Business monthly

THE JOURNAL OF THE AMERICAN CHAMBER OF COMMERCE IN EGYPT

March 2022

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West Nile Delta facility in Idku, Behera

Karim Alaa,
bp North Africa regional president

bp stresses its growing commitment to Egypt

Can you give me a view of bp's operations and investments in the past five years?

We take pride in the Company's long-standing history in Egypt, successfully operating in the country for almost 60 years, investing more than $35bn across those years, and being a central pillar of the strategic Egyptian energy sector. With our partners, bp currently produces around 60% of Egypt's gas.

bp Egypt is a major player operating in the Mediterranean basin, creating significant value by leveraging the extensive infrastructure bp has established over the years and the country's vast reserves. bp operates the West Nile Delta project, a $9bn gas development project, which currently produces around 1 bcf of gas and ~27 mbd of condensate. Also, bp has established a strong footprint in the East Nile Delta through its Pharaonic Petroleum Company (PhPC) JV and other partners' operating assets. PhPC is a significant gas producer with current average gas production of ~475 mmscfd and ~10K bbl/d of condensate.

We are proactively engaging with the Ministry of Petroleum & EGAS, in cooperation with partners, to access new acreage through bid rounds and direct awards. We recently won a new block in the Mediterranean, the EGY-MED-E5 block, in which bp and Eni, the operator, each hold a 50% interest. bp is investing ~$50m in multiple seismic projects in 2022 to identify the next generation of gas projects.

I see a great future for gas, and Egypt is integral to our strategy. Hydrocarbons are central to bp's strategy, providing the cash flow that fuels its transformation.

Are there any talks with local petroleum authorities for more investment in 2022 and beyond?

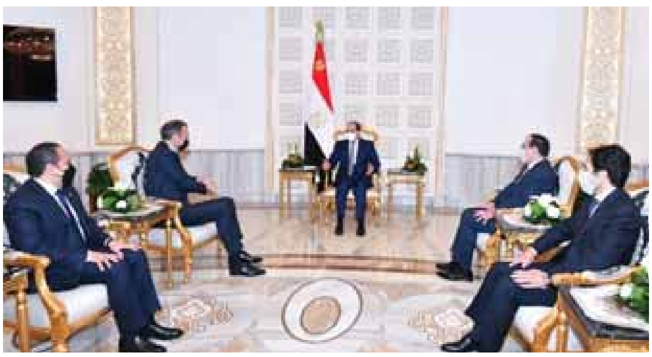
We've hit the ground running in 2022 recently awarded a new exploration concession with our partner, Eni (50/50). We foresee real potential in this block as it ties in nicely with our resilient gas strategy to focus on fast-paced tie-back options, leveraging existing infrastructure, competitive gas prices, and strategic partnerships that are in place.

Our continuing investments in the country, including West Nile Delta, Atoll, and Zohr, are laying the foundations for bp's growth in Egypt well into the future. With our current gas portfolio, we always work with our partners to increase gas production rates and are planning increases by 2024 through several wells to be drilled both onshore and offshore.

Egypt has reported many oil and gas discoveries in the past few years. How is bp's strategy capitalizing on that?

bp is applying industry-leading seismic technology to identify prospects that can be quickly tied back to existing infrastructure, keeping facilities full and meeting the gas demand. That will take less time and cost, and its beauty is that you don't need many discoveries to make it economical. Instead, we can pursue smaller, faster developments in proximity to our existing infrastructure or the infrastructure of our partners.

Egypt remains a core area of the bp exploration portfolio. Our active participation and successful outcomes in the most recent Egypt bid rounds reflect our interest in expanding and building on our current successful operations in the country.



The government wants Egypt to be a "regional energy hub." What are the opportunities for and challenges to realizing that vision?

bp has every confidence in Egypt's vision to become a regional energy hub. Last month, on the sidelines of EGYPS, Bernard Looney and I met with HE President El-Sisi and HE the Minister of Petroleum and Mineral Resources to share our progress in various projects. We also highlighted our future business plans to continue supplying Egypt with energy to support the country's transition plans to become a regional energy hub.

Egypt's network of pipelines and two liquefaction facilities (one in Idku and the other in Damietta) are already providing a head start for its regional energy hub plans. Speaking of which, bp has an existing LNG SPA with EGAS to purchase LNG from the Damietta plant, which will be revived with the plant. On the other side, renewables have come a long way in reducing their costs thanks to the available technology and economy of scale. Egypt is blessed with one of the best locations for wind and solar energy globally. Incentives from the Government will help renewables compete with other forms of energy. We are all following with admiration Egypt's strides to increase the renewables share in the Egyptian Energy mix (20% of the electricity mix by 2022 and 42% by 2035) while actively encouraging further hydrocarbon activities.

Egypt's geographic location, robust infrastructure, and world-class natural resources make it a global crossroads and the mecca of future energy investments.

What were bp's social investment projects over the past five years?

Our commitment to developing the communities where we operate is as important as our commitment to providing Egypt with the energy it needs. Over the last five years, we have invested around $15 million in programs that pursue sustainable legacy and long-lasting progress in four key areas: skills development, health, entrepreneurship, infrastructure, and the environment.

The three flagship programs most dear to me are the Post-Graduate Scholarships, the Middle Management Program, and the WND community development program with our partner Wintershall Dea. The Scholarship program has allowed more than 100 Egyptian graduates with outstanding academic records to pursue their Master's degrees in different fields of science from esteemed British universities, such as Cambridge. Meanwhile, the Middle Management Development Programme provides future leaders at the Ministry of Petroleum the opportunity to spend six months in Egypt & the UK in bp's offices and project sites to gain on-the-job experience in the latest business and technologies applied globally. Last but not least, our WND community development program has touched the lives of thousands of people – it's the most prominent development program ever in the history of the Behera governorate, in which the WND operates.

No business can thrive in isolation of its environment. The community needs to take pride in our presence, and we have invested millions in social projects because we believe that business and social development must go hand in hand.

What are your social investment plans for 2022?

We are also planning several initiatives to support Egyptian youth in different areas, including education, sports, and skills development. We will also continue to support the initiatives and partnerships we've built over the years. For example, in 2022, we are sending two students to pursue their Master's degrees in the UK. In addition to that, we have signed an MoU with the Ministry of Petroleum and Mineral Resources to enroll a new cohort in the Middle Management Development Program.

Finally, we have renewed our partnership with the Egyptian National Paralympic Committee to support the Committee and Egyptian athletes on their road to the Paris 2024 Paralympic games.

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DESTINATION: ROME?

Nearly 875 years after French theologian and poet Alain de Lille put it in writing, the phrase "all roads lead to Rome" is still relevant in today's diverging, innovative, fast-pace world.

Back then, it signified the Milliarium Aureum monument, translated from Latin as "Golden Milestone," at Rome's city center. It eventually became the point Romans used to measure distances within the empire. It also was said to be the intersection of all roads.

In 2022, the Roman Empire has become the world and the Milliarium Aureum represents the goal of reaching "net zero" harmful emissions. While the "all roads lead to Rome" proverb implied indifference to the chosen path, today selecting a route is vital as each path has its own set of real-world pros and cons.

Governments must find the quickest route to reach that net-zero milestone. However, they must be careful that their chosen paths don't damage their economies or cost jobs. At the same time, they mustn't be so cautious they act too late to make a difference.

In this issue, the cover story tackles the difficult path to net-zero for the oil and gas sector. Our In Depth looks at how the government attempts to make existing megacities, such as Cairo, environmentally sustainable. That is proving to be more challenging than integrating eco-friendly solutions in Greenfield metropolises, such as the New Administrative Capital.

In many ways, Egypt's AI strategy, which we summarize in this month's In Depth, should help detect losses, suggest ways of cutting them, and even offer new innovative solutions to incumbent problems.

Indeed, it seems that all roads Egypt is taking this year will, eventually, lead to "Rome." The question is how rocky those routes will be for businesses and the government and whether November's Conference of the Parties meeting will be a "shortcut" or "the long way around."

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Business monthly

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WEATHERING A NEW **STORM**

There's never a dull moment. Just as COVID-19 seems to be subsiding, Russia invaded Ukraine. A story that belongs only in history books has come to life and put the whole world on alert. This could have dire implications for the global economy, which has yet to recover from supply chain bottlenecks and inflation caused by the pandemic.

The events in Ukraine bring with it the threat of a new Cold War era, forcing nations to choose sides. The current alliances have yet to unravel, but given the complex, interwoven interests between countries on both sides of the conflict, the situation is not easy for decision makers. This is especially true for developing countries, which will feel the impacts, both political and economic, more than developed countries.

Egypt is no exception. We were on the verge of a post-pandemic economic recovery, but now the crisis evolving in Eastern Europe is hitting us harder than the coronavirus did. The first blow is to tourism, as 20% of tourists visiting Egypt are either Russian or Ukrainian. Then there is the inflationary pressure, with the prices of oil, gas and wheat imports soaring. According to the latest World Bank report on Egypt, foreign assets in Egyptian banks were in negative territory on December 31, 2021, despite a record year for remittances, exports and Suez Canal revenues.

If it persists, the situation could mean Egypt must again turn to financial institutions to bail the economy out. Some analysts believe that another devaluation could be looming on the horizon.

Trying to address the impending problem by using long-abandoned measures of import controls and price controls will not work -- they never worked, not in Egypt or any other economy. I hope we have learned that these measures can only aggravate the situation, not improve it.

Yet there are indications of several failed attempts in this direction. The Central Bank of Egypt's directive to import only through letters of credit has been partially retracted, and more exceptions will probably be added. This suggests that the decision was not properly studied and was poorly implemented.

Unless the government of Egypt accelerates its reform program and adopts the private sector inclusion agenda, with a clear plan for the state to exit the economy based on the country's strategic needs, things will get worse before they get better.

There is confidence in the ability of the government to take the tough, bold decisions needed to weather the storm. Time is of the essence, though, while the price of action can still be contained.

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President, AmCham Egypt


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THE NEWSROOM

USAID JOINS ESNA TOURISM INITIATIVE

The U.S. Agency for International Development (USAID) and Ministry of Tourism and Antiquities have launched an Esna promotion campaign in Luxor to support the tourism sector.

According to the U.S. Embassy in Cairo, the campaign is part of the $8.6 million U.S. investment that restored historic landmarks and revitalized tourism infrastructure and will showcase Esna as a prime destination.

"The United States has contributed more than $100 million (EGP 1.57 billion) to preserve dozens of cultural heritage sites throughout Egypt. Last year, we inaugurated the renovated Wakalet El-Geddawy in Esna, and today I am very excited to launch the Esna Tourism Promotion Campaign. This campaign will put Esna back on the tourism map and engage the private sector to explore investment opportunities and partnerships," said Leslie Reed, USAID mission director.

The campaign will involve exhibitions, photography competitions, and folklore events over the coming months to highlight Esna attractions, said the embassy statement.

The embassy also said USAID's work in Esna is implemented in partnership with the Ministry of Tourism and Antiquities, Ministry of International Cooperation, Luxor governorate, and local partners, including Takween Integrated Community Development.

Since 1978, USAID has invested $30 billion (EGP 471 billion) to support economic development in Egypt.

ALAMEDA AGREES TO BUY FOUR SURGICAL ROBOTS

Alameda Healthcare will purchase four surgical robots from British medical robotics company CMR Surgical under an MoU signed by the two companies.

The first surgical bots would be installed in March at Alameda's Al Salam International Hospital in Maadi, while the remaining three delivered over the next four years. The value of the agreement was not disclosed.

CMR Surgical will train Alameda staff on using the technology for general surgery and oncological, gynecologic, and urologic procedures. The two companies will also establish a robotic surgery training center under the agreement for the benefit of surgeons nationwide and a "joint governance committee" to improve patient-centric care.

According to the press release, CMR's Versius robotic system allows surgeons to perform complex procedures with "minimal incision and better precision," meaning patients experience less pain and can be discharged faster.

The healthcare provider plans to invest EGP 5 billion ($318 million) to expand services over the next five years.

60% OF SMALL BUSINESSES TO BOOST ONLINE PRESENCE

Cloud-based solution provider GoDaddy says 60% of Egyptian businesses intend to boost their online presence and digital marketing activities this year, according to the company's MENA Survey 2021 of online entrepreneurs.

Findings suggest that 38% of businesses in Egypt have set up websites.

The survey was conducted in October with 800 respondents and studied the effects of the pandemic on entrepreneurs and small business owners in Egypt.

"GoDaddy is dedicated to driving the success of small businesses," said Selina Bieber, GoDaddy's general manager for the MENA region.

Websites and social media were the channels used most by entrepreneurs to sell goods or services at 46% each, followed by one-stop shops at 40%. Facebook was the most popular social trading platform in 2021 (89%), followed by WhatsApp (64%) and Instagram (47%).

FEES SET FOR ELECTRIC VEHICLE CHARGING

The Ministry of Electricity and Renewable Energy has set charging rates as the government pushes ahead with plans to accelerate the adoption of zero-emission vehicles.

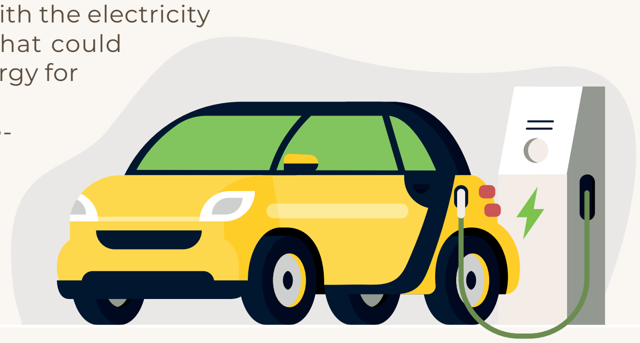
According to the Official Gazette, the charging rates will be EGP 1.69-3.75 per kilowatt-hour (kWh), depending on the type and location of stations. Factors affecting rates include whether the station uses alternative (AC) or direct current (DC).

Low voltage (up to 22kW) AC charging stations in public space designated by the government will charge EGP 1.69 per kWh, with a service fee of EGP 0.477/kWh and a distribution fee of 1.213/kWh. Low-voltage AC stations where providers must rent or lease the land will see consumers pay EGP 1.89/kWh plus an EGP 0.677 service fee and EGP 1.213 distribution fee.

DC stations up to 50 kilowatts will charge EGP 3.75/kWh, EGP 2.537 service fee, and an EGP 1.213 distribution fee.

TESLA TO MANUFACTURE BATTERY STORAGE SYSTEMS

Electric vehicle maker Tesla is negotiating with the electricity ministry to manufacture battery systems that could store up to 100 megawatts of renewable energy for 20 years.



Such batteries could be a boon in the renewable energy sector, as they can be used for power generation during outages.

