Business monthly

THE JOURNAL OF THE AMERICAN CHAMBER OF COMMERCE IN EGYPT

May 2023

NOT FOR SALE

UNCHAIN Me

The government hopes its policies could increase private direct investments, freeing the economy.

Leading the fintech landscape towards a greener future

Digitally transforming the Egyptian Government to a fully paperless government, ensuring internal processes and customer-facing services are digitized.

Digitally transforming societal financial inclusion programs working with the government to rollout nationwide gender targeted platforms.

Digitally transforming several economic sectors including; financial, healthcare, agriculture, tourism and petroleum while creating opportunities for economic growth.

Tax reg. (215 - 864 - 379)

Nader Zaki
Regional President, bp MENA

bp in Egypt

Can you give us an overview of your operations in Egypt?

We take pride in our long-standing history in Egypt, successfully operating in the country for over 60 years and investing more than $35 billion to become a significant pillar of the Egyptian energy industry and strategic partner to the Ministry of Petroleum and Mineral Resources. The key word here is "partners" with a long-term commitment to invest and create value.

Our journey began in the early 1960s as a major oil player in the Gulf of Suez. Building on our success over the last six decades, bp is focusing on gas, particularly in the Nile Delta Basin.

We have invested billions of dollars in building an extensive gas infrastructure. Today, in collaboration with our partners, bp currently produces around 70% of Egypt's gas through a joint venture with the Pharaonic Petroleum Company (PhPC) and Petrobel (IEOC JV) in the East Nile Delta (END), as well as through the bp-operated West Nile Delta (WND) gas development.

The WND, bp's first operated asset in the country, currently produces 850 million standard cubic feet per day (mmscfd) of gas. It represents an essential contribution toward meeting Egypt's growing energy needs by providing a cost-competitive and resilient gas supply.

Moving to the END, bp has established a strong and reliable track record through its PhPC JV and other partner-operated assets, with over 20 years of production. PhPC is a significant gas producer in Egypt, with current average gas production of approximately 410 mmscfd, which feeds the country's national gas grid.

Also, in the END, together with our partners, we have six producing concessions operated by Petrobel, including our investment in the Shorouk concession, where the giant Zohr gas field is located.

bp is also a 33% shareholder in UGDC, an NGL plant, and is present in the customers and products sector through our 40% interest in the Natural Gas Vehicles Company (NGVC), established in 1995 as the first company in Africa and the Middle East to commercialize natural gas as an alternative fuel for vehicles.

Leveraging the existing strong gas business in Egypt, bp is also planning to play a critical role in the country's energy transition. In December 2022, we signed an MOU with the Egyptian government to study the development of a large-scale green hydrogen project, which we are actively pursuing with a detailed feasibility study for its allocated land.

We focus on creating sustainable value by developing Egyptian capacity and leveraging our existing infrastructure to provide more resilient gas resources while supporting the country's energy transition to realize the full potential of its energy resources in Egypt.

How do you perceive the government's efforts to lower harmful emissions?

The Egyptian government is making significant efforts to achieve its long-term low-carbon strategy and reach its target of 42% renewables by 2030. These efforts are ambitious and have encouraged numerous investors, including bp, to pursue the development of renewable resources to support our green hydrogen business in Egypt, which is currently under evaluation.

In December 2022, we signed an MoU with the government to conduct several studies evaluating the technical and commercial feasibility of a multi-phase, large-scale green hydrogen (gH2) project.

Furthermore, following COP27, the government has initiated a process to standardize GHG data calculations and collection among gas companies nationwide, including bp. That is a critical step that contributes to the systematic reduction of emissions and provides a better understanding of the industry's emissions portfolio in the country.

How are you lowering your carbon footprint in Egypt?

bp has announced a sustainability agenda that primarily focuses on achieving NetZero status by 2050 or sooner, and we are fully committed to delivering this agenda in Egypt.

In 2022, we reduced our emissions portfolio in the country by half compared to the previous year, which is a remarkable achievement. This accomplishment

Photographs courtesy of BP plc 2022

involved the collaboration of multiple teams working together to identify and execute sustainable and measurable solutions for lowering GHG emissions.

Recognizing the significant environmental impact, we have prioritized the reduction of methane emissions in Egypt. To accomplish this, we plan to install Flare analyzers, Flare IQ technologies, and Predictive Emissions Measurements technologies. These installations will enable us to accurately measure and mitigate methane emissions, particularly those generated from flaring and gas turbine generators.

With bp becoming an Integrated Energy Company, what are your plans in Egypt?

bp is transforming its business strategy as it pivots from being an International Oil Company (IOC) focused on producing resources to an Integrated Energy Company (IEC) focusing on delivering solutions for customers.

The company outlined its vision to reimagine energy and become a net-zero company by 2050, setting a strategy that focuses on three pillars: resilient hydrocarbons, convenience and mobility, and low-carbon energy. By following this strategy, we expect bp to be a different energy company by 2030.

We know that challenges are associated with reimagining energy, but we are confident and excited about the tremendous opportunities that exist as bp reinvents for a lower carbon future. We continue to deliver for today while transforming for tomorrow, and we look forward to what our company will have achieved seven years from now. Currently, bp is developing hydrogen projects globally where bp has been gaining specific skills in overcoming various challenges posed by the nascency of the low-carbon hydrogen industry.

Our operations in Egypt are vital in delivering the company's strategy, with hydrocarbons serving as a catalyst for our transformation. bp focuses on expanding gas production while at the same time supporting the country's orderly energy transition plans. It is crucial to emphasize that this is not an either/or strategy for us; instead, it is an "AND" integrated approach that aligns with our global strategy while continuing to support the development of the Egyptian energy sector.

How can the government accelerate bp's efforts in the green hydrogen space?

To accelerate green hydrogen projects in Egypt, developers and the Government of Egypt should collaborate, considering the industry's early stages of development and buyers.

Sharing knowledge and best practices from other countries can play a significant role in this collaborative process. That is what we are precisely doing and offering in our engagement with the relevant government entities.

From the government's perspective, establishing a clear regulatory framework and providing fiscal incentives are crucial to understanding the cost structure and enhancing project economics. Developers should have a clear regulatory framework and fiscal, non-fiscal, and royalty incentives.

It is also necessary to address any existing impediments. We can achieve that by removing barriers and obstacles that may hinder the progress of such projects, ultimately enabling them to compete on a global scale.

It is important to note that the competitiveness of projects relies largely on accessing the best renewable energy sites and reliable port and grid infrastructure, which contribute to the overall competitiveness and success of the green hydrogen projects.

We acknowledge and appreciate the active role the government is playing in encouraging strong cross-border cooperation between Egypt and Europe, and this collaboration is essential to unlocking opportunities for access to EU funding and the development of export markets for Egyptian green hydrogen and its derivatives.

We have complete confidence in Egypt's potential to become a prominent global green hydrogen market player. We are eager to provide support, leveraging our successful operations spanning over 60 years in the country. bp remains dedicated to expanding gas production while backing the country's energy transition objectives. As I have reiterated, our approach is not a choice between one or the other but rather an integrated strategy that aligns with our global vision while actively contributing to the development of the Egyptian energy sector.

LINKS AND GAINS: BUILDING EGYPT'S SUSTAINABLE ECONOMY

Mohamed Agamy
Managing Partner

Links and Gains is a leading consultancy firm specializing in providing strategic advice and solutions to businesses and organizations in various sectors.
Our legal services span several sectors: energy, tourism, education, health, and agriculture. We have signed deals with some of the most prominent U.S. companies and institutions, such as Harvard Joslin Diabetes Centre, GE, and Energy 3 International.
We are committed to delivering high-quality services to our clients and positively impacting the environment and society.

How could a law firm in Egypt promote investment links with the U.S.?

Investors that want to invest in Egypt face many challenges, such as economic volatility and social unrest. These factors can deter foreign investors from entering or expanding their presence in the Egyptian market.

That is where a law firm operating in Egypt can play a vital role in helping attract U.S. investments to Egypt. Links & Gains, with expertise in Egyptian laws and regulations, as well as international standards and best practices, can provide legal advice and assistance to U.S. investors interested in exploring the opportunities and risks of doing business in Egypt.

Links and Gains can also help U.S. law firms and U.S. investors navigate Egypt's complex and often changing legal environment, such as obtaining licenses, permits, approvals, contracts, and dispute resolution.

Links & Gains, which operates in Egypt and MENA, can also help Egyptian businesses and entrepreneurs to access the U.S. market or attract U.S. partners or funding.

The U.S. is one of the world's largest and most competitive markets, with high innovation, technology, and consumer demand. However, it also has its own legal and regulatory challenges, such as intellectual property rights, taxation, and compliance.

We can successfully bridge the gap between the two countries by providing legal services that facilitate cross-border trade and investment. By doing so, our firm can contribute to the economic development and prosperity of Egypt and the U.S.

Can you give us some details on Energy 3 International project?

The Energy 3 International project is an innovative initiative to provide renewable energy and environmental solutions for various sectors and regions.

The project is led by Energy3 International Corp., a U.S.-based company with a pending patent for turning municipal solid waste (MSW) into renewable diesel or biofuel and agricultural biochar or graphene.

The project is attractive for energy and water management, sustainable energy partnerships, green banking and finance mechanisms, and capacity building and training services.

The Energy 3 International project Reduces greenhouse gas emissions and waste disposal costs by converting MSW into valuable products. It creates jobs and economic opportunities in the renewable energy sector.

It improves energy security and resilience by diversifying energy sources. It also drives climate-smart market transformation by leveraging resources and scaling up investment in energy efficiency and clean energy solutions. Lastly, it provides nature-based solutions for climate mitigation and adaptation.

The project has an estimated investment of $500 million to build and operate 10 MSW to renewable diesel or biofuel facilities worldwide, each with a capacity of 1000 tons per day.

Do green/eco-friendly projects have a future in Egypt?

Egypt is a country that faces many environmental challenges, such as water scarcity, air pollution, waste management, and climate change.

Accordingly, Egypt has invested in green and eco-friendly projects across various sectors, such as energy, transport, water, and agriculture to reduce greenhouse gas emissions, conserve natural resources, improve public health, and create economic opportunities.

One of the main sectors that Egypt has been focusing on is renewable energy, especially solar and wind power. Egypt can generate up to 53% of its electricity from renewable sources by 2030. One of the most notable green projects in this sector is the Benban Solar Park in Aswan, the largest solar park in the world with a capacity of 1.5 gigawatts.

Another project is Suez's Ataqa pumped-storage hydropower plant to balance the electricity grid. Egypt has also been developing wind farms along the Red Sea coast, such as the Gulf of Al-Zayt project.

