Business monthly

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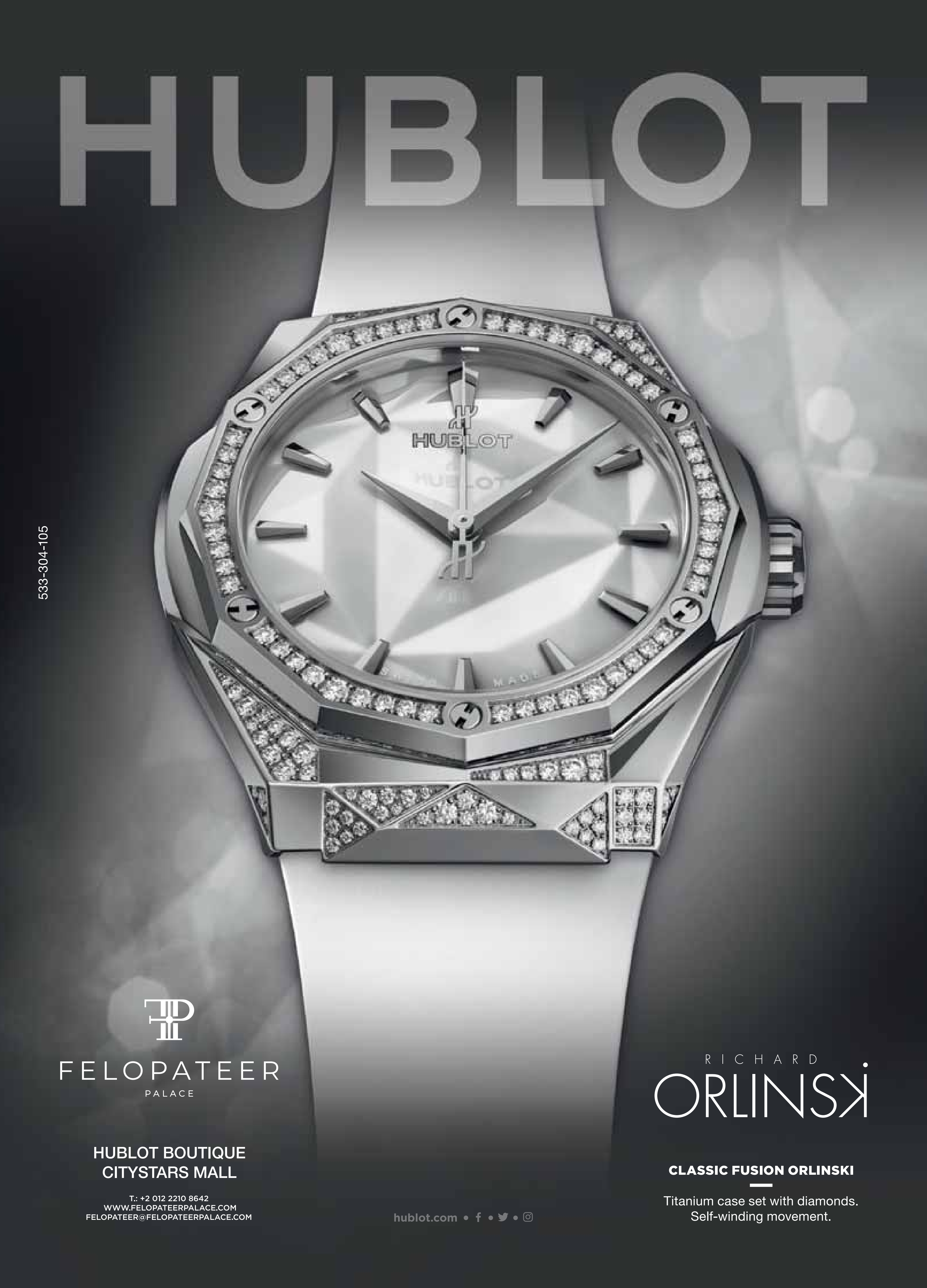
July 2022

NOT FOR SALE

GROWING STRONG

HOW EGYPT IS WORKING WITH AFRICA
FOR A HEALTHIER FUTURE.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Mastering the science of **Happiness**

By Delivering Happiness Egypt

Part of ensuring that employees remain motivated is to ensure they are happy at work, creating a productive and frictionless work environment. Over 85% of employees worldwide disengage from their job, which automatically reflects how the company performs and its end-of-year results.

Delivering Happiness, the world's first culture coach|sulting® company specializing in creating positive corporate culture, realizes the importance of having a content workforce for a company's health. Hence, they are capitalizing on their 15-year-plus expertise, they've launched their Delivering Happiness Egypt office (DHE) in 2019 and lately they've organized a legendary masterclass in Egypt for the first time in the country and the region.

DH helped organizations worldwide to use the science of happiness to co-create adaptable organizations that grow healthy cultures, profits, and purpose to adapt & thrive. The company helped over 350 firms deliver satisfaction to their employees, including HP, Starbucks, Google, and Facebook.

DH's first client in Egypt was Mountain View in 2016, helping them implement the "Science of Happiness" in their HQ building. Therefore, in 2019, Delivering Happiness Egypt has been launched to implement the science of happiness into big companies and offer tailored programs such as Etisalat and AstraZeneca.

Research has proved that when employees are happy, on average, productivity increased by 21%, while burnout decreased by 400%, which reduced absenteeism by 37%. As a result, growth in the bottom line and sales reached 37%, while innovative thinking jumped 300%.

DHE's approach is data-driven and relies on science-backed knowledge of positive psychology to showcase the value of a happier workplace can have within the organization.

Steps to success

The masterclass has proven to be extremely beneficial to all its attendees through a series of different outputs they were able to achieve. As a start, attendees have identified the "5 Delivering Happiness Elements." They are values, connectedness, control, progress, and purpose. DHE then displayed how to build a positive culture of happiness based on the company's core values by conducting personal and team exercises.

They then moved on how to develop essential shared behaviors by aligning both personal values with the company values. The masterclass experts also gave examples on how to measure the business culture to increase overall business profits.

Furthermore, they explored applying the happiness habits at workplace such as Gratitude, Optimism & mindfulness.

The last step of the masterclass was creating a purpose driven Culture and how to create a full comprehensive 'culture action plan' with simple steps to have quick wins and long term impact across the business.

To sum up, Delivering Happiness Egypt proving to offer customizable and relatable messages to the audience regardless of where they are on their culture journey or the number of employees within their organization, it is crucial that each decision maker in their business world to experience their tips and tricks to lead their corporates to success.

After all, Happier Employees = Happier Customers = A more profitable business [and, more meaningful lives]

For global healthcare leader **Viatris**, Africa Health **ExCon** has triggered positive momentum for the healthcare sector in **Egypt and Africa**

The first Africa Health ExCon, inaugurated by His Excellency President Abdel Fattah El-Sisi was held at the Egypt International Exhibition Centre from 5-7 June 2022. The inaugural edition of the event was designed to position Africa as the continental hub for health innovation and trade, and Egypt as the gateway to the continent, strategically aligned with the objectives of Egypt's 2030 Vision healthcare transformation.

Commenting on the conference, Viatris' Dorsaf Essoussi Regional Head - North Africa, Egypt, Russia and CIS said, "Viatris is proud to be the Platinum Partner at Africa's first Health ExCon. This conference made a significant contribution to the growth of Egypt's medical and health-tech sectors and will help shape the future course of national health strategies across Africa. It will trigger positive momentum for the healthcare sector in Africa, enhancing patient access and health equity across the continent.

Attracting 20,000 attendees from the public and private sectors from more than 60 countries, as well as 2,500 exhibitors, Africa Health ExCon drew on the support of more than 30 Egyptian Government Ministries and agencies.

Commenting on the success of Africa Health ExCon and Viatris' commitment in supporting the event, Mohamed Sweilam, Egypt Country Manager for Viatris, said: "With a young and growing population of more than 100 million, Egypt is an important market for Viatris. Our company mission is closely aligned with the healthcare vision for the country – mainly on the power of public private partnerships that empowers people to live healthier at every stage of life. We are keen to be an active partner contributing to the success of Africa Health ExCon and look forward to maximizing the learnings and exchange of knowledge and expertise that took place during this forum."

In addition to being the Platinum Partner, Viatris also hosted a symposium and a roundtable discussion to identify ways to reduce the burden of non-communicable diseases (NCDs) on the healthcare system. NCDs include heart disease, strokes, cancer, diabetes, autoimmune diseases, and others and are the leading cause of mortality in Egypt, accounting for 86% of all deaths in the country. According to the World Economic Forum, the aggregate estimated damage caused by NCDs on the global economy from 2011 through 2030 is estimated to be USD 47 trillion.

Katie Dain, Chief Executive Officer of Global NCD Alliance, a keynote speaker at the Viatris symposium tackling NCDs focused on the importance of partnerships and collaborations. “Working with partners from across the globe, is the source of our strength and a driving force behind our capability to make a positive impact on patient’s lives across the world.”.

Viatris has commercial and manufacturing footprint in Egypt. Its manufacturing site is one of the first multinational sites to operate in Egypt. Committed to providing access to medicine, advancing sustainable operations, and developing innovative solutions to improve patient outcomes, Viatris Egypt’s portfolio includes medicines across a broad range of therapeutic areas, spanning both NCDs and Infectious Diseases, with a focus on cardiovascular disease and mental health. Other therapeutic areas in Viatris Egypt include pain, musculo-skeletal system, gastrointestinal tract, central nervous system, urology, ophthalmology and dermatology, among others.

About Viatris

Viatris Inc. (NASDAQ: VTRS) is a new kind of healthcare company, empowering people worldwide to live healthier at every stage of life. We provide access to medicines, advance sustainable operations, develop innovative solutions and leverage our collective expertise to connect more people to more products and services through our one-of-a-kind Global Healthcare Gateway®. Formed in November 2020, Viatris brings together scientific, manufacturing and distribution expertise with proven regulatory, medical and commercial capabilities to deliver high-quality medicines to patients in more than 165 countries and territories. Viatris’ portfolio comprises more than 1,400 approved molecules across a wide range of therapeutic areas, spanning both non-communicable and infectious diseases, including globally recognized brands, complex generic and branded medicines, a portfolio of biosimilars and a variety of over-the-counter consumer products. With a global workforce of approximately 37,000, Viatris is headquartered in the U.S., Learn more at viatris.com and investor.viatris.com, and connect with us on Twitter at @ViatrisInc, LinkedIn and YouTube.

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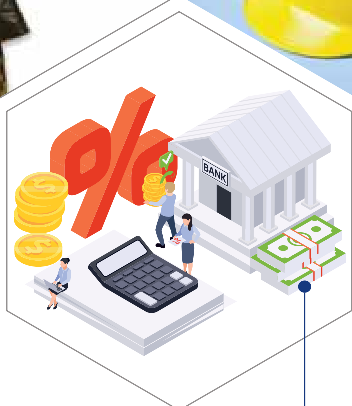

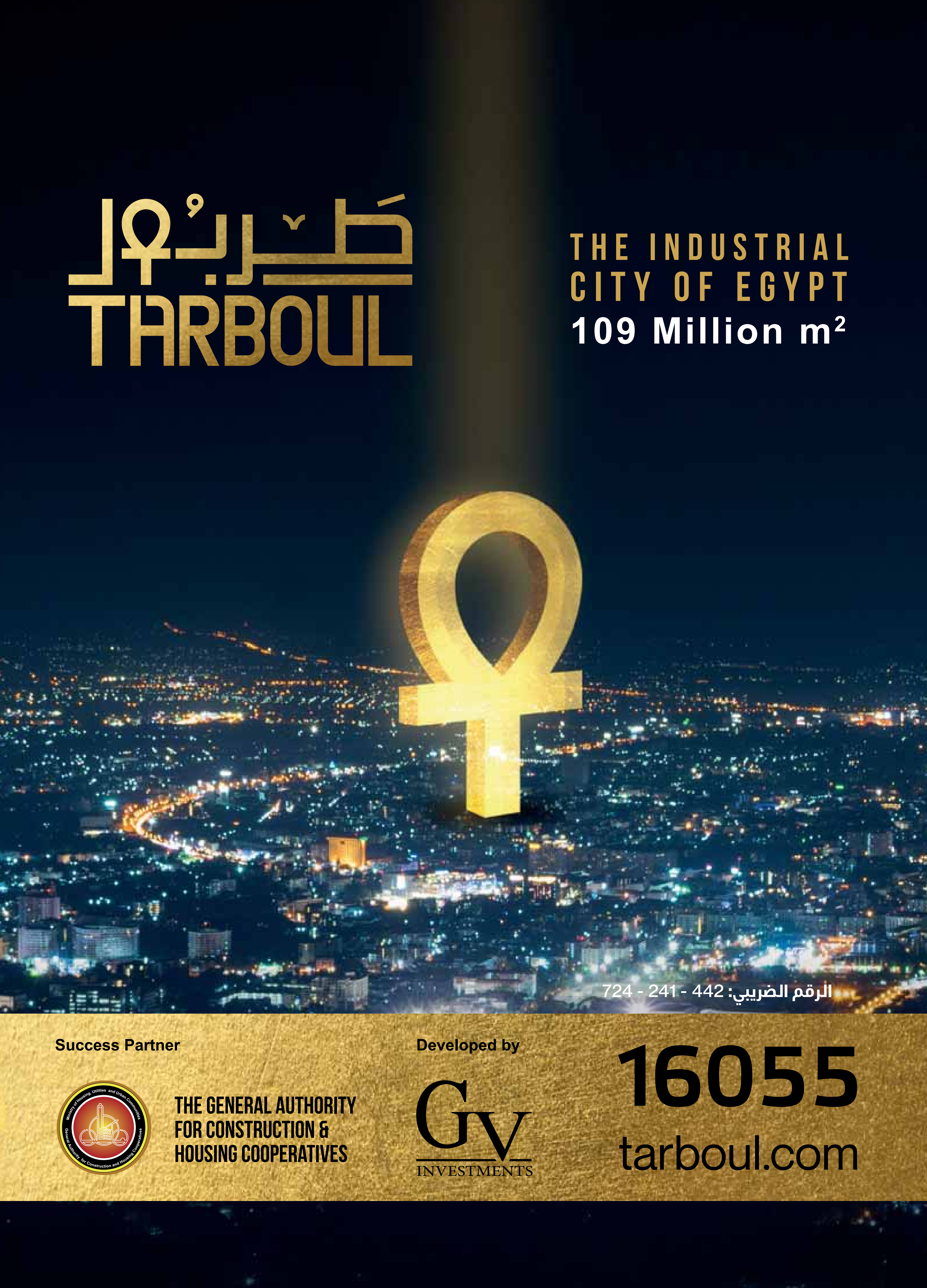
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A DIFFERENT GAME

By the end of March, Prime Minister Mostafa Madbouly made it clear to Parliament that Egypt’s economy was staring down an economic black hole. “Let me be frank,” he said when submitting the revised 2022-2023 state budget. “The economic impacts of the Russia-Ukraine crisis will be much worse than the coronavirus pandemic.”

Since then, interest rates increased for the first time since the floating of the pound at the end of 2016 to curb inflation. Back then, inflation had peaked at an annual rate of about 32.5%, while overnight interbank interest rates were just under 19%. That was enough to drop inflation to 7.3% and interest rates to 8.25% by January.

By June, Egypt was facing trends similar to 2016. Inflation reached 13.5% in May, with interest rates 11.25% at press time. Both will likely rise throughout this year, possibly extending into 2023. The government also imposed import restrictions on finished goods to cool demand for foreign currency by making foreign-made goods too expensive.