Egypt's total renewable energy capacity reached 6,300 megawatts by 2021, with 32 solar plants in Benban and a wind farm in Ras Ghareb.

Last year, electricity Minister Mohamed Shaker said Egypt plans to increase the capacity of renewable sources by 3,500 megawatts to a total of 10,000 megawatts by the middle of next year. He added the follow-up target would be to have renewable energy supply 42 percent of the country's total electricity needs by 2035.

LIBERATING DIGITAL TRADE

Free trade agreements are vital for lowering cross-border barriers, allowing for frictionless trade. Now, the United States seeks similar deals for digital transactions.

By **Tamer Hafez**

A critical missing piece of Egypt's trade relationship with the United States is an umbrella free trade agreement. The door is open just a little bit, with a one-way limited Qualified Industrial Zones deal for Egyptian exports and a tiny amount of Egyptian goods qualifying for the U.S.' Generalized System of Preferences (GSP) program. Now, the rise of digitally-enabled trade, such as cross-border e-commerce, is an opportunity for both countries to align their trade policies and regulations. "A digital trade pact with the [United States] could unleash the potential of what is already a fast-growing sector," Andreyka Natalegawa, a research associate for the Southeast Asia Program at the Center for Strategic and International Studies (CSIS) in Washington, D.C., wrote in an October paper.

That would result in faster, less costly cross-border transactions, effectively creating a free trade digital environment. "As the global internet expands and evolves, digital trade has become prominent on the global trade and economic policy agenda," noted a paper from the Congressional Research Service in December. "Digital trade has been growing faster than traditional trade in goods and services, with the pandemic further spurring its expansion."

But there are challenges, mainly that the World Trade Organization (WTO) doesn't include "digital trade" in its provisions and regulations. "While no multilateral agreement on digital trade exists in the [WTO], certain … agreements cover some aspects of digital trade," noted an OECD paper. Additionally, regulating virtual transactions "often overlaps and cuts across policy areas, such as intellectual property and national security," further complicating digital trade agreements (DTAs).

However, governments should find ways to sign such deals, particularly with the United States, to advance their digital transformation strategies. "Digital trade represents the next frontier in economic development … and is a potential engine for significant growth," Natalegawa stressed in the CSIS paper.

For Egypt, securing such a deal will become increasingly urgent as the government accelerates digital transformation across all parts of the economy. Javier López-González, a senior trade policy analyst at the OECD, noted in an April blog on Wilson Center, a policy forum, that countries with high internet penetration rates and multiple free trade agreements would benefit from having DTAs. They "have a greater degree of trade openness and more products to more markets," he wrote. "Digitalization also is associated with countries drawing greater benefits from regional trade agreements."

Pinning down digital trade

There are several definitions of "digital trade," which makes agreeing on the provisions of DTAs tricky and open to interpretation.

The CRS paper says digital trade "includes end products, such as downloaded movies, and products and services that rely on or facilitate digital trade." It covers streaming services and productivity tools, such as cloud data storage and email.

That differs from how the U.S. International Trade Commission (USITC) defines it. In its view, digital trade covers the "delivery of products and services over the internet by firms in any industry sector, and of associated products such as smartphones and internet-connected sectors." It excludes online sales of physical goods that don't connect to the internet and have a digital alternative, such as books, movies, music, and software.

The OECD, WTO, and IMF have the broadest definition, agreeing that it includes "all trade that is digitally ordered and/or digitally delivered."

López-González said having multiple definitions should be no surprise. It is the "result of … digital transformation," he wrote in a 2018 research paper. "Trade has become more complex, and how and which measures affect trade have also changed." That has altered definitions of some issues, such as trade facilitation. They now "have new meaning in the digital era when more small parcels [cross] international borders and new issues such as cross-border data flows can raise new challenges."

Digital barriers

Despite the lack of physical barriers in the digital world, some countries impose obstacles that cripple the digital exchange of goods and services. "Protectionist policies may erect barriers and create discriminatory practices to digital trade," said the CRS paper. That would damage trust in the digital economy, resulting in a fragmentation of the internet, which reduces economic gains.

That has been evident since 2014, wrote López-González, starting with digitally-enabled services, such as communication infrastructure and connectivity, affecting electronic payments and online payment services.

Examples of protectionist policies are in Europe and some Asian countries, which tax digital transactions within their borders. For example, France has a 3% tax on foreign companies' digital revenues realized in the country.

Other types of obstacles are non-tariff barriers (NTB). The CRS paper noted they most likely result from "intentional or unilateral" laws and regulations restricting digital transactions. The WTO addresses some of those obstacles, including the rule of law for all companies using the digital space, ensuring regulatory transparency, and protecting local investors, noted the CRS.

However, other barriers are unique to digital transactions. The first is localization, where governments compel companies to meet specific criteria for transactions in the virtual space. "Governments often use privacy protection or national security arguments as justifications for these measures," said the CRS.

Another obstacle is regulations that limit data flows. López-González of the OECD said it is "one of the most important issues [facing] digital trade ... Data enables the coordination of international production processes through [global value chains], helping small firms reach global markets."

Preventing free digital data movement makes it "increasingly difficult for an international trade transaction to take place without cross-border transfer of some sort," explained López-González. It is most evident in restricting or blocking websites or parties from communicating with residents.

Forcing international companies to store information on local servers has a similar effect. Indonesia and Vietnam are cases in point. Natalegawa said those governments claim it helps protect data by keeping records within their borders. That is a rising trend, particularly in Southeast Asia. "Arguments in favor of such a 'cyber sovereignty' model are ... finding sympathetic audiences," said Natalegawa.

Other crippling NTB regulations include licensing fees for digital platforms. The CRS document says one example is Egypt requiring an EGP 50,000 license fee for social media platforms with 50,000 subscribers to operate legally in the country. Meanwhile, Qatar requires a license for local companies to offer phone call services via the internet. So far, only local mobile operators can legally provide that service.

Aligning policies

Signing binding multilateral and bilateral agreements to eliminate such barriers permanently is one way of ensuring smooth digital trade. The current U.S. administration is working on such deals, particularly with developing economies that have fast internet adoption rates.

Several associations, including the U.S. Chamber of Commerce, told the Office of the U.S. Trade

Representative that standardizing digital trade rules "should be a 'critical element' of the U.S. trade agenda," wrote Eric Emerson, a partner at the law firm Steptoe & Johnson LLP, in an October blog.

The United States already has several digital trade agreements. The first was with Japan, signed in October 2019. It covers all online transactions between individuals or companies in both countries, including public government data. However, it doesn't apply to government procurement services and other digital facilitations offered to local sovereign agencies, according to the Office of the U.S. Trade Representative.

In June 2021, the U.S. included digital trade tax regulations in its agreement with the G-7, which comprises the world's seven biggest economies. It unifies large multinationals' taxation rights and includes internet-dependent companies in the global minimum tax agreement. That unified tax floor also extends to firms that rely on digital trade in the OECD's 130 countries.

In October, the United States successfully negotiated with several European countries, which unilaterally imposed a tax on digital transactions, to remove the tax once they sign a DTA and credit any excess amounts. A month later, America signed similar agreements with Turkey and India.

The United States is currently negotiating to include digital trade regulations in the free trade agreement with Mexico and Canada. The CRS paper said it would cover e-commerce only.

The world's largest economy also is negotiating with China, India, Australia, South Korea and the 10 members of the Association of Southeast Asian Nations to secure DTAs. It would be "particularly impactful in Southeast Asia, where innovation in the digital space has blossomed in recent years," said Natalegawa of CSIS in October.

Little wiggle room

DTAs could prove increasingly problematic if "governments maintain tight control over the internet and limit foreign access," said the CRS paper, adding that policymakers and others may see it as necessary to protect domestic interests. That makes signing such deals economically, regulatorily, and politically sensitive.

Emerson believes DTA deals with the United States will most likely take cues from five existing agreements. In addition to the agreement with Japan and the digital trade chapter in the U.S.-Mexico-Canada FTA, America could take some features from the Australia-Singapore DTA, the e-commerce chapter in the Progressive Trans-Pacific Partnership, and the Digital Economic Partnership Agreement.

The first stipulation would probably be that governments can't impose additional fees or "customs" on electronically transferred data from and to DTA member states. Additionally, those governments must not prevent content or discriminate against digitally sourced products from other treaty signatories.

Additionally, governments receiving digital products or services couldn't legally demand the localization of incoming data or store it on local servers. They also couldn't force foreign companies that trade digitally to share technologies and patents with DTA member states or their companies.

However, Emerson noted that none of the existing DTAs prevent local governments from subsidizing companies that digitally trade goods and services. That includes "government-supported loans, guarantees, and insurance," he wrote. "The exclusion of such subsidy discipline from a digital trade agreement is potentially problematic ... [and] would be essentially beyond correction."

Making them work

An OECD report noted DTAs need to balance "three potentially conflicting policy goals in the internet economy." The first is enabling the internet to become a global marketplace. The second is to boost or preserve competition between the virtual and real worlds, and, lastly, protect consumers' data.

Unfortunately, few DTA "best practices" exist, given it is a relatively new concept in a fast-changing virtual landscape. "Rules governing digital trade are evolving as governments ... experiment with different approaches and consider diverse policy priorities and objectives," said the December CRS paper. "In some cases, policymakers may struggle to balance digital trade objectives with other legitimate policy issues."

To ensure DTAs can be effective, López-González of the OECD warned against treating such agreements as independent from other economic aspects. "Making the most out of digitalization for trade requires thinking more carefully about how trade policy interacts with related policy domains such as innovation, infrastructure, competition, taxation, consumer production, skills and data governance," he wrote. ■

TOUGH QUESTIONS FOR OIL & GAS

As the world seeks to lower its emissions to zero, the oil and gas sector faces pressure to decarbonize their operations (Scope 1), supply chains (Scope 2) and the fuels they produce (Scope 3). This month's cover package highlights four important talking points the government and oil and gas companies must tackle as they seek solutions and sustainability.

by **Tamer Hafez**


CO2

GREENING OIL & GAS

High-polluting oil and gas companies are under mounting pressure to decarbonize their operations and fuels.

By **Tamer Hafez**

As the cause of nearly half of all global carbon emissions, according to the International Energy Agency, oil and gas companies are under increasing pressure to decarbonize both their supply chains and the fuels they produce. "If the world is to come anywhere near to meeting its climate-change goals, the oil and gas industry will play a big part," wrote Chantal Beck, a partner in McKinsey's energy sector, in a January 2020 report.

Those decarbonization efforts should reduce direct emissions released during drilling, processing and transportation operations, which together account for 9% of global emissions, according to Beck. Another area of focus is emissions from the oil and gas supply chain, which includes power stations that supply refineries to equipment manufacturers. Most significant are emissions released when burning fuels, which represents more than a third of global emissions, noted Beck.

The Ministry of Petroleum and Mineral Resources has announced several measures to reduce emissions in Egypt. In January, during AmCham Egypt's Building Momentum to COP27 Conference, Minister Tarek El Molla said that Egypt has a sector decarbonization strategy until 2035. However, the government has yet to announce targets or timelines for decarbonization milestones.

Nonetheless, national and international oil companies are major players in the drive to decarbonize. "A big part of the challenge is the energy system," said Bjørn Sverdrup, chair of the Oil and Gas Climate Initiative's executive committee, in an October TED Talk. "We can't fix the climate without fixing the energy system."

Transition strategy

According to Molla, Egypt's energy strategy began by gradually reducing subsidies to encourage fossil fuel consumers to find alternative energy sources.

In December 2018, the government said it would start aligning domestic and international prices every three months. In the past, petrol prices would go unchanged for years until the government subsidy didn't cover the difference with global prices, at which point petrol prices would more than double overnight.

The government has also launched initiatives promoting natural gas instead of gasoline in passenger cars, commercial vehicles, factories, power stations and households. According to a 2016 Oxford University research paper, natural gas is the cleanest fossil fuel. In 2021, it accounted for 65% of burned fuel in Egypt compared to 48% in 2015, said Molla.

In January, the oil minister told the media that using locally sourced natural gas instead of importing refined oil is a "transitory step." The ultimate goal is to use emission-free fuels, such as hydrogen.

Other ministry efforts include allocating $1.5 billion to NOCs in Egypt to reduce their fuel and electricity consumption, energy losses and emissions. Molla also created a department in the ministry to promote decarbonization and said his top priority this year is introducing carbon capture technologies to companies in Egypt with the help of the World Bank.

The oil minister also told the media in January there are memorandums of understanding with international partners that ensure the sector "preemptively" reduces emissions. Molla noted that all oil companies in Egypt, domestic and international, already use renewables to power drilling sites.

Mounting pressures

Globally, major oil and gas companies are being pushed to decarbonize by "regulators, investors, customers and other stakeholders," said James Thomas, a partner at Strategy&, in a 2021 report titled “Greening the Barrel.”

Beck of McKinsey said the most pressure is from "activist shareholders," environmental advocates who own enough stock to have seats on corporate boards. Beck said they force those companies to "disclose consistent, comparable and reliable data" about efforts to combat climate change.

Additional pressure comes from casual investors who are "increasingly conscious of environmental issues," said Beck. A 2020 Schroders study found "67% of the world's top 650 institutional investors cite full environmental, social and governance guidelines integration as their favored investment approach."

Perhaps the greatest challenge for oil companies is rising prices making oil less attractive as an energy source. Brent crude oil went from $79 a barrel on Jan. 1 to nearly $93 on Feb. 16. Meanwhile, equipment used to generate power from renewable sources has been getting less costly. In the United States, “the cost of solar ... has fallen more than 70% since 2011 and the cost of wind by almost two-thirds," noted Beck. "By 2025, they could be competitive with natural gas,” which is 80% cheaper than oil, according to the American Enterprise Institute think tank.

There also are concerns about eventual government regulations that might make fossil fuels, particularly petrol and diesel, more expensive. "Transparency and tangible action on emissions are already becoming important in certain export markets," said Thomas. "Some governments are considering measures such as carbon border adjustment taxes for imported products based on emissions." So far, only the EU has issued environment-related regulations in its markets, after designating natural gas and nuclear energy as "sustainable" in February. It has also proposed that all new cars sold after 2035 must be electric.

Difficult transition

Sverdrup of the Oil and Gas Climate Initiative noted that oil companies could continue focusing on quick and easy decarbonization gains for years, as demand for global oil and gas continues to be high. "We need to turn from an 80% fossil-fuel based system to a zero-emission system," he said. That would require "massive investment, radical policy shifts and changing behavior," which takes time and ultimately will make "changing the energy system ... hard."

Meanwhile, governments can't rapidly clamp down on oil company emissions, which could cripple their own economies. Even with Egypt’s comparatively diverse economy, the country’s top exports are oil and refined petroleum products. According to the Central Bank of Egypt, they accounted for 49.2% of commodity exports and nearly 30% of total exports in 2020/2021.

