultures play a defining role in allowing women to prosper in non-traditional careers. She explained that having women-friendly policies within the company is essential for recruiting and retaining women. Examples include flexible work hours. She also urged companies to monitor and systematically evaluate the effectiveness of newly adopted policies.

"The question is not why we should hire women. It is why not?" said Mehyar, adding there is no valid reason to exclude women from any jobs. Subsequently, it is vital to include women by creating friendlier work environments. Examples of newly adopted policies by Nafith include awareness campaigns and training women employees. In addition, Nafith implemented an anti-harassment policy to ensure women feel safe at work.

Nabulsi added that Estarta Solutions changed policies to keep women safe and retain them, including a mandatory quota for women across all departments. However, Nabulsi removed it once there was no need to enforce it. Estarta Solutions decided to complement the national law by providing extra opportunities for gender inclusion, including extended maternity leave.

Human Resources

Compensating employees in 2021 and beyond

On Dec. 7, AmCham's Human Resources committee hosted a webinar addressing "Compensation Benefits: Trends in 2021 and Beyond." The guest speaker was Abdallah Serry, client director for the Egyptian market at Korn Ferry.

Korn Ferry is a consulting firm that designs optimal organization structures, roles, and responsibilities. It operates in more than 150 countries, compiling data from 25,000 companies and 25 million people.

During the pandemic, Korn Ferry launched five pulse surveys between March 2020 and September to understand the changing landscape of compensation. These surveys cover how the pandemic affected businesses and how organizations implement workplace change. Serry's presentation highlighted results from the fifth survey that covered the MENA region. The survey gathered insights into how organizations adapt reward programs to remote work.

The COVID-19 pandemic presented the opportunity to rethink the world of work by forcing many to work remotely, which changed employees' expectations. As a result, businesses must make choices about how they will operate. As business leaders expressed their concerns about managing productivity and engagement in the new context, most companies developed strategies and digitalization roadmaps.

The pandemic enabled companies to undertake a "future world of work" program designed for the post-COVID era that builds on business strategy and digitalization of work. The main points included the organizational model required, driving engagement in a compelling employee experience, and the impact on real estate.

Serry presented Egypt's Compensation and Benefits Forecast for 2022, based on a market survey covering 358 companies. It also offers data on global GDP and inflation for 2021, along with companies' salary increases, sector pay raises, and bonuses.

Marketing

Webinar tackles the future of retail

On Dec. 12, AmCham's Marketing Committee hosted a webinar titled "Consumer Behavior Trends: Redefining the Future of Retail." Speakers included Amgad Sultan, CEO and partner at Gourmet Food Solutions; Omar El Sahy, general manager at Amazon Egypt; and Saif Salem, country manager at Azadea Group.

All speakers stressed that customer experience is a significant factor. "Azadea is adopting an omnichannel retail strategy, in which sales and communication channels, both online and offline, are seamlessly integrated to deliver a convenient and consistent customer experience," said Salem. Nevertheless, cultural norms are essential to consider. For example, individuals in Egypt value social interaction and comfort. Accordingly, meeting those expectations benefited Azadea stores.

El Sahy discussed the evolution and growth of Egypt's e-commerce landscape. However, the online experience complements the physical store and sales. He emphasized that customers seek reasonable prices, timely delivery, and product variety. "We use marketing to help people make informed and educated buying decisions," said El Sahy.

Sultan sees a similar trend, as Gourmet's online sales rose at least 30%. As online sales boom, he said, timely delivery is essential. "Customers expect immediate delivery. We had a three-year plan to roll out delivery hubs. However, with the pandemic fueling online shopping and disrupting our plans, we completed it in three months."

Sultan also emphasized that "customers are not forgiving." Their priority is quick delivery and new payment options. Hence, investment in technology is critical to ensure the timely delivery of online retail and payment solutions. Yet, technology can be challenging, he said, especially in forecasting purchase and setting algorithms.

Talent Management

Session addresses social insurance questions

AmCham's HR (Talent Management) Committee hosted a panel on Nov. 25 to discuss the private sector's questions about the new social insurance law.

Attending the event were Gamal Awad, head of the National Social Insurance Authority; authority associate heads Samy Abdelhady and Mohamed Seoudi; and Nadim Elias, chairman and CEO of Sahara Printing Co. and Head of Social Security Committee.