Like in 2016, the state hopes those solutions will cut consumption enough to lower prices and, eventually, interest rates, spurring GDP growth.

Unfortunately, 2022’s inflation boom is because of a shortage of primary and luxury goods. So all higher interest rates will do is slow GDP growth, as people consume less and save more.

There is hope Egypt doesn’t fall into this economic trap by growing specific sectors. The cover story focuses on how the country could expedite growth in its pharmaceutical industry to become Africa’s hub. There is a similar opportunity in the auto industry after July’s announcement of parts of the Automotive Strategy. Meanwhile, a boom in eco-friendly investments should be near, as companies like Elsewedy Electric (see our In Person) gear up for the U.N, Conference of the Parties in November.

However, stimulating economic activity in the short term requires policies that help GDP grow and attract FDI in these challenging times. That means interest rates must stop climbing to make capital affordable for corporations. It would make people and, more importantly, companies less likely to save their extra cash to benefit from high interest rates.

In the short term, the government should entice local companies and foreign investors to invest by relaxing restrictions on foreign currency supplies to import what they need to expand their domestic investments.

However, the Central Bank and government have clamped down on dollar supplies to protect foreign reserves for essential commodities such as wheat, vegetable oil and others.

That is quite a predicament that might require the government, maybe for the first time in modern times, to take a different, perhaps risky, approach to spur the economy: prioritizing GDP growth over inflation targets.

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MAKING HARD CHOICES

Summer is here, and Egypt's financial crisis remains firmly entrenched. The S&P Global Egypt PMI is at its lowest in a decade. The national banks' foreign currency position is deep in the red, per CBE reports, with foreign reserves falling for the fourth month straight. Businesses are still not able to avail foreign currency for their imported needs, be they raw materials, spare parts, capital goods or commercial goods. No wonder our trade deficit is narrowing.

On the bright side, remittances are at a record high, as are Suez Canal proceeds and exports. Tourism is on a gradual rebound. And it looks like commodity prices are finally easing: The price of oil is below $100, wheat and grain prices are down from their record highs, and so are shipping costs.

Is this sustainable? It could be, with a global recession looming.

Meanwhile, the public dialogue on the divestiture of state-owned enterprises (SOEs) is well underway, inaugurated by the Prime Minister and including pillars of both the business community and economic academia. Aired live on TV, the discussions were candid and transparent, with no mincing of words or ideas. It was truly revealing when the PM clearly said that SOEs include all state enterprises – even the military economic establishments. With those words, a taboo was broken, and this allows for more constructive, realistic discussions. The dialogue should end by August, after which the final draft will be adopted nationally.

According to the PM, the government's asset valuation is 50% of GDP; Europe's is 30% of GDP and most other countries are in the area of 5-15% of GDP. This gives room for the government for divestiture. In fact, the government is currently over invested in the economy. The goal is to increase private sector investment from 25% to 65% of Egypt's total investment and reduce government debt – notably when private sector debt to GDP is low by all international measures.

Passing part of the debt to the private sector and empowering private investment in infrastructure and development should be part of the plan. The Gulf has the appetite to invest aggressively in Egypt, but this time there are no blank checks. The challenge is to find a balance between what they want and what we can offer.

A coherent fiscal and monetary policy is again a major pillar of success for any economic bailout plan. Correcting recent mistakes that led to the crash is a fundamental step to insure a sustainable economy. Over expenditure on long-term projects financed by short-term debt using hot money can only be described as irresponsible gambling with the fate of a country. Artificially propping up foreign reserves with hot money, and fixing the exchange rate against the USD for three years were also part of the recipe that led to disaster. It happened twice in two years, and we still haven't learned. The Ukraine War crystalized the problem, and the system cracked where the writing was on the wall.

An aggressive reform program must also be accelerated to improve the business environment, if we ever aspire to attract FDI. And if the stock exchange is to be a tool for SOE divestiture, then revisiting the regulations and procedures of its governance is a priority. The EGX has become the worst-performing stock exchange due to over regulation and a lack of transparency in its procedures.

The coming months will reveal which direction we are heading. Is the government going to walk the talk or will it invent other choices? Do we even have choices left? A comprehensive reform plan is the only rational solution.

TAREK TAWFIK
President, AmCham Egypt

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THE NEWSROOM

CENTRAL BANK LEAVES INTEREST RATES UNCHANGED

Egypt's Central Bank (CBE) maintained interest rates in its June 23 meeting, leaving in place the overnight interbank deposit rate of 11.25% while lending at 12.25%. Meanwhile, state-owned commercial banks continue to offer 14% annual interest on three-year time deposits.

For some, the decision seems odd, as rising interest rates in the United States suck dollars from international markets that don't follow suit. Yet, local economists polled by Enterprise and other Arabic media outlets predicted the CBE would retain current rates. They cited lower-than-expected inflation, which had reached a three-year high (13.5%) last May. They also said the CBE would likely take a wait-and-see stance.

Reuters and Bloomberg reported the U.S. Federal Reserve would hike rates in July by another 0.75% to combat another expected jump in inflation. Beltone, CI Capital, and Arqaam expect inflation to peak in August at 15% to 18%. It will likely end the year above the CBE's 9% upper limit. Meanwhile, the CBE hinted it could "temporarily tolerate" higher inflation rates until 2023.

FOURTH METRO LINE SECURES INVESTMENTS

The government signed a $659 million deal with Thales, a tech company; Orascom Construction; and Colas Rail, a specialized construction company, to build the first phase of Cairo's fourth Metro line.

The first phase is 19 kilometers (11.8 miles) long and is expected to take six years to complete. It will connect Cairo, Giza, and Sixth October City. It should have 16 stops, including one at the Grand Egyptian Museum and Giza Pyramids. The second phase to New Cairo will be 23.5 kilometers.

The Japanese International Corporation Agency will finance the project via a yen-denominated loan.

Other local companies participating in the project are Hassan Allam Construction, Arab Contractors, Petrojet, and Concord, which will build 12 of phase one's stations.

In other news, Alstom, a rail mobility solutions company, said during a meeting between the CEO and International Cooperation Minister Rania Al Mashat that they plan to bid for Cairo Metro Line 6. Their work will focus on rail systems, tracks, manufacturing, and supplying mobile units for the new line.

EGYPT'S FINTECHS FLOURISH

According to the CBE, 2021 was a bumper year for local fintechs. During the first half of the year, the total value of investments reached an all-time high of $167 million across 31 deals.

The government's Fintech Investment-Focused Landscape Review said the most important deals were five series A and B fundings, accounting for 90% of the investment total. The biggest was Paymob's $50 million series B rounding. Khazana came second with $38 million in series A funding, followed by Lucky with $28 million in series A.

The report cited regulatory reforms and rising interest from international investors in reaching the fintech financing milestone. It praised the CBE's Regulatory Sandbox; Nclude, a fintech fund; and Grid, a fintech innovation hub that opened earlier this year.

EGYPT, LEBANON, SYRIA SIGN LNG DEAL

The three countries signed an agreement where Egypt would supply Lebanon with liquified natural gas (LNG) under an emergency U.S.-backed plan to ease the country's electricity shortage.

The agreement would see Egypt ship 650 million cubic meters of LNG annually. The pipeline route would cross Syria and Jordan before entering northern Lebanon. Experts say the extra supply could bring an additional four hours of electricity a day to the country.

The news didn't disclose how the Lebanese government would pay for the LNG, as it has been suffering a foreign currency shortage since the start of the pandemic. Magdy Galal, EGAS chairman, told the media his company would "offer an appropriate and preferential price."

WORTH FOLLOWING

ELECTRIC VEHICLE DISCUSSIONS UNDERWAY

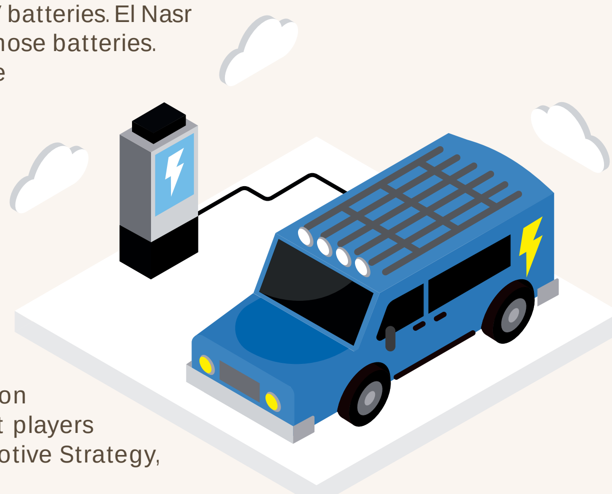
According to a press statement, state-owned El Nasr Automotive is negotiating with the German BAIC Group to access intellectual property rights for EV batteries. El Nasr is also looking for a Chinese partner to help produce those batteries.

In other news, Minister of Trade and Industry Nevine Gamea announced the government is talking with an unnamed German manufacturer to build EVs locally. She noted that output would meet local demand and allow exports to neighboring countries.

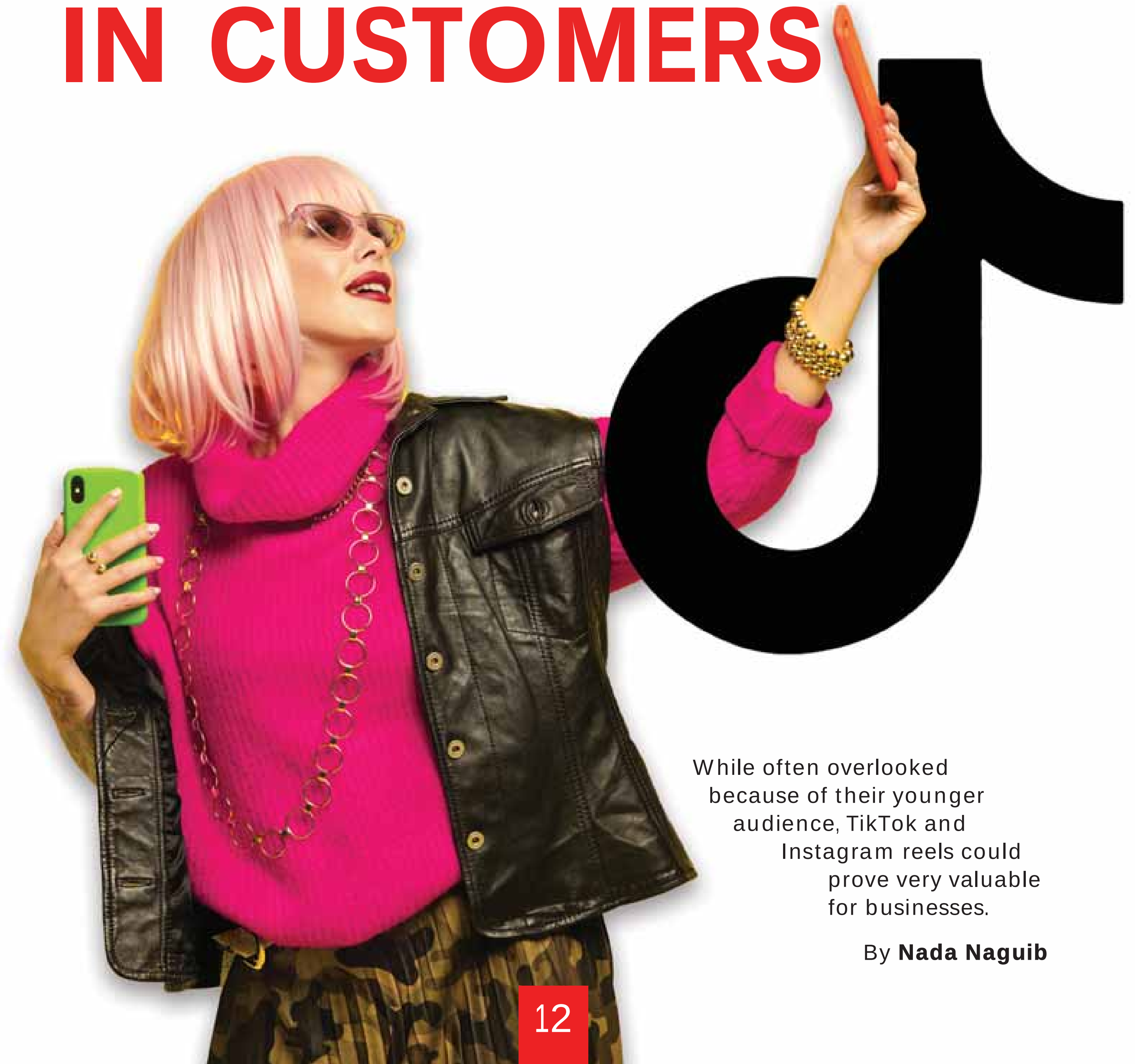
Discussions also included how to increase the number of locally supplied parts in the final product.

Gamea added she also is talking with another German company that produces steel panels for automobiles to partner with a local company to establish a factory in Egypt.

Those agreements align with the government's vision to localize the automotive industry. However, market players still await the full version of the much-touted Automotive Strategy, which Parliament has not yet received for approval.



REEL-ING IN CUSTOMERS



While often overlooked because of their younger audience, TikTok and Instagram reels could prove very valuable for businesses.

By **Nada Naguib**

Waking up early in the morning to take advantage of the natural light, Fatima Ahmed films herself packing and wrapping notebooks and bookmarks. Using a makeshift extender attached to an old tripod, she sets her phone up to capture good overhead footage of how she packs. In post-production, she overlays footage and uses popular sound clips to make them more appealing.

Ahmed, the owner of WIP Designs, an online stationery store, uses these short videos to market her business. She uploads them to TikTok, a short-form video hosting service, and then to Instagram as “reels,” clips of a minute or less.

After getting frustrated with posting on Instagram, Ahmed decided to try TikTok despite some initial hesitation. TikTok “helped me reach a lot of people who are interested in what I’m doing,” she says, and it’s helped generate quite a few orders. “The videos really do help the business.”

Many small businesses in Egypt and abroad have started using TikTok and Instagram reels to drive sales. The short-form clips model on both platforms has been so successful that Adam Mosseri, head of Instagram, announced in June 2021 that the platform would move away from photos and focus more on videos.

However, some businesses are reluctant to make this move or don’t know how to navigate the switch.

Reluctance

Though a relatively new approach in Egypt, TikTok has been a talking point in the marketing strategies of some companies since 2020. Forbes Magazine, for example, has been publishing guides on Tiktok marketing for more than two years. However, some still considered the platform a “fad or only for kids,” said Mihovill Grguric of mobile marketing agency Udonis. However, he also pointed out that Instagram and Facebook were once considered fads. At some point, the internet itself was seen as a fad, he said, adding that all such fads have since “become an integral part of our lives.”

The reluctance appears to be specific to short-form videos. Video marketing has been on the rise for some time, as explainer video company Wyzowl’s State of Video Marketing 2020 report showed. The number of businesses using videos in their marketing increased from 61% in 2016 to 85% in 2020. This investment in video marketing is hardly shocking: In 2020, consumers watched an average of 16 hours of online video per week, up 52% from 2018.

Marcia Layton Turner of Forbes speculates that disregard for TikTok may be because its users “skew younger than other platforms, with the largest demographic being Gen Zers,” born between 1997 and 2012.

“All top social networks we use today started by first attracting a younger audience,” said Grguric. “When it first emerged, Instagram was also used primarily by teens and young adults. Now, all age groups use it, as well as 25 million businesses. The same can happen with TikTok.”

Indeed, TikTok is on the fast track to that possibility. In December, website traffic metrics site Cloudflare Radar found TikTok had surpassed Google and Facebook as the world’s most popular web domain. TikTok was also the most downloaded smartphone app in the first quarter of 2022 (176 million times), becoming the fifth app to exceed 3.5 billion downloads, according to analytics firm Sensor Tower.