That makes the sector's decarbonization a delicate balancing act between the status quo and the need for pressing change. "Even if some would like these companies to just disappear, what they are doing matters to all of us every day," said Sverdrup. "And time is very limited [to reduce emissions to avoid a climate catastrophe]. So it's very hard to ... comprehend the scale of the change."

The solution could rest with major oil companies taking the lead in decarbonizing their operations at a manageable pace while avoiding permanent climate damage. "Although the long-term aim is net-zero emissions, it is vital to translate these targets into action in the near term and manage perceptual and commercial risks," said Thomas of Strategy&. "Companies need to ensure they can provide ... positive returns along with tangible progress toward emission reduction targets.”

EGYPT'S HYDROGEN BET

The government plans to introduce hydrogen to the national fuel mix as part of the national strategy to reduce harmful emissions. Could it, at least partially, replace oil and natural gas?

By **Tamer Hafez**

Abundant, cheap, clean-burning and not a fossil fuel. That is the promise of "green hydrogen," which relies on eco-friendly energy sources to convert hydrogen gas to a compressed liquid fuel that powers machines and emits only water. "A substantial reduction in carbon dioxide is almost impossible without hydrogen," Christian Bauer, a researcher at Paul Scherrer Institute, told China Dialogue in July.

Another benefit is that hydrogen fuel produces more heat than fossil fuels. "The [hydrogen] gas contains more energy for every tonne than any fossil fuel," wrote Fred Pearce, author of "The Climate Files, the Land Grabbers and Water Lands, and A Trillion Trees," in an op-ed on China Dialogue, a news portal.

However, converting hydrogen gas into fuel requires "a lot of electricity," noted Pearce, especially when using renewables. That makes it very expensive as an alternative to oil and gas using today's technology. A report from the International Renewable Energy Agency (IRENA) says that green hydrogen would not be competitive with fossil fuels before 2030.

Accordingly, the government's plans are equally long-term. In October, it announced ambitious plans to produce green hydrogen by 2035. That should help Egypt raise the share of renewables in the national energy mix from 20% last year to 42% by 2035. This year could prove critical to achieving those ambitions, with Mohamed Shaker, minister of electricity and renewable energy, labeling 2022 "the Year of Green Hydrogen."

However, that could prove challenging. For one, creating supply chains to manufacture, ship and deliver hydrogen is "too cumbersome and inefficient, especially when the infrastructure would have to be built from scratch," wrote Pearce. Additionally, by the time hydrogen becomes viable, other eco-friendly fuels might be widely adopted. Bauer estimates it will take 10 years to see "substantial developments in hydrogen."

Egypt's strategy

So far, the government has focused on signing memorandums of understanding (MoUs) with international energy companies. In August, the electricity ministry signed its first hydrogen-related MoU with Siemens Energy to build a green hydrogen plant with a capacity of 100 megawatts or more.

In October, the Sovereign Fund of Egypt signed an MoU with Norwegian renewable energy company Scatec and Fertiglobe, a merger of Orascom Construction Industries and Abu Dhabi National Oil Co., to build a green hydrogen facility with a capacity of 50 to 100 megawatts to produce eco-friendly ammonia.

In December, Shaker told local media the ministry plans to build five green hydrogen plants by 2030. He noted those would be "pilot projects" the government ultimately would scale up. One of those hydrogen-fuel production plants will overlook the Red Sea and another the Mediterranean, each with direct access to a cargo port for export, said Shaker. "This … will have very large financial returns to Egypt."

By January, Shaker told the media there were "several MoUs" between the Egyptian Electricity Holding Co. and Egyptian Gas Holding Co. and five international companies for "pilot projects in hydrogen production." He also announced the ministry had signed an MoU with a "foreign consultancy" to prepare Egypt's green hydrogen strategy for the next 12 months.

New oil?

Several experts noted that despite the ease with which fossil fuel-powered machines could switch to hydrogen, electric power is leading the way. "Green hydrogen will usually lose out to electricity where the latter can do the job," Tom Baxter, a chemical engineer at the University of Aberdeen, told the Wall Street Journal in July. "Green hydrogen can never be cheaper than the green electricity needed to make it."

That is why automakers focus on electric vehicles, hybrid power trains and developing synthetic fuels. Hydrogen fuel "is only ever going to be a niche source of energy," said Baxter.

Skeptics say that supply chain losses of compressed hydrogen could reach 66%. "Efficiency losses happen … in the production process … and the demand side," Romain Sacchi, another researcher at Paul Scherrer Institute, told Potsdam Institute for Climate Impact Research in June.

That would make hydrogen's availability "too uncertain to replace fossil fuels," said Falko Ueckerdt, a senior research scientist at Potsdam.

One use for green hydrogen is manufacturing processes that require heat of 400 degrees Celsius or more, noted Baxter. Trucks, ships and planes also could use hydrogen because electricity would not be practical given their size and weight. "A large truck today would need ... a battery weighing a few tonnes to travel more than 1,000 kilometers (621 miles)," said Bauer.

However, those applications are not likely to prove financially feasible anytime soon. "Hydrogen is between five and seven times more expensive than fossil fuels," said Sarah Mcfarlane, a Wall Street Journal Senior Reporter, in July.

Incentivizing hydrogen

The U.S. administration announced its "Energy Earth Shot" campaign last year to reduce the cost of producing hydrogen by 80% to $1 per kilogram by 2030. That would "catalyze innovation in any hydrogen pathway with potential for meeting the targets -- such as renewables, nuclear and thermal conversion -- by providing incentives," said the Office of Energy Efficiency and Renewable Energy. It estimates that would quintuple consumption of hydrogen fuel.

The Clean Energy Ministerial, a high-level global forum to promote policies and programs that advance clean energy technology, has its "H2 Twin Cities" initiative to accelerate hydrogen use by pairing cities worldwide. "As incubators of new ideas and technologies, cities are a key part of the effort to jumpstart innovation and foster solutions to fight the climate crisis," said Deputy Secretary David Turk in a forum document. "H2 Twin Cities will help us do just that."

Those pairings could be "Sibling Cities" that are at the forefront of deploying hydrogen technologies. "Mentor-Mentee Cities" would be at different levels of hydrogen implementation.

In Egypt, successful integration of hydrogen to diversify the country's fuel mix will need government support, similar to the "Green Incentive" program for electric vehicles. Still, as Baxter told the Wall Street Journal: "Setting hydrogen alongside the alternatives that we have, particularly electrification, it's there that the hydrogen story starts to unravel."

PRICING,TRADING EMISSION RIGHTS

Allowing industries that find it challenging to decarbonize to financially support eco-friendly companies could be a win-win solution for both. What could go wrong?

By **Tamer Hafez**

As the deadline approaches to meet the 2015 UN 17 sustainable development goals (SDGs) by 2030, some industries are struggling to lower their emissions. "The challenge is especially tough for organizations that aim to achieve net-zero emissions, which means removing as much greenhouse gas ... as they put in," said Christopher Blaufelder, a partner at McKinsey's Zurich office in a January blog.

One solution is to finance eco-friendly companies. "Individuals or companies looking to offset their ... greenhouse gas emissions can buy [carbon] credit through middlemen or those directly capturing carbon," reported Lucas Thompson, an associate producer at NBC's Climate Unit, in October.

Article six of the 2015 Paris Agreement allows such a scheme. It gives businesses "carbon credits" if they meet specific conditions, such as building wind and solar farms and implementing initiatives that reduce emissions.

Heavy polluters can buy those carbon credits in a virtual marketplace, similar to a regulated stock exchange or an over-the-counter market. Each purchase raises that polluter's threshold for allowable emission levels while lowering it for companies that sell the credits.

A report by the Task Force on Scaling Voluntary Carbon Markets estimated in 2021 that demand for carbon credits will increase 15-fold by 2030 and 100 times until 2050. McKinsey estimates carbon credit trading could reach 2 billion metric tons of carbon dioxide by 2030 and 13 billion metric tons by 2050, up from 860,000 tons of carbon dioxide last year.

That represents an opportunity for Egypt. "It is time for [the country] to put a price on carbon," wrote Deborah Lehr, CEO of Basilinna, a business consultancy, in a March 2021 blog on the Middle East Institute website. "While Egypt has taken small steps toward developing a sustainability plan, it needs a bold idea."

"Involuntary" markets

One way of trading carbon credits is via government-established marketplaces, often referred to as involuntary markets. Like stock exchanges, "involuntary" markets are regulated, with the most active sectors usually the most polluting, such as power, construction, and transportation.

Companies that want to buy or sell carbon credits need permits to trade. Lehr said the government could cap the number of credits polluting companies could buy to ensure they would eventually decarbonize rather than buy their way out of reducing emissions.

The government also could issue several types of permits, where the most restrictive would be free, moderately restrictive would be a set price, and the least prohibitive auctioned. "In establishing this market, Egypt would create a positive incentive for firms to reduce their carbon footprints," wrote Lehr. "Over time, the government will reduce the number of permitted allotments, forcing firms to reduce their emissions or pay more for the right to pollute."

Lehr points out that including the power (40% of emissions), transportation (20%), and industrial (15%) sectors in a carbon trading market would significantly reduce Egypt's overall emissions. "Those sectors... are likely to see the most rapid [expansions] as new power plants come online and car purchases and manufacturing rebound coming out of the COVID crisis," said Lehr.

That would translate to more tax revenue. An OECD report in late 2020 said that if Egypt establishes an involuntary carbon trading marketplace, taxes collected could increase by 2% of GDP if the carbon credits were priced similar to the EU.

Lastly, Egypt would become a pioneer in the region. The World Bank said in May that only 64 countries have carbon trading platforms that comply with national regulatory oversight and the World Bank. The most active are the EU, China, Australia and Canada. The United States doesn't have a federal limit, said Thompson. Instead, each state has thresholds.

The downside of a state-regulated market is that supply and demand do not dictate carbon pricing. Instead, regulation and verification are the responsibility of the government. Carbon prices must be high to act as a disincentive for polluting companies to use it as an easy way to offset their emissions. However, they mustn't be so cripplingly expensive that it makes it financially unfeasible for businesses that need them, wrote Lehr.

Another challenge is determining the number of available permits, complicated further if there are multiple types of licenses. "It requires accurate data on emissions from leading polluting industries to get it right," said Lehr. "Even with this, the government will likely still need to tweak it every year to ensure the pricing mechanism works properly."

The "voluntary" market

The other option for trading carbon credits is a voluntary market using platforms not regulated by governments. According to Ecosystem Marketplace, a nonprofit organization, by the end of 2021, that market size reached $6.7 billion.

It will see increasing activity as more international companies promise to meet "net-zero" emissions by 2030. In a June survey, the International Emissions Trading Association forecast that carbon prices in the voluntary market will increase 88% to about $67 per metric ton by that deadline.

Several private-sector institutions set standards and certify carbon credits sold on the voluntary market to ensure sellers don't abuse the system. One is Verra, the U.S.-based nonprofit that created the Verified Carbon Standard," the most widely used standard to validate credits," reported Thompson. Verra's website says it registered 1,750 projects worldwide, verifying nearly 800 million carbon units. "We make sure ... the buyer has confidence that they're buying something ... legit, and that sellers ... have something valuable," David Antonioli, Verra's CEO, told NBC News in October.

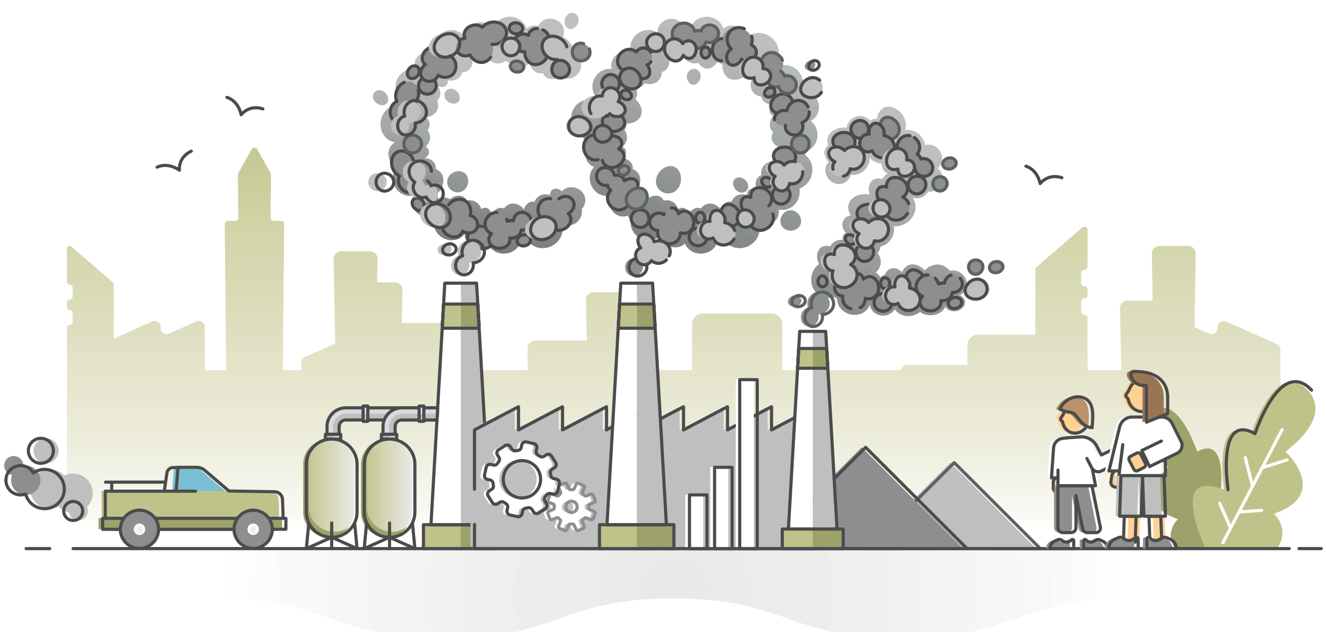
Trading those carbon credits happens on privately developed platforms like CTX Global. It is the first digital carbon exchange for voluntary carbon credit trading, created by several nonprofits and NGOs that work on reducing harmful emissions.

That ecosystem would also require a robust digital infrastructure to accommodate rising trade volumes worldwide, secure contracts and maintain transaction records. Blaufelder of McKinsey noted that voluntary carbon markets would create new structured finance products, clearinghouses and custodian-like services for buyers and sellers that provide unique identifications for each project.

The benefit is that buyers can register and acquire all the carbon credits they need to offset their emissions. Those credits allow them to work with environmentally conscious companies and governments that accept the verification standards of the purchased carbon credit.

Meanwhile, eco-friendly companies must select a reputable certification body and an active carbon trading platform to sell carbon credits. Proceeds are not taxed.