"The system for social insurance in Egypt had two sections: one for employees in the public and private sector and one for government employees," said Awad. He explained the systems were completely separate, using two different computing systems and "different thought processes." Awad added that substantial issues were forecast, such as projecting a cash deficit in 2022/2023.

The new system introduced annual pension increases tied to inflation starting in 2019. "Year after year of this new system, the livelihoods of pensioners will start to improve."

The law further stipulates that a treasury investment fund will invest any excess remaining cash, supervised by the CEO and a board of trustees approved by the Council of Ministers.

The panel discussed minimum and maximum subscription payments and how they will translate into a pension. While the government lowered the fees from 40% to 28.75% of the total, pensions could reach 65% of the minimum amount. They explained that while an employee may get an EGP 20,000 ($1,273) monthly salary, their retirement package might only be EGP 2,000 because the insurance authority considers only the subscription fee.

The new unified social insurance system shows how the political leadership in Egypt "cares about the citizens extraordinarily," Awad said.

Special breakfast

USAID's 'three C's' and shaping the next decade

USAID Egypt Mission Director Leslie Reed; Jason Taylor, director of the Office of Democracy and Governance; Wick Powers, director of the Office of Education and Health; and Laura Gonzalez, director of the Office of Economic Growth, spoke to AmCham members on Dec. 9 about Egypt's private sector potential.

Reed highlighted the stark contrast between her first visit to Egypt as a student in the 1980s and now. She was struck by "how controlled the economy was" and how "there was no private sector to speak of." Now, however, Egypt "has a thriving private sector."

However, there remains untapped potential, she said. "Women are mostly sitting on the sidelines, access to opportunities and services is uneven, and nearly one-third of Egyptians live below the poverty line," noted Gonzales. Acknowledging those are global problems, she highlighted the role of the private sector in bridging that gap.

While the "three Cs" (COVID, climate change, and corruption) are factors in inequality, the private sector can help. Reed said the 'three Cs' will also "shape [USAID's] work over the coming years."

While USAID's Egypt budget has decreased over the years, this means "USAID dollars [target] opportunities where we can either effect systemic change or leverage the funds and expertise of others." That includes government systems, laws, policies, the private sector, and universities.

To work toward a "more inclusive and globally competitive economy," USAID outlined three key areas it will work on: effective institutions, social equity, and economic empowerment.

USAID highlighted its interest in working with Egypt's business community in this "decisive decade for our planet and our future."

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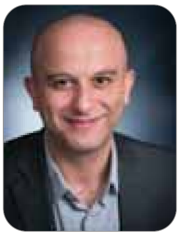

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Gehad Alashkar
Marketing Communications Officer, Breadfast LLC

Mahmoud AboGalhom
Owner, MG Food

Nermeen Fathy
Regulatory Affairs Director NAMETRUB (North Africa, Middle East, Turkey, and Russia), Unilever Mashreq

Industrial Machinery & Equipment

Mohamed El Araby
SR. Head of Cooking Appliances Product Group, El Araby Company for Trading & Manufacturing

Information Technology

May Yassin
General Secretary at Vodafone Egypt Foundation, Sustainable Business Senior Manager
Vodafone Egypt Telecommunications, SAE

Maha Afifi
Government Affairs and Public Policy Manager
Google Egypt, Google Egypt LLC

Insurance

Omar Shelbaya
Retail CEO, AXA Egypt

Ahmed Francis Abdel Gawad
Head of Specialty, Willis Towers Watson

Nisreen Sadek
Sr. Consultant & PM Operations Risk, Willis Towers Watson

Samah Nael
Head of Corporate Sales, Willis Towers Watson

Investment

Moustafa El Shenety
Managing Partner, Zilla Capital

Khaled Gamal
Managing Partner, Zilla Capital

Legal Services

Mohamed Barakat
Partner, Helmy, Hamza and Partners (Baker McKenzie)

Samih Amr Talaat
Associate, MHR & Partners in Association with White & Case

Youssef Fathy
Associate, MHR & Partners in Association with White & Case

Petroleum
Samer Elgamal
Member of the Board of Directors, Pyramid Oilfield Supply Co. (POSCO)