Another sector that Egypt has been investing in is green transport which reduces traffic congestion, air pollution, and fuel consumption. Egypt has been building electric trains and monorails connecting different cities and regions. For example, Egypt is constructing a high-speed electric train from Alamein to Ain Sokhna through the New Administrative Capital.

Egypt is also building a monorail that will link the New Administrative Capital with the 6th of October City with a length of 98 kilometers.

These projects are partly funded by green bonds Egypt issued in September 2020 worth $750 million.

A third sector that Egypt has been improving is water and wastewater management, which is crucial for preserving water resources and protecting public health.

In conclusion, Egypt has been investing in green and eco-friendly projects as part of its Vision 2030, which aims to achieve economic growth and environmental sustainability.

How do you see investing in such projects in Egypt?

The Egyptian economy can stimulate economic growth and diversification by attracting foreign and domestic investors, creating new markets and industries, and increasing exports and revenues.

Plus, the enhancement of the infrastructure and services of the country by improving transportation, communication, energy, water, sanitation, health, education, and tourism facilities.

Egypt's government is working hard to foster social development and inclusion by providing employment opportunities, reducing poverty and inequality, empowering women and youth, and preserving Egypt's cultural and environmental heritage.

However, some development areas entail high costs and risks for the investors and the government, especially regarding financing, security, governance, regulation, and corruption.

Likewise, there are some social impacts by displacing people, disrupting ecosystems, consuming natural resources, generating waste and pollution, and affecting the local communities and cultures.

What should the government do to make the investment environment more favorable?

We hope the government implements sound macroeconomic policies and reforms to ensure fiscal discipline, monetary stability, debt sustainability, and business competitiveness.

It should strengthen the legal and institutional framework to protect property rights, enforce contracts, resolve disputes, combat corruption, and promote transparency and accountability. It must also enhance the public-private partnership model to share risks and benefits.

Lastly, engage with all stakeholders to ensure participation, consultation, coordination, communication, and feedback.

JUHAYNA CEMENTS ITS STEPS TOWARS **SUSTAINABILITY, INCLUSION, AND COMMUNITY SUPPORT**

Juhayna Food Industries Receives the Honorary Arab Sustainability League Award

Earlier this year, on the sidelines of the League of Arab States Conference for Sustainable Development, Juhayna was honored with the Arab Sustainability League Award in recognition of the company's efforts to achieve sustainable development by launching numerous initiatives and implementing effective development practices. The conference, which hosted the Arab Sustainability Day, promoted the idea of a community that adopts more developmental standards while increasing awareness about the responsibility of private sector companies to create a stable future.

At the event were the Minister of Planning and Economic Development, Hala Elsaid; Secretary General of Arab League, Ahmed Aboul Gheit; and the External Communications Director at Juhayna, Passant Fouad. Participants included a group of senior leaders and businessmen who discussed various issues, including the importance of achieving sustainability and ensuring abundant resources for future generations.

Juhayna's honorary achievement of this award reflects one of the most important cornerstones of their strategy: the pursuit of sustainable development in all communities in which they operate. The company adopts a development strategy reflected in all its development programs and practices, whether for production, operations, or community programs, ensuring that sustainability is at the core of their business.

It is worth noting that Juhayna's goal is to make all of its products 100% recyclable by 2030. The company has taken a significant step in this regard by joining the first Egyptian Pact for Used Beverage Cartons during the activities of COP27, which aims to support the local economy by utilizing recycled products. Furthermore, to reduce carbon dioxide equivalent emissions by 31.8% by 2026, the company also launched a hybrid central power plant in the New Valley Governorate, in collaboration with Karm Solar, to supply energy to its farms.

Juhayna Launches' Heya El Commanda' Program

In 2020, Juhayna launched their program "Heya El Commanda" program in Upper Egypt, specifically Beni Suef and El Minya, to promote women's economic empowerment by creating a permanent revenue stream for them.

The program works with the United Nations Women's Organization to provide training courses for women to understand better proper product handling, the product distribution process, pricing strategy, and managing capital.

During the first phase, Heya El Commanda proved to be a massive success with a growth rate of 137%

in the women's total sales within the first eight months alone, with the participants explaining that it was a milestone in their self-realization and their ability to secure a stable income.

Juhayna's keenness to support women is consistent with its ongoing efforts to create meaningful empowerment initiatives that focus on community development and enhancing the lives of individuals. A case in point is the Heya El Commanda program, which doesn't only serve the participating women but also provides the opportunity to reach many consumers in hard-to-reach areas and suit their demands.

The "Heya El Commanda" program also comes as an extension of the "Commanda" program launched in 2018 for male beneficiaries, which embodies the company's desire to have a more significant presence in the Delta region and Upper Egypt.

Juhayna Officially becomes a WEPS Signatory

Earlier this year, Juhayna officially became a WEPS (Women's Empowerment Principles) Signatory. The Women's Empowerment Principles (WEPs) are principles that act as a compass for businesses to further develop their gender equality and women's empowerment practices in their workplace, marketplace, and surrounding community.

Part of Juhayna's commitment to WEPS, in line with SDG (Sustainable Goal Development) #5, Gender Equality, signifies one more step towards women's empowerment, one of the main governing principles of their CSR & Sustainability pillars. By committing to these principles and integrating them into its business practices, Juhayna fosters a culture of respect, inclusion, and diversity and contributes to the broader global effort to achieve gender equality and empower women.

The UN Global Compact and UN Women established the Women's Empowerment Principles based on international labor and human rights standards. The principles acknowledge that through the common vested interest in promoting gender equity and women empowerment, businesses are responsible for doing so through equal pay, equal value, gender-responsive supply chain practices, and a zero-tolerance sexual harassment policy.

Juhayna renews its sponsorship of the Baheya Foundation for the eighth year in a row

Juhayna, the first and primary sponsor of the Baheya Foundation for early detection and breast cancer treatment, renewed its sponsorship of the foundation for the 8th year in a row with a 25% increase in donations versus the year before.

Juhayna and Baheya Foundation share a strong partnership that has allowed them to join forces in developing this dream-turned-reality project. Since 2015, Juhayna has been dedicated to supporting the foundation in the fight against breast cancer. Their partnership has helped raise awareness of the importance of early detection and raise donations to help the foundation fulfill its mission.

Due to their endless support of Baheya fighters through spearheading vital campaigns, Juhayna successfully increased donations for Baheya Sheikh Zayed Hospital to complete its construction. As a result, over 250,000 women got our early detection and medical tests.

Baheya Sheikh Zayed Hospital is located on a 34,000-meter plot. It is an eight-story building. Its maximum capacity is 500,000 women annually, which exceeds the 200,000 women it has received in five years. That will contribute to reducing the waiting lists and securing a healthy life for Egyptian women.

It is worth mentioning that Baheya Sheikh Zayed Hospital is an integrated medical facility for the early detection and treatment of breast cancer. It provides the latest methods of prevention and treatment and psychological support for women during their treatment stages through highly-experienced medical teams dedicated to providing the fighters with the finest medical care.

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MAXIMUM EFFORT

With the Egypt Vision 2030 deadline approaching, the government is focusing all its efforts on announcing projects and setting policies that align with the "vision's" targets.

That is increasingly important as other countries, particularly GCC nations, focus on attracting more non-oil FDI to realize their own 2030 ambitions.

This month's cover story examines government efforts to promote water, agriculture and industrial investments. We also highlight U.S. efforts to boost its economic presence in Africa, directly competing with China, Europe, and other major economies.

For new local and foreign investors, an important aspect when starting a business is understanding the peculiarities of Egypt's labor force. That will likely determine the best location, size of the operation and even the business model.

This month, we summarize a December report from the Egyptian Center for Economic Studies on labor dynamics in the country since 2010.

For existing companies, we look at tips for CEOs and business leaders to maintain sales amid Egypt's soaring, persistent, and unprecedented inflation.

Lastly, with increasing demand for services and products to be accessible online, business leaders must decide which is best: focusing their efforts on developing a smartphone app, creating a website, or splitting their resources between the two at the risk of not optimizing either.

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DRAGGING OUR FEET

Egypt's financial crisis continues to nip at our heels, urged on by whispers of uncertainty and speculation about the state of the economy. The indicators are not good: Bond values are down, and insurance values on bonds are way up. Speculation on the value of the dollar is wide-ranging, and there is even an application that lists the parallel market rate 24/7 - only in Egypt.

There has been semi-confirmed news that some state-owned banks are finally accepting foreign currency deposits from businesses, with the commitment to avail them later for the release of goods. This is not the case, though, with private banks. Is this a prelude to another devaluation or is it simply an unofficial measure to ease up the congestion in the ports?

Then there is the International Monetary Fund's delay in the periodical review of its extended fund facility issued in December. This review is not only required for releasing the next tranche of the loan; it is a stamp of approval that would affirm the Egyptian government's seriousness about restructuring the economy and reforming monetary policies.

The only clear message is that there is no clarity, which does nothing to restore trust and confidence in our economic policies. Nor is this an environment conducive for attracting investments.

The Central Bank of Egypt's governor did have a clear message about the current situation: In Egypt's case, raising interest rates alone will not curb inflationary pressure. It takes two to tango, so to speak. Without fiscal discipline and fiscal consolidations and clarity regarding the divestiture of state-owned enterprises, the economy will continue to stumble.

There is, however, a glimmer of hope. The transfer of Misr Insurance Holding Company, along with other assets, to The Sovereign Fund of Egypt could be a sign that the government is pushing forward with divestiture, despite the resistance of state entities reluctant to let go of their businesses.

But these are baby steps when we need to start running. The clock is ticking, and the geopolitics of the region are not helping. One way or another, the chaos in our neighboring Sudan will have an economic spillover, to say nothing of the unforeseen regional political repercussions.

We are in a race against time, and economic savviness is the only way to win. We cannot afford to be one step too late.

TAREK TAWFIK
President, AmCham Egypt

THE NEWSROOM

PROFESSIONALS EXEMPT FROM E-INVOICE

The Egyptian Tax Authority (ETA) said lawyers, doctors, pharmacists and other professionals do not have to register with the national e-invoice system, which directly links to the ETA.

However, if professionals do business with a formal company registered on the ETA's system, they, too, must register. The registration deadline was April 30.

Professionals had objected to being forced to register in the system, arguing that doing so would increase their costs significantly.

WORTH FOLLOWING

EGYPT, TURKEY REESTABLISH FORMAL RELATIONS

The foreign ministers of Egypt and Turkey announced in April they would appoint ambassadors and reestablish political ties for the first time in 10 years.