Appealing algorithm

While some may attribute TikTok’s popularity to a “needed dose of silliness during the pandemic,” as The New York Times’ Shira Ovide described it, this discounts just how well the algorithm works to show people content they want to see. The app takes users “down an infinite scroll of short videos,” wrote BBC’s Bryan Lufkin, and content is “pushed out to a lot of different kinds of people.” That is what Ahmed also noted in her experience with the platform.

Forbes writer Michelle Greenwald described the investment in design and algorithm that parent company ByteDance made to “be highly nuanced and accurate for each TikTok user.” The platform’s “For You” page curates content specific to every user’s interests in what tech expert Eugene Wei called “passive personalization: learning through user consumption.”

While most similar apps depend on searches, Greenwald said, TikTok measures several parameters of viewer experience. These include swipe-ups (essentially skipping to the next video), swiping away out of the loop entirely, whether and how often users rewatched the video, or if users even finished watching the video. "Because the videos are so short, the volume of training data a user provides per unit of time is high. Because the videos are entertaining, this training process feels effortless, even enjoyable, for the user," wrote Wei.

Then there are the parameters the app measures outside of actual viewing time: for example, whether users share it and if they tapped to see the poster's profile, and if they followed him or her. That is in addition to the basic information other apps collect, including who follows the user, what videos they've watched, where and when they watched them, on what device, and viewer demographics and psychographics. That is how TikTok makes sure users see exactly what they want. Ovide said she "might see Black Lives Matter videos, while [someone else] might see only celebrities dancing."

However, there's also more to TikTok than just a clever algorithm. Ovide described how TikTok gives her "a sense of someone's essence and, taken together, of our collective essence." With a 60-second limit on videos, it "means users don't need to create much filler. It's a distilled expression of how people are feeling."

TikTok business

It may be that essence and distilled expression that are making it or breaking it for businesses on TikTok. The platform is about "capturing unfiltered, unstaged real-life and production value is less important," said Greenwald. Many popular videos on TikTok are filmed in bathrooms or kitchens, with users in pajamas or half asleep. There's even a rise in 'TikTok houses,' she added, where several creators can come and collaborate to create authentic content.

That might be why it was easier for small or medium businesses to start using TikTok. "It's an adjustment for brands, who are accustomed to filming on designed sets," said Greenwald. The short-form videos, in a way, break down the barrier between the business and the customer. "People like videos more. It helps them see the product live. It's not an edited picture. They get to see it move [and see] its angles," Ahmed of WIP Designs said.

Smaller brands that already have to get by with fewer resources can find adapting to TikTok easier. Ahmed had to make do with her phone and an old tripod when she started. It was only much later in the process that she looked into other equipment. Even then, there was a learning curve. She learned that "posting speeded up packaging videos isn't always the best. It doesn't reach a lot of people." Instead, using a few different shots in one video with popular music gets more traction.

Some big companies that personalized their content to the platform have found some success.

American retail giant Walmart capitalized on the popularity of Tiktok challenges by creating "the #SavingsShuffle, an on-brand dance challenge," said Rafael Sales, a data strategist at Sparkloft Media. The hashtag for the challenge accumulated more than 450 million views. Starbucks also found some success on the platform by posting interviews with baristas and announcing new flavors. Cookie brand Oreo creates videos humanizing the cookies, the kind of "silly videos" users enjoy.

In Egypt, very few big companies have experimented with TikTok. Some companies have experimented with Instagram Reels, posting spliced and edited versions of TV ads or behind-the-scenes footage. However, most attempts at reels are short-lived.

"If your business has a product, the best type of content to create is one that showcases your product but doesn't feel like an overt ad," said Austin Iuliano, a social media consultant. Instead, he described a video by Bearded Dragon hot sauce, a "top-down shot of ingredients being added in, stirred, cooked, blended, then added to the bottle." The video went viral, he said.

It's hard to predict what videos go viral, though, said Greenwald. Thus, it can't be a strategy. "Successful content on TikTok is very personal and creator driven, and brands don't usually have individualized personalities."

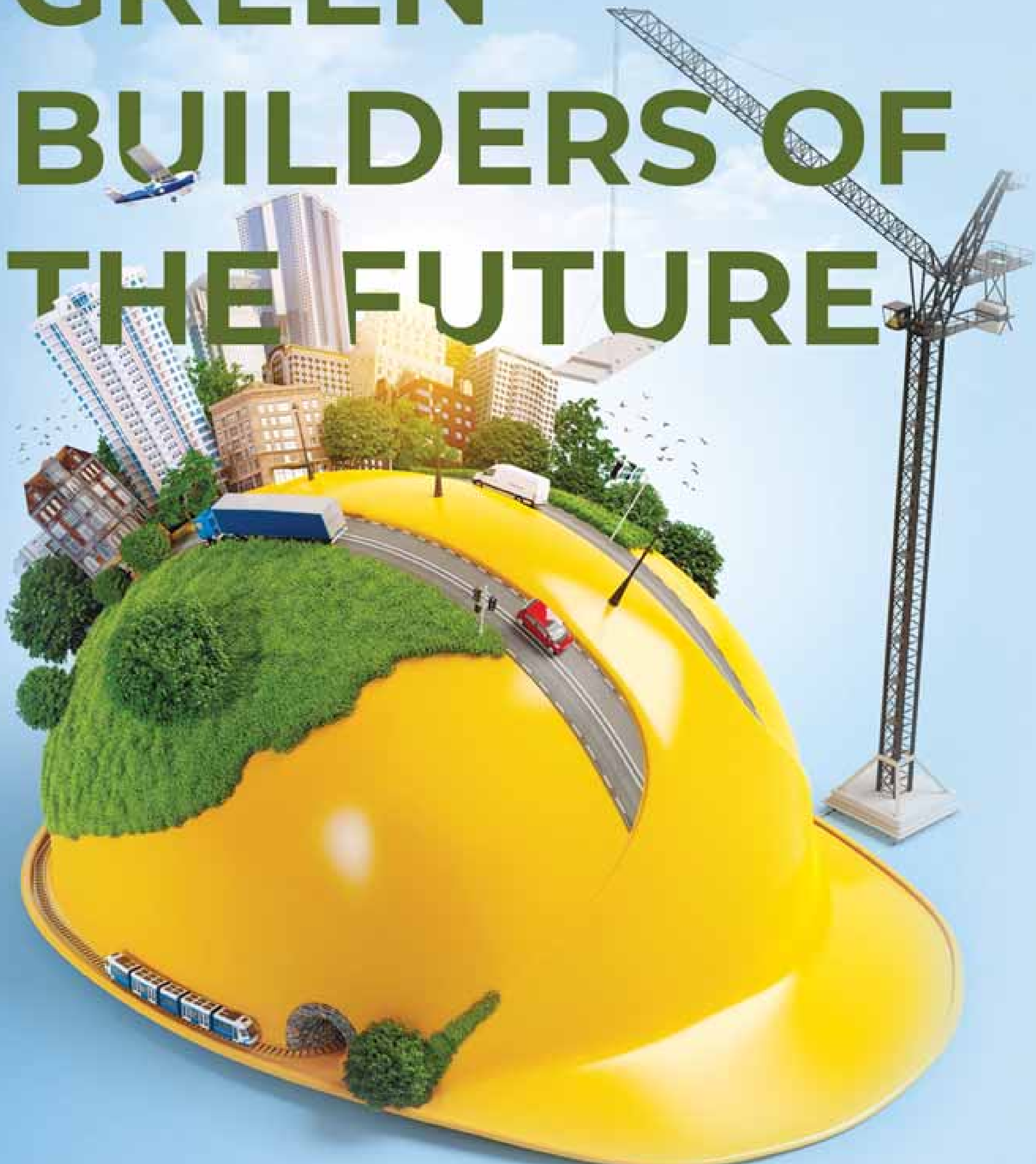
That said, experts have some ideas on using TikTok as a business. Greenwald recommends figuring out a brand's reason for being on the platform: "Don't just show up. Think about why the algorithm should serve the content to anyone."

Successful brands such as Walmart, Oreo and Starbucks find ways to create authentic content for the platform while remaining on brand and in tune with their target demographic. Grguric recommended keeping it light, fun, and candid: "Content that's humorous, candid and informal performs the best."

While brand content does well on Instagram and Twitter, users reject it on TikTok, said Greenwald. And although businesses can stack their bets on those platforms, it seems that even those platforms may be learning a few lessons from TikTok. For example, Instagram announced last year its plans to move toward video. YouTube launched "Shorts," its name for 60-second clips, in October 2020. Facebook also has been pushing more video content.

Whether short-form videos remain on TikTok or slowly spread to other platforms, businesses will have to adapt to using them. By creating authentic, on-brand and humorous messages for the platform, businesses have an opportunity to connect with their customer base in a way they never could before. "Companies willing to be humorous and entertaining, or to make fun of themselves, have the potential to gain quick traction on TikTok," said Turner. n

GREEN BUILDERS OF THE FUTURE



As Egypt fast-tracks construction — a top polluter globally — the government needs to decarbonize the sector to achieve its climate promises. An IFC report from 2019 could offer a solution.

Summarized By **Tamer Hafez**

Egypt is in the midst of a real estate construction renaissance that could last for decades. In December, Deputy Minister of Housing, Utilities and Urban Communities Khaled Abbas told AmCham Egypt about government plans to build 42 new cities by 2052, as part of its goal to increase inhabited land from 7% to 14% to accommodate the population's 2.5% annual growth.

If not done right, however, this construction boom could conflict with Egypt's environmental sustainability goals. According to the International Energy Agency (IEA), the worldwide construction industry consumes more than half of electricity going to heating, cooling and lighting. It also emits 28% of all energy-related greenhouse-gas emissions. Between 2020 and 2050, the sector will require nearly 50% more energy to meet global demand, noted the IEA.

To reduce the sector's harmful emissions, governments should regulate, incentivize and secure financing for construction companies to lower their carbon footprint. A 2019 report from the International Finance Corp. (IFC) titled "Green Buildings: A Finance and Policy Blueprint for Emerging Markets" highlighted the opportunities and pitfalls of such a transition.

Making building green

According to the 100-page IFC report, identifying buildings as green is usually straightforward: "They can be tied to carbon and energy objectives." That could include national emission targets or not exceeding the global benchmark of 1.5-degree Celsius warming. The objectives also might cover health and wellbeing standards.

However, the definition of a green building varies among countries, companies and even investors.

The IFC recognizes a building as green if it is certified "under one of the internationally recognized standards or an approved national standard." It must also be at least 20% more energy efficient than a "baseline building with no energy-efficient design."

Additionally, construction and real estate developers who want the IFC to recognize buildings as green must "quantitatively report impact metrics." They include energy and water savings, as well as reduction of harmful emissions. "Energy use can be measured and verified, however, focusing on this alone disregards the other benefits of green buildings, namely water-use efficiency and reduced ... carbon in building materials."

Green certification isn't restricted to planned buildings and those under construction; it can also be applied to existing structures. "The vast majority of the buildings built today will still be used in 2050," said the IFC. "Almost every building that is not carbon neutral will need to be retrofitted ... in the next 30 years" to comply with environmentally friendly building standards.

Emerging markets

Middle-income emerging markets "represent one of the biggest investment opportunities over the next decade," said the IFC. It estimates investment opportunities will reach $24.7 trillion by 2030, with the built area doubling by 2060. "Cities in emerging markets are expanding at a fast pace to keep up with high population growth and rapid urbanization."

The MENA region's investment in green buildings could reach $1.1 trillion by 2030, of which residential developments will account for $687 billion. Commercial real estate investment opportunities will total $450 billion, according to the IFC report.

The most significant commercial construction opportunities will be in education ($123 billion), healthcare ($89 billion), office space ($66 billion) and retail ($61 billion). The report also mentioned hotels and restaurants ($35 billion), warehouses ($23 billion) and transportation ($7 billion).

Capitalizing on those opportunities will require much government work to promote green construction. "Emerging markets, despite having ambitious targets for green buildings, struggle to put in place effective measures to mandate and incentivize large-scale adoption of green construction practices."

The report explained the lag in green construction is due to "low technical capacity to build, operate and maintain green buildings, lack of knowledge, and weak enforcement regimes." The IFC also highlighted shortfalls in "developing and implementing consistent standards and requirements for green construction across a highly local and decentralized industry."

The document also noted the need for low and middle-income emerging markets to focus on affordable housing. "[This is] a challenge in itself without the added consideration of building green."

Playing their part: Finance

The IFC said real estate investors, banks, and non-bank financing institutions hold "tremendous influence to shape and accelerate the market for green buildings."

The report stressed the role of commercial banks as a "key source of financing," as their scope covers construction finance, mortgages, home improvement loans, and specialized "green finance products for resource-efficient buildings." The IFC also noted the importance of better financial terms, including lower interest rates and longer repayment periods.

To capitalize, banks likely will need to develop new specialized products and services to accommodate green construction projects. Additionally, financing green buildings could increase the value of their portfolios and reduce risk, as they align with the vision of a more sustainable global economy. That could "potentially [reduce] their cost of capital."

International non-bank financial institutions specializing in sustainable projects are another primary source of funds, noted the IFC: "They can ... help scale up local currency financing through direct lending or equity investments. National and multinational development finance institutions can catalyze nascent markets and facilitate the entry of private investors."

Non-bank institutions could target green building projects with "financial products not readily available in emerging markets," noted the IFC. Those programs usually include technical support and capacity-building programs, which are vital for emerging market developers. "These institutions can also build the government's capacity to develop enabling environments."

Playing their part: Governments

The state is another major player in encouraging construction companies to make their operations more sustainable. The IFC noted governments have already signaled their interest in “building it right’,” with 136 countries referencing green building in their Nationally Determined Contributions, non-binding national plans to mitigate the effects of climate change in line with the 2015 Paris Agreement.

That opens the door for more green construction than ever before. "Governments can help create a pipeline of green building assets and incentivize financiers to channel capital to the sector," the IFC report said. One example is for the state to require all public buildings to be green. "As large owners of and investors in real estate, governments can contribute to investor appetite," the IFC said. The government also could help in scaling technical capacity by offering training to designers, engineers and workers building government-owned property.

Legislative reforms in the construction sector are vital, but they are challenging to develop and implement in low- and middle-income emerging markets. "Two-thirds of expected future construction will be in countries that do not have building energy codes, and where they do exist, they are often not robust or enforced. Governments need to translate ambitions into progressive regulations and incentives."

One example of government action is fiscal incentives, including "tax breaks, grants, subsidies, loans and rebates," the report said. However, governments should also provide non-fiscal stimulus, including "preferential or expedited permitting, [and] density” allowances.

To further entice private sector construction companies and developers, the government could create "labeling and energy performance certifications for buildings and appliances," the report said. That would be a guarantee of compliance with green standards, catalyzing the market for energy-efficient technologies. Ultimately, it could generate market data to help financial institutions focusing on sustainable investments to select those projects, the IFC report said.

If successful, that could lead to "mandatory building codes and mandating third-party certification," said the IFC. Standard requirements would "address greenwashing concerns [where projects aren't as sustainable or eco-friendly as their owners claim] and ensure incentives go to eligible recipients without extensive public sector overheads. These policy options can be tailored to local legal frameworks, socio-economic context and developmental priorities."

Playing their part: Private sector

The IFC's report also stressed the importance of the private sector taking the lead in green construction. "Voluntary adoption of green construction practices by a number of private real estate developers and owners has created momentum. But [it] must be scaled from limited commitments to industrywide actions, particularly in emerging markets. Current commitments range from greening individual buildings and entire portfolios to joining ambitious pledges throughout international platforms and initiatives."