Power
Manal Hassan
Group Sustainability and CSR, Elsewedy Electric

Pharmaceuticals/Medical/ Health
Ahmed Elkady
Sales & Marketing Director, Middle East for Vaccines (MEVAC)

Amr Nasr
Public Affairs & Market Access Head, Sandoz Egypt

Textiles
Abdouallah Mostafa
Accounting Manager, Abdou Mostafa or Handmade Rugs

Somaya Mostafa
Executive Manager, Abdou Mostafa for Handmade Rugs

New Replacements in Member Companies

New Replacements in Member Companies

Basant Osman
HR Director, General Motors Egypt, SAE
Category: Affiliate
Sector: Automotive

Stefano Ziliani
Chief Executive Officer, Prometeon Tyre Egypt Co. SAE
Category: General
Sector: Automotive

Hossam El Naggar
Chief Executive Officer, Tanmeyah Micro Enterprise Services
Category: Associate Resident
Sector: Financial Sector

Mohamed Shaker
Head of Corporate Banking, Banque Du Caire
Category: Affiliate
Sector: Financial Sector

Tamer Elhamy
Managing Director / COO, Microsoft Egypt, LLC
Category: Affiliate
Sector: Information Technology

Ümit Can Günel
General Manager, Beko Egypt Trading LLC
Category: Multinational
Sector: Industrial Machinery & Equipment

Mahmoud Kotb
Sales Manager, Egyptian Transport & Commercial Services Co., SAE (Egytrans)
Category: Affiliate
Sector: Transportation

Change in Member Company

Tamer Gadalla
Chairman of Eastern Company, Eastern Company, SAE
Category: Affiliate
Sector: Food & Beverages

A Glance At The Press

Customs officer:
"Your PCR test is a fake, mister…"

Al Masry Al Youm, Dec. 27

Media Lite collates a selection of some the most entertaining offbeat and lighthearted news items published in the local press. All opinions and allegations belong solely to the original source publications and no attempt has been made to ascertain their veracity.

Arabic calligraphy registered on UNESCO list

A UNESCO committee recognized Arabic calligraphy as an Intangible Cultural Heritage of Humanity at a virtual December session.

The listing resulted from an initiative under the auspices of the Arab League Educational, Cultural and Scientific Organisation (ALESCO), organized and led by Saudi Arabia and 15 other Arab countries that worked to document and promote the grace, history, and skill of Arabic calligraphy.

"Representing Egypt, I met in Riyadh with three UNESCO experts from Lebanon, Jordan, and Tunisia to complete the final draft," said Nahla Imam, Egypt's representative.

The committee included Mohamed Baghdad, coordinator of the annual Arabic calligraphy forum in Egypt; and Khedr Al Portsaidy, founder of the Arabic Calligraphy Museum, who accredits and certifies calligraphers in Egypt.

Arabic calligraphy has long been part and parcel of Arabic culture. It adorns the ceilings of mosques and palaces, and historical manuscripts.

"On our journey to document Arabic calligraphy schools in Egypt, we have come across many schools that teach the art of Arabic calligraphy to passionate and dedicated lovers of this art. Each one would sharpen their tool differently, and each would pour from their soul into every stroke," added Imam.

Imam has a long history of successfully registering Egyptian and Arab heritage on UNESCO's cultural heritage list. Last year, UNESCO recognized the manual textile industry of Upper Egypt.

Al Ahram, Dec. 15

Snow in Alexandria prompts climate change talks

The Senate devoted an entire discussion at the end of December to climate change at the request of Senator Walid El Tamami, supported by 25 colleagues.