Regardless of which market companies choose to trade on, Blaufelder believes heavy polluters will not likely decarbonize as long as they have the option to buy carbon credits. That could mean voluntary markets might be forced to follow laws regulating how much polluters can buy. "To ensure that such markets can reach their highest potential, it will be essential to implement rules and standards," noted the Environmental Defense Fund in a December 2019 paper. "In this way, well-designed carbon market policies can play a critical role in starting to enable the necessary increase in climate ambition."



SURVIVAL OF THE GREENEST

Increasing warnings of what burning fossil fuels will do to the planet -- such as extreme weather events becoming the norm -- is causing an unprecedented shift away from fossil fuels.

By **Tamer Hafez**

The idea that people and companies must only buy eco-friendly products or benefit from services with a near-zero carbon footprint to avert climate disaster is still a novel concept in most countries. For example, electric vehicle (EV) sales accounted for only 9% of global car sales last year, said the International Energy Agency (IEA) in January.

However, demand for clean energy is rising. In 2019, EVs accounted for 2.5% of global car sales. "All the net growth in global car sales in 2021 came from electric cars," noted Leonardo Paoli, clean energy technologies analyst at the IEA, in a January note.

According to the IEA, demand for other non-petroleum-based products is also rising. "Since the beginning of 2020, the price of PV-grade polysilicon has more than quadrupled, steel has increased by 50%, copper by 60% and aluminum by 80%," noted a December paper.

That already is hurting national and international oil and gas companies. "Exploration for new oil and gas has dropped ... to the lowest level in 16 years," said Bjørn Sverdrup, chair of the executive committee at the Oil and Gas Climate Initiative (OGCI). "Some companies are already [saying] they'll plan to reduce production."

That worries African nations that depend on oil and natural gas extraction and refining to power their economies and exports. "The decision by Western countries to halt overseas fossil fuel financing has sparked alarm among Africa's largest hydrocarbon exporters," said Felix Thompson of Global Trade Matters, a specialized news portal, in January.

Uncomfortable future

The sector's long-term future doesn't look promising. In September 2020, a British Petroleum (BP) report said the pandemic saw oil and gas consumption peak. "Energy markets will undergo lasting change, shifting toward renewable and other forms of zero or low-carbon energy," wrote Bernard Looney, CEO of BP. "Demand for oil and gas will be increasingly challenged."

In December 2020, Tom Randall, a Bloomberg senior analyst, looked at data from the IEA, BP's 2020 Energy Outlook and the climate-focused portal Carbon Brief: he found that even if companies continue "business as normal," demand for fossil fuels will gradually decline by 10% through 2040. A more optimistic view comes from a 2020 report from OPEC, a cartel of the world's largest oil producers. It estimates global oil consumption will start declining by 2040. That is nearly a decade before the target set by companies who have pledged to become carbon neutral.

Achieving carbon neutrality would result in global oil demand dropping from 5 gigatonnes in 2020 to 1 gigatonne by 2050, noted a 2020 report from the multinational consultancy Accenture. "That is the equivalent of the [EU's] combined emissions (or 80% of U.S. emissions)," wrote Muqsit Ashraf, a senior managing director and Global Energy Industry Sector Lead at Accenture.

In May 2021, Wood Mackenzie, a global research and consultancy business focused on natural resources industries, projected that if the world keeps global warming to 2 degrees Celsius over pre-industrial levels, oil prices will decline significantly. That is mainly because more governments, companies, and people increasingly prefer to use non-fossil fuels, such as electric vehicles, solar, and wind energy, to produce electricity.

For example, Egypt's government plans to mass-produce electric passenger vehicles in 2023, with plans to reach nearly 100% locally sourced components. It has also achieved its target of generating 20% of the nation's electricity from renewable sources one year ahead of schedule.

According to international experts, that global trend could slow down new oil and gas excavation operations until 2050, when most governments pledged to reach net-zero emissions.

Survival

Some industry observers are skeptical that oil and gas stocks would be a viable long-term investment. "Some [oil and gas] giants will fall," Bill Gates, Microsoft's founder and a climate advocate investing in clean energy, told CNBC in November. "Thirty years from now, some of those oil companies will be worth very little."

Yet, most oil and gas giants have seen stock prices rise since their 2020 collapse. In fact, stocks of four of the top five oil and gas companies have surpassed their pre-pandemic levels.

Some believe that changing investor sentiment will eventually hurt stock prices. "Although a significant need for oil and gas will remain for the foreseeable future, companies will no longer be assessed solely by the price and quality of their products," noted a Strategy& report published in 2021. Instead, investors will take into account their environmental impact. That is partially why most IOCs worldwide have announced decarbonization plans since 2019, focusing on cleaning their operations and supply chains, said the report.

Apache, the biggest oil and gas investor in Egypt, has eliminated routine flaring on its rigs in the United States. It also uses solar panels to power living quarters in remote drilling locations in Egypt.

Some companies, including Bosch Global, are developing low-emission oil products, such as synthetic fuels, that don't require engine modifications. The Strategy& report noted a few Egyptian oil companies are catching up, "recognizing the importance of decarbonization."

Gates told CNBC that diversifying into clean energy might be the only lifeline for oil and gas companies. The Wood Mackenzie report said oil and gas companies are reinvesting profits in renewables, hydrogen and carbon capture "to build a sustainable business."

Left out?

Changes undertaken by international oil companies have African nations concerned about their economic futures, as most rely on oil and gas investments. Nearly half of Egypt's exports come from fossil fuels, and the government is undertaking an aggressive strategy to increase reliance on locally sourced natural gas instead of imported oil.

But high poverty rates on the continent mean cutting-edge, eco-friendly solutions will likely be unaffordable to the masses. Moreover, governments probably would face opposition if they mandated lower emissions.

African countries could decouple from the global oil and gas FDI. Since the last quarter of 2021, several African oil and gas experts have said the continent needs a continental financing institution to finance oil and gas operations. "If we insist on the exploration of our oil and gas reserves when the world is cutting down on investments in the sector, we must set up a financial institution," said Timipre Sylva, Nigeria's petroleum minister, in September. He points to creating an "African Energy Bank to develop the [continent's] oil and gas sector." ■

GREENING UP
ESTABLISHED CITIES

With a focus on creating new sustainable urban areas in Egypt, there needs to be some effort to make existing cities greener.

By **Nada Naguib**

In December, U.K. Prime Minister Boris Johnson made the shocking statement that the world might have to "say goodbye" to Alexandria, saying it "will all sink underwater." Rising sea levels and weather extremes have made it increasingly clear Egyptian cities are under direct threat from climate change. If the pattern continues, parts of the country might become uninhabitable.

Egypt is responsible for 1% of global greenhouse emissions, according to Prime Minister Mostafa Madbouly. And it is striving to be a part of the solution.

The government promoted the New Administrative Capital (NAC) as a modern green metropolis. With its goal of carbon neutrality, focus on green pedestrian areas, and an electric monorail line to Cairo, the vision is for the new city to be environmentally sustainable.

And while there are some efforts toward sustainability in Egypt's existing cities, according to various government reports, some believe the country should do more. According to National Geographic, sustainable cities are "resilient to natural disasters and protect those in vulnerable situations while also minimizing economic loss."

Under threat

Recent uncharacteristically severe weather, such as snowfall in Alexandria and other coastal cities and hailstorms in Aswan, stand testament to the changing weather patterns in Egypt. Agricultural towns in the Nile Delta, for instance, are affected by warmer temperatures disrupting growing seasons. Published in 2015, Egypt's Intended Nationally Determined Contributions (INDC) report, outlines its pledges for the Paris Climate Agreement. It said "sea level rises and saltwater intrusion" threatens 12% to 15% of the most fertile land in the area. Several climate change studies forecast the yields of wheat and maize may drop by as much as 19% by 2050, the report said.

Alexandria, Egypt's second largest city, a major commercial port with several UNESCO World Heritage sites, is at risk from coastal flooding. AP News and Al-Ahram cite an unnamed 2018 study that predicts "734 square kilometers of the Nile Delta could be underwater by 2050."

Such a loss of agricultural land would be felt in other cities, according to the INDC report, with migration from the affected areas straining services and budgets elsewhere.

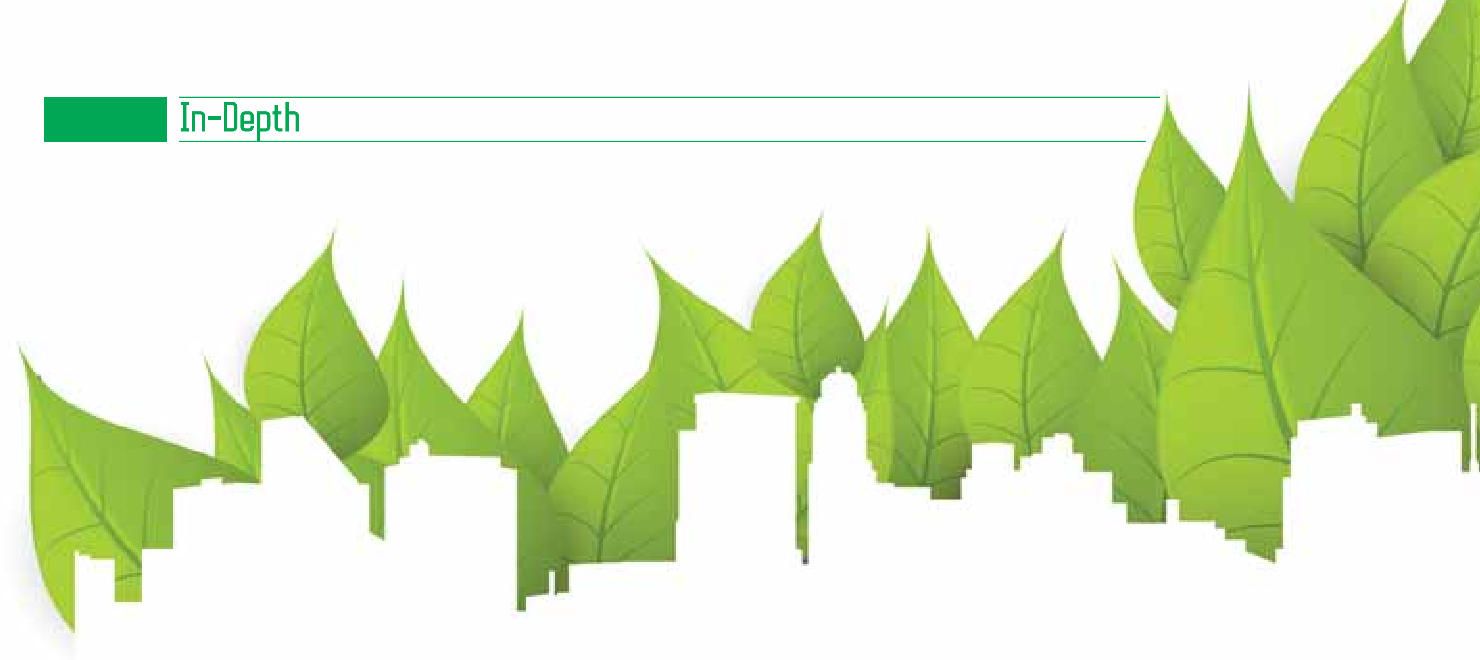
Climate change also is a threat to coral reefs, a major tourist draw for Red Sea resorts in cities such as Sharm El-Sheikh, the report said. It will also inflict "harm ... on national heritage sites by higher temperatures and blowing sand."

Sustaining cities

For its role in the global effort to combat climate change, the government published its Sustainable Development Strategy: Egypt Vision 2030, a roadmap benchmarked to the U.N. Sustainable Development Goals (SDGs). Among them is SDG 11: Making cities and communities sustainable and resilient against climate change.

By 2030, Egypt aims to implement municipal-level improvements that include sustainable transportation systems, integrated settlement planning, air quality and waste management, and green public spaces, according to the Egypt Vision 2030 document. That is in addition to priming cities for implementing mitigation and adaptation policies in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, a strategy that provides "concrete actions to protect development gains from the risk of disaster" according to the U.N. Office for Disaster Risk Reduction.

The Ministry of Environment is also working on several projects and legislation that would contribute to the sustainability of cities. To reduce greenhouse gas emissions and other air pollutants from critical sectors, especially in Greater Cairo, the



ministry in September 2020 approved a World Bank-financed Air Pollution Management and Climate Change Project. Its focus is on "air quality improvements and simultaneously mitigating climate change."

One way to help improve air quality is switching to cleaner modes of transport. In the United States, transportation was responsible for 29% of emissions in 2019, according to the Environmental Protection Agency. Meanwhile, the Department of Transport in the United Kingdom said vehicles on the road accounted for 27% in 2021. In the 2014 World Data Atlas, the last data available for Egypt said transport accounted for 22.5% of the country's harmful emissions.

Over the past few years, there have been efforts to promote the use of compressed natural gas (CNG), which is significantly cleaner than conventional fuel sources. "It produces 77% less particle emissions, 90% less nitrogen oxides and has an 11% reduction in CO2 emissions," reported Charné Hundermark in a news article for Energy Capital & Power, Africa's leading energy investment platform.

In January 2021, President Abdel Fattah el-Sisi inaugurated the Go Green initiative, aiming to replace petrol-fueled cars at least 20 years old with ones that run on CNG. Minister of Trade and Industry Nevine Gamea said the initiative's target is to replace 250,000 vehicles over three years.

Egypt had more than 4.8 million registered private cars as of 2020, according to the economic analysis database CEIC Data. Cities participating in the initiative include Cairo, Giza, Alexandria and Port Said. In a press conference, Hamdi Abdel-Aziz, a spokesperson for the Ministry of Petroleum, said the ministry plans to roll out 325 natural gas stations this year in addition to the 225 that already offer CNG.

Further city-level transportation improvements include expanding Greater Cairo's metro system to decrease traffic congestion and emissions. The fourth and fifth phases are planned for the "near future," according to the INDC report.

Room to grow

While some initiatives are underway to turn existing cities toward sustainability, significant gaps exist between Egyptian towns and international cities ranked among the most sustainable. For example, Copenhagen's Carbon Neutral by 2025 Plan is on track to help Denmark's capital become the first carbon-neutral city in the world.

Transportation improvements were a cornerstone of that. Copenhagen reduced carbon emissions by 24% between 2005 and 2012, according to the EU website. That resulted from 55% of the city's residents cycling to work or school and using a subway system voted best in the world in 2008. In addition to its focused greening initiative, Copenhagen launched "22 local green partnerships projects, plus two city garden initiatives and a school garden project" in 2011 and planted over 3,600 trees.