Certifications by internationally recognized rating bodies go a long way in encouraging construction companies to shift to green buildings. Among the international standards noted in the report are the IFC's EDGE certification, Germany's DGNB system, Australia's Green Star rating system, the U.S. LEED rating system, and BREEAM, developed by the construction and real estate research firm BRE Group.

"These systems help expand the green building market by evaluating and benchmarking green buildings against local practices, as well as providing third-party verification," the report explained.

Good for dwellers?

With investments in "certified green buildings" representing less than 10% global construction spending, "the market remains small," said the IFC report, "despite the growing evidence of the business case for green buildings."

That is mainly due to low demand due in part to the perception that green residences would be too expensive. In reality, the IFC said the cost markup ranges from 0.5% to 12%.

The report blames developers for being reluctant to "absorb additional costs of green design." Meanwhile, "owners often focus on immediate affordability." Lastly, commercial banks "fail to provide additional financing to cover extra capital costs, [fearing] increasing non-payment risk."

Those factors likely will fade with time as the extra cost of green construction decreases with technological advances in techniques and materials. Additionally, stricter construction codes will make conventional buildings more expensive and "as more data becomes available from the growing green construction market, the perception of high costs will change."

The IFC report also notes the cost of running households built using green construction principles will be significantly less than maintaining a conventionally built home, estimating that green buildings could decrease operational costs by 37%. That is particularly evident as green homeowners pay lower utility bills. "In South Africa ... utility savings equate to one month's rent per year for families renting some of their green-certified properties. Utility savings can be particularly significant for low-income families in emerging markets."

Another advantage the IFC noted is green buildings are more resilient against climate crises than conventional buildings. That should be reflected in lower insurance premiums, making them more affordable to own and raising their collateral value if used to back loans.

As a result, certified green buildings globally have "up to 23% higher occupancy rates, [and] up to 8% higher rental income." And green buildings achieve sale premiums of up to 31% and quicker sales than conventional buildings, the IFC report said.

The future of construction

The IFC report stresses that green construction represents the sector's sustainable future. "Resource-inefficient buildings run the risk of losing economic value or becoming stranded assets due to increasingly stringent regulations, pressure from financial regulators to manage and disclose climate risks, changing consumer preferences, and shareholder demands."

That opens the door to retrofitting existing properties to become certified green buildings. "Undertaking these retrofits presents ... a significant investment opportunity ... even in the short term," the IFC report noted, "because, in addition to generating direct cost savings, these measures positively affect the overall value of buildings."

All that said, it is still challenging to forecast the future of green construction in emerging markets in the long term. "Most evidence surrounding the benefits of green buildings comes from studies focused on developed markets," said the IFC, while stressing that emerging markets should experience similar benefits. "The type and degree of benefits inherent in building green can differ depending on the climatic conditions of different regions."

One significant benefit would be new job opportunities for skilled labor. "Due to economic linkages between sectors, jobs in manufacturing, services and waste management will also grow," the IFC said. In addition, green construction reduces a country's water and energy consumption.

Green construction is an attractive opportunity for the Egyptian government to maintain stable GDP growth rates amid risks emerging from the war between Russia and Ukraine and the pandemic's supply-chain fallout. Yet, this could also require the state to pause construction to quickly develop local green building regulations and enforcement mechanisms, which could upend the domestic construction sector.

However, the government may find no option but to make such a pause in the long term. Said the report: "Sustainably developing the built environment to address climate risks is no longer a nice-to-have." n

MAKING AFRICA HEALTHY

President Abdel Fattah el-Sisi wants to make Egypt a hub that produces medicine and exports to Africa. Achieving this requires a good understanding of the dynamics of each target market, full government involvement in continental trade agreements, and building sufficient capacity and diversity of medicine in Egypt.

by **Tamer Hafez**

The COVID-19 pandemic and its aftermath, including supply chain shortages, magnified the incumbent risk that all African nations depend on imported medicine. "Pharmaceutical products are currently manufactured in countries such as South Africa, Morocco and Egypt," Janet Byaruhanga, a senior program officer for public health at the African Union Development Agency (AUDA) wrote in September 2020 in an op-ed on the UN website. Yet "as a whole, Africa currently imports more than 90% of its pharmaceutical and medical consumables. It is unsustainable."

That dependence is one reason why African nations have never realized their full GDP growth potential. "Widespread ill health can trap people in poverty, as those who are healthier are more productive," Chibuzo Opara, co-founder and CEO at DrugStoc, a cloud-based platform that distributes pharmaceuticals in sub-Saharan Africa, wrote in a March op-ed on the global development-focused media platform Devex. "A thriving pharma sector that boosts access to quality medicines will improve health care and, consequently, propel economic growth."

In June, Egypt's President Abdel Fattah el-Sisi announced an initiative to export 30 million COVID-19 vaccines to Africa in coordination with the African Union. That could be the first initiative in a national strategy to ship more volume and variety of pharmaceutical products to Africa. "Africa is a promising market with 1.35 billion inhabitants," said Sisi at the June announcement. "In 20 or 30 years, it will reach 2.5 billion ... That makes it a very promising market in the long term. The opportunity is that 60% to 65% are youth."

Egypt has the basic building blocks to meet Africa's pharmaceutical needs. It "can be a hub for Africa and the Middle East region ... in the pharmaceutical sector," Gareth Bayley, the British ambassador to Egypt, said at a February press event.

In order to attract investors to build sufficient capacity and robust transportation channels for export to Africa, Bayley noted that the country must first overcome incumbent legislative obstacles and build partnerships with the private sector.

Healthcare in Africa

"Healthcare in Sub-Saharan Africa remains the worst in the world," said an International Finance Corp. (IFC) note. "Few countries [are] able to spend [what] the World Health Organization considers the minimum for basic health care." According to the United Nations, "African countries spend $8 to $129 per capita on health, compared to high-income countries that spend above $4,000."

That means most Africans pay a significant portion of their income to get treatment. The IFC estimates an "astonishing" half of the region's healthcare expenditures are out-of-pocket payments by individuals.

Few medicines are manufactured locally. The IFC says the continent has about 375 drugmakers, while Opara of DrugStoc estimates 400. And their reach is limited, as they are "clustered in nine ... countries," said a 2019 McKinsey report. That compares to China and India, whose populations are similar to Africa's but have 5,000 and 10,500 drugmakers, respectively.

With few domestic pharmaceutical manufacturers, imports represented 70% to 90% of consumption in 2019, according to the IFC. Opara said that "drives up costs and limits availability" in the second poorest continent by GDP per capita, according to the IMF.

Dependence on imports is particularly evident in vaccines. According to research by the Mo Ibrahim Foundation, which promotes governance and leadership in the continent, Africa accounts for a quarter of vaccine demand worldwide yet produces only a tenth of a percent of global output.

The risks associated with such dependency came into the limelight with the onset of the COVID-19 pandemic. According to the U.S.-based public policy institution Brookings, Africa received only about 6% of the 9 billion COVID-19 vaccines produced as of January 2022, despite having 17% of the world's population.

Just 10% of the continent's population is fully vaccinated, with 1.2 billion not having received even one dose, wrote Micheal Sidibe, special envoy for the African Medicines Agency, in a January op-ed published by Brookings.

Egypt's presence

Egypt has been part of Africa's healthcare and pharmaceutical scene since the 1960s, said Alaa Ghannam, director of the Right to Health program at the Egyptian Initiative for Personal Rights. "Egypt has been implementing development projects in African countries ... but its role declined some years ago," he told Al Monitor in June. "[However,] it is currently seeking to restore its leading role in the health sector and support African countries."

In 2007, the government signed on to the African Union's New Partnership for Africa's Development, subsequently renamed AUDA. Among the agency's first activities was the creation of the Pharmaceutical Manufacturing Plan for Africa (PMPA) to "address the overreliance on imports," explained Byaruhanga of AUDA.

The PMPA's "business plan," said Byaruhanga, aims to improve access, quality, availability, and affordability of medicines. It also aims to promote sustainable medicine production and distribution throughout the continent. "The PMPA ... underscores the urgency in addressing the challenges facing the industry."

In 2014, the Ministry of Foreign Affairs created the Egyptian Agency for Partnership and Development (EAPD) by merging several local African and regional cooperation funds. According to the EAPD's website, the agency is the "first South-South Cooperation institution in Egypt aiming at putting the country's comparative advantages and technical expertise into play for the benefit of [countries] south [of Egypt]. Creation of the EAPD and the strong political backing it enjoys reflect Egypt's resolve to partner with Africa at a time when the continent is undergoing major positive developments."

In March 2019, Sisi announced that since Egypt has almost eradicated hepatitis C in the country, the focus will switch to helping Africa overcome the disease. "The initiative to provide hepatitis C treatment for 1 million Africans is currently focused on three African countries, namely South Sudan, Eritrea and Chad," a Ministry of Health official told Al-Monitor, a Middle East news and analysis website, in June 2021.

In September 2019, the market research company Fitch Solutions reported Egypt was starting to work on a "national plan to support the pharmaceutical industry and exports, with African markets being the primary target."

By May 2021, Egypt's president said the government would help Djibouti build a state-of-the-art hospital. No more details have surfaced to date. In June 2021, the Ministry of Foreign Affairs announced it would cooperate with South Sudan to prevent malaria in the country; the EAPD is financing the project.

Egypt's ambassador to Rwanda in June 2021 signed an MoU to build an Egyptian center for heart surgeries in Rwanda's capital. "The center is the first of its kind in East Africa, focusing mainly on heart and blood vessel treatment, particularly in children," noted the Ministry of Foreign Affairs in a June 2021 press release. It would also train Rwandan medical staff and help them conduct biomedical research.

Rakha Hassan, a former assistant foreign minister and member of the Egyptian Council for Foreign Affairs, told Al-Monitor that ongoing cooperation between Egypt and Africa includes providing medical supplies and equipment, with Egypt also organizing medical convoys to the most needy African countries. Additionally, the government is helping train doctors from various countries. "Some African countries are in dire need of these medical projects," he said, noting that South Sudan and Djibouti are benefiting the most from those ongoing efforts.

The next step for Egypt to increase its support for Africa's healthcare and pharmaceutical landscape is to export COVID-19 vaccines to the continent, according to Sisi. Egypt is already producing Sinovac, one of China's vaccines, with a maximum capacity of 100 million doses yearly.

Egypt is also developing two homegrown COVID-19 vaccines (COVI-VAX and EgyVax). In February, the World Health Organization said Egypt and five other African countries would receive the technology needed to develop mRNA vaccines like those developed by Pfizer-BioNTech and Moderna.

Achieving scale

For Egypt to meet the pharmaceutical needs of 1.4 billion Africans, it must significantly increase local capacity. "The government can't do it alone, given the current growth rates and increasing demand for medicine," Acting Health Minister Khaled Abdel Ghaffar told AmCham in April.

He said Egypt's "near-perfect" handling of the COVID-19 pandemic — balancing lives and livelihoods — showed the robustness of the country's health sector during the worst of the pandemic. That would invariably attract local and international pharmaceutical and healthcare investors to Egypt to meet local demand and eventually export to Africa. In September, the Egyptian Drug Authority met with South Korean officials to discuss such investments.

Abdel Ghaffar said reforms in the medical sector focus on making high-value medicines rather than just chasing volume, noting that the nation's Universal Healthcare Coverage is opening doors for "very important" pharmaceutical and health-related public-private partnership projects.

Including more citizens in an effective national healthcare system would "increase consumption, [growing] the market for quality health care and pharmaceuticals," Opara of DrugStoc wrote in his blog on Devex.

Boosting private sector involvement will allow the healthcare and pharmaceutical sectors to boom. "Given Egypt's plan to become a medical hub in the region, predominantly in the manufacturing of vaccines and other pharmaceutical products, there will be growing opportunities for multinationals to expand their presence in Egypt," said Fitch.

The market research firm stressed Egypt's pharmaceutical companies need to scale up quickly to capitalize on healthcare developments throughout the continent. Egypt has the opportunity to “act as a regional hub for pharmaceutical trade for neighboring healthcare systems undergoing significant government investment," noted Fitch.

Challenges

However, Fitch has concerns about the government's ability to attract sufficient pharmaceutical investments to double exports between 2020 and 2023, “a steep goal, particularly when considering recent pharmaceutical trade growth trends and challenges posed by the COVID-19 pandemic."

The market research firm highlighted several challenges hindering new FDI in the Egyptian pharmaceutical sector. The first is "ineffective intellectual property (IP) protections," essential for pharma companies to ensure their patented medicines aren't replicated and sold at significantly lower prices.

The second is "aggressive" government policies to localize pharmaceutical production coupled with "flawed" pricing policies, which cripple new entrants and stifle profit margins. Such challenges “continue to undermine the investment climate in Egypt, creating a difficult operating environment for foreign investors and trade partners."

However, the market research agency believes Egypt should see a massive regulatory overhaul after signing the Treaty for the Establishment of the African Medicines Agency (AMA) in February 2019. "The AMA aims to provide regulatory harmonization across the African continent as well as promote clinical trials and simplify the registration and commercialization of safe and affordable medicines," Fitch said.

Tangible results from signing that agreement will not likely materialize in the short term, but Fitch noted that the signing of the deal should "increasingly attract innovative drugmakers, acting as a catalyst for greater sector investment and a long-term growth driver for Egypt's pharmaceutical market."

Tackling Africa

One significant problem facing Egyptian pharmaceutical companies looking to export their products is Africa's fragmented market. "They [African governments] have for a long time disincentivized pharmaceutical manufacturing investors," said Byaruhanga of the AUDA. "African manufacturers ... cannot compete with their Asian counterparts that operate in vastly larger markets and therefore enjoy economies of scale."

The African Continental Free Trade Agreement (AfCFTA) could be one solution. "African manufacturers [that capitalize on the agreement] can be expected to enjoy significant economies of scale and scope," stressed Byaruhanga. "It will integrate a market of 1.3 billion people and potentially 2.2 billion by 2050."

The continental pact also could expedite the alignment of those countries' legislative frameworks, which Byaruhanga said are weak and hard to navigate.

Opara of DrugStoc agreed. "While Africa has more than 50 countries with different pharma markets and trade policies, the introduction of [AfCFTA] offers immense integration opportunities for the manufacturing and trade of pharmaceuticals," he said. "It seeks to turn the continent into one giant trading bloc, potentially offering locally manufactured pharmaceuticals a larger market and a better investment outlook."

That continental free trade agreement coupled with ever-increasing digitization of the pharmaceutical sector could make entering African markets even more manageable. "Africa has a unique opportunity to utilize these advancements in technology and leapfrog the current infrastructure gaps affecting its pharmaceutical value chain," noted Opara. Those opportunities include "connecting patients to responsive, resilient, and adaptive supply chains. It is a unique feature that technology can bring to the pharma space."

As with most industries that move to digital operations, the costs of pharmaceutical products would likely decrease. For Africa, that could mean more access to top-quality medicines and the latest pharma products that otherwise might not have been possible.

Other challenges still remain, including securing "affordable financing and modern technology, which hampers business expansion," said Byarhanga. She also noted the lack of qualified doctors and medical staff coupled with "poor procurement and supply chain systems and policy incoherences in countries' trade, industry and finance departments."

Opara of DrugStoc said the unavailability of cost-effective and accessible transportation between African countries increases shipping costs and makes them reach patients slower. "The lack of organized distribution systems forces healthcare providers to rely on open drug markets and unlicensed drug traders," he said. "That makes patients susceptible to counterfeits and substandard products."