One of the first discussion points between the ministers was creating a unified military force in Libya with the task of setting a timeline for holding elections. The second was the possibility of a face-to-face summit between the countries' presidents.

Turkey could join Egypt (A member since March) in becoming a member of the BRICS (an informal group comprising Brazil, Russia, India, China and South Africa) Development Bank. That would allow both nations to trade non-petroleum goods using their local currencies, bypassing the dollar.

Egypt and Turkey have had a free trade agreement since March 2007. According to the Turkish Ministry of Trade, the deal not only eliminates tariff and non-tariff barriers, but "regulates numerous trade-related areas such as the sanitary and phytosanitary measures, trade in services, foreign direct investments, internal taxation, balance of payments, public procurement, state aids, intellectual property rights, anti-dumping and safeguard measures, and rules of origin."

PRESIDENT ESTABLISHES NEW SUPREME INVESTMENT COUNCIL

In a bid to increase investment, Egypt's President Abdel Fattah el-Sisi announced a decree in April to create an all-new Supreme Investment Council (SIC). It would replace the current Investment Council, created in 2016.

The SIC will include 22 ministers and other state officials, such as the prime minister, Central Bank governor, EGX chairman, head of the Sovereign Wealth Fund of Egypt, and the ministers of planning and economic development, international cooperation, and military production.

Members also could invite non-permanent private sector experts to weigh in on topics discussed, but they would not have voting rights.

The SIC is expected to meet every three months to eliminate obstacles facing new investments, create an investor-friendly environment, monitor the execution of state-led projects, follow up on partnership agreements, discuss legal disputes and accelerate the implementation of new projects. Decisions will be binding on all state institutions, whether or not they are represented on the council.

FINTECHS RECEIVE REGIONAL RECOGNITION

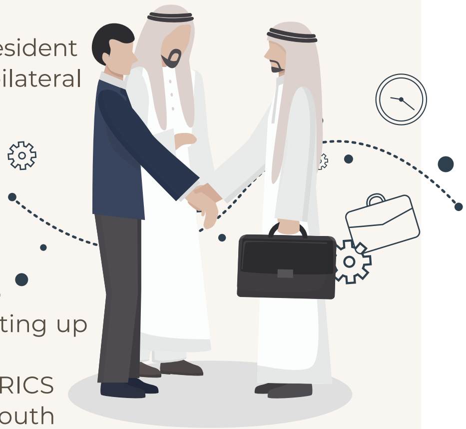
Fawry, MNT-Halan, Aman Holding, Paymob, valU, MoneyFellows, PaySky and Thndr all are featured in the Forbes list of top 30 fintech companies in the Middle East, serving a combined 49.4 million customers. Their combined transaction value was $6.8 billion last year.

The top performer was Fawry. There was one other local fintech in the top five (MNT-Halan, ranked fourth), three more in the top half of the list (Aman Holding, 12th; Paymob, 13th; and valU, 15th), and the remaining three ranked in the bottom third (MoneyFellows, 22nd; PaySky, 25; and Thndr, 26).

The government is working to digitize services and the economy under the Digital Egypt Strategy, which has initiatives to promote specific business lines, such as offshoring, producing electronic equipment and digitizing state services. That aligns with Egypt Vision 2030 and the UN's 17 Sustainable Development Goals.

WORTH FOLLOWING

SISI MEETS SAUDI, UAE LEADERS



UAE President Sheikh Mohammed bin Zayed Al Nahyan met with President Abdel Fattah el-Sisi in Cairo in April to discuss ways to strengthen bilateral economic relations. However, both sides didn't elaborate.

Nearly two weeks prior to the meeting, Sisi made a surprise quick visit to Saudi Arabia, meeting with the country's de-facto leader Mohamed Bin Salman. Statements from both sides also spoke about further strengthening ties between the two Arab nations.

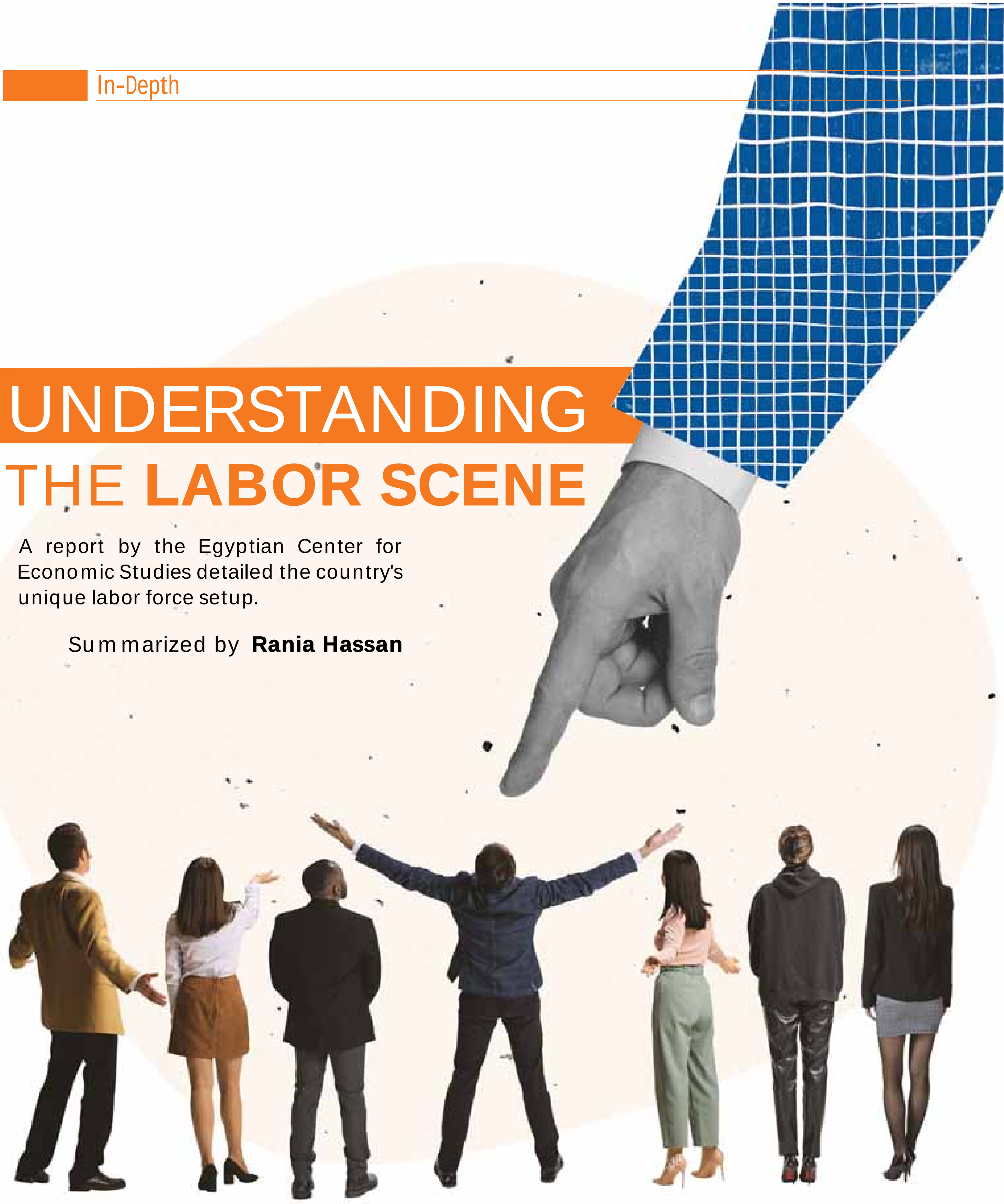
Egypt announced in February it wants to sell 30 state-owned and two military-owned companies on the stock exchange or directly to investors. Gulf investors have signaled they might be open to investing up to nearly $20 billion in Egypt's state-owned companies.

Saudi Arabia has been discussing becoming a member of the BRICS (an informal group comprising Brazil, Russia, India, China and South Africa) Development Bank. That means bypassing the dollar when trading non-petroleum goods with Egypt (A member since March).

UNDERSTANDING THE **LABOR SCENE**

A report by the Egyptian Center for Economic Studies detailed the country's unique labor force setup.

Summarized by **Rania Hassan**



Egypt's attempts to keep GDP growth rates positive since the January 2011 revolution, the July 2013 uprising, the first float of the pound at the end of 2016, and the COVID-19 pandemic have affected the labor market. "Over the past decade, the Egyptian economy has undergone significant negative structural shifts, skewing job creation toward lower productivity sectors," a December report from the Egyptian Center for Economic Studies (ECES) said. "COVID-19 has further revealed Egypt's labor market bottlenecks, vulnerabilities and segmentation."

Local and foreign investors starting projects in Egypt should understand those labor market issues, as they will likely influence project and hiring decisions. The ECES report focuses its analysis from 2010 onward. Its objectives are to "provide a diagnostic analysis ... and dynamics in Egypt's labor market." It then highlights "key constraints hindering [the labor market's] resilience toward a better future of work."

Labor evolution

According to the Central Bank of Egypt, the labor force (those aged 15 to 64) as a percentage of the total population has declined since 2012, when it was 48.4% compared to 42.9% in 2021. Between 2016 and 2019, the CBE reported that the labor force remained almost stable at 28.4 million, despite the population growing by 9.1 million.

That helped reduce the unemployment rate from 12.7% to 7.4% during that time, with the CBE estimating the private sector accounted for 79.3% of jobs by 2019.

The drop in the labor force relative to the general population might be temporary. The number of university graduates should increase as the percentage of school students who went on to study at universities increased from 8.6% to 9.8% between 2011 and 2021.

However, those figures tell only part of the story. The ECES report said the labor market "experienced a turning point in the aftermath of the January 25th Revolution." That was evident as the unemployment rate peaked to over 13%, the highest on record.

To reverse that, the government has increased construction, as it is a labor-intensive industry they can upscale easily across the country. "The next four years between 2016 and 2019 witnessed an increase in ... construction activities, becoming the key driver of Egypt's economic growth," the ECES said. That helped the unemployment rate drop to 7.9%, its lowest level ever, according to CAPMAS.

However, the drop in unemployment didn't translate to GDP growth after 2011. From 2016 and 2019, for example, the construction sector's contribution to GDP was 6% despite employing 12% of the workforce. "Employment growth lagged behind GDP per capita growth, especially after 2015," said the report.

COVID-19, at the start of 2020, further exposed that decoupling. "The labor market was paralyzed for more than 10 months" due to lockdowns. Still, the government's official unemployment figures remained below 8%, despite GDP growth slipping from 5.6% in 2019 to 3.6% in 2020.