In January, the minister of petroleum and mineral resources told local media that using locally sourced natural gas instead of importing refined oil is a "transitory step." CNG cars only require a conversion kit retrofitted to petrol-powered vehicles, making them a quick low-cost solution to reducing emissions. On the flipside, EVs are more expensive than conventional vehicles, and carmakers must build them from the ground up. Additionally, charging them can take 20 minutes or more compared to pulling up at a petrol or CNG station to fill up. EVs, however, have zero emissions and are better for the environment in the long run.

The move toward EVs is definitely on Egypt's horizon, with the government seeking partners to roll out locally manufactured EVs. In December, Public Enterprise Minister Hisham Tawfik told Bloomberg

that annual production will increase to 20,000 units over three years and cars will "sell for around $20,000, with half of buyers probably taxi or Uber drivers." He added, "The private sector will also be offered a 40% role in a new company established to operate pay-to-use charging stations." The first phase of the project aims for 3,000 charging stations in Cairo and Alexandria and 39,000 more nationwide.

An underutilized aspect of Egypt's natural resources is the sun. Solar is "one of the cleanest sources of energy; it relies on the planet's biggest source of energy and is emission-free," according to the website of SolarizEgypt. Along with Cairo Solar and KarmSolar, SolarizEgypt wants to install rooftop solar panels to power homes and office buildings. In Egypt, "the internal rate of return (IRR) — or how much money you get back for every Egyptian pound you invest in a solar project, is currently at least 25%," Cairo Solar Managing Director Hatem Tawfik told news portal Enterprise.

There is massive potential for solar energy in Egypt, and the government has built solar farms in remote areas to feed and augment the national grid, according to the Ministry of Electricity and Renewable Energy. For building owners, however, the issue with rooftop panels is cost. The International Energy Agency found "solar power is now the cheapest electricity in history" as of 2020. However, a 2021 study by the Fraunhofer Institute shows that the subsidized cost of natural gas makes solar energy significantly more expensive in Egypt. Tawfik of Cairo Solar told Enterprise this is a considerable expense for the government and that the market will have to reflect the actual cost at some point.

The government's focus on green growth and investment should shift demand toward solar energy and solar reliance. "The ministry's priority right now is to work with the rest of the government to create an enabling environment," Yasmine Fouad, minister of environment, said at an AmCham event in September.

Set to host the 27th Conference of the Parties (COP27) in Sharm El-Sheikh in November, Egypt will have to be "well prepared with answers" regarding climate change efforts, noted the United Nations Framework Convention on Climate Change handbook. "Civil society and the media will raise tough questions on the sustainability aspects of all organizational matters." ■

EGYPT'S AI ROADMAP

The government's Artificial Intelligence National Strategy, announced in July, outlines new opportunities for local and international investors.

Summarized by: **Tamer Hafez**

The government's efforts to digitally transform Egypt's economy should take a significant step forward with the National Artificial Intelligence Strategy (NAIS). It aims to "create promising opportunities for laying the foundation for a national economy ... based on emerging technologies," said President Abdel Fattah El-Sisi in the NAIS document's forward section.

The strategy's focus is to "indigenize the AI industry and strengthen Egypt's leading role at the regional level to become an active global player in the field." To that end, Sisi stressed the importance of promoting "effective partnerships between the government and the private sector."

The NAIS is part of the Ministry of Communications and Information Technology's Digital Egypt initiative announced in 2017. The strategy comprises three phases until 2030. The published document only focuses on phase one, with hints about the following two. That phase "deepens the use of AI technologies to transform the economy, going beyond just adopting technology." The ultimate goal is that companies and the government would have to "fundamentally [rethink] business models, and [make] big changes to reap productivity gains and create new areas of growth."

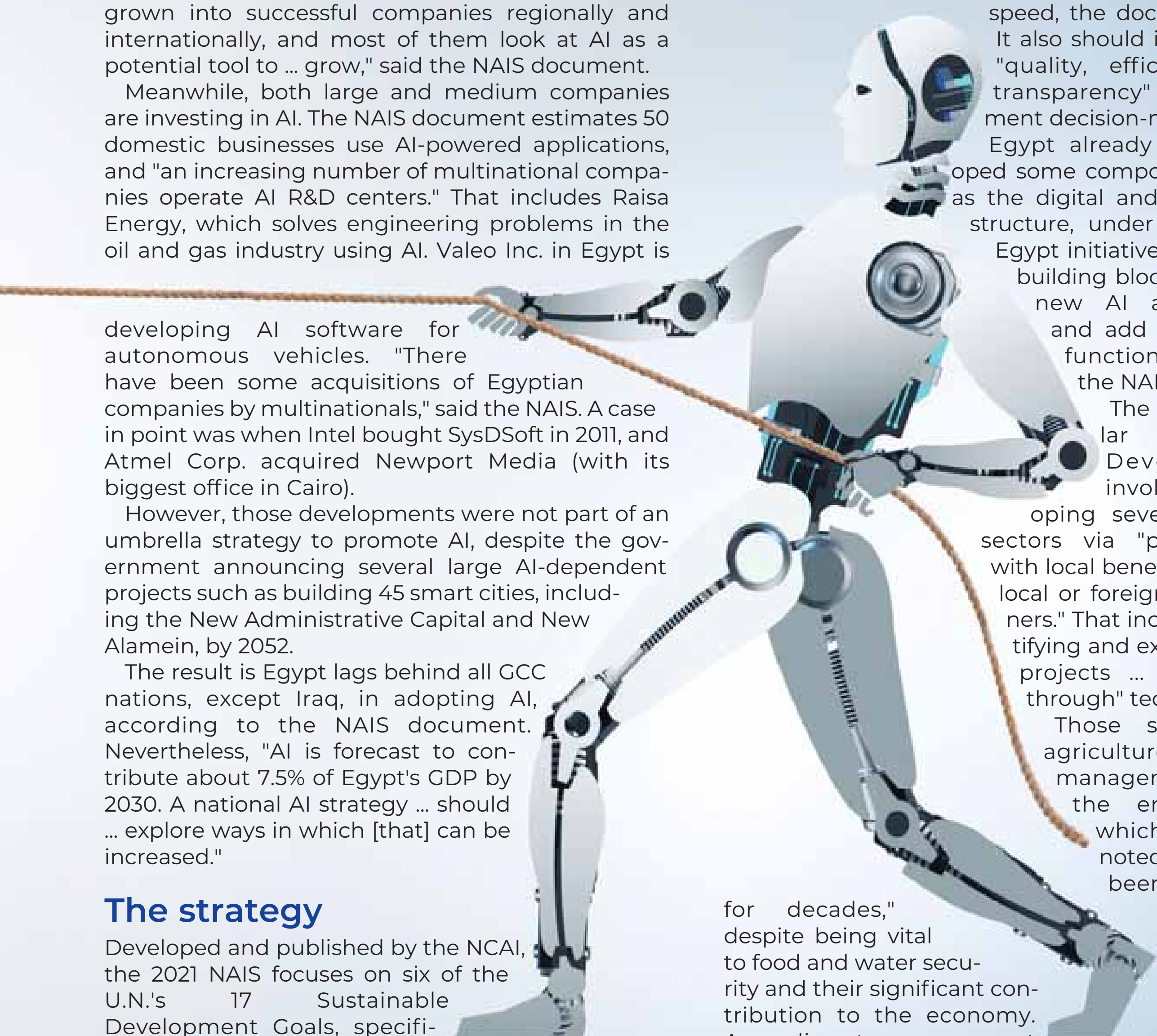
Its primary focus is to introduce AI solutions in government services, agriculture, manufacturing, healthcare, finance and economic predictions, and natural language processing (NLP). Another emphasis is training schoolchildren, postgraduate students, and professionals in the latest AI technologies, regulations, ethics, and use cases. The strategy also aims to cooperate with international partners to ensure technology transfer.

Egypt's ecosystem

The government started paying attention to AI in 2014 when it launched the Egypt Sustainable Development Strategy, "a road map that aims to maximize [the country's] competitive advantages," noted the NAIS document.

In 2019, the government created the National Council for Artificial Intelligence (NCAI) to develop AI technologies. It has members from the Ministry of Communications and Information Technology, Ministry of Higher Education and Scientific Research, and "independent experts and [representatives from] private sector companies," said the NAIS document. Its mandate is to create the "right investment climate and [implement an] upskilling/reskilling strategy."

In 2019 and 2020, the state inaugurated seven AI faculties and announced plans for 10 more. It expanded the scope of the Science and Technology Development Fund, created in 2007 to offer grants for AI research, and the Technology Innovation & Entrepreneurship Center, founded in 2010 to incubate startups.



Meanwhile, the startup scene has been proliferating, with most focusing on using technology and AI in their solutions. "Many of these startups have grown into successful companies regionally and internationally, and most of them look at AI as a potential tool to ... grow," said the NAIS document.

Meanwhile, both large and medium companies are investing in AI. The NAIS document estimates 50 domestic businesses use AI-powered applications, and "an increasing number of multinational companies operate AI R&D centers." That includes Raisa Energy, which solves engineering problems in the oil and gas industry using AI. Valeo Inc. in Egypt is developing AI software for autonomous vehicles. "There have been some acquisitions of Egyptian companies by multinationals," said the NAIS. A case in point was when Intel bought SysDSoft in 2011, and Atmel Corp. acquired Newport Media (with its biggest office in Cairo).

However, those developments were not part of an umbrella strategy to promote AI, despite the government announcing several large AI-dependent projects such as building 45 smart cities, including the New Administrative Capital and New Alamein, by 2052.

The result is Egypt lags behind all GCC nations, except Iraq, in adopting AI, according to the NAIS document. Nevertheless, "AI is forecast to contribute about 7.5% of Egypt's GDP by 2030. A national AI strategy ... should ... explore ways in which [that] can be increased."

The strategy

Developed and published by the NCAI, the 2021 NAIS focuses on six of the U.N.'s 17 Sustainable Development Goals, specifically inclusive and equitable education (SDG 4), gender equality (SDG 5), inclusive and sustainable growth and decent work opportunities (SDG 8), and fostering innovation (SDG 9). Tackling those goals should reduce inequalities (SDG 10) and build sustainable and resilient cities and settlements (SDG 11).

The outcome of the strategy's three-year phase one should be to "exploit AI technologies to support ... Egypt's sustainable development goals." It also would become a tool to facilitate regional cooperation.

NAIS's first pillar (AI for Government) integrates AI in government operations and public services to improve efficiency, quality and speed, the document said. It also should increase the "quality, efficiency, and transparency" of government decision-making.

Egypt already has developed some components, such as the digital and data infrastructure, under the Digital Egypt initiative. That is the building block "to create new AI applications and add layers of AI functionality," said the NAIS.

The second pillar (AI for Development) involves developing several priority sectors via "partnerships with local beneficiaries and local or foreign tech partners." That includes "identifying and executing key projects ... directly or through" tech startups.

Those sectors are agriculture, water management, and the environment, which the NAIS noted "have not been reformed for decades," despite being vital to food and water security and their significant contribution to the economy. According to government data, agriculture accounts for 15% of GDP and directly employs nearly a third of Egypt's workforce (about 8 million people).

Several national mega projects in agriculture should prove to be fertile ground for AI-powered solutions, especially in irrigation and water management. Changing weather patterns due to climate change will ultimately require better forecasting tools. "Egypt's emphasis will not be on automation per se ... but on enhancing the process and reducing problems," noted the strategy. That includes developing more efficient ways to produce, harvest and sell crops; detecting defective crops; boosting yields; weather forecasting; detecting diseases and pests; and addressing farmers' existing and potential problems.

The AI for Healthcare pillar is another focus of the NAIS, where doctors can use AI to detect diseases and analyze tests faster and more accurately. The document noted a shortage of pathologists and radiologists. Therefore, Egypt should focus on AI applications for the early diagnosis of diabetes and cancer.

Manufacturing and intelligent infrastructure management are other potential beneficiaries of the strategy. The NAIS said those solutions would focus on "increasing the competitiveness of Egyptian products" while maintaining employment levels.

That includes promoting small industries, shortening the innovation cycle, and testing facilities for advanced industrial production and transportation. AI also could be used to identify manufacturers' changing needs and create synergies within various sectors. In infrastructure, AI-powered tools could help predict maintenance needs, prevent crime and manage traffic.

AI also should help boost the banked population, which currently stands at 30%, and support financial inclusion efforts, the strategy noted. Such technology could generate more accurate credit scores and grade applicants with no credit history.

Arabic language processing is a "vital" sector, "allowing not only a more user-friendly way of interacting with [other AI and advanced] systems … but also a powerful tool for extracting contextual information."

All that should lead to improved economic planning and growth, ultimately using AI to forecast macroeconomic data. Such information might help the government and central bank craft more effective policies.

The third pillar (AI for Training) is educating the public, including promoting applied and basic AI research in universities to deal with both existing problems and those likely to arise in the coming five years noted the NAIS. "It is arguably, the most important pillar, and possibly … the most difficult to fully implement."

Last year the government announced the formation of the Egypt University of Informatics in the New Administrative Capital as the country's first university specializing in AI. It offers undergraduate and postgraduate degrees. Meanwhile, the Digital Egypt Builders Initiative, announced in 2020, awards master's degrees in technical disciplines, including AI. In 2018, the Technical and Vocational Education Training Reform Programme said it would include AI courses in its specializations.

Phase one's overarching goal is to secure bilateral agreements, regional and international cooperation, and work with the OECD to standardize policies. The goal is to become a leader in the region, representing African and Arab positions on global AI practices. That would be done via "government-to-government collaborations, study visits and workshops, inviting [international] experts, [and] identifying and launching [AI] projects." It also called for active participation in international conferences, launching and contributing to regional and global initiatives to promote cooperation.

Enablers

Having the proper legislative infrastructure and policies will be vital to AI's successful integration into government operations and businesses. The national strategy places the NCAI at the top of Egypt's AI food chain.

Its functions include setting national AI strategy, devising implementation and a follow-up mechanism, setting AI priorities and applications, and recommending training. The NCAI also would recommend economic, technical and legislative frameworks, and oversee any cooperation deals with local or international partners.

It also ensures the "ethical use" of AI-powered applications, setting use guidelines and laws for the government and businesses. Finally, it would "educate practitioners" on AI ethics.

NCAI also classifies collected data, linking them to ethical AI usage laws. It also ensures that the infrastructure can develop with the rising need for more data, which powers those AI systems. Lastly, the council is mandated to establish "centers of excellence" to reverse the AI brain drain, encourage Egyptian AI ex-pat scientists to return home, and create the next generations of technical experts and startups that use AI, noted the NAIS document.

Additionally, Egypt's AI strategy states that the NCAI would increase funding to AI-powered startups, incubate them, offer incentives to companies to use AI, initiate national projects, and develop suitable infrastructure. Those functions would continue "until Egypt occupies an advanced position worldwide in AI."