"Hub" race

Egypt is not the only country that sees Africa's growth prospects in the healthcare industry. "The continent's pharma market is projected to reach ... over $25 billion by [the end of] 2022," said Seth Onyango, the founder of How We Made It Africa, a portal. "That's not pocket change for investors who are keen to cash in on the demand by building the continent's local capacity to manufacture drugs."

Companies throughout the continent are capitalizing on the pharmaceuticals and medical equipment gap the pandemic exposed. "As the demand for vaccines and drugs outstrips supply ... homegrown firms are positioning themselves to plug the deficits," said Onyango. For example, in October, South African drug maker Aspen Pharmacare announced the start of operations at the largest anesthetics production facility in Africa south of the Equator.

A more significant challenge for Egyptian companies is competition from Asia, including Chinese pharmaceutical companies. "Speeding up local manufacturing in the African medical industry alongside the unification of African standards" was a main topic of discussion at the Forum on China-Africa Cooperation, held in Senegal in November. A forum blurb stressed: "Local manufacturing is vital to African economies, a challenge made especially clear with the supply restrictions that have arisen during the COVID-19 pandemic."

Multinational pharmaceutical companies also are eyeing production facilities in Africa. In October, Moderna said it would allocate $500 million to establish a new manufacturing plant in Africa to supply mRNA COVID-19 vaccine doses. It didn't mention where the factory would be located, but the facility would directly compete with Egypt. "We expect to manufacture our COVID-19 vaccine as well as additional products within our mRNA vaccine portfolio at this facility," CEO Stephane Bancel said in a statement.

Meanwhile, Pfizer and BioNTech announced in July 2021 that they would collaborate with the South African pharmaceutical company Biovac to distribute several mRNA vaccines throughout the continent. "We believe that our mRNA technology can be used to develop vaccine candidates addressing other diseases," said Ugur Sahin, CEO and co-founder of BioNTech, in a statement. "This is why we will continue to evaluate sustainable approaches that will support the development and production of mRNA vaccines on the African continent." No Egypt-based company has a comparable agreement.

BioNTech also has a long-standing agreement with Bill & Melinda Gates Foundation to develop HIV and tuberculosis programs in Africa. Onyango sees that "big pharma" is making a "calculated entry into Africa's pharmaceutical market. The spike in investment into Africa's pharma industry is hardly accidental."

Tania Holt, a senior partner at McKinsey in London, believes other options are few for pharma companies with ambitious growth plans. In a 2015 article, she wrote, "Africa may be the only pharmaceutical market where genuinely high growth is still achievable."

FOR GREEN TRANSITION, USTDA THE RIGHT MEDICINE

The potential to become a pharmaceutical hub for Africa is just one area where Egypt might look to the United States for support, which would be in step with the country's march toward an eco-friendly, sustainable economy.

By **Ola Noureldin**

With the government's ambitious plans to make Egypt a pharmaceutical hub, cooperating with international investors could prove pivotal. One such potential partner is the U.S. Trade Development Agency (USTDA), whose website touts its deployment of "new tools and integrating with the full range of healthcare providers to support the application of U.S. technology ... for the benefit of emerging market populations."

Their focus is on sustainable, eco-friendly, technologically advanced projects that fulfill a range of infrastructure priorities in developing economies, including healthcare, USTDA said on its website. This support could help ensure the development of industries are sustainable, meet Egypt's Vision 2030 strategy goals, and leverage technology to better meet the continent's health needs.

On the sidelines of the U.S GreenTech Business Mission to Egypt, Business Monthly spoke with USTDA Director Enoh T. Ebong to discuss potential avenues of cooperation.

The Q&A was edited for length and clarity.

What is the mission of the U.S. Trade and Development Agency?

The USTDA is a foreign assistance agency of the U.S. government with a unique dual mission. We support development of high-quality, sustainable infrastructure overseas, while supporting U.S. jobs through the export of U.S. goods and services to the infrastructure projects that we help develop. We are often referred to as the "overseas project preparation agency" of the U.S. government. We provide grant funding for feasibility studies, technical assistance and pilot projects. These are the essential tools that help our overseas partners identify technology and design options for their projects. These tools also are critical for structuring infrastructure deals that can be financed, implemented and sustained. The USTDA also funds partnership-building activities that link overseas project sponsors to U.S. infrastructure solution providers.

What are your key priority sectors?

USTDA's priority sectors in Egypt are the same priorities that we have worldwide: clean energy, transportation, information and communications technology, and healthcare infrastructure. Across all sectors, our focus is on developing sustainable, climate-smart infrastructure for our overseas partners.

What projects have been allocated to the USTA's Egypt portfolio recently?

In the past two years, the USTDA funded feasibility studies to increase the efficiency and safety of Egypt's oil refineries and support the country's ambitions to become a regional clean energy hub. We have several projects under development in Egypt, including a virtual workshop series that will help advance Egypt's efforts to implement next-generation wireless technologies, such as 5G. We also are exploring opportunities related to clean energy, healthcare infrastructure and ICT.

How do you assess Egypt's reform program and its impact on your funding decisions?

Egypt's reform program provides clarity as to the country's infrastructure priorities. This has a meaningful impact on our program because our objective is to advance the priorities that our partners have set. Egypt's focus on digital transformation provides significant opportunities for the USTDA to support new projects in the ICT sector. In the energy sector, the removal of fuel subsidies and the shift to clean energy have prompted the USTDA to expand our climate portfolio in Egypt.

Importantly, the restructuring of Egypt's healthcare sector should create new opportunities for our engagement. Many of our overseas partner countries, including Egypt, are intensifying their focus on healthcare access in the wake of the COVID-19 pandemic.

What factors does USTDA consider most important when evaluating project proposals?

Before we consider funding an activity, we assess the infrastructure project's overall likelihood of implementation, ability to obtain financing, U.S. export potential, and development impact on the host country. We also conduct due diligence on our overseas projects sponsors and the U.S. companies that are selected to assist the USTDA.

How do you measure the impact of your portfolio?

The USTDA measures its performance in multiple ways, including the amount of U.S. exports that our projects generate and the developmental benefits to our partner countries. These might include infrastructure development and efficiency gains and, of course, climate-related benefits. For example, for a renewable energy project we might measure how many megawatts of new renewable energy capacity our project added to a market. Or we might assess reductions in greenhouse gas emissions that resulted from our overseas partner switching from coal to wind. For a climate-related transportation project, we might, for example, measure the increased flow of traffic from technology advancements that improve efficiency. These are just a few examples.

How can Egypt expand its export portfolio to include products other than textiles?

Egypt has tremendous promise as a green energy hub, and as it expands its energy sector investments it is well-positioned to export electricity to its neighbors, given the interconnections it has with its neighbors. These electricity exports would have the added benefit of enhancing energy security in the Middle East and North Africa.

What are the USTDA's regional activities and future plans?

The USTDA is very active across the Middle East and North Africa, especially in Egypt, Jordan and Morocco. We are in the process of reviving our in-person events, especially our reverse trade missions. This is a unique USTDA tool whereby we bring foreign project sponsors to the United States to observe the innovative design, manufacture and operation of American products and services. The intent of these visits is to support our partners' infrastructure development goals and introduce them to potential U.S. partners.

We currently are making plans with the Ministry of Petroleum for reverse trade missions focused on health, safety, and the environment that will take place this fall. We also are also considering visits related to methane abatement, water management and clean energy.

For the full interview, please Scan the Code

LEADING THROUGH INFLATION

As the cost of almost everything climbs around the world, CEOs are under increasing pressure to protect their companies from what could be the worst inflationary wave in decades.

By Tamer Hafez

With consumers facing higher prices for everything from food staples to luxury items, they must make tough choices about spending. "I don't know what inflation means exactly, but prices have increased by at least 20% to 30%, and sometimes 50%," Elham Mohamed, a 40-year-old government employee, told the Middle East Institute, a U.S.-based think tank. "I had to give up many of the items I usually buy."

Accordingly, company CEOs must take critical steps to ensure their products sell during those harsh times, curb production cost surges, and employ top talents to steer the company from that crunch.

Those changes must be long-term, sustainable measures. "Business leaders around the world are saying that they regard it as "permanent enough" to demand their attention," Asutosh Padhi, the managing partner at McKinsey in North America, wrote in a blog on Fortune in April. "But few know how to cope."

Accordingly, Padhi stressed the importance of having a structured approach to those changes. "It's time to develop a playbook with new strategies directed at specific areas," he wrote.

The new CEO

Knut Alicke, a partner at Mckinsey in Germany, wrote in an article in the November edition of Mckinsey Quarterly that CEOs are under increased pressure when inflation hits. That is because the government and central bank policies such as raising interest rates and warning of high inflation, which combat inflation, usually hurt businesses, stunting consumption growth in the short term.

"No one will face greater challenges in managing successfully in an inflationary environment than CEOs," Ram Charan, a 35-year veteran business advisor, and book author, wrote in an op-ed on Chief Executive, an online magazine, in March.

However, CEOs can't focus solely on the impact of inflation on profitability. "They must not only oversee a major shift in the way the company does business but also a major shift in psychology and focus of every manager," added Charan.

The added volatility from the current geopolitical uncertainty and its economic ramifications, coupled with climate change, means CEOs are constantly under pressure. "Operating in today's uncertain environment, with a much wider range of stakeholders, means leaders must think about performance in much broader terms," Alicke noted. He cited the quick decisions CEOs had to take to leave Russia to protest their war on Ukraine.

CEOs are a company's main compass during turbulent times, guiding their management teams, non-management employees, boards, and external stakeholders. That is why they "not focus intensely on the day-to-day immediacies," noted Charan. "[They] must continue to build the future."

That would likely open the door to innovations disrupting orthodox business practices. "In many cases, only the CEO can break down the barriers to innovation and reward the organization for taking risks counter to typical incentives," Alicke said.

Rethink the market

One of the biggest challenges facing CEOs during times of high inflation could be the need to proactively alter a business model that has proved successful so far. "The priority [during times of uncertainty and high inflation] must now become real volume, real revenue, not inflationary revenue," stressed Charan.

He noted that some companies might have to decide on "giving up cash-inefficient customers or market share" to secure sufficient cash flows. "That means focusing on certain segments of [the] market that are more profitable and letting others go," Charan explained. That is because "even the more profitable segments will generate less cash than before."

Top company executives in such a scenario will likely face two challenges. The first is that CEOs would find relinquishing market share "psychologically" difficult. The other is to ensure the company's top teams are onboard with a market-contraction strategy. "The goal is to help everyone transition their thinking to a world where the cost of capital and the cost of doing business are ... going up at the same time," explained Charan.

To cut costs, companies may also shrink their market presence by eliminating non-profitable or niche products and services in their portfolios. Conglomerates including General Mills, PepsiCo, J.M. Smucker, Campbell, and Coca-Cola "all cut back on their breadth of product offerings," reported Megan O'Brian, finance and business editor at NetSuite Brainyard, a research company. "Instead of more niche items, companies are focusing on high-margin core products with the most consumer demand."

Accordingly, CEOs may have to renegotiate long-standing deals and agreements with the company's value chain. "To protect real profitability, [CEOs] need to revisit key contracts -- and change those that lock [the company] into a situation that could lead to a cash shortage," noted Charan. "Revisiting long-term contracts for inflation is a very difficult task. It requires courage, logic, and excellent relationships with customers. But it must be done."

Supplier chains

International trade restrictions started with the fallout between the United States and China in 2016. Since 2020, the COVID-19 pandemic has caused supply chain bottlenecks and shortages of goods--(microchips prominent among them) due to lockdowns at ports, particularly in China, dubbed the world factory floor. "Supply chain issues are ... across the world," Tuan Nguyen, the U.S. economist for RSM, a network of audit, tax and consulting experts, told Netsuite in March.

As a result, CEOs need to continue to increase inventory to ensure sustainable operations, even if that is not optimal from a cost perspective. "Despite the trade-offs, sustainability often wins in the long run," said Nguyen.

Additionally, companies must diversify their raw material providers, even if they are more expensive. "Just under half the companies in our survey ... say they understand [the operational dynamics of] their tier-one suppliers," Alicke of Mckinsey in Germany wrote. "Only 2% make the same claim about suppliers in the third tier and beyond."

Alicke said that in many cases, supply disruptions involving low-tier suppliers forced companies to shift production from Asia to the United States and Mexico.

Padhi of Mckinsey, writing to Fortune in April, recommended vertical integration with suppliers, for example, "automotive manufacturers ... contracting directly with foundries to reserve capacity," he wrote. Another option is to "redesign engineering and construction workflows to cut operating costs," while a third option is to geographically diversify suppliers.

CEOs may be forced to change their company's production policies and strategies to allow for longer lead times before ordering and adjust profit margins in light of more expensive transportation. They may also boost their minimum inventory levels and alter production cycles to accommodate possible shortages.

Ultimately, Chelsie Kugler, vice president of business development at the management consulting firm CFOshare, told Netsuite that companies already use their stockpiles as a physical hedge against unforeseen events. It would also help a business maintain prices for long compared to the competition, attracting customers and increasing brand loyalty. According to a JP Morgan survey, 65% of middle-size companies are expanding inventory beyond their needs to sustain the business in the face of global uncertainty. "Because prices for goods are likely to increase, you should plan to leverage your working capital for inventory spend," Kugler explained.

Tracking how much a company spends is crucial. "High-resolution spending visibility is the foundation of any expense management capability," Jason Heinrich, a senior partner at the business consulting and services firm Bain & Company, wrote in a September blog for the Harvard Business Review. "It enables managers to fully understand where the money is spent and who spends it."

Redesign products

Ongoing logistics bottlenecks constrained production and geopolitical conflicts will require CEOs to adapt. "CEOs know that design choices for products and services are critical for responding to the volatility of commodities, the scarcity of components, and higher producing and servicing costs."

CEOs could ask product development departments to "rapidly redesign products and services to adjust to new realities." That could include fewer tech-based features or options in products that rely on semiconductors, for example. Alicke of McKinsey in Germany cited the automotive industry producing more basic models to overcome the global microchip shortages.

Top executives also might override department mental decisions on using materials whose prices are rising. As a result, companies might have to use less expensive yet more accessible materials. The CEO could decide to relocate production to less expensive countries. "Faced with historically high costs ... a manufacturer [may] redesign many products to overseas manufacturers. It reduces ... dependence on high-cost regional suppliers."

A company's top executive could change how products move from the factory to the market. "With transportation costs increasing rapidly, so is the value of loading trucks and containers efficiently," says Alicke.

CEOs might also find it better to sell their company's products under private labels, as they can be sold at lower costs than branded products. These substitutes maximize margins and increase the value for customers.

Repricing strategies

Another critical point CEOs must decide on during periods of high inflation is pricing strategy. "[Companies] will have two choices: to absorb the impacts or rethink [the] business model," said Charan.

That includes repricing products and services, maximizing receivables, and maintaining cost-effective inventory levels that don't significantly increase production costs. "Passing on higher costs is nobody's idea of a good time," said Padhi of McKinsey in North America.

In his January column in Inc. magazine, Peter Cohan, founder of Peter S. Cohan & Associates, a management consulting and venture capital firm, listed several vital steps CEOs must take before raising prices.

The first is to develop inflation scenarios and the impact of each on the business "before taking any action," he wrote. "Such scenarios should include five-year forecasts of key input costs and how those increases will affect profit margins depending on whether the business holds constant or increases its prices."

CEOs must study the impact of inflation on their suppliers and competitors to determine how best to proceed with the new pricing strategy. They also need to analyze the customers' sensitivity to price hikes. "[It is] one of the most important elements of a company's inflation strategy," Cohan said. "If ... research reveals ... customers are highly price sensitive, [companies] should consider keeping ... prices below those of their rivals." And vice versa.