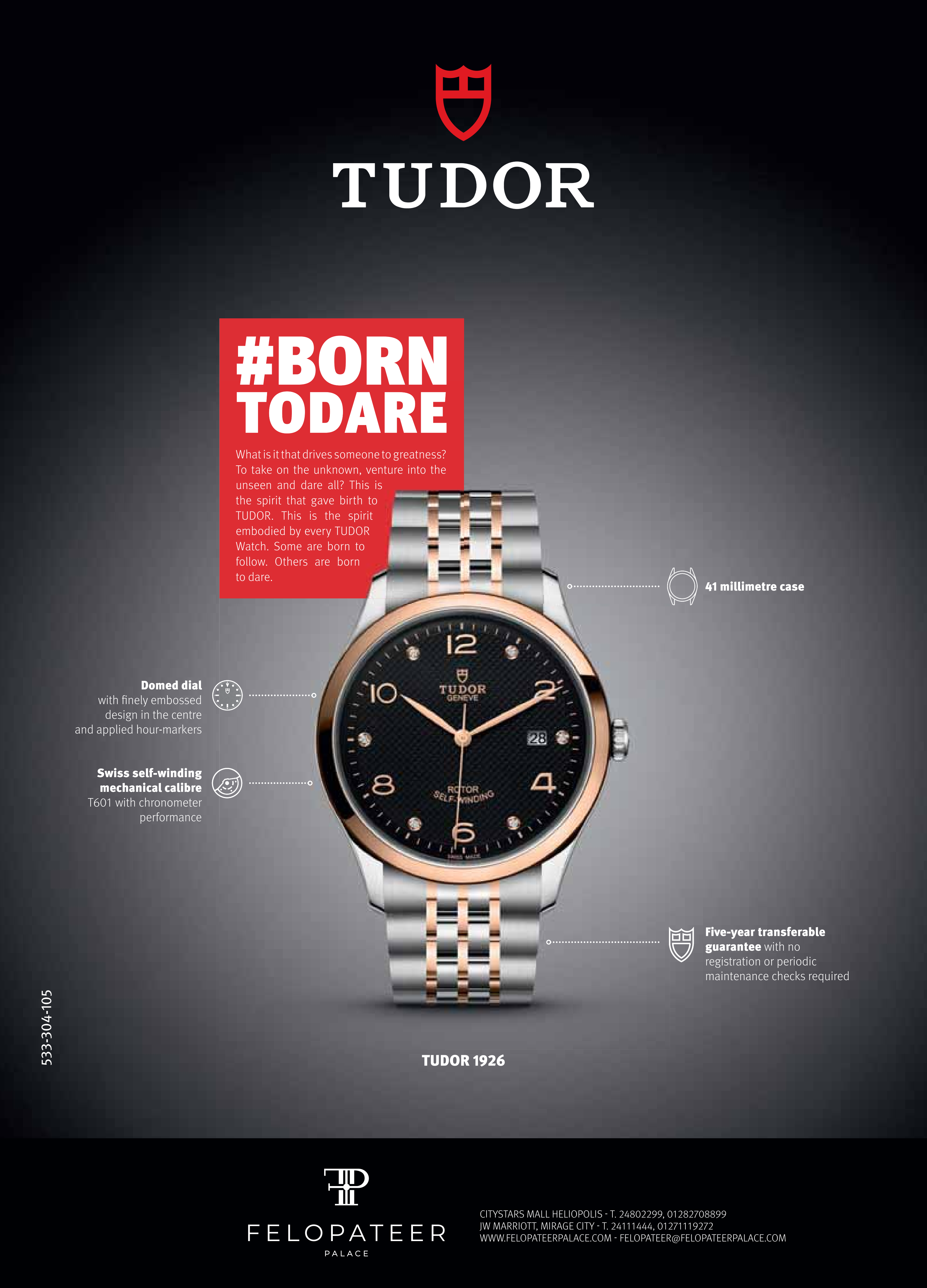
"A statement by British Prime Minister Boris Johnson … has caused a state of anxiety among all Egyptians, particularly the people of Alexandria and other Mediterranean cities, like Marsa Matruh, Damietta, Rosetta, Port Said, and Al Arish," said Tamami.

In a speech before the COP26 summit, Johnson said, "when the temperature rises only 4 degrees, we will say goodbye to entire cities, which are Miami, Alexandria, and Shanghai. They will all sink underwater."

Environment Minister Yasmin Fouad explained two scenarios for the disappearance of Alexandria. "The first is that some parts of the city will sink, and the second is that Alexandria will not sink. The science says Alexandria will not sink, not to mention the Egyptian government has formulated a clear-cut plan for addressing climate change and protecting Alexandria."

Fouad also said more than EGP 7 billion ($445 million) had been allocated over the past five or six years to protect beaches, particularly in Alexandria.

Al Ahram, Dec. 20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