Beyond 2023

The NAIS document, which outlines the first phase of Egypt's AI strategy until 2023, also offers a glimpse of the two future phases through 2030.

Phase two is a three-year plan that will identify more sectors for strategic implementation of AI. The document mentions education, banking and other financial services, oil and gas, and supply chains.

That stage would focus on scaling pilot AI projects in the government and formal educational institutions with an "emphasis on preparing the next generation of AI researchers."

Phase three involves Egypt's AI from 2028 to 2030. "The emphasis will be on strengthening core research capabilities in the country and translating them into sustainable solutions."

It also will establish and strengthen links between academia and research and industry. By the end of phase three, there would be specialized AI incubators for startups. During that time, the government will have concluded the AI awareness campaign that started in phase one while "producing high-end data scientists and machine-learning researchers," noted the strategy.

Planned initiatives for Phase One

The National AI Strategy documents highlighted several initial initiatives that the government has planned for Phase one.

The AI for Government pillar will see a national natural language processing (NLP) platform to accommodate Arabic applications and content. That phase will also see the start of a public awareness program, adopt the "center of excellence [model] to ensure quality and standardization of deliverables," and identify the most suitable AI use cases. It will also publish the Egyptian Charter for Responsible AI, the AI Catalog and "implement at least 10 pilot projects a year across different government sectors."

The AI for Development pillar will see the government launch pilot projects in agriculture, healthcare, economic planning, NLP, and intelligent infrastructure and manufacturing. It also saw the inauguration of the Egypt University of Informatics in the new capital.

The AI for Training pillar developed the ai.gov.eg portal as a national AI hub. The government also plans to offer AI education to all school children and undergraduates, launch AI specializations in universities, offer sector-specific AI courses and launch postgraduate degrees. This pillar will also see upskilling programs for professionals, government leaders, and the private sector. ■

Market Watch

Stock Analysis

All pain, no gain

So far, 2022 has not been treating Egyptian stock market investors well. Both major market indices continued to hemorrhage their value; the EGX 70 EWI to a more severe extent. While the EGX 30 pulled back 3.7% from Jan. 15 to Feb. 15, its counterpart EGX 70 EWI fell an alarming 11.1%. The EGX 30 is down 3.2% on a year-to-date basis, and the EGX 70 EWI is 9.8%. Declines have outnumbered advances by nearly five to one. Ironically, month-to-month trading values have gone down almost 30% to an average EGP 825 million during the period. Egyptian and Arab individuals and institutions were net buyers, while foreigners (mainly institutions) ended as net sellers.

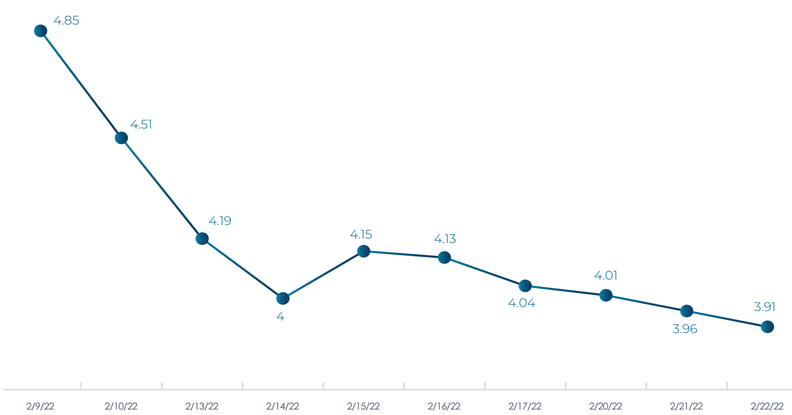
The Central Bank of Egypt left its policy rates unchanged, as expected, at its February meeting, despite rising inflation that is still within its 5-9% target. Yet, the market has become a bit dull, except for surprising interest by First Abu Dhabi Bank, the UAE's largest bank, in acquiring Egypt-based EFG Hermes Holding (HRHO), the MENA region's largest investment bank, at a 21% premium. HRHO stock jumped 23% during the period, having started its rally nearly one week before the news was made public.

As for the 2021 earnings season, results so far have been mixed, even within the same sectors. In the consumer sector, Obour Land Food Industries (OLFI) reported 13% higher earnings in 2021 of EGP 351 million on 10% higher revenues of EGP billion. In industrials, Elsewedy Electric (SWDY) reported 17% higher net earnings of EGP 3.5 billion in 2021, but fourth-quarter earnings came in 4% lower year-on-year. In the banking sector, provisions played a crucial role in shaping each bank's year. QNB Alahli's (QNBA) earnings rose only 2% to EGP 7.6 billion, and Al Baraka Bank Egypt (SAUD) earnings slipped 9% to EGP 1.1 billion, both on higher provisions. On the other hand, Abu Dhabi Islamic Bank - Egypt (ADIB) revenues grew 20% to EGP 1.4 billion, Credit Agricole Egypt (CIEB) earnings jumped 17% to EGP 1.6 billion, and CIB (COMI) profits rose 30% to EGP 13.4 billion. Those results were all primarily due to lower provisions.

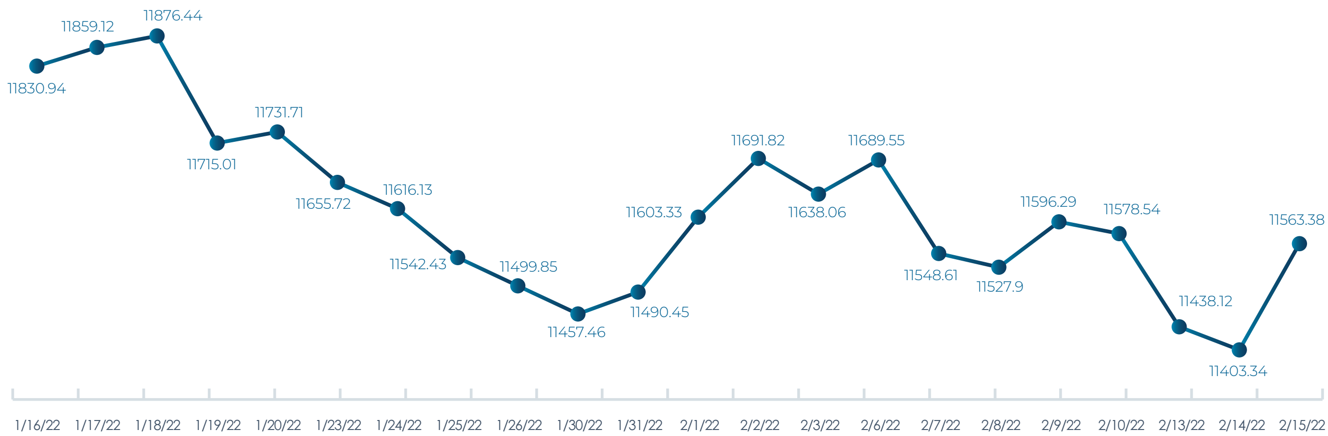
Meanwhile, the market's dismal performance was due to ongoing geopolitical tensions between the West and Russia over the invasion of Ukraine. The faintest signal of military action by Russia reverberated across global markets from oil to stocks. Brent crude already rose more than 25% year-to-date on fears of disrupting oil shipments.

Macro Group Pharmaceuticals (MCRO)

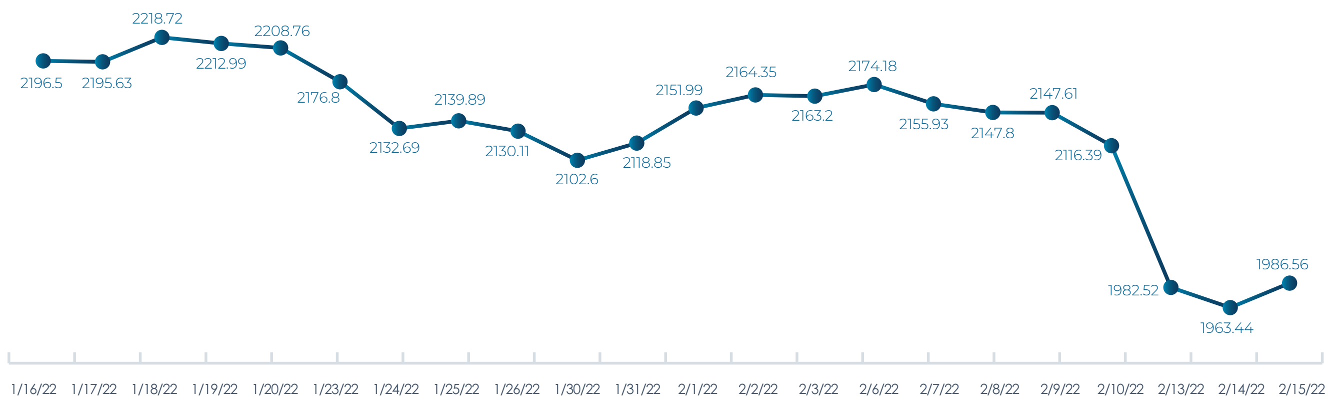
After calling off its IPO a year ago, Macro Group Pharmaceuticals (MCRO) changed its mind and its investment banker to EFG Hermes Holding (HRHO). MCRO went public on Feb. 10, valuing the 17-year-old company at EGP 2.8 billion, with MCRO's shareholders selling 45.8% for EGP 1.3 billion. The private placement (95% of the size) was covered 1.8 times, while investors covered the public offering (the remaining 5%) a whopping 102 times. Nonetheless, MCRO's stock sank 7% the day of its IPO. After eight more trading sessions, the stock had fallen 19.4%.



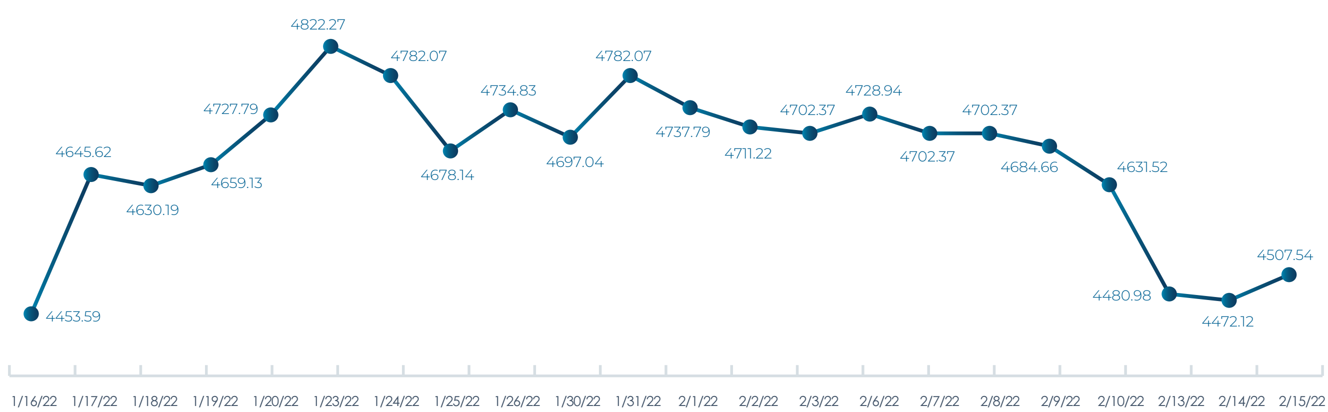
EGX 30



EGX 70



Tamayuz

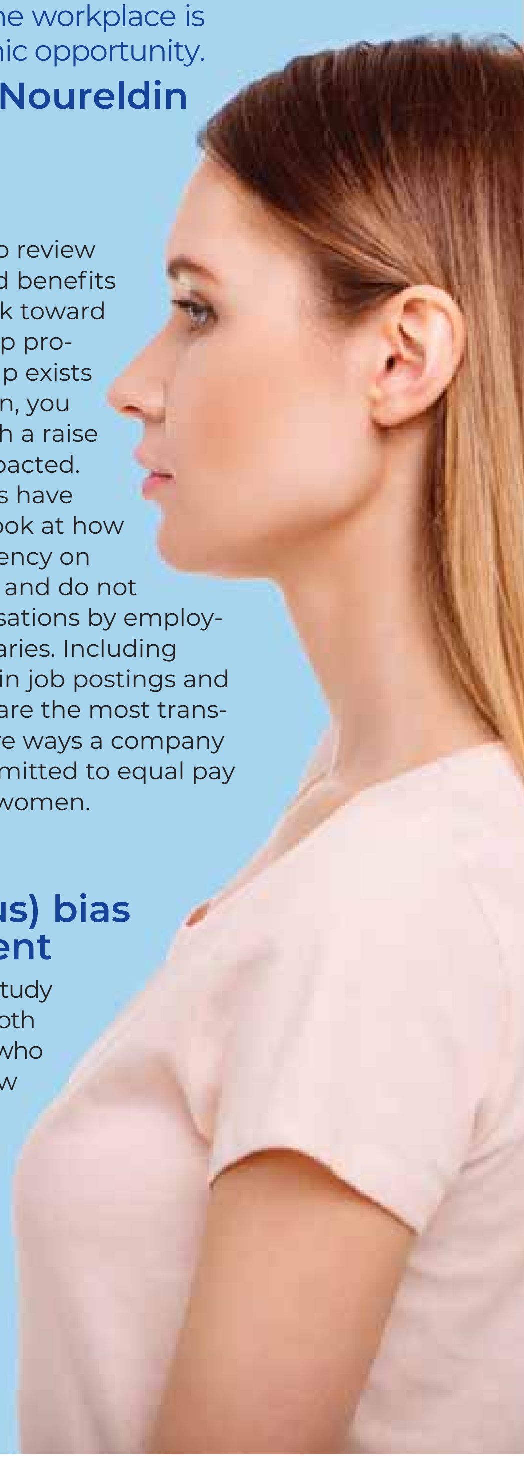


Tamayuz index is an all-new weighted index, launched on June 23rd. It comprises companies with high free cash flows from operations. EGX stresses that this is not an endorsement of those stocks.

IMPROVING GENDER EQUALITY AT WORK

Businesses must recognize that gender equality in the workplace is not just a social or moral issue, it is a strategic economic opportunity.

By **Ola Noureldin**



It will take 257 years to reach gender equality in economic participation and opportunity, according to the World Economic Forum 2020 Global Gender Gap Report. The report shows that while other metrics of gender equality have improved (education attainment and health are close to parity, for example), the economic participation and opportunity metric has regressed to 57.8%.

As the world honored another International Women's Day on March 8, women in Egypt and the MENA region continue to be significantly under-represented in leadership, facing wage inequalities and bias in recruitment, hiring and promotions.

Plenty of steps can — and must — be taken to improve gender equality in the workplace. Noha Hefny, founder of People of Impact, a platform focused on driving inclusive economic growth and development, suggests ways leaders and organizations can make concrete improvements in gender equality. Hefny is also a UN Women senior consultant.