Once that analysis is complete, Cohan recommends rolling out the inflation pricing strategy in a single location to refine it based on its outcomes before rolling it out across the company.

Nguyen of RSM International noted that pricing strategies depend on the company's size and presence in the market. "Small and midsize companies -- often without dominant market shares -- do not always have the leverage to influence overall market prices," he said. Accordingly, they must wait for market indicators before raising prices or mimicking the market's influencers.

Regardless of which strategy CEOs take, Nguyen stressed that "any pricing decision should not be based only upon short-term fluctuation of inflation." Instead, they need to align with the company's long-term strategic goals.

Inflation monitors

Given the effect of inflation on financial health and sales, Alicke recommends companies establish a dedicated cross-functional department to monitor and manage "the implications of inflation" across the organization.

Having such dedicated centers isn't a novel idea. CEOs created "nerve centers" with flexible structures throughout the pandemic with "enterprise-wide authority to coordinate the response," Alicke said. Recommendations include creating "inflation nerve centers to manage the potential downside of inflationary pressures. [They would concentrate] on the crucial leadership skills and organizational capabilities required to get ahead of the events, rather than react to them."

Having an "inflation program management office" should free CEOs from the day-to-day details of managing inflationary pressures, allowing them to focus on issues they are uniquely positioned to address, according to Alicke. That includes "higher-level board and stakeholder discussions to [shift] their strategies to best capitalize on the current environment."

COP27 HOW CAN BUSINESSES JOIN GLOBAL CLIMATE CAMPAIGNS

In partnership with Dcode

One important outcome for COP26 was making net zero a core principle for businesses. In COP's meetings, countries try to set targets, but it is up to businesses to meet them, since they are the ones most responsible for emissions. On the other hand, businesses will have to follow what their consumers want as reducing emissions starts to settle into the public conscience. COP27 will be another opportunity for businesses to drive more genuine climate action through supply chains and less corporate greenwash. We provide here a quick guide for businesses on how to take part in global pledges.

UN led Global Campaigns

The Race to Zero and Race to Resilience are the UN-led global campaigns that bring together **non-state actors** in taking immediate action to achieve the goals of the Paris Agreement

Source: https://unfccc.int/climate-action

RACE TO ZERO

RACE TO RESILIENCE

RACE TO ZERO

The Race to Zero campaign aims to halve emissions by 2030 and eventually reach zero emissions

25 Global Partner initiatives

Partner initiatives provide guidance to organizations (including businesses) on how to meet credible climate goals. This allows their climate goals to be recognized by the UN and become science-based, and it enables them to share knowledge and solutions between each other. Lastly, it also gives them access to powerful communications material and allows them to be a part in the run up to and at UN and other climate related events such as the upcoming COP27.

52 Regions

1103 Cities

7126 Companies

1103 Educational Institutions

3000+ Hospitals from **60** Healthcare Institutions

541 Financial Institutions

24 "Other" Institutions

Source: https://unfccc.int/climate-action

PROCESS FOR MEMBERSHIP

Pledge 01
Publicly pledge zero greenhouse gasses as soon as possible and at 2050 at the latest

02 Plan
Publicly disclose a plan that outlines how the other Race to Zero criteria will be met

Proceed 03
Members proceed by taking immediate action to reach goals

04 Publish
Report progress on platforms feeding to the UNFCCC Global Climate Action Portal

Persuade 05
Aligning policy and engagement with the Race to Zero targets within 12 months

Each of these Ps are to be reached on a "starting line" level and a "Leadership practices" level. The starting line is the minimum requirements that the member must adhere and follow in order to join and maintain its membership indicating its eligibility to start reducing emissions but not necessarily its ability to meet its targets.

Source: https://unfccc.int/climate-action

Partners to the RACE TO ZERO

Selected examples from the 25 partners initiatives

BUSINESS AMBITION FOR 1.5°C

THE CLIMATE PLEDGE

Paris... 10 years Early

EXPONENTIAL ROADMAP INITIATIVE

SME Climate HUB

Health Care Without Harm

Tech Zero

Sources: https://unfccc.int/climate-action and online

RACE TO RESILIENCE

The Race to Resilience aims to prioritize people and the environment to build stronger capabilities against climate shocks and allow the world to develop despite them. Its focus is to **strengthen and help the vulnerable, frontline communities** most exposed to the physical impacts of climate change adapt better. Its goals span three area types: **Urban, Rural and Coastal.**

28 Partners

2000+ Organizations

Delivering action in **100+** Countries

Examples of Partners to the Race to Resilience Campaign

Agriculture 1.5

Agriculture 1.5 aims to: Increase farmers capacity to regenerate soil health; Increase investment for farmers to change to climate resilient production practices; Increase producer participation in system change discussions.

Water Resilience Coalition

An initiative of the UN Global Compact committed to accelerating progress against the global water crisis. WRC has a collective goal to positively impact over 100 water-stressed basins globally and to enable equitable access and sanitation to over 100 million people.

Climate Heritage Network

It seeks to aid heritage actors to ensure arts, culture and heritage is integrated into city planning and management in support of climate mitigation and adaptation strategies. The network supports cities, regions, local governments and indigenous peoples.

Source: https://unfccc.int/climate-action

ORGANIZATION & ATTENDANCE OF COP 27

There are generally two ways to attend the conference as explained below:

The Blue Zone

The zone includes the Official Convention Sessions, organized and administered by UNFCCC. Admittance and attendance is only permitted to three groups:

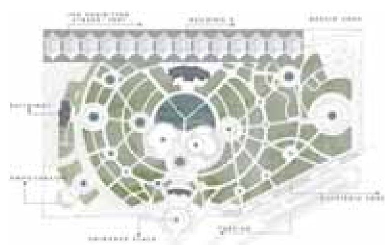
Party Delegates	Observers	Media
Official countries' delegates	UN Agencies, NGOs & IGOs	Agencies and individuals

For Profit Companies and Individuals, they are not eligible for direct admission but are usually nominated by admitted organizations (part of the Parties or Non-Parties delegations or both).

The Green Zone

Organization is done by the Host Country in a different premises.
Attendance is usually open to the general public. This includes country pavilions, public sessions, events…etc. Usually includes Civil Society, Youth Groups, Private Sector, Academia and Scientists showcasing their projects and initiatives.

Green Zone's floor plan in Sharm El Shiekh



Sources: https://unfccc.int/ and cop27.eg

Market Watch

Stock Analysis

An Event-Driven Market

For the second month in a row, the EGX 30 was in the red, whereas the EGX 70 EWI was in the black. During the period May 15 to June 15, the former fell 5.4%, while the latter rose 2.5%. Still, it was not enough for the EGX 70 EWI to wipe off its year-to-date losses, now at 15.1%. Both market indices reflect the overall negative sentiment in the market, where trading liquidity has been falling. With foreign investors exiting and individual investors shunning the market altogether, Egyptian stock performance has lately become more of an event-driven play. Merger and acquisition (M&A) activity has risen as valuations decline. Stocks of target companies often react positively to news of an imminent acquisition, but they can easily fall if an acquisition falls through.

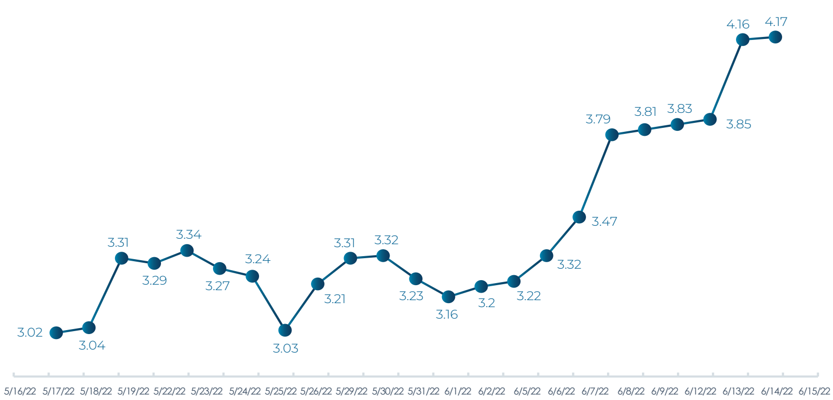
For instance, when First Abu Dhabi Bank (FAB) expressed its interest in EFG Hermes Holding (HRHO) at a 21% premium to market price, HRHO's stock rose as much as 27% in the following weeks. After FAB withdrew its offer, HRHO's stock fell 39%, well below its pre-announcement price level. More recently, Beltone Financial Holding (BTFH), another non-banking financial service firm, had two offers. The first was at a 30% premium to the market, while the second bid the price higher by 10 percentage points. Since then, BTFH's stock rose by as much as 42%. Incidentally, shares of Orascom Financial Holding (OFH), which owns a controlling 58% stake in BTFH, initially lagged before rising as much as 38%. BTFH and OFH stock performances are subject to finalization of either of the two offers.

Events are not just limited to M&As and could involve other corporate events, such as earnings surprises or bankruptcy. For Ibnsina Pharma (ISPH), it was the latter after media reports of the bankruptcy of a major pharmacy operator with exposure to drug distributors. Although the magnitude of ISPH's exposure was not quantified in detail, its stock fell during the period by 13.7%, extending its year-to-date loss to 51.4%.

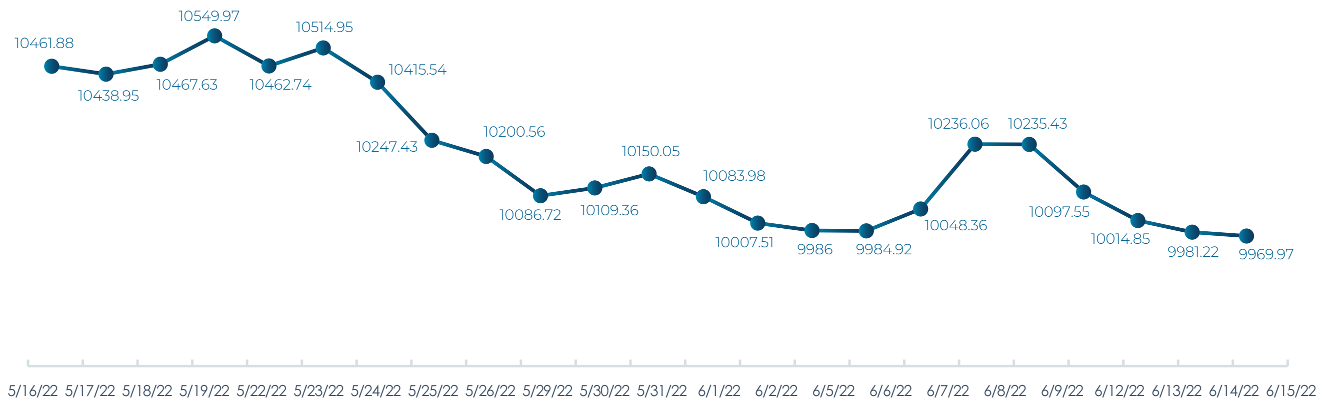
From a macro point of view, investors have been weighing their options. The Central Bank of Egypt (CBE) Monetary Policy Committee (MPC) decision to life benchmark rates by 200 basis points on May 19 has probably had consequences, too. Through the next MPC meeting on June 23, the EGX 30 closed in the red in 19 trading sessions, or 76% of trading days, versus 44% for EGX 70 EWI. With the CBE recently keeping interest rates unchanged, investors have until the next MPC meeting Aug. 18 to figure out which way the market might go.

Lecico Egypt (LCSW)

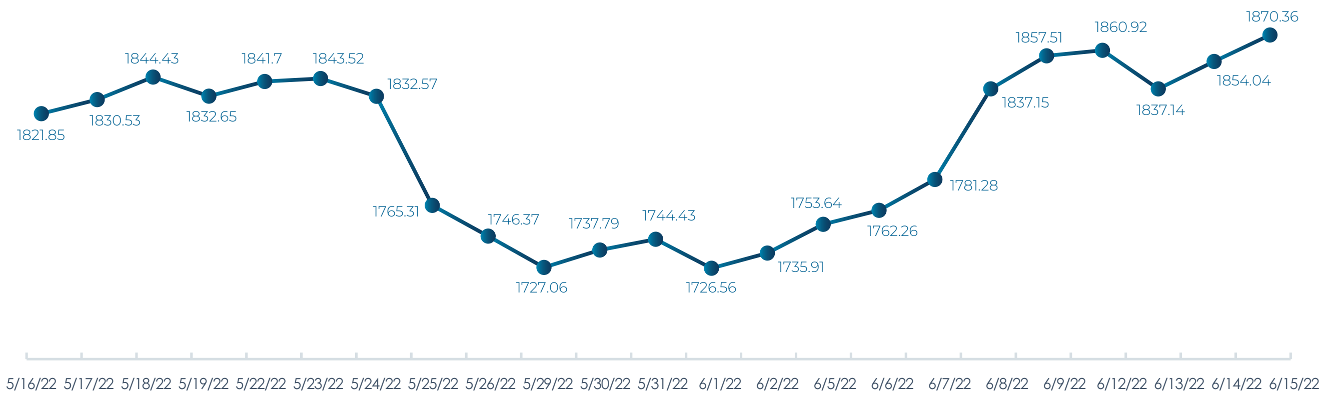
Lecico Egypt (LCSW) featured as the top-performing stock during the period, thanks to strong first-quarter results. The company managed to eke out a quarterly gain for the first time in three and a half years. Consolidated earnings turned into profits of EGP 29.3 million, after a loss of EGP 16.8 million the previous year. Company management attributed the turnaround to higher demand, higher gross profits and an FX gain in view of the weaker Egyptian pound. LCSW's stock rose 43% during the period, turning its year-to-date loss into a gain of 20.5%.



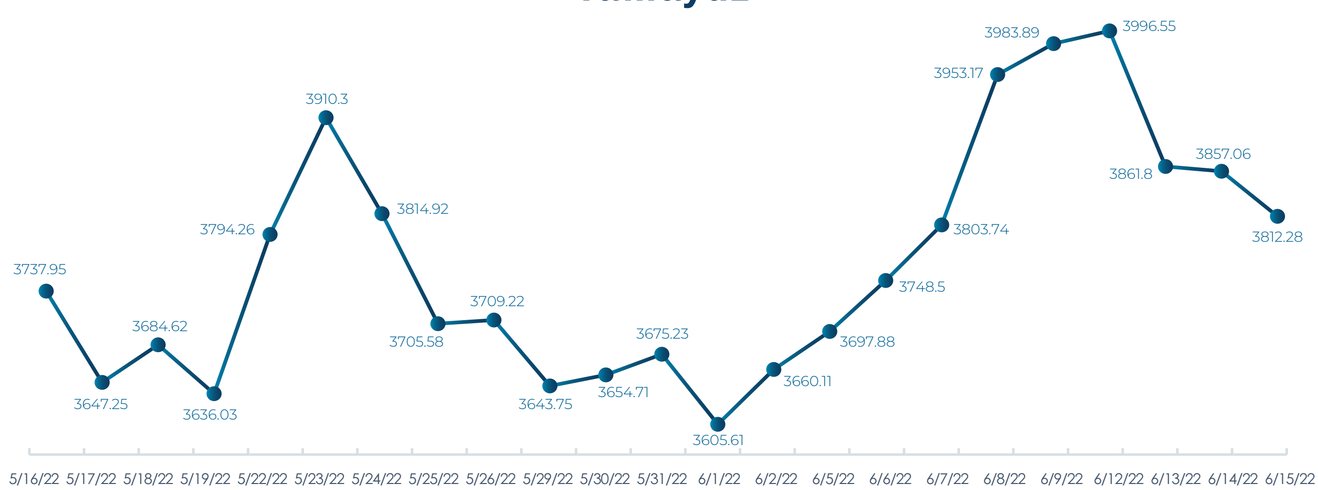
EGX 30



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.