The ECES said, "One explanation for this might be the observed expansion in construction activities since 2016." Another possibility is that the "percentages of discouraged job seekers ... surged rapidly during the last few years, especially among women." Lastly, the near stable unemployment rate "could be attributed to the demographic changes [from] 2012 to 2018, as it has seen a slowing growth of youth and young adults populations."

Informal market

The ECES admits it is "unclear whether these declared unemployment rates reflect the unemployment in the formal sector only or informal workers [those working for a registered company but not under contract] were accounted for."

That is significant, as the ECES estimates informal employees account for nearly 83% of the workforce outside the government and public business sectors. Young people account for almost 66% of informal workers. "This is a pattern that has been almost standardized in the Egyptian labor market," said the ECES. "As a result, the formal youth employment rate has fallen dramatically."

A significant reason for the popularity of informal work is that most economic activity is "biased toward certain sectors, such as construction, that heavily employ those groups."

Another feature of Egypt's informal employment sector is it hires "highly educated men and women ... in urban rather than rural areas ... Irregular jobs [usually seasonal employment or gigs] follow the opposite direction."

An ECES survey accompanying the report found 45% of poor, educated youth seek informal employment, while only 8% of the wealthiest resort to it. That is mainly due to rising prices and the fact that the private sector is more inclined to hire informal workers to bypass the formal employment regulations that require employment protections set by the 2003 Labor Law.

Regionally, Egypt's informal economy is "sizable compared to neighboring and competitor countries." The ECES report estimates it to be 1.5 times the size of Jordan's informal market and twice that of Turkey.

The ECES said, "Informal wage employment has particularly increased as a percentage of total employment. [It went] from 31% in 2012 to 39% in 2018. [That is an] alarming fact." Economic growth should result in a decline in "irregular employment [work for other individuals or informal companies] among these workers with the relative improvement in economic conditions."

Further complicating and muddying the labor force is Egypt has no tools to measure underemployment and those who stop looking for jobs, among other situations. That makes it nearly impossible to accurately gauge the effectiveness of the labor market in fueling economic growth.

For example, the International Labor Organization could only estimate that 1 million Egyptians were discouraged from seeking jobs in 2020. The ECES report calculated that to be nearly 4% of the labor force, which is noticeably higher than in comparable economies. That list includes Jordan (2.5%), Indonesia (0.13%), and Vietnam (0.03%), where there are tools to measure those discouraged from seeking jobs.

Formal employment

Formal employment in Egypt has a few peculiarities that "contradict the usual structure of proper employment pyramids in which educated youth get better job opportunities in urban areas."

The ECES says that is mainly due to the widening skills gap between what university students learn and what companies need. Exacerbating the problem is that "a huge workforce is annually injected into the labor market, exceeding its ability to generate new job opportunities."

A breakdown shows 11% of the labor force is between 20 and 24 years old. That percentage jumps to 26.6% for those aged 30 to 39. It gets worse, as the unemployment rate among the younger group is triple that of the older one. "Evidently, the main challenge is facing the new unemployed individuals entering the labor market."

The ECES report found that the older generations (from 40 to 64), representing 37% of the labor force, represent 57% to 60% of Egypt's economic activity. The oldest sub-segment's (from 50 to 64) contribution is "almost similar" to the one from 40 to 49.

Another major issue in Egypt's labor market is the more educated graduates are, the less likely they can secure their first job. "Those with university education and above represent the largest share of the unemployed, at nearly 40%." That is nearly double those with an "intermediate technical education" and 1.5 times more than those who graduated from "general secondary [Thanawya Ama] or al Azhar."

Those peculiarities further complicate efforts to combat unemployment and exacerbate its disconnection from GDP. According to the ECES, university graduates should increase from "fewer than 600,000 workers per year [between] 2020 and 2025 to nearly 800,000 per year [from] 2030 [to] 2040."

Finding talent

Which city local and foreign investors choose to invest in is vital. "The geographic disparities of employment distribution represent a dilemma at the bottom of [Egypt's labor] pyramid." The more significant inconsistency is between urban and rural areas. "Urban regions have the larger share of unemployment compared to rural areas" and most industrial activities.

The ECES report said job opportunities in Greater Cairo (including Giza and Qalyubia) are three times higher than elsewhere in Egypt. Meanwhile, blue-collar opportunities are higher in Lower Egypt (the Delta and surrounding cities) than in Upper Egypt. "Unemployment in Lower Egypt is mostly higher compared to Upper Egypt," it said.

The exceptions are small cities that depend on tourism. The list includes South Sinai (27.5% unemployment), Red Sea Governorate (18%) and Luxor (15%). "This could mainly be attributed to the decline in tourism activity during 2020 due to the COVID-19 lockdown measures, as one year earlier South Sinai, for instance, achieved zero unemployment rate."

Productivity challenge

Employee productivity is another vital consideration for investors. Egypt's real GDP per worker is 3.2%, close to "middle-income countries" (3.9%). According to the World Population Review, those nations are primarily in Sub-Saharan Africa, South America, and Asia.

On the other hand, Egypt's labor productivity surpasses MENA region countries, which average 0.8% of real GDP per worker. Compared to "benchmarking economies," Egypt's labor productivity is nearly the same as Turkey's (3.1%) and four times higher than Jordan's 1.2%.

However, a unique aspect in Egypt is productivity varies dramatically from 0.02% to 4%. "Mining and extraction [are] a noticeable exception [where] labor productivity on average stands at high levels compared to international standards, given the low share of labor employed and the sector's high capital intensity."

The ECES report noted, "Other sectors such as public utilities, construction ... insurance and real estate perform particularly poorly by international standards." ICT and finance are "noticeably higher in labor productivity ... even though [their] share [of employment] is not expanding."

That means that a growing portion of youth would likely find more employment opportunities in low-productivity sectors, most prominently construction, which the government has prioritized since 2016. Some of those workers may come from high-productivity sectors or move sideways from other low-productivity sectors, such as agriculture. "Those sectoral shifts do not tend to contribute to hefty gains in terms of overall productivity when it comes to employment."

New norm

The government's strategy to transform Egypt's economy into a digital one, plus ongoing structural reforms, will invariably bring changes to the country's labor market. Regardless of whether that proves to be positive or negative, the government has a vital role in developing the next generation of the workforce.

"The state's readiness to face future demands is based mainly on the status of its education and labor systems," the ECES report said. The question will be: "How consistent is [that] relationship ... and the degree of flexibility and dynamism that allows for rapid engagement with the latest changes?"

The paper said the first step toward reforming the labor market is "filling the gap between productive sector needs and labor supply and skills." The government should also adopt increasingly innovative approaches when dealing with workers." Nontraditional actions that used to be undertaken throughout the previous waves of technological progress are no longer applicable." n

KNOCKING ON AFRICA'S DOOR

Seeing Africa as vital to its long-term economic security, the United States is accelerating its involvement on the continent to counter the growing presence of China and others.

By **Tamer Hafez**

For industrialized economies seeking long-term prosperity, Africa is indispensable. "Many nations are after Africa's earth minerals," said Ivan Eland, a senior fellow with the Independent Institute, a U.S. nonprofit, nonpartisan research organization. In addition, "Africa's expanding population -- which will double by 2050 to account for 25% of the world's population -- [is] a huge market for their export."

Nonetheless, only a few large economies have invested heavily in the continent. According to data aggregator Statistica, as of October 2021, 51% of Africa's bilateral trade was with the E.U., China and India. From 2006 to 2016, Russia, Turkey, India and Indonesia increased their bilateral trade relations with Africa by triple-digit percentages, according to the IMF's 2017 Direction of Trade Statistics report.

At the same time, the United States has distanced itself from the continent. Between 2006 and 2016, Brookings Institution, a U.S. nonprofit public policy organization, said America's exports to Africa dropped by 66%, while China's increased 53%. "For decades, the perception of the U.S. has been that it treats African countries like charity cases," reported Eugene Daniels, White House correspondent for Politico, in March, quoting "several regional experts." "That was exacerbated during the Trump administration, which largely ignored the continent."

Throughout 2022, the Biden administration worked to strengthen ties with Africa. "Washington is playing catch-up in Africa," Cameron Hudson, a senior associate in the Africa program at the Center for Strategic and International Studies, told Politico in March. "With all of the business investment the Chinese have made comes a lot of leverage and political influence in those countries. It's not just that they're making money there. It's that they now have skin in the game in Africa in ways that we don't. And that gives them leverage that we don't have."

U.S. in Africa

Despite the decline in bilateral trade figures, the U.S. still commands goodwill throughout the continent. According to Afrobarometer, a nonprofit pan-African research firm based in Ghana, "60% of Africans believe the U.S. has had a positive economic and political influence on their country, just behind China (63%), but far ahead of Russia (35%) and the former colonial powers (46%)."

The positive perception comes thanks to several U.S. government agencies with mandates to benefit African nations. According to a White House briefing document in December, the list includes the U.S. Trade Representative, which has an MoU with the African Continental Free Trade Area (AfCFTA) Secretariat "to support institutions to accelerate sustainable economic growth."

There also is the Millennium Challenge Corporation (MCC), which funds 14 African nations to "support regional economic integration, trade, and cross-border collaboration." A White House briefing said MCC spent $3 billion on active programs, with $2.5 billion in the pipeline.

The United States also invests in the continent via the Digital Transformation with Africa program, U.S. International Development Finance Corporation, Export-Import Bank of the United States, Power Africa initiative, U.S. Trade and Development Agency, Prosper Africa initiative and U.S. Agency for International Development.

The Partnership for Global Infrastructure and Investment provides "timely, coordinated supports [for African] businesses and investors, including micro, small, and medium-sized enterprises, to advance infrastructure priorities and boost two-way trade and investment."

America has two trade and development agreements with Africa. The first is the Africa Growth and Opportunity Act, a free trade agreement with Sub-Saharan African nations valid until 2025. The second is the Qualified Industrial Zones in Egypt, which exempts products from customs when entering the U.S. if they meet specific criteria.

On the social-support front, the world's largest economy also has the President's Malaria Initiative and the President's Emergency Plan for AIDS Relief (PERAR). The latter has invested $100 billion to combat AIDS globally. According to HIV.gov, a U.S. government portal, "as of Sept. 30, PEPFAR has supported 30 million … men and boys with HIV infection … in East and Southern Africa."

Promises

Africa requires significantly more investment to meet its population's economic, social, development, and environmental needs. According to the African Development Bank, the continent needs at least $10 billion per year for infrastructure plus an additional $50 billion for climate adaptation.