"We need to look at improving gender equality in the workplace holistically through a strategic lens and integrated approach," she says. "Gender equality should be fully integrated into business strategy and not be implemented on an ad-hoc basis."

Those are her recommendations:

End salary secrecy

The gender pay gap measures the difference in average earnings between male and female employees. In 2020, women worldwide earned 81 cents for every US dollar earned by men, according to Statista. While this has improved over the years – up from 74 cents in 2015 – more work is needed, particularly as women are still less likely to negotiate their salary.

There is no reason why women should be compensated less than men for the same roles, Hefny said. Companies need to review salary schemes and benefits packages, and work toward eliminating this gap progressively. If the gap exists in your organization, you can close it through a raise for the women impacted. Once discrepancies have been eliminated, look at how to ensure transparency on salary and policies, and do not discourage conversations by employees about their salaries. Including salary information in job postings and standardizing pay are the most transparent and effective ways a company can show it is committed to equal pay for both men and women.

Eliminate (unconscious) bias in recruitment

A Yale University study found in 2012 that both males and females who took a course on how to hire objectively failed to hire objectively. The results found they still preferred to hire men over women, viewed them as more skilled and offered about

$4,000 more per year in salary. Participants in the study were bewildered by the results. They were surprised to find their bias was completely unconscious.

Remove the gender and name of candidates [in resumes], enabling hiring managers to choose solely on the basis of merit, Hefny noted. Establish a diverse interview panel that is gender-balanced. Provide benefits that are attractive to all, but can bridge inequity faced by women for years. This includes remote and flexible work arrangements. Benefits like family leave, health care and work-life balance are particularly appealing to women who often are primary caregivers and need a supportive work environment.

It is key to clarify processes relating to recruitment, hiring, promotion and salary negotiation. If this does not occur, it is likely women will be at a disadvantage. Due to affinity bias, people tend to lean toward people who are similar to them, and this can lead to discrimination and unconscious bias. Clarity of career advancement, especially promotions and development, and strong governance and oversight in these areas can make a significant difference for women.

Reinvent work cultures away from continuous availability

The "Great Resignation" is well under way in the United States, with women leading the charge. A record 8.7 million people quit their jobs in August and September, according to the U.S. Labor Department. It was women saying "I quit" more than men, according to data from payroll provider Gusto, which serves small and medium-sized businesses.

Career progression opportunities are hindered for women when work conflicts with domestic responsibilities, Hefny explains. Many organizations have cultures where working long hours is the norm. There is an expectation that employees will always be available, even after work hours. That limits options for part-time work when needed in a career journey, particularly for women when they become mothers. This is the reality of today's workplace culture, but it no longer serves either women or men. Yet it hinders women's careers more and unintentionally favors men over women in career advancement.

Develop policies for part-time work, which can serve employees at times in their career journey when their personal lives or responsibilities demand time and attention. This should happen without having to compromise a career path. This should be coupled with work-life integration and policies.

Stigma and discriminatory comments and attitudes toward women who opt for such work styles should end. Policies for parental leave also can be extended to men to avoid stigmatizing women for leveraging them. It also can support women's growth due to shared responsibilities in childcare, for instance.

Build "women supporting women" networks

Nearly seven in 10 businesses reported an increase in productivity due to mentoring, according to a report by the University of Nevada Las Vegas in 2010.

Mentorship, whether peer to peer or from male leaders, is key for the advancement of women at work, Hefny said. Structured programs are effective at measuring results and ensuring mentorship is consistent and outcomes are beneficial for both the mentee and mentor.

Support networks are key to highlighting success stories of emerging women leaders and enhancing the leadership of women in senior management roles. The ability to lean on peers for support can transform women's career journeys. Coaching circles for women leaders are great examples of what organizations can do.

Give emerging women leaders opportunities to present ideas to the C-suite is another way for women to gain support and validation for their work and make them feel valued.

Sponsorship is another way to provide women with support and advance their leadership journeys. Having advocates and allies to push for a promotion or to create an opportunity is key to advancing women's careers and providing them with the right support for their development and growth.

Do not retaliate against women claiming their rights

In many countries, it would be against the law to terminate a female employee for making a claim of unequal treatment or about violations relating to organizational policies or processes that are in line with local laws.

Inequalities women face at work can be in terms of pay, promotion, career development opportunities, motherhood and maternity leave rights, or other areas. Work toward creating a safe environment for all employees, one that is not hostile toward either gender. Women should not face retaliation for speaking to colleagues or a manager about unequal treatment.

Allow for a clear process where such claims are reported to HR or to the direct manager of the employee and addressed swiftly with clear actions. Women who raise claims about existing inequalities at work that violate the law or company policies should not be fired.

Conduct training on inclusive leadership

Academic studies and countless anecdotes make it clear that being interrupted, talked over, shut down or penalized for speaking out is a nearly universal experience for women when they are outnumbered by men, according to the New York Times. Hefny said this can leave women feeling excluded, undervalued and doubting themselves.

This behavior also costs organizations a high price, due to a lack of retention, lack of satisfaction on the job, and demotivation, all of which reduces productivity. Building an inclusive culture and leadership models that can engage and support all employees, with a focus on women, can help address this issue. Leaders should hold themselves accountable to standards that ensure women feel included in meetings and discussions. They should set the tone on the need to be inclusive and to use language and behaviors that do not exclude and dismiss others. This has a significant impact on women's retention and job satisfaction.

Roll out training to employees at all levels about unconscious and conscious bias and stereotypes, and why they are harmful and can lead to discrimination. Work toward building a tolerant, inclusive and balanced workplace culture. Leadership models and training for leaders and people managers on inclusive leadership also would be beneficial and necessary in workplaces that have not yet adopted such cultures and where retention and job satisfaction are a challenge.

Follow a zero-tolerance policy on harassment

In 2017, the BBC surveyed 2,000 women respondents and showed that most victims of sexual harassment didn't report the violations. Either for fear of retaliation or if the harassment was played off as a joke, more than half of all victims stayed silent.

Practical guide to creating an inclusive workplace

1)Ensure top leadership's commitment and back it up by investments.
2)Form a committee of diverse functions and champions (an employee dedicated to improving a certain area at a company) to advance an inclusive agenda.
3)Develop a strategy that is fully aligned and feeds into the business strategy and the DNA of the company.
4)Develop an action plan with clear targets and measurable Key Performance Indicators (KPIs).
5)Measure and report outcomes on a regular basis, every quarter if possible.
6)Disclose your progress publicly and transparently through reporting, and know that it is a progressive journey, no matter the results.
7)Consider signing the U.N.'s "Women's Empowerment Principles," a framework with a set of seven principles to advance women's inclusion. Take concrete action to implement the principles.

Ensure that leaders and managers are trained on a zero-tolerance policy and understand how serious the organization's position is on these matters, Hefny advised. A hotline to report issues related to any form of harassment should be made available and communicated clearly to all employees. Ensure these hotlines or mechanisms adhere to the highest levels of confidentiality and those reporting incidents do not get reprimanded.

Prompt and concrete action should be taken to ensure that these mechanisms are effective and for employees to be confident their grievances will be addressed in a swift, confidential and concrete manner. The above process should be supported by strong communication at the executive level multiple times a year.

Chamber News

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Marketing

New retail, e-commerce models

On Feb. 7, the AmCham Marketing Committee hosted a webinar titled "New retail and e-commerce models." The speakers were Ahmed Sheikha, co-founder and chief business officer, Brimore; Amina Rashad, co-founder, GLOW Healthy Smoothies and Snacks; and Amr Fawzi, founder and CEO, GoodsMart.

They emphasized the importance of e-commerce, especially for growing businesses and startups. "Communication is much easier through e-commerce and helps us reach a wider segment," said Rashad, adding that shops target people in their geographical areas.

That is especially important in the fresh food industry, where e-commerce companies can produce by order, limiting food waste. "The average food waste in stories is between 30% and 50%," said Fawzi. That would be significantly less using e-commerce, where producers have more control over returns.

Sheikha discussed the importance of information obtained through data analytics. "It is essential to producers because it supports brand awareness, demand generation, and user acquisition terms," he said.

Different data collection methods were highlighted by Rashad, saying that GLOW uses surveys and questionnaires to identify customer products and dietary needs. Fawzi agreed, saying, "data helps you segment your clients."

Entrepreneurship and Innovation

Regulator plans promote entrepreneurship

On Feb. 3, the Entrepreneurship and Innovation Policy and Advocacy Subcommittee organized a roundtable with Mohamed Omran, chairman of the Financial Regulatory Authority (FRA). The event emphasized collaboration between the private and public sectors to support entrepreneurship.

Omran said the FRA vision focuses on digitalization, fintech, sustainability, and financial literacy.

Challenges facing entrepreneurs include a lack of venture capital and possible double taxation. Other obstacles include labor laws, which limit the hiring of international talent, and the perception of Egypt as a high-risk country, reducing foreign direct investment.

The subcommittee proposed solutions, including encouraging the establishment of financial districts with a new mandate for startups in the New Administrative Capital, New Alamein City and Al Galala City.

Many participants urged the FRA to hold workshops for venture capitalists and other stakeholders on special purpose acquisition companies (SPACs) and the Fintech Law.

FRA representatives gave a brief presentation on (SPACs). Since Feb 2021, the authority has studied and tracked SPAC deals and witnessed a boom in the listing of SPACs worldwide. The FRA continues to consider ways to boost the performance of the Egyptian market to strengthen new types of investment. Accordingly, it issued Decree No. 164 of 2021 to license venture capital companies to exercise SPAC activity.

Digital Transformation

Data security in the cyber world

AmCham's Digital Transformation Committee hosted a Feb. 10 webinar on "Cybersecurity Solutions: Data Security and Protection." Speakers included Aydin Aslaner, head of public sector cyber security, Microsoft MEA; Mohamed Reda, founder and CEO, Allied International; James LeBlanc, former board member, Northern Virginia Technology Council; and Ronald Spoehel, former chief financial officer at NASA.

Spoehel said NASA had become a target of increasingly sophisticated attacks and adversaries. He added that the cyber threat landscape is highly dynamic with ever-increasing sophistication and frequency. Full-spectrum attacks are made by local hackers and government, ranging from annoyances to genuine threats. Examples of such attacks are spam, improper use incidents, impersonation, diversion of resources, phishing theft, and malware. The main objective of these attacks is crippling businesses or governments then demanding ransom.

LeBlanc emphasized that governance is needed to conduct risk assessments to reduce the chance of such attacks. That is in addition to exploring physical security implications, repetitional risk implications, and the scalable impact of attacks based on the assessment.

Reda discussed the difference between data security and data protection, emphasizing that data security prevents attacks against an organization's data. It also ensures organizations can restore damaged data. Moreover, Reda stressed that organizations need to study databases, statistics, pattern recognition, data mining, artificial intelligence, and neurocomputing to protect data.

Aslaner stressed that data security is essential because it helps both governments and citizens.

Travel and Tourism

Revitalizing Downtown Cairo

"Al Ismaelia aims to renovate and lease historic buildings, providing a new unique experience in Downtown Cairo that merges old and modern," said Karim Shafei, CEO, Al Ismaelia for Real Estate Investment, during a Travel and Tourism Committee webinar Feb. 8 on "Revitalizing Downtown Cairo."

The company aspires to revive the lively spirit and faded historical splendor of the area, known historically as Midan Ismailia, after the 19th-century ruler Khedive Ismail. Downtown Cairo has attracted several social, urban, and economic development plans. Al Ismaelia aims to create dynamic spaces that inject life around every corner while introducing mixed-use quality concepts that enrich the general public through artistic and cultural initiatives. "The way to save heritage is to make it economically rewarding to preserve it," said Shafei. "That entails creating sustainable and profitable projects through adaptive reuse."

"Downtown is a unique holistic experience compared to other neighborhoods in Cairo. It was the first modern neighborhood in Egypt, designed by the same urban planners and architects that revamped Paris in the 1850s and 1860s," said Shafei. As a result, downtown embodies the best of interconnectivity and accessibility making it an attractive cosmopolitan magnet to tourists and residents.

Reviving Downtown Cairo can be maintained by engaging society organizations and retail stores, restaurants, and property owners. Al Ismaelia has acquired several heritage properties in Downtown Cairo, including La Viennoise, Cinema Radio, Tamara, Kodak, Shourbagy, and many more historical buildings.

Talent Management (HR)

Nurturing healthy organizational dynamics

On Feb. 14, AmCham's Talent Management Committee hosted a panel of experts for a webinar on "Nurturing Healthy Organizational Dynamics." Guest speakers included Amr Fawzi, change leader and business transformation consultant, and Maha Maalouf, senior partner at LOGIC Consulting.

If organization leaders want to improve performance, they must change the corporate strategy. The heart of the organizational design is its structure, said Maalouf. Accordingly, the webinar addressed common challenges within an organizational structure and proposed solutions.

Maalouf said many organizations face six challenges: fragmentation, misplaced function position, one-to-one reporting, conflict of interest, the span of control, and inappropriate job titles.

Fawzi cited four factors that he believes cause these challenges: blurred strategic direction, unaligned leadership team, ineffective organizational dynamics, and poor work culture.

"Structure dynamics is the engine of workflows, people metrics and key performance indicators, department characters, and job descriptions," said Maalouf. Culture, strategy, and structure must align, explained Maalouf. Fawzi agreed, saying, "Culture eats strategy for breakfast."

Speakers also addressed the importance of activity mapping to help organizations differentiate between "hands-on and hands-off functions." Maloof stressed creating an authority matrix that "prevents conflict of interest or ambiguities and outlines all critical decisions within the company."

According to Fawzi, "Despite the efforts exerted in organization structure design and dynamics ... they all are doomed to failure unless people are on board." He identified five tips for effective change: evaluate risks, build organization capabilities, effective communication, measure success, and integrate culture.

Roundtable event

Opportunities with African Finance Corp.

On Feb. 17, AmCham Egypt hosted a roundtable lunch meeting with visiting representatives from the African Finance Corp., including Taiwo Okwor, vice president; Osam Lyahen, senior director and head of natural resources; Ahmed Maccido, consultant analyst; and Mostafa Abdelmotaal, senior associate-syndications. In addition, select AmCham Members were present in the meeting, representing the business community in Egypt.

Founded in 2007, AFC is a pan-African multilateral development institution established by sovereign African states to provide pragmatic solutions to meet Africa's infrastructure needs and challenges in operating environments. To achieve the best return on investment for shareholders, AFC prioritizes sectors that simultaneously offer a significant development impact and attractive revenue potential. That includes the following sectors: power, natural resources, heavy industry, transport, and telecommunications.

AFC's approach combines specialist industry expertise focusing on financial and technical advice, project structuring, project development, and risk capital.