PLANNING SUSTAINABLE STRATEGIES

Manal Hassan
group chief sustainability officer and vice-chairman of Elsewedy Electric

How is one local private company focusing on long-term sustainability ahead of COP27 this fall?

By **Nada Naguib**

As governments and companies inch toward the deadlines for meeting their climate pledges, they must develop sustainable business models that meet the climate challenges and risks. Elsewedy Electric is one of Egypt's pioneers, having reported on its environmental, social, and governance (ESG) goals since 2017. The Financial Regulatory Authority only announced in May that listed companies must file such reports in 2023.

For their efforts, Elsewedy Electric received the European Bank for Reconstruction and Development (EBRD) sustainability award for 2022 for environmental and social best practices at its logistics facility in Sixth of October City. Additionally, it has supplied Sharm el Sheikh with 25 electric-car chargers powered by solar panels as a gift ahead of the 27th Conference of the Parties in November.

Manal Hassan is the group chief sustainability officer at Elsewedy Electric and vice-chairman of Elsewedy Electric Foundation. In an exclusive interview with Business Monthly, she discussed how the upcoming UN Climate Change Conference (COP27) might benefit Egypt and how more profound knowledge and better reporting are vital to achieving environmental targets.

This interview has been edited for length and clarity.

What does hosting COP27 meanfor Egypt?

It will raise awareness in the private sector about the importance of the ESG goals and climate change policies. In developed markets, the private sector has been very much engaged. In emerging markets, not a lot of companies have attended COPs. I think having it in Egypt is going to — at least for [local] companies — make them want to understand more.

It's good we are seeing this in Egypt because not many companies understand the importance of ESGs. Most consultants do not really educate or tell clients how to do a full carbon footprint report or a sustainability report. Most reports mainly focus on CSR programs. That will be a huge [opportunity] where companies can focus and understand sustainability reporting. It also will help them create decarbonization roadmaps; they will start to have key performance indicators and targets for going carbon neutral.

And maybe it will raise attention in public schools to have some sort of curriculum about the importance of climate change and sustainability.

I hope the momentum continues after COP27, because this is the year of implementation for the whole world, as 2030 [when most should meet their climate pledges] is right [around] the corner.

Is COP27 driving companies to expedite or increase renewable energy projects?

Globally [energy generation] will move towards clean energy sources. Egypt's energy comes from natural gas, wind, the Aswan High Dam (hydraulic energy), and solar. That's why [Egypt's] carbon emissions ... is 0.6% [of the world's annual total], while all of Africa accounts for 3.4%. Do you know the total emissions of the United States or Japan, or China? It's a lot more than the whole continent of Africa.

COP27 might encourage companies to invest in R&D, decarbonization, and going carbon neutral. They also might invest in climate mitigation to offset their emissions. They might invest in eco-friendly products for export if they want to sustain their business, in addition to green hydrogen and carbon capture projects.

Locally, how does Egypt Vision 2030 influence companies' strategies?

Sustainability is well embedded in Egypt's vision and roadmap. When a country builds a structured plan, the same should go for the private sector.

Businesses must have their 2030 roadmap aligned with the country's vision. You have to revisit the strategy on a yearly basis, not only to see what you have achieved but to decide whether you want to add or adjust something.

How can Egypt transition toward green energy?

Egypt does not really need this green transition in the short term. Still, as it is a global agenda, Egypt will be able to transition to a green economy sooner than other countries. Our energy mix in Egypt is quite good.

There will always be a need for natural gas globally, not just in Egypt. Because in industries you need high temperatures. For example, if we take our industry ... we have 300 different types of wires; copper needs a high temperature to melt and mold into various thicknesses. Such temperatures can't be obtained from solar panels or wind. The same will apply to many industries like cement and steel, for example.

Green hydrogen is interesting. Some researchers claim that if the whole world goes into green hydrogen, we will eliminate 4% of global carbon emissions. So natural gas will always be the transitional energy when moving from traditional energy sources like coal until we reach another green sustainable energy mix.

What is your recommendation for companies that want to create a sustainability strategy?

It must be handled by an economist who can create [a competent] ESG team. In Egypt, businesses are giving this role to their marketing departments, and it ends up that they issue reports on the CSR activity. Downplaying sustainability will lead to unsustainable businesses. Moreover, it will lead to inaccurate reporting about the ESG and company strategy.

What current government policies can encourage companies to improve their reporting on ESGs?

The government has really taken very serious actions; I think that was because of COP27. We are very happy the government is making ESG reporting mandatory, based on the revenue of each listed company in EGX.

[Meeting ESG standards] can improve awareness, training, and set standards [for reporting]. These standards are already established and implemented internationally. So if [the country adheres to ESG reporting standards], then whatever requirement is needed from the government, [implementing and enforcing it will be] easy because ... you have the data and have done the work.

Also, the government is now discussing creating a carbon credit certificate. That should be something that would encourage many private sector companies to take decarbonization seriously to get carbon credits.

It also encourages investors, be they Egyptian or non-Egyptian, to [lower emissions] when they know that carbon credit certificates are being issued.

The government also is moving toward green hydrogen projects, [which] will [have] green hydrogen certificates.

You can even see the EBRD, IFC, and other international entities encouraging SMEs to transition into green [operations], and ... giving them support in consultancy at significantly discounted rates. There is a movement, and hopefully, everybody will be on board with it.

What are the initiatives that can further engage the private sector in renewable energy projects?

Governments giving incentives to the private sector will accelerate green investments in every line of business.

We have projects in Africa, Europe, and Latin America [because they offer such incentives]. We have [projects] that, once they start operating and are on the grid and producing the megawatts, we will ... disclose [them].

How do you see COP27 benefiting Egypt's sustainability goal?

COP27 is about policies and procedures. It's not country-specific. How would it help us? The publicity. It's enough that the whole world will be eyeing Egypt on TV. People still think that we're riding camels and living in pyramids.

They'll know what Egypt is. We'll benefit from tourism, awareness, and people learning more about Egypt.

The public in Egypt [will be] curious to know what ... is so important about ... COP27. It will push for more policies coming out of Egypt for climate change and ESG [reporting and standards]. I'm sure a lot of ministries will revisit their strategies to encourage foreign investors according to the resolutions that come out of COP27.

We will see a lot of recommended projects, signatories, and investment opportunities. [That will] definitely be something that will help Egypt move forward.

What kind of CSR projects can contribute to sustainability goals?

It depends on the activity of the company and the community it works in. [We] always do projects in partnership with the community by studying and discussing needs and aligning the priorities before implementing them.

You might find that the top priority is a hospital, for example. But when you sit down with the community, they will tell you they don't care about [a] hospital in this area because they can go to the hospital in the next village. They might say what they really need is water or infrastructure.

So you need to engage. You need to feel the community being part of what you're doing. Otherwise, you will be putting out money, and it will not be sustained. It has to be owned by the community.

How are Elsewedy Electric's CSR projects contributing to sustainability efforts?

We focus on health and education. In health, we focus on infrastructure, which is very important for people.

Usually, a lot of companies would not want to get involved in [infrastructure] because it takes a long time to implement. But we don't mind because we believe in good health.

Education is the same. Ahmed Elsewedy, the president and CEO, is an education developer. Technical education had a terrible reputation in Egypt, and nobody wanted to invest in it. But Elsewedy had a vision that changed this and the outlook of the families involved.

What's interesting is that we are seeing people applying who have high scores in their [preparatory] degree ... 95%, 97%, and 87%. They chose not to go to mainstream Thanawiya Amma but to attend our [secondary] technical schools. We're also delighted that parents approached us and said, "Can we enroll our girls?" And we said we couldn't do an all-girls school and an all-boys school. It has to be mixed. We were astonished that they said, "Well, her brother graduated from your school, and the ethics and what you have given [him] would make us trust having our girls in a mixed school." So it's a mindset change, a game-changer. That is something that brings pride and joy.

Why are vocational schools important on the road toward sustainability?

People with vocational or technical skills are the people of the future. Jobs will look different in 2030 and 2040. We already see fintech, which will cater to more individuals than banks ever could.

With electronic wallets, and money being transferred [online], we're seeing a lot of things replaced. Customer service is being replaced, for example, with chatbots.

So who will survive? The people with the skills. Having a technical skill will be more important than having a university degree because AI will do all of that for you in a lot of things, even for engineers, doctors, and so on. So we need to look [to] the digital era. n

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Conference

24 May

Experts weigh in on the future of HR

The proliferation of technology has changed how employees perceive their workplaces, careers, and roles within organizations. How human resources departments can maintain the success of their companies by capitalizing on the strengths of the latest generation of hires will prove essential.

To give a glimpse of the future role and nature of work of HR departments, AmCham Egypt organized a conference on May 24 titled "Redefining HR: Transforming the Future of HR Leaders."

Finding an identity

One of the most influential factors determining the strength of any organization is the strength of its identity. Keynote speaker Nabila Makram, minister of state for immigration and expatriate affairs, explained how the ministry instills a sense of identity among Egyptians living abroad, particularly second and third-generation ex-pats. The same lessons could apply to large organizations with global footprints.

Regular targeted messaging, field trips, and meetings with top government officials were crucial to keeping youth engaged and aligned with the government's vision. The ministry also leveraged technology, creating online platforms for ex-pats to build a bond between them and Egypt.

Corporations could scale those practices to fit their size. That would increase employees' loyalty as they become advocates for the company and defend it against misinformation.

The new employee

Ahmed el Awar, a senior adviser at McKinsey and Co. and CEO of Leadership and Coaching Excellence, talked about the differences between how young employees perceive their careers, organizations, and personal lives compared to a few decades ago.

He noted the role perception plays in the workplace, shaping opinions based on biases and preferences. "Correct decision-making requires data," said Awar. "HR professionals must be able to read the situation, then start discovering the distinct underlying patterns and trends ... such as why turnover is high."

Time is quickly running out to make such a shift. "We are in a major transitional phase across the world in human consciousness, [as more people question their] targets, ambitions and what they want for themselves," said Awar.

Accordingly, HR experts must be "highly exposed to data and new trends, and how to read information," he said. "They must ... be able to understand digital and data analysis while becoming psychologists to understand the needs and wants of employees."

Humans and technology

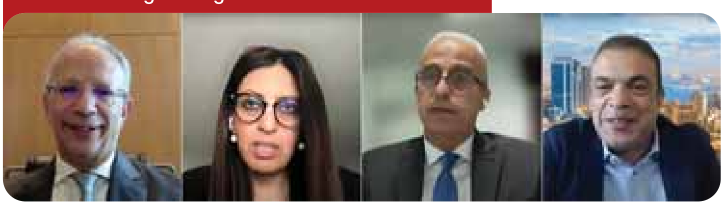
Digitization has been booming in Egypt, with the government and companies looking to offer more products and services in a seamless digital way. "We are witnessing a tsunami of data, which is the heart of digital transformation," said Mirna Aref, general manager of Microsoft Egypt. "The insights from such data allow the organization to remain relevant and competitive."

However, "without people transformation," there can never be digital transformation. "The role of HR, therefore, becomes essential as the custodian of this transformation," said Aref.

Haitham el Mayergy, COO at Arab African International Bank, agreed. "Digital transformation is like the transition from horse carriages to internal combustion vehicles, or AirBnB becoming the world's largest hotel without owning property," said Mayergy. "For that transition to happen, the organization must think differently, attract and retain new types of talent."

Lastly, the HR function also could fuel innovation within an organization by suggesting services that would be impossible without digital transformation, said Khaled Abdel Kader, CEO and founder of Klayyatech, a digital transformation company. "Companies would have to ask how HR can make a business offer a better experience for customers."

Marketing & Digital Transformation



30 May

Session explores vision for offshoring industry

"Nation's Branding: Egypt's Vision for its ICT Offshoring Industry" was the theme of a May 30 webinar sponsored by AmCham's Marketing and Digital Transformation committees. Guest speakers were Amr Mahfouz, CEO of the Information Technology Industry Development Agency (ITIDA); Marwa, IBM general manager; Ahmed Refky, CEO of Raya Customer Experience; and Alaa El Khishen, CEO of Webhelp.

The discussion focused on strategy, positioning, and branding of the digital offshoring industry, upskilling talent, and building an advanced digital infrastructure.

ITIDA implemented its strategy in the first quarter of 2022 with the help of Ernst and Young. The focus is on IT, business processes, knowledge, and engineering research and development.

In Egypt, IT services is a fragmented industry, where the top 50 players account for 60% to 65% of the market. The remaining market consists of 200 mid-size service providers. Egypt is home to over 400 offshoring players, including 10 Fortune 500 companies. Egypt is attractive to global and local players who export ICT services. Experts cite the country's talent pool, competitive costs, and location.

Egypt is 20% to 30% less expensive than the regional offshoring competition in Eastern Europe. In addition, the time zone advantage enables real-time collaboration with clients in the region.

Egypt invested $2 billion in internet infrastructure and $10 billion in power generation and electricity. Egypt's infrastructure proved reliable and scalable during the pandemic, allowing global companies to continue operating.

ITIDA's objectives for 2026 are to increase export revenue, create sustainable employment opportunities and develop a recognizable brand name for Egypt in emerging digital services and technologies.

Special signing

30 May

AmCham, UPA MoU produces Africa Health ExCon

The Unified Procurement Authority (UPA) and AmCham Egypt signed a memorandum of understanding on May 30 to promote the first Africa Health ExCon that took place June 5-7 in Cairo. The agreement aligned with a larger framework of collaboration on knowledge exchange and advancing the development of the healthcare system in Egypt.

AmCham worked to promote the Africa Health ExCon Forum with its members in Egypt and other AmChams in Africa and the MENA region. In addition to cooperation during the Health ExCon, AmCham will work to support and strengthen its network of members working in the healthcare and pharmaceutical sectors and logistical entities by hosting sessions and facilitating knowledge transfer in collaboration with UPA.

The UPA will share relevant information regarding investment opportunities and procurement in Egypt's healthcare and pharmaceutical sectors and support American companies.

The Memorandum of Understanding signing involved Major General Dr. Bahaa El Din Zidan of the UPA and Riad Armanious, board member of the American Chamber of Commerce in Egypt.

Oil & Gas

31 May

Discussion on financing for decarbonization

AmCham Egypt's Oil & Gas Committee, in cooperation with the East Mediterranean Gas Forum (EMGF), held a special briefing and roundtable discussion on May 31 titled "Financing for Decarbonization." Speakers included Helmy Fouad Ghazi, deputy CEO and head of global banking at HSBC, and Osama Mobarez, secretary-general of the East Mediterranean Gas Forum (EMGF).

The discussion focused on ways sustainable finance can help decarbonize the economy, highlighting the critical role of the financial services industry in achieving net-zero targets and exploring the potential impact of financial institutions as they fund the transition to a sustainable future.

"Sustainability and what it means is unique to every person and business," said Ghazi. "Climate is a key piece of the wider sustainability agenda, and the pace of change is rapidly accelerating."

According to OECD, $100 trillion of climate finance is essential to support the transition to a low carbon economy, to safeguard the world we live in for future generations, explained Ghazi.

In addressing HSBC's strategy to support the global movement towards greater sustainability, Ghazi said the bank was committed to becoming a net-zero bank. HSBC also helps its customers transition to a low carbon future, primarily if they operate in carbon-challenged industries. They also work to accelerate new climate solutions and inspire customers to invest in supporting positive change.