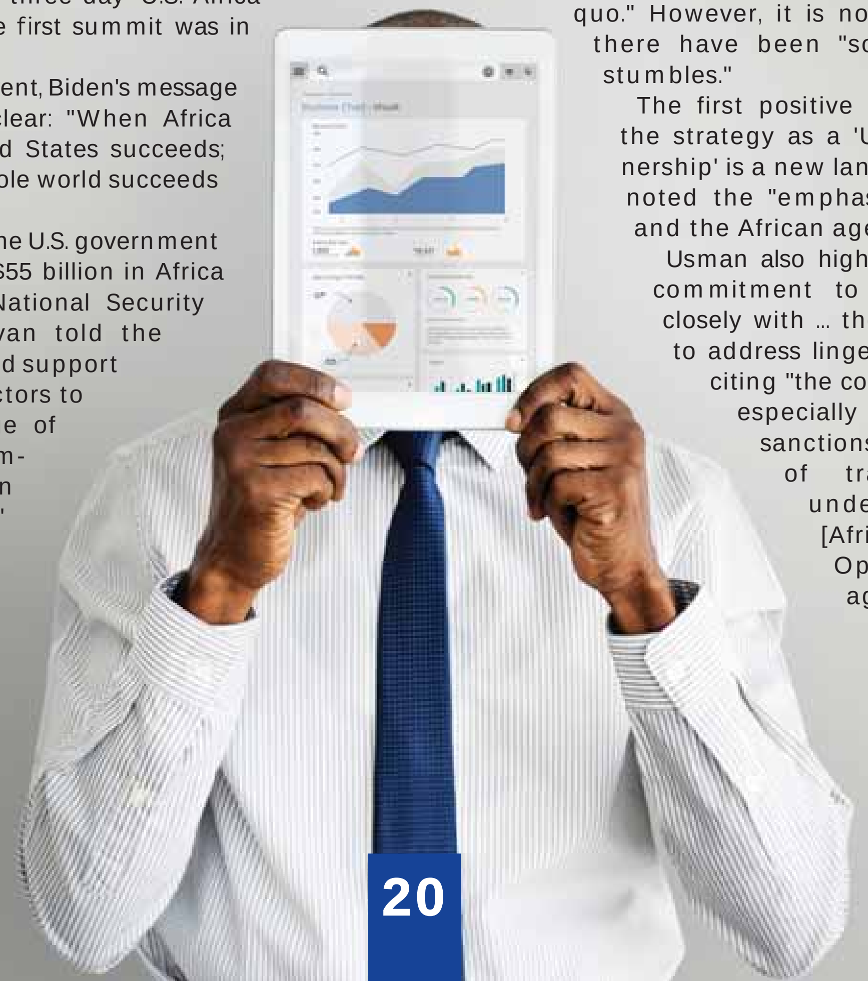
According to the 2021 White House briefing paper, the Biden administration budgeted $1 billion to increase "trade, investment and economic development in Africa." That has helped the U.S. government "close more than 800 two-way trade and investment deals across 47 African countries." The value of those transactions was "more than $18 billion." During that period, the U.S. private sector "closed investment deals in Africa valued at $8.6 billion." Meanwhile, the value of trade in goods and services reached $83.6 billion.

The U.S. also is looking to help Africa reduce its carbon footprint. During the November U.N. Conference of the Parties (COP27) meeting in Egypt, U.S. President Joe Biden promised to give African nations "$150 million in an effort to support adaptation efforts … a down payment on the commitment to provide $3 billion to global adaptation efforts for 2024."

In December, the Biden administration invited representatives from 49 of the 55 African nations and the African Union (A.U.), civil society and the private sector to attend a three-day U.S.-Africa Leaders Summit. The first summit was in 2014.

During last year's event, Biden's message to attendees was clear: "When Africa succeeds, the United States succeeds; quite frankly, the whole world succeeds as well," he said.

That translated to the U.S. government pledging to spend $55 billion in Africa over three years. National Security Adviser Jake Sullivan told the media funding would support "a wide range of sectors to tackle the challenge of our time. These commitments build on the United States' longstanding leadership and partnership in development, economic growth, health, and security in Africa."



At the event's conclusion, the Biden-Harris Administration announced they allocate $15 billion via the U.S.-Africa Business Forum for "two-way trade and investment commitments, deals and partnerships that advance key priorities," according to the December White House briefing. Priorities include sustainable energy, health systems, agribusiness, digitization, infrastructure and finance.

He stressed that such support would not be conditional on supporting the U.S. position on Russia or China.

Also on the summit's final day, Biden promised more visits from U.S. government officials. "We're all going to be seeing you," he said, "and you're going to see a lot of us."

In the first three months of 2023, five top U.S. government officials visited Africa to discuss cooperation: U.N. Ambassador Linda Thomas-Greenfield and Treasury Secretary Janet Yellen in January; first lady Jill Biden in February; and Secretary of State Antony Blinken and Vice President Kamala Harris in March.

Different narrative

Zainab Usman, a senior fellow and director of the Africa Program at the Carnegie Endowment for International Peace, noted the current U.S. administration is "breaking from the status quo." However, it is not all positive, as there have been "some perplexing stumbles."

The first positive is that "framing the strategy as a 'U.S.-African partnership' is a new language." She also noted the "emphasis on 'listening' and the African agency."

Usman also highlighted America's commitment to "working more closely with … the [African Union] to address lingering challenges," citing "the conflict in Ethiopia, especially as it relates to sanctions and suspension of trade privileges under the AGOA [African Growth and Opportunity Act] agreement."

The other change is the U.S. acknowledgment that

Africa is responsible for a fraction of global emissions (3.8%, according to CDP, a U.S. think tank). The language used shows a commitment "to balance climate and development goals by promising to work closely with African countries to determine how best to meet their specific energy needs through various technologies," Usman said.

U.S. officials stressed African countries wouldn't be forced to reduce their respective economies' carbon footprint if it hurts GDP growth or development efforts. Usman said that based on the new narrative, the U.S. could, for example, finance fossil fuel projects in Nigeria, Tanzania and Mozambique after the World Bank halted funding for those projects at the behest of the bank's European shareholders.

The hopeful sign is the U.S. administration promising "economic partnerships in areas that speak to both African economic priorities and U.S. strengths," said Usman. On the ground, the focus would likely be "deploying American financial power to strengthen supply chains for critical minerals such as cobalt, nickel and lithium, and to build core capacities of health systems to manufacture and deliver vaccines and other treatments."

Lastly, during the December U.S.-Africa Leaders Summit, the U.S. Department of State didn't mention "security and combating terrorism to address the root causes of instability and violence" on the continent, noted Marwan Bishara, a senior political analyst at Al Jazeera, Qatar's state media outlet. Instead, the talk focused on "fostering economic engagement, promoting food security, and promoting education and youth leadership."

However, Usman points to concerns over language that continues to distinguish North Africa and Sub-Saharan Africa. "It is surprising that a strategy that emphasizes its newness continues ... dividing the 55 nation-states of the African continent into two groups."

She explains that AfCTA "parallels [the] European Union, [whose] members all identify as European and in a single trading bloc, despite their sociocultural, linguistic and economic differences."

Walk the talk

One of the biggest challenges facing the Biden administration in Africa is geopolitical shifts caused by Russia and China. Bishara of Al Jazeera said the lack of U.S. support for Africa led to "when voting on a draft resolution to freeze Russia's membership in the U.N. Human Rights Council, only 10 of 54 African nations voted in favor, nine voted against and the rest either abstained or did not show up for the vote. South Africa, among America's leading partners on the continent, championed the abstention drive."

Usman of the Carnegie Endowment believes the Biden administration needs to implement its promises quickly. "African countries, U.S. allies and development partners, and other stakeholders will be on the lookout for how this vision will be implemented," she noted. "Achieving intergovernmental coherence among initiatives such as Prosper Africa and Power Africa across the U.S. government will be a crucial indicator of success."

Politics will play a significant role in the future of America's involvement in Africa. Usman noted Democrats and Republicans in Congress will determine "how much funding the Biden administration [could] allocate to the [African] strategy's implementation." And with a presidential election looming in 2024, a new U.S. leader could reverse those pledges.

The long-term solution to ensure the U.S. increases its presence in Africa is to convince its private sector to venture into the continent. "They don't see African countries as investment opportunities," Amaka Anku, head of the Africa practice in the Eurasia Group, a U.S-based consultancy, told Politico in March. "The challenge is not just convincing Africans that Africa's economic transformation is in the American best interest. It's also convincing Americans."

BUILDING
A SAFE ECONOMY

For Egypt to build a sustainable future that could reverse the adverse fiscal and monetary developments over the past few years, it needs to develop three basic building blocks. Agriculture, water, and industry should protect Egypt's economy from the worst economic fallouts from unexpected adverse events. The pandemic in 2020 and the Russia-Ukraine conflict in 2022 are cases in point. The ultimate goal: Attracting FDI.

By **Tamer Hafez**

CULTIVATING OPPORTUNITIES

The government wants to attract agricultural investments to help avoid a food security crisis.

Higher food prices and supply disruptions caused by the Russia-Ukraine war put a spotlight on one of Egypt's most serious problems: importing too much of its food supplies. IFPRI-Egypt, an agriculture think tank, estimated in a January paper that imports account for more than 40% of the country's calorie consumption.

A breakdown shows Egypt imports 90% of its cooking oils, is the world's biggest wheat importer and relies almost solely on Russia and Ukraine for essential commodities. The International Fund for Agriculture Development estimates 85% of Egypt's wheat imports and 73% of its sunflower oil come from those two nations.

And food prices have increased at unprecedented rates. Joseph Glauber, a senior research fellow at the International Food Policy Research Institute, told ABC News in February global food price inflation in 2022 was triple the "typical" annual rate before the war.

That, combined with the Egyptian losing half its value against the dollar, adds further stress. Data from Egypt's Central Bank shows that in January, food prices increased by 61% since a year earlier.

To counter that inflation, President Abdel Fattah el-Sisi announced in March a project to increase Egypt's farmland by a third. Meanwhile, the government has multiple initiatives and programs to promote private-sector agricultural investments.

National strategy

The overarching plan to attract agricultural investment, known as the Food and Agriculture for Sustainable Transformation (FAST) initiative, was announced during the November U.N. Conference of the Parties (COP27). In its official blurb, FAST's "aspirational goal ... is to implement concrete actions that would result in improving the quantity and quality of climate finance contributions to transform the agriculture and food systems by 2030."

A significant component of FAST is governance. According to the initiative's document, the Food and Agriculture Organization (FAO) and "other U.N. agencies" will provide "objectivity, independence and credibility" for projects.

The initiative will have three "concrete deliverables," starting with finance. The government will "identify subsector gaps and prioritize urgent underfunded adaptation needs for

small-scale producers." Next, it will make priority projects "bankable" to secure international financing.

The second "concrete deliverable" is to "provide necessary analyses, develop voluntary guidelines, and support capacity development." The government promised to create a "platform" to collect and disseminate data and knowledge about Egypt's agri-food systems.

The government also would "develop guidelines, datasets, [and] tools" for agricultural investors, creating a hub similar to the FAO's Climate Change Knowledge Hub. A main priority is to "support development of innovations combining technology, knowledge and financial engineering to unlock financing to the sector."

FAST's last target is the introduction of investor-friendly policies and ensuring investors have a "better understanding of country priorities, challenges and support needs." Those regulations focus on "developing a science-based vision" that facilitates international partnerships.

U.S. agencies are some of the main collaborators FAST targets, including America's global hunger and food security initiative "Feed the Future," and the "President's Emergency Plan for Adaptation and Resilience." FAST also will work with U.N. agencies, such as the FAO's Livestock Environmental Assessment and Performance (LEAP) Partnership and the Thematic Working Group on Agriculture, Food Security and Land Use.

Other state efforts

The government also has focused initiatives. In July, the Ministry of International Cooperation launched the Nexus of Water, Food and Energy (NWFE) program to attract foreign investment in those three vital sectors. So far, it has announced nine projects worth $14.7 billion, including five that are food-related worth $3.3 billion.

There are more agriculture and food projects to come under the NWFE. According to the program's blurb, the target is to "add 10.6 million tons of wheat, 10.5 million tons of maize, 5.5 million tons of rice and 1.5 million tons of sorghum" by 2030.

There should be significant opportunities for the private sector. "The plan is designed to be a public-private partnership with ... the private sector contributing the lion's share [72%] of investments." In January, African Development Bank President Akinwumi Adesina announced the bank would more than double its funding to NWFE from $1.6 billion to $3.6 billion.

The other significant agricultural investment initiative is the Scaling Up Climate Ambition on Land Use and Agriculture (SCALA) program. The Ministry of Environment announced it a year ago in cooperation with the FAO and United National Development Program, sponsored by Germany's International Climate Initiative.

SCALA projects are directed by Egypt's National Adaptation Plan and National Determined Contributions. Its focus is "translating agriculture and land use priorities" into projects. It also will help investors conduct climate risk and vulnerability assessments.

Creating opportunities

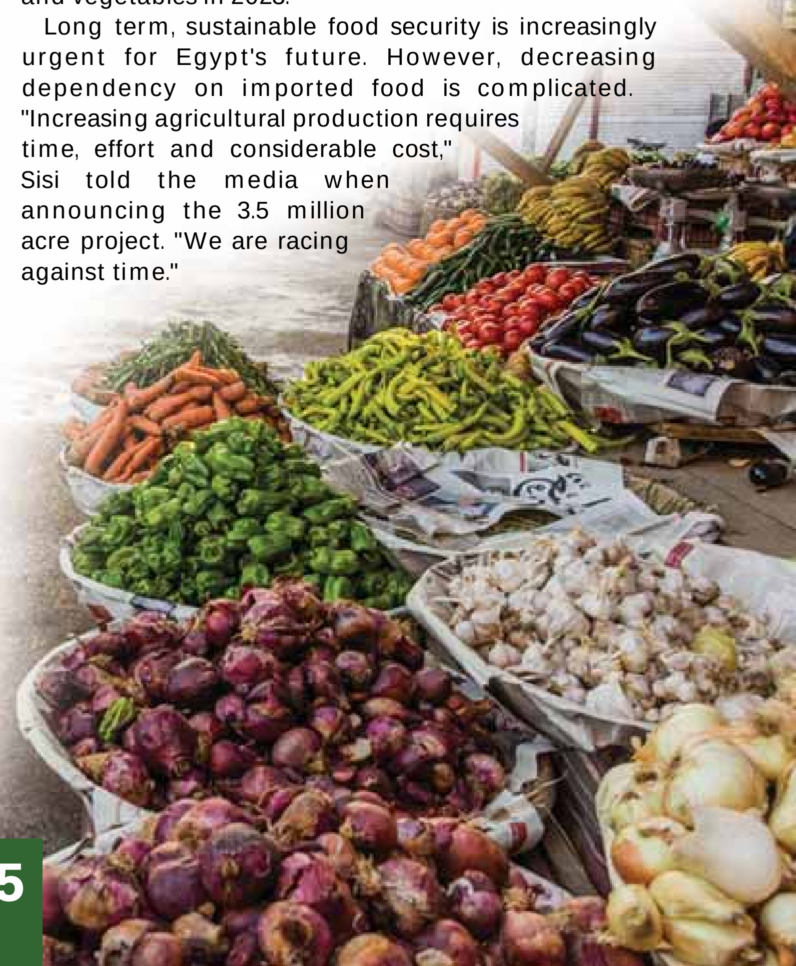
Aside from government initiatives, agricultural investors should witness a boom in opportunities nationwide. Sisi's plan to increase arable land by 3.5 million acres would see the addition of nearly 2.2 million to the New Delta region, 1.5 million in Toushka, and 460,000 in central Sinai.

In February, the State Information Service said the government intends to "increase local food and agriculture production by 11%" until 2030. That is nearly the rate of GDP growth forecast for 2023.

Agricultural investors also have an opportunity to export Egypt's high-value crops, such as mangos, strawberries, potatoes and oranges. The government's Information and Decision Support Center said Egypt's agricultural exports reached 6.3 million tons in 2022, an all-time high, and nearly 14% above 2021.

Export opportunities should increase further, as the minister of agriculture told the Senate in February of plans to expand the cultivation of nine exportable fruits and vegetables in 2023.

Long term, sustainable food security is increasingly urgent for Egypt's future. However, decreasing dependency on imported food is complicated. "Increasing agricultural production requires time, effort and considerable cost," Sisi told the media when announcing the 3.5 million acre project. "We are racing against time."



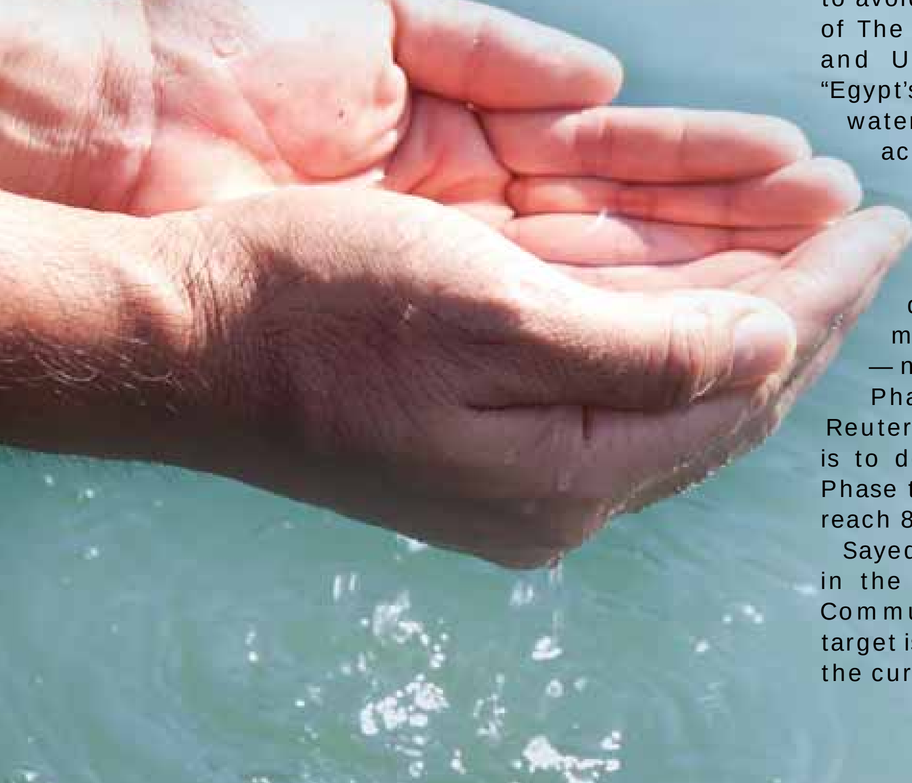
EGYPT'S WATER PUZZLE

Sufficient water from diverse and sustainable sources is essential for the future.

With a young, vibrant, and fast-growing population, Egypt's freshwater needs are on the rise. That could put the country in jeopardy in the next few years. A March 2022 article on the State Information Service (SIS) website said 98% of the country's freshwater comes from one source: the Nile.

The problem is this supply can't exceed 55.5 billion cubic meters a year, according to a 1959 treaty signed by Egypt, Sudan and Ethiopia. Some experts fear the supply could decrease while the reservoir of the Grand Ethiopian Renaissance Dam fills.

As of 2021, the SIS estimated the country's water per capita averages 600 cubic meters annually. The U.N. says that makes Egypt a "water scarce" country. That is one level below "water poverty," where yearly water per capita must be above 1,000 cubic meters, and one above "absolute scarcity," where water per capita is 500 cubic meters or less annually. A March statement from the European Bank for Reconstruction and Development (EBRD) said: "Egypt is among the world's most water-stressed countries and is susceptible to climate change-induced freshwater scarcity."



The government has ambitious plans to increase the water supply by investing in desalination projects that use eco-friendly energy sources, including wind and solar power. In the March EBRD statement, Cheick-Oumar Sylla, the IFC's regional director for North Africa and the Horn of Africa, stressed those projects are "key" to sustainably increasing Egypt's freshwater supply. The government hopes its efforts are sufficient to attract foreign investment in that critical sector.

Water targets

This fiscal year, the goal is to build 27 desalination stations, Youm7 reported in January. Ismail noted the ministry has signed "letters of intent" to build five solar-powered desalination plants in four governorates with a total daily production capacity of 525,000 cubic meters. They are under the Nexus of Water, Food and Energy program, a national initiative to promote water investments announced in July.

The government has ambitious long-term goals to avoid a water shortage crisis. Karim Badr, CEO of The Sovereign Fund of Egypt's Infrastructure and Utilities Subfund, told EBRD in March, "Egypt's 2030 vision … aims to diversify the country's water resources in a sustainable manner to achieve water security."

In the coming seven years, the government wants to have enough water desalination plants to produce between 8.8 million and 10 million cubic meters of fresh water daily. That compares to 1.4 million cubic meters of seawater desalinated daily in 2022 — nearly 6% of Egypt's freshwater consumption. Phase one runs until 2025. In September, Reuters reported the goal of that part of the plan is to desalinate 3.3 million cubic meters a day. Phase two will be until 2030 when Egypt aims to reach 8.8 million cubic meters.

Sayed Ismail, deputy minister for infrastructure in the Ministry of Housing, Utilities and Urban Communities, told the media in November the target is to build 96 desalination plants — doubling the current count — by 2050.

National strategy

To reach the 2030 and 2050 targets, the government announced at November's U.N. Conference of the Parties event an overarching water supply strategy called the Action on Water Adaptation and Resilience (AWARe) initiative. According to its blurb, "it will build on and interlink" three coalitions.

One of them is with the Water and Climate Coalition (WCC) of governments, climate influencers, and others who ensure water projects are eco-friendly. The second is the Adaptation Action Coalition (AAC) of governments "accelerating global action on adaptation to achieve a climate resilient world," the blurb said. The third potential partner is the Marrakech Partnership for Climate Action, which is part of the U.N. Framework Convention on Climate Change. According to the blurb, it "supports implementation of the [2015] Paris Agreement by enabling collaboration between governments and the cities, regions, business and investors that ... act on climate change."

AWARe's aims to decrease water loss while increasing supply, act as a facilitator in cross-border water projects, and ensure that new water projects align with the U.N.'s Sustainable Goal 6 (Sustainable Development) and Egypt's climate action plans.

Another part of AWARe work is to "promote measures to relatively or absolutely decouple economic growth from freshwater use." The initiative also will ensure new projects use "green water." AWARe will also support investors and governments looking to "river basin ... adaptation and mitigation options and risk of maladaptation." It will also "support ... policies to advance the 'do no harm' approach."

AWARe will focus on "sustainable low-emission and low-cost drinking water [projects] and wastewater management." It will also work to ensure that national sanitation policies and strategies stimulate local and foreign water investments, as well as support projects that improve extreme weather early warning systems.

The assistance AWARe will offer includes "coordinated financial support to local, national and regional" projects via "joint investment programs." It also will focus on increasing the number of "arrangements to ensure long-term multilateral commitments."

The other type of support is technological integration across the region. It aims to develop tools to collect data about climate and water needs to analyze, ensuring water projects are sustainable and eco-friendly. The other component promotes research and development of innovative solutions to ensure sufficient water production using eco-friendly technologies.

AWARe will develop indicators, publish reports, and devise measurement systems to correctly select feasible water investments that will have the most impact on water security. Lastly, the initiative aims to build capacity and train the workforce for such projects.

Private sector opportunities

According to three unnamed government sources talking to Asharq Business, Bloomberg's Arabic portal focusing on MENA, in December, the government will pay private sector desalination investors if they supply the national water network as per a dedicated feed-in tariff program.

Asharq Business sources also said water desalination investors who use renewable power stations on plots owned by the New and Renewable Energy Authority, a government agency, can connect to the national power grid, benefiting from the country's feed-in tariff.

The government wants international investors to play a vital role in Egypt's water transition. Minister of International Cooperation Rania Al Mashat told the EBRD, "Fostering private sector engagement to unleash economic opportunities in vital sectors is the essence of Egypt's international cooperation."

MAKING IT IN EGYPT

The government hopes localizing manufacturing and increasing exports will plug its budget deficit.

For Egypt, a vital part of achieving sustainable economic growth is increasing manufacturing and exports while reducing imports. "Localizing industry and expanding production is the path to development and job-rich economic growth," Finance Minister Mohamed Maait stressed in June.

Egypt already has a solid manufacturing base compared to other African nations. "Egypt is Africa's top manufacturer by value-added," according to a 2022 OECD report. In 2019, the country accounted for 22% of Africa's manufacturing value added. That helped Egypt's economy become the second biggest on the continent, just after Nigeria and ahead of South Africa, according to the IMF.

However, the country needs more manufacturing investment fast to reduce its dependence on imports, ultimately taking pressure off the pound. The currency has lost half its value against the dollar since February 2022, with experts expecting more devaluations.

To boost manufacturing investment, the government has announced several general and industry-specific programs, policies and strategies. "The state [is] keen on providing various facilities and incentives that would support and enhance the role of the industrial sector," Prime Minister Mostafa Madbouly said during a February meeting.

Incumbent positives

The OECD report highlighted "key assets" that foster industrialization, starting with Egypt's young population and rapidly growing economy.

Other strengths are Egypt's location and the Suez Canal, which the OECD says saw 10% of global freight trade pass through in 2020. The country also would make an ideal export hub for developed and emerging markets.

The OECD pointed to the government's "key role in sustaining industrialization" since the 1950s and 1960s, when it implemented an "import substitution industrialization strategy." "Many of the industries that exist today in Egypt originated during this period," said the report.

According to the OECD, manufacturing accounts for 16% of GDP. Companies are mainly "low-to-medium-technology industries," representing about half of domestic manufacturing's value added.

Industrialization efforts

The plan to localize manufacturing starts with an "import substitution strategy," announced a year ago. According to the Ministry of Trade and Industry, sectors benefiting most include wood and furniture, medical and healthcare, food and agriculture, textiles, printing and

packaging, chemicals, construction, and engineering products.

Supporting the ministry's efforts is its National Industrial Localization Program, implemented by the Industrial Modernization Center.

In June, the government amended customs laws, lowering duties on imported raw and semi-finished goods that manufacturers use to produce products for export. The modifications also give bigger breaks for using more local components.

Other government efforts include a "Golden License" that allows investors to buy or rent land and operate projects without having to secure prior approval from government bodies, state-owned Al Ahram reported in December.

Private sector manufacturers have two options to become eligible for the license. The first is partnering with a state-owned (public sector) company or "any entity affiliated with the state." Alternatively, they can prove their products "contribute to sustainable development in line with the state's economic development plan," said Al Ahram.

The publication said the Golden License would help the state exit several economic sectors and "set up a framework for regulating the relationship between the government and private sector."

In April 2022, President Abdel Fattah el-Sisi announced the National Initiative for Industry (Ebda) to support new industrial investments. Mina William, the initiative's executive director, told Ahram in January the aim is to encourage local and private-sector manufacturers to invest in Egypt.

The OECD report said those efforts are in tandem with major investment-related legislation: the Law of Investment Guarantees and Incentives No. 72/2017; Micro, Small and Medium Enterprise (MSME) Law No. 152/2020; and MCIT Decree no. 361/2020, as well as amendments to the executive regulations of the E-Signature Law.

Sector-specific programs

The automotive sector has been in the spotlight since 2016, with the government drafting several versions of its strategy giving assemblers tax and non-tax incentives. Parliament approved it in June, calling it "The National Strategy of Localizing the Automotive Industry (NSLAI)."

The strategy's official document said tariffs on imported parts going to car factories would decrease from as much as 40% to a flat 2%. Eligible parts include electric motors, batteries, control units and electric-bus ventilation systems. Those customs reductions also cover electric vehicle charging stations and natural gas fueling stations. The government also will impose a 2% tariff on imported natural-gas cars, down from 30% pre-NSLAI.

The automotive strategy also includes the Egyptian Automotive Industry Development Program (AIDP). In March 2022, Cabinet spokesman Nader Saad told Al Ahram the AIDP's mandate is to construct the framework necessary to further develop existing car assembly and manufacturing capabilities and encourage new investment.

Furthermore, the government established entities to promote automotive manufacturing, with the Supreme Council for Vehicle Manufacturing headed by the prime minister. It aims to create a more automotive investor-friendly environment by drafting policies, strategies, regulations, and legislation. The government also introduced a fund that only finances projects that manufacture electric vehicles and natural gas-powered cars.

The government also is looking to develop electronics manufacturing. The Ministry of Communication and Information Technology announced the Egypt Makes Electronics (EME) initiative in 2015. The ministry described the program as a main contributor to the government's plan to "double exports, reduce imports of electronic and electrical appliances, and provide jobs."

It comprises six main incentives ranging from 50% to 100% discounts on specific aspects of electronics manufacturing projects. The list includes office space, R&D, enterprise training, manufacturing electronic design tools and development kits, graduate training, and customs on factory tools and equipment. So far, several smartphone makers have capitalized on EME: Sico in 2017; Vivo in 2021; and Nokia, Samsung, Oppo, and Infinix in 2022.

Next should be localizing the pharmaceutical industry, which came into the limelight during the COVID-19 pandemic. At a 2021 meeting, Madbouly said it was "among the priorities for national security."

STATE OF SURVIVAL

As prices continue to soar in Egypt, and the Central Bank attempts to curb demand to cool prices, businesses are under unprecedented pressure to maintain sales.

By **Tamer Hafez**

With inflation persisting in 2023, nearly tripling in March 2023 (31.5%) compared to a year earlier (10.5%), more consumers are carefully choosing what to spend their money on. "I don't know what inflation means exactly, but prices have increased by at least 20% to 30%, and sometimes 50%," says Elham Mohamed, a 40-year-old government employee, told the Middle East Institute, a U.S.-based think tank. "I had to give up many of the items I usually buy."

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

McKinsey Quarterly's April report titled "Navigating inflation: A new playbook for CEOs" sees inflation as permanent. "CEOs told us they viewed [the debate of whether inflation is temporary or permanent] as detached from the business environment in which they operated," it said. "For them, higher inflation was already 'permanent enough' to start asking whether a fundamental shift in the way they led and managed their organizations was required."

Top-down decisions

The McKinsey report said CEOs are under increased pressure as government and central bank policies to combat inflation usually hurt business. The most common practice is raising interest rates, which increases borrowing costs for both companies and individuals. The report said the other standard action is "regularly issuing statements to ... keep in check consumer and business expectations for future inflation," the report said. That almost always stunts consumption growth if the forecast is that prices will increase in the short term.

Even if CEOs could navigate the rising cost of capital and negative consumer sentiment, central bank policies could take up to two years to stabilize prices. "That is a long time for business leaders," the report said.

However, CEOs can't focus solely on the impact of inflation on profitability. "Operating in today's uncertain environment, with a much wider range of stakeholders, means leaders must think about performance in much broader terms," the report said. "The rapid decisions CEOs had to make ... about [continuing or closing] operations in Russia are only the latest examples of these expanded considerations."

Accordingly, CEOs will become a company's main compass during turbulent times, guiding their management teams, non-management employees, boards, and external stakeholders. "CEOs must lead with the complete business cycle and their complete slate of stakeholders in mind," the report said. "Like central bankers, CEOs need an inflation management playbook."

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

New products, offers

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

The report says CEOs must ask product development departments to "rapidly redesign products and services to adjust to new realities." That could include fewer tech-based features or options in products that rely on semiconductors. The report cited the automotive industry producing more basic models to overcome the global microchip shortages.

CEOs also might override departmental decisions on using specific materials, such as lumber, whose prices are rising. As a result, companies might have to use less expensive yet more accessible materials. The CEO could decide to relocate production to less expensive areas. "Faced with historically high costs ... a manufacturer [may] redesign many products. [That includes] reducing ... dependence on high-cost regional suppliers -- and dramatically simplifying [the] product portfolio."

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

A manufacturer [could] use its engineering expertise and tailored digital tools to completely rethink packaging and loading of packages."

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

Feeder chains

International trade restrictions started with the fallout between the United States and China in 2015, highlighting the unfairness of international trade for some countries and showing that trade barriers were one way to rebalance the scales. "Well before the invasion of Ukraine in February 2022, new tariff regimes and increasing shipping and trucking rates … called into question the old-school thinking that made cost optimization the primary goal of managing supply chains."

As a result, CEOs need to continue to increase inventory, even if that is not optimal from a cost perspective. Additionally, they should diversify their raw material providers, even if they are more expensive. "Just under half the companies in our survey [for the report] say they understand [the operational dynamics of] their tier-one suppliers and the key risks those suppliers face," the report said. "Only 2% make the same claim about suppliers in the third tier and beyond."

That needs to change. "That matters because many of today's most pressing supply shortages, such as semiconductors, happen in these deeper supply chain tiers and can be solved only by understanding the industry's dynamics."

The report said that in many cases, supply disruptions involving low-tier suppliers forced companies to shift production from Asia to the United States and Mexico. Meanwhile, other companies purchased their supply chains to ensure timely delivery. "Retailers are making acquisitions to control the value chains of key products," McKinsey said. One example is carmakers "contracting directly with foundries to reserve capacity. [Meanwhile,] energy producers and utilities are exploring investments to onshore the manufacture of key production components for renewable energy."

Lastly, CEOs may be forced to change their company's production policies and strategies to allow for longer lead times before ordering and adjust profit margins in light of more expensive transportation. They may also boost their minimum inventory levels and alter production cycles to accommodate possible shortages. The report said company leaders should also change a company's contract format to index it to global price movements and inflation. That would allow a company to "better understand the exact cost drivers of each product or service to improve internal cost models."

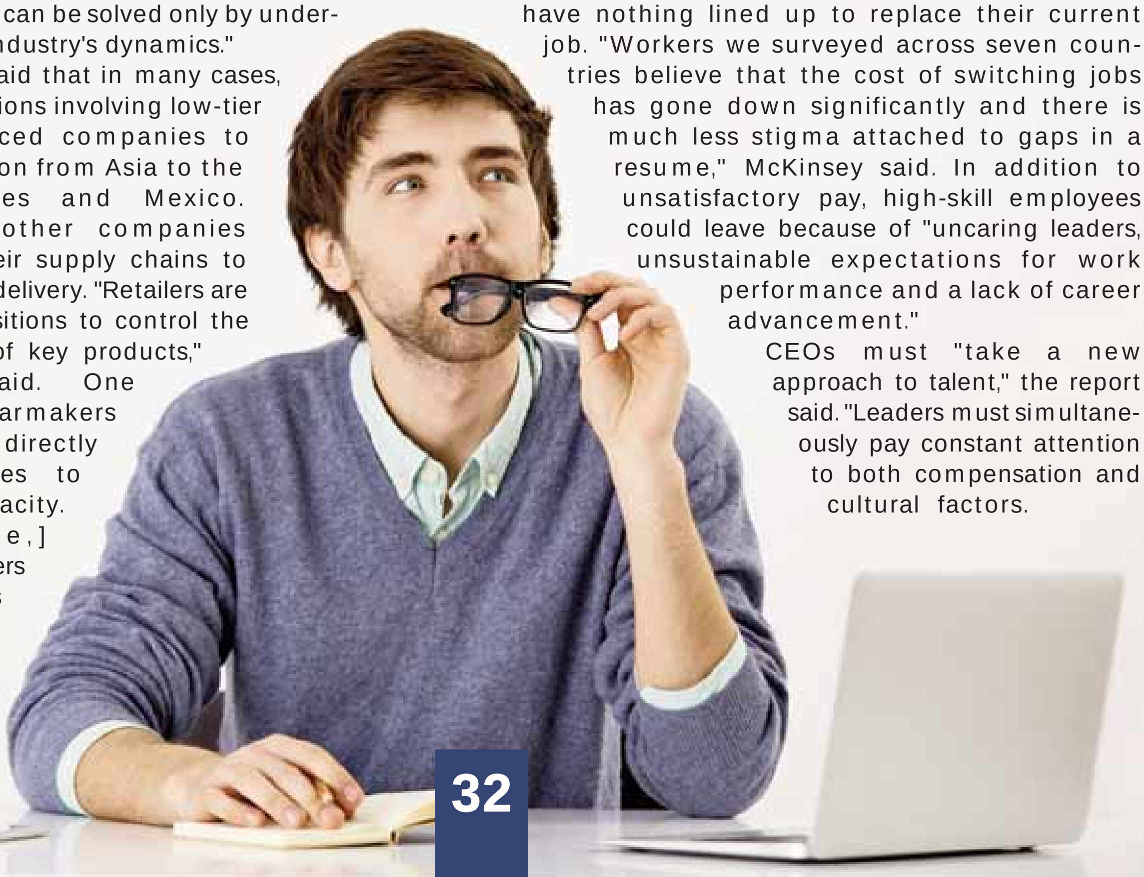
That could prove challenging. "A CEO's most difficult task may be persuading investors to accept resilience [of] the new … stakes and to change their view of expected risk adjust returns," the report said.

Greatest asset

One of the most significant pressure points facing CEOs is retaining and attracting the best talent who develop unorthodox solutions and make them work on the ground. However, that could prove cripplingly expensive. "Employee wages and benefits are one of the … biggest costs. Wage increases pressure a company to maintain margins potentially by increasing prices."

Not meeting the expectations of top talent could easily cause them to leave, even if they have nothing lined up to replace their current job. "Workers we surveyed across seven countries believe that the cost of switching jobs has gone down significantly and there is much less stigma attached to gaps in a resume," McKinsey said. In addition to unsatisfactory pay, high-skill employees could leave because of "uncaring leaders, unsustainable expectations for work performance and a lack of career advancement."

CEOs must "take a new approach to talent," the report said. "Leaders must simultaneously pay constant attention to both compensation and cultural factors.



There is no one right way to reimagine compensation; some trial and error will be involved."

However, the cost of "errors" could be high. "With pay transparency at an all-time high, companies run the risk that a salary misstep could prompt even more departures," the report said. It is vital for CEOs to "help employees find a sense of purpose and belonging that can make it more attractive to join and ... stay."

CEOs could introduce subsidized childcare and create dedicated management teams to anticipate and address employee concerns. They also should introduce "stay interviews" to complement "exit interviews" and "well-being" bonuses or give employees extra days off for "professional development or mental-health breaks."

Lastly, the report recommends CEOs consider "nontraditional and 'latent' workers [such as those who] don't have four-year college degrees, but have or can develop the skills employers need to get the job done." They include students, part-time or gig workers and those not seeking a conventional employment setup.

The price's right

Another critical point CEOs must decide on during periods of high inflation is pricing strategy. "It's a fundamental question in inflationary environments: What to do about pricing?" the report said.

McKinsey noted that simply raising consumer prices to maintain margins is "typically unpleasant for companies and worse for customers. Accordingly, CEOs should support managers in developing a suite of products, accessories, and services rather than focus on the rising costs of standalone products. The former setup would see the company generate a combined revenue that meets its target margins. "Companies that consistently address total customer and product profitability are likely to weather inflationary cycles better than those that focus solely on cost changes."

The report said increased demand for high-cost, low-volume products, which sell for the highest prices and usually have the best margins, could now hurt a company. "Sales teams [should be] trained to ... encourage customers to opt for more standardized alternatives. The result [would be] an overall productivity increase that maintained margins without price increases."

The report also recommends CEOs create a "council of cross-functional decision-makers that can respond quickly to feedback from customers and markets." It aims not to alienate customers who might feel price hikes are too much. The council would ultimately "forge new pricing relationships with customers in a higher-inflation environment."

Inflation monitors

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

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

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

Market Watch

Stock Analysis

Recovery

When the market panicked in mid-March after the failure of a few U.S. banks, like Silicon Valley Bank, the local indices registered double-digit negative returns. Soon, the market realized what seemed to be the start of yet another global financial crisis contained within the United States. The period from March. 15 to Apr. 15 saw the two major indices recover, with the EGX 30 (up 20%, 21% year-to-date) more than offsetting its losses. The EGX 70 EWI (up 15.8%, 6% year-to-date) almost pared all its losses. Advances outnumbered declines 4 to 1.

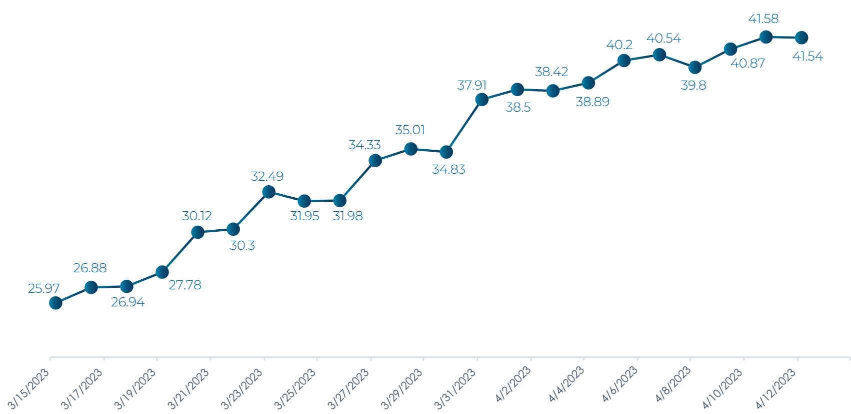
That was led by large-cap stocks linked to commodities with U.S. dollar-based revenues. The Sidi Kerir Petrochemicals (SKPC, up 60.1%) board recently gave an initial nod to its independent financial adviser's valuation for the company, ahead of the proposed acquisition of its 20% owned Ethydco. Market participants may have bid the stock price higher in anticipation of a higher-than-market valuation. Meanwhile, steel prices have risen over the past 12 months, jumping