AmCham members shared several challenges facing critical sectors in Egypt and opportunities for collaboration with the private sector. AFC representatives also addressed questions by members on projects funded by the AFC in Egypt, including the Egyptian General Petroleum Corp. and Carbon Holdings, a petrochemicals conglomerate, the high-speed train, and monorail projects, among others.

AFC has already invested more than $100 million in infrastructure projects in Egypt and has identified a further 600 million in projects across the renewable, natural gas, transport and logistics sectors and expects to invest over $1 billion in total.

Corporate Impact & Sustainability

New environmental, social, and governmental regulations

On Feb. 10, the AmCham Corporate Impact & Sustainability Committee held a webinar titled "Egypt's New Environmental, Social and Governmental (ESG) Reporting Regulations" featuring Sina Hbous, head of Sustainable Development Department and adviser to the Financial Regulatory Authority (FRA) chairman.

The FRA issued Decrees No. 107 and 108 in 2021 requiring companies listed on the Egyptian Stock Exchange and companies operating in non-bank financial activities to submit environmental, social, and governance disclosure reports related to sustainability.

This year FRA launched a thinktank and training center called the "Regional Center for Sustainable Finance." It was established to recognize the urgency to bridge the finance gap to fulfill the Paris Agreement on Climate Change and the U.N. Sustainable Development Goals.

The decrees provide two forms of reporting: the Environmental and Social Governance (ESG) report and the Task Force on Climate-Related Financial Disclosures (TFCD).

The ESG report disclosure focuses primarily on organizational aspects of each company concerning environmental and social policies. Information requested includes environmental operations and supervision, carbon emissions, energy sources, employee rights, gender diversity, and board of directors diversity.

TFCD reporting focuses on the financial aspects of a company's climate-related policies. The disclosure addresses four main pillars: governance, strategy, risk assessment, and metrics and targets.

This regulatory step should attract many international financial institutions that have formulated strategies and policies to consider environmental impacts and practices. In addition, increased transparency of Egyptian companies regarding their social and ecological performance will encourage financial institutions to direct more green investments toward the Egyptian market in the runup to COP27 in November at Sharm El-Sheikh.

Investment and Capital Market Committee

Climate finance: investing in green bonds

On Feb. 17, the Investment and Capital Market Committee held a session to discuss investing in green bonds. The speakers were Nada Shousha, a senior advisor for the IFC; Matteo Bigoni, climate change executive at CDC Group; Sherine Shohdy, Coverage Director at CDC Group; Yasmine El Hini, Country Officer for the IFC; and Dalia Abdel Kader, Chief Sustainability Officer for CIB.

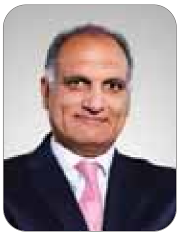
They agreed that green bonds are vital tools to connect environmental projects with capital markets and investors to channel capital toward sustainable development.

Bigoni explained the issuance process of a green bond is similar to ordinary bonds. However, there are additional steps mentioned in the Green Bond Principles. They regulate the use of proceeds, selection of projects and assets; management of profits; and reporting and verification.

Tapping into that capital market to raise funds needed for climate adaptation and resilience will attract more issuers and investors, catalyzing the mobilization of funds to finance climate resilience projects. It will also facilitate the development of innovative solutions that combat climate change.

CIB issued Egypt's first corporate green bonds in cooperation with the IFC to funds projects that address critical environmental issues, such as climate change, natural resources depletion, loss of biodiversity, and air, water, or soil pollution. For the past two years, the IFC has worked with Egypt to prepare guidelines to regulate domestic green bonds issuances.

Developing a green bond program will help support national efforts to increase the share of renewables in Egypt's energy mix. That includes constructing green buildings across the country, and efficient use of resources in industry in line with the Green Bond Principles document.



Membership Type:
Multinational

CHEMICALS

Sika Egypt
Ehab Soliman
General Manager

Address: First Industrial Zone, Zone (A), Section 10, Block 13035, Obour Industrial City, Al Obour City
Website: https://egy.sika.com
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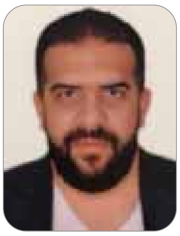

Membership Type:
Associate Resident

FOOD & BEVERAGES

GHEZAA For Trading and Manufacturing
Ramy Beddah
CEO

Address: Kattameya Heights Business Center, Floor 2 Office S11, Fifth Settlement, New Cairo
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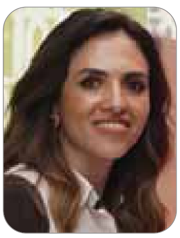

Membership Type:
Associate Resident

FURNITURE, WOODEN, METALLIC & ACCESSORIES

Arkan for Furniture and Decoration
Rania Fahmy
Founder and CEO

Address: 2 Ahmed Heshmat Street, Zamalek
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Membership Type:
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INFORMATION TECHNOLOGY

Etax
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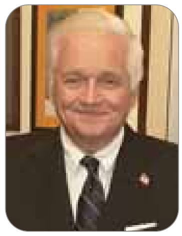

Membership Type:
Associate Resident

MINING

Akh Gold Limited
Mark Wallace Campbell
Chairman & General Manager

Address: 4 Mohamed Abd El Wahab Street, Floor 2, Zamalek
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Membership Type:
Not-for-Profit

PHARMACEUTICALS/ MEDICAL/HEALTH

Arab Association of Pharmacy Progress
Samer El Refaie
President

Address: Home 17, District2, Brick 6
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Tel: (20-10) 0043-9040

Membership Type:
Associate Resident

PHARMACEUTICALS/ MEDICAL/HEALTH

Hayat Egypt
Mustafa Tuncay
General Manager

Address: City Stars, Star Capital F2, Floor 16
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Tel: (20-2) 2480-3600

Membership Type:
Associate Resident

POWER

Infinity
Nayer Fouad
Co-Founder and CEO

Address: 57 Nile Kornish Street
Website: www.weareinfinity.com
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For any change to contact information, please contact the Membership Services Department at the Chamber's office
Tel: (20-2) 3333-6900, ext. 0016 | **Fax:** (20-2) 3336-1050 | **E-mail:** membership@amcham.org.eg

Affiliate Members

Accounting
Hatem Shawki
Audit Partner, Mazars Mostafa Shawki

Chemicals
Santosh Mallya
CFO, Sika Egypt

Construction/Engineering
Mohamed Onsy Elbeshouty
Board Member (CFO), Arab Contractors (Osman Ahmed Osman)

Noha El Tahhan
Board Member, El Tahhan Piling & Construction Co.

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Amr Abdelwahab
Senior General Manager - Corporate Banking, Ahli United Bank (Egypt), SAE

Maha Abdelhamid
Head of Corporate Banking, Ahli United Bank (Egypt), SAE

Heba Mikhail
Head of Strategic Alliances Department, Banque Misr

Information Technology
Ayman Al Bayaa
CEO, Benya Systems, Benya

Ahmed Saeed
Head of HR & Admin, Etax

Legal Services
Mostafa ElShafei
Managing Partner, Ibrachy Legal Consultancy

Mining
Sally Saed Ahmed
Admin and Logistics Manager, Akh Gold Limited

Haitham Emad El Dine
Financial Manager, Akh Gold Limited

Pharmaceuticals/Medical/Health
Dina Hamdy
Regulatory & Corporate Affairs Manager, Hayat Egypt

Rabie Nasser
VP, Amoun Pharmaceutical Co., SAE

Ansam Amin
Country Head for Marketing and Communications, Siemens Healthineers Egypt, Siemens Healthcare SAE

Security Systems (Alarms, Fire Fighting, Video Cameras, etc.)
Karim Bishara
Managing Director, Armashield Egypt

Service Providers
Ahmed Marzouk
General Manager, Momentum Egypt

New Replacements in Member Companies

New Replacements in Member Companies

Mohamed Hamza
Counselor, The American University in Cairo
Category: Affiliate
Sector: Academic/Educational/Research & Development (R&D)

Rachid Abdou
CEO, Bunge Egypt, SAE
Category: General
Sector: Agriculture

Robin Abdalla
Owner & Board Member, Marmonil Marble & Granite
Category: General
Sector: Building Materials

Ahmed Mansour
Country Head of Human Resources, Arab Bank
Category: Affiliate
Sector: Financial Sector

Hala Abou Hussein
General Manager- Corporate Banking, Arab International Bank
Category: Affiliate
Sector: Financial Sector

Assem Awwad Hussein
Senior General Member- Chief Risk Officer, Arab International Bank
Category: Affiliate
Sector: Financial Sector

Rania Sawas
Communication Manager North Africa, Coca-Cola Egypt - Atlantic Industries
Category: Affiliate
Sector: Food & Beverages

Ashraf Michel
General Manager, Sheraton Cairo Hotel & Casino
Category: General
Sector: Hospitality/Tourism/Travel

Mohamed Haroun
General Manager, General Electric International Operation
Category: Affiliate
Sector: Industrial Machinery & Equipment

Sameh Anas
Chief Operating Officer AXA Egypt, AXA Egypt
Category: Affiliate
Sector: Insurance

Ahmed Khalifa
EB New Business Sales Director, AXA Egypt
Category: Affiliate
Sector: Insurance

Ahmed Mahmoud Abdallah
CEO & Managing Director, Post for Investments
Category: Associate Resident
Sector: Investment

Shamrendra Singh
General Manager & Managing Director, Badr Petroleum Co. (Bapetco)
Category: Affiliate
Sector: Petroleum

Ahmed Helmy
Area Vice President- North Africa Region, Halliburton
Category: General
Sector: Petroleum

Hisham Jaheen
Chief Investment Officer, City Edge Developments
Category: Affiliate
Sector: Real Estate

Abdallah Sallam
CEO, Madinet Nasr for Housing & Development (MNHD)
Category: Associate Resident
Sector: Real Estate

Sharif Farouk Mostafa
Chairman of Egypt Post, Egypt Post
Category: Public & Diplomatic
Sector: Service Providers.

Change in Member Company

Tamer Adel Seif Eldin
Chief Executive Officer & Managing Director, Arab Investment Bank
Category: Principal
Sector: Financial Sector

Layla El Hares
Managing Director, Siemens Energy
Category: Multinational
Sector: Power

Change in Member's Category

Ahmed Mohamed El-Tayebi
Chairman, New Delta Plastic Corp
Category: General
Sector: Chemicals

Abou Ghaly Motors

Abou Ghaly Motors Group (AGM) has the pleasure to extend its exclusive benefits to AmCham members on various products as follows:

Automotive:

Test drives, priority on delivery, periodic promotions & special offers on the following brands: Jeep, Mercedes, Chrysler, Dodge & Ram, Alfa Romeo, Subaru.

Competitive price on trade-in deals.

Fast-lane "quick and priority service" on AGM Brands.

Accessories voucher worth EGP 2,000 when purchasing Subaru, Jeep, Chrysler, KTM and Alfa Romeo.

Vehicle Services:

3.5% discount on insurance; 5% discount on spare parts; 10% discount on labor work, free of charge in case of accident on towing to AGM service center; 20% discount on vehicle detailing and polishing; and 20% discount on rental during services.

Transportation:

10% discount on short-term car rentals from SIXT.

London Cab: 10% discount and 20% discount on second leg for airport shuttle.

5% discount on Limozeenak.

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

For more information, please contact: **Noha Abdelgahny**
Tel: (20-2) 2477-2219 Ext. 378; Mobile: (20-12) 7971-2708;
Call Center: 19570; for London Cab reservation: 19670
Email: noha.abdelghany@aboughalymotors.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

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
For the reservations in **Baron Hotel Heliopolis, Cairo: Abdalla Hussein**
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

Egyptair

Egyptair is pleased to extend the protocol agreement for the year 2021-2022. This agreement entitles all AmCham members and their first degree family members to a special preferential reductions on Egyptair INTERNATIONAL flights ONLY.

Up to 15% Discount over Egyptair's special fares, depending on the booking class.

2% Additional Discount on New York & Washington flights

**This deal is applicable on trips from and to Egypt.*
**All discounts are not applicable to Jeddah/ Al Madina during Hajj and Omra season during the months of Ragab, Shaaban & Ramadan.*

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

For more information, please contact:
Call Center from mobiles: 1717 / from land lines: 090070000
Contact: **Astra Travel**
Downtown Adly Branch:
Tel: (20-2) 3333-2200 Tel: (20-2) 2390-6078/ 2392-7680
Fax: (20-2) 2391-1256
Zamalek Club Fence Branch:
Tel: (20-2) 3347-2027/ 3347-5193/ 3305-1431 Fax: (20-2) 3346-4501
Email: elzamalek@egyptair.com
Shobra Branch: Tel: (20-2) 2206-9071/3/5
Heliopolis Korba Branch: Tel: (20-2) 2418-3722

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

This offer is valid until June 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

“Spare an electronic payment card please, sir!”

Al Masry Al Youm, Feb. 20

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.

Solar alignment draws 6,000 to Abu Simbel

Though a solar alignment occurs twice each year on Feb. 22 and Oct. 22 at Abu Simbal Temple, the Ministry of Tourism and Antiquities deemed 22/2/2022 was too exceptional a date to pass up without a celebration.

A crowd of about 6,000 people watched a large screen in front of the temple showing highlights of the life of King Ramses II, the Battle of Kadesh, and history's first recorded peace treaty on the walls of his temple. In addition, several luminous balloons flew over Abu Simbel sent a message of love and peace to the world.

Minister of Tourism and Antiquities Khaled El-Anany described the solar alignment at Abu Simbel Temple as an astronomical and engineering marvel of its time, saying the temple deserves to be the eighth wonder of the ancient world.

Daily News Egypt, Feb. 23

Liverpool's Salah celebrates 150th club goal

Egyptian forward Mohamed Salah said he was delighted after scoring the 150th Liverpool goal to help his team come from behind for a 3-1 home win over Norwich City in the Premier League.

"Of course, I'm happy to score 150. I'm always proud to score for this club, and the most important thing is to win games, which is what we did today," Salah told Premier League Productions.

Liverpool was stunned by an early goal from Milot Rashica but turned the game around with goals from Sadio Mane, Salah, and Luis Diaz.

"It feels great. We were struggling in the beginning when we conceded the goal, but I think we played good football [in the] first half," said Salah. "The second half, we conceded the goal, so the game became tougher. But we managed to come back, and it's a great result."

The win brought Liverpool to within six points of Manchester City.

Salah has netted 150 goals in 233 games. The 29-year-old is the second fastest Liverpool player to reach that mark, just behind Roger Hunt, who needed 226 games.

That makes Salah the African player with the most Premier League goals. He broke the record in 72 fewer matches than Chelsea's Ivorian Didier Drogba.

Ahram Online, Feb. 19