Special event

11 Jun

Zahran wins EEA's inaugural Green Award

Egypt's Entrepreneurship Awards (EEA) hosted its annual ceremony on June 11 at Kundalini Grand Pyramid to honor entrepreneurs across different sectors. The awards aim to encourage entrepreneurs in various fields, highlight distinguished role models who have brought about positive change, and inspire future generations of innovators and change-makers.

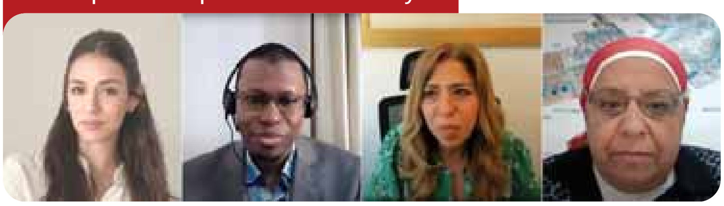
The EEA ceremony was presented in partnership with Tatweer Misr. Other sponsors included Endeavor and AmCham's Entrepreneurship and Innovation Committee. The EEA has an advisory committee comprising prominent economists and entrepreneurship experts to share their expertise with participants.

"This year, we opened the door to a new group of entrepreneurs to honor them and highlight their innovations," said event organizer Amr Mansi, CEO of I-Events. "That enhances the development of companies and supports their ideas and projects that directly contribute to bringing about positive and influential changes in Egyptian society."

This year, the Entrepreneurship and Innovation Committee launched the Green Award in collaboration with the EEA. It recognizes businesses that develop and integrate innovative environmental and mitigation solutions in their business models, combining them with economic success to challenge the status quo and create a significant positive impact on the environment and their industries.

Ahmed Zahran, CEO and co-founder of KarmSolar, was the first winner. He established his company in 2011 with a vision of empowering Egyptian businesses and communities with renewable energy. KarmSolar is a multidisciplinary utility enterprise specializing in developing energy solutions for a wide range of partners in the agricultural, industrial, commercial, mining, and tourism industries, as well as for residential homes.

Corporate Impact & Sustainability



25 May

Webinar focuses on carbon neutrality

On May 25, AmCham's Corporate Impact & Sustainability Committee held a webinar titled "Toward Carbon Neutrality." Guest speakers were Aliaa Heikal, chief financial officer at Egyptian Refining Co. (ERC); Manal Hassan, group sustainability and CSR director, Elsewedy Electric; Saliou Toure, energy technical consultant at UNDP Nature Climate and Energy Practice; and Sarah El Battouty, chairperson, ECOnsult.

With 2010 as the base year, the Glasgow Climate Pact reiterated a need for reductions in greenhouse gas emissions of 45% by 2030 and net zero by 2050.

Hassan explained how Elsewedy Electric realizes its responsibility to become a net-zero company by 2030. In 2020, Elsewedy Electric had three renewable energy projects operating in three countries that eliminated emissions that fossil fuels would have produced.

Heikal discussed why it is vital to ensure optimization and minimization of energy consumption to reduce greenhouse emissions and achieve long-term sustainability. Egyptian Refining is cutting 30% of greenhouse emissions through its sulfur recovery unit, which removes 93,000 tons of sulfur per year, the equivalent of 186,000 tons of sulfur dioxide, from the air.

Battouty said the region suffers from unpredictable climate change conditions, emphasizing that heating and cooling produce a lot of emissions. In alignment with the HayaKarima Initiative, she said, ECOnsult will introduce affordable climate resilience solutions in rural communities.

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Wael Khoury
Managing Director

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Website: www.tetrapak.com

Membership Type:
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Website:
http://www.prime-group.org/

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Mohammed Abdelmohsen
Managing Director

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Website: www.tawasolholding.com

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Alcon Scientific Office
Ayman Abdelaal
GM Alcon Egypt and Africa Cluster Head

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Shatssy Hassan
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Ayman Amer
Investment Director, CI Capital Holding Co.

Gamal Eldahshan
Risk and Compliance Senior Manager, CI Capital Holding Co.

Himanshu Bhanwarlal Shrimali
Head of Digital Transformation, International Business Associates Group for Money Transfer Services (IBAG) SAE

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Amir Maamoun
Consultant, ASTRA Travel

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Omar Sarhan
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Ehab Elshafei
Regional Director Middle East and Africa HQ, Microsoft Egypt, LLC

Yara Nour Eldin
Head of Government Engagement East North Africa Egypt Libya Sudan, Visa Egypt Service LLC

Omar El Attar
Business Development Director, Visa Egypt Service LLC

Ahmad Makhlouf
Chief Financial Officer, General Motors Egypt, SAE
Category: Affiliate
Sector: Automotive

Muhammad Suleiman Hussein
Chief Executive Officer, Ridgewood for Water Desalination
Category: General
Sector: Construction/Engineering

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Finance & Operations Director, John Snow Inc.
Category: Affiliate
Sector: Consultancy

Alex Werman
Vice President and Head, Middle East Practice, The Cohen Group
Category: Associate Non-Resident
Sector: Consultancy

Sylvia Amin
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Wael Salem
CFO, Xerox Egypt, SAE
Category: Affiliate
Sector: Information Technology

Ahmed Barakat
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Category: Affiliate
Sector: Legal Services

Sherif Ismail
Distribution Solutions Sales & Marketing Sub-Region Manager for Egypt & Central Africa, Asea Brown Boveri SAE (ABB)
Category: Associate Resident
Sector: Power

Change in Member Category

Ahmed Khorched
Chief Executive Officer & MD, Tamweely Microfinance
Category: Associate Resident
Sector: Financial Sector

Rimah Asaad
Managing Director, Sarwa Life Insurance
Category: Associate Resident
Sector: Insurance

Baron Hotels & Resorts

Baron Hotels & Resorts has the pleasure to offer a 15% Discount on Online Accommodation Rates, to AmCham members.

The offer is applicable on Baron Palace Sahl Hasheesh, Baron Resort Sharm El Sheikh, Baron Palms Sharm El Sheikh and Baron Cairo.

Discounts will be granted for AmCham members upon presenting their AmCham 2022 membership card

For more information, please contact:
For the reservations in Baron Palace Sahl Hasheesh and Baron Resort Sharm El Sheikh): Emad Fathy
Tel: (20-2) 2241-9206/207 Ext: 225/ 286/ 117; 2414-0929; 2290-1836
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Tel: (20-2) 2291-5757
Emails: reservation@baronhotels.com; reservation@baron-sharm.com; reservation@baronpalacesahlhasheesh.com; reservation@baroncairo.com

Please visit AmCham Cyberlink on http://www.amcham.org.eg/cyberlink for more information on AmCham benefits

This offer is valid until December 31, 2022

Conrad Cairo Hotel

Is pleased to extend its offer of 10% discount on room rates, 50% discount on car parking in addition to 20% discount on Food & Beverages in the below restaurants:
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* Discount is not applicable on public holidays, special occasions, Christmas and New Year's Eve
* Discount is not applicable on alcoholic beverages

Discounts will be granted for AmCham members upon presenting their AmCham 2022 membership card

For more information, please contact:
Karim Nagy
Telephone: (20-2) 2580-8481 Reservation: 202 2580-8888
Email: dining.conradcairo@conradhotels.com

Please visit AmCham Cyberlink on http://www.amcham.org.eg/cyberlink for more information on AmCham benefits

This offer is valid until December 31, 2022

DHL Express

DHL Express is proud to offer all AmCham members an exclusive 30% discount on DHL published rates for outbound international shipping services, and a 15% discount on shipping cost with DHL MENA eShop (To be used with AmCham Promo Code from AmCham Cyberlink).

N.B:
- The discount is not available for domestic shipping.
- The discount is not to be used in conjunction with other promotions from DHL.
- Pick up service is now available.

Discounts will be granted for AmCham members upon presenting their AmCham 2022 membership card

For further information about the nearest DHL location visit our website http://www.dhlegypt.com/en.html or call DHL hotline 16345

Please visit AmCham Cyberlink on http://www.amcham.org.eg/cyberlink for more information on AmCham benefits

This offer is valid until December 31, 2022

United Sons Moving Services

United Sons is pleased to offer AmCham members the following exclusive benefits:
- 15% Discount on any local move within Cairo city limits (up to a 50 km radius)
- 10% Discount on any local move within Egypt
- 5% Discount on any international move
- Priority booking for member companies' requests
- No overtime charge for services provided after working hours
- Free storage at our warehouse for all international moves

Discounts will be granted for AmCham members upon presenting their AmCham 2022 membership card

For more information, please contact: Samer Elhamy
Tel: (20-2) 2754-4974/ 94/ Mobile: (20-10) 6210-1998
Emails: info@unitedsons.org

Please visit AmCham Cyberlink on http://www.amcham.org.eg/cyberlink for more information on AmCham benefits

This offer is valid until December 31, 2022

A Glance At The Press

"Hello, summer..."

May 31, Al-Masry Al-Youm

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.

Amir El-Masry cast as Mohamed Al-Fayed in 'The Crown'

El-Masry has been cast as the young version of British-Egyptian billionaire Mohamed Al-Fayed, former owner of Harrods department store. He will play the father of Princess Diana's romantic partner, Mohamed Al-Fayed (better known as Dodi Al-Fayed), in the fifth season of Netflix's award-winning series "The Crown."

El-Masry is a rising star in Egyptian film and television, with appearances in films such as "Ritsa" (Sea Urchin, 2021) and "El Talata Yeshtaghalonha" (The Three Are Scamming Her, 2010). He was nominated for best actor at the British Independent Film Awards for his role in "Limbo" (2020). He also appeared in "Star Wars Episode IX: The Rise of Skywalker" (2019).

In an Instagram post, El-Masry said he was "honored" to be part of "The Crown" in the role of the Alexandria-born tycoon.

Narrating the intricate and intimate details of the life of the British royal family since the youth of Elizabeth II, "The Crown" has a frequently changing, star-studded cast that has featured Olivia Colman, Matt Smith, Lesley Manville, Jonathan Pryce, Olivia Williams and Dominic West, among others. "The Crown" will release its fifth season in November.

Egyptian Streets, June 23

Tutankhamun opera debuts at HatshepsutTemple

The long awaited opera about the life of the most famous ancient Egyptian king will be performed for five days starting Nov. 5 in front of the Temple of Hatshepsut. The opera was written by famed Egyptologist Zahi Hawass. Originally in English, it also will be translated to Italian.

Tutankhamun was born in the 18th Dynasty about 1341 B.C. and was the 12th pharaoh of that period. He was placed on the throne as a child, and Egypt's prosperous era was beginning to decline with the rise of Pharaoh Akhenaten and his new cult.

The unique opera will celebrate the 100th anniversary of the discovery of his tomb by Sir Howard Carter, British archaeologist and Egyptologist.

The discovery of steps beneath sand on Nov. 1, 1922, was a breakthrough for Carter. He announced the discovery five days later.

Excavation workers exposed all of the steps and the sealed doorway into the tomb, which at one point had been breached by tomb robbers then resealed, leading to hope that the contents had not been plundered.

Carter finally entered the tomb on Nov. 25, finding evidence of resealed holes but noting that it had likely been thousands of years since anyone had entered. When a hole was made inside the door, Carter knew he had achieved his lifelong goal.

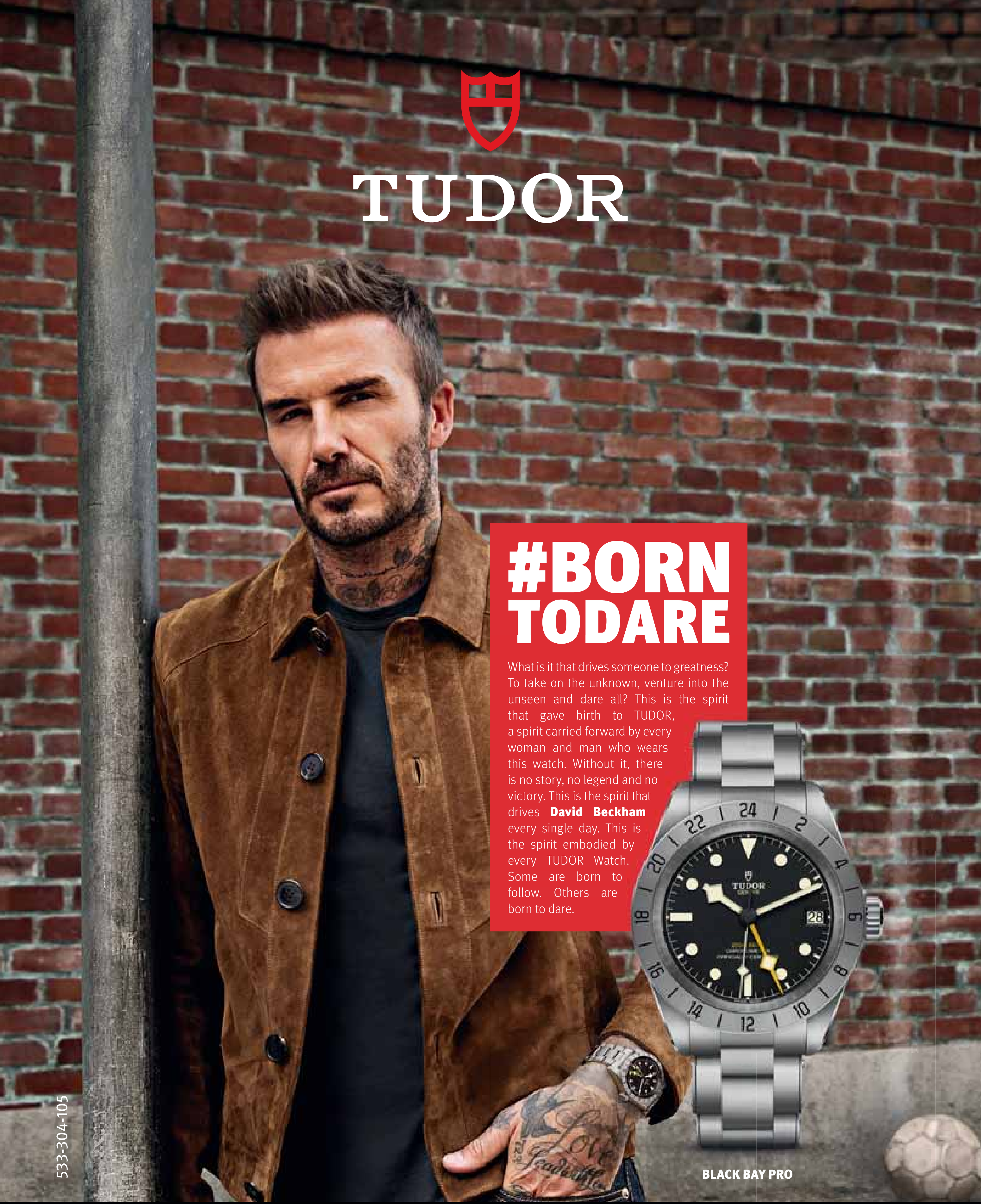
The opera will run for five days in front of the Temple of Hatshepsut. It will tackle Tutankhamun's childhood through an epic conflict between ancient Egyptian pharaohs and Kushite invaders.

Its score is by Italian composer Zamboni and the cast and orchestra will feature Egyptians and Italians. It will then be performed at the Cairo Opera House, as well as at the opening ceremony of the Grand Egyptian Museum.

Hawass said one of the most important scenes in the opera revolves around Nefertiti's attempt to kill Tutankhamun and snatch the throne for one of her six daughters.

He added that the temporary exhibition of King Tutankhamun displayed at the Grande Halle La Villette in Paris has been seen by 1.5 million people.

Egypt Today, June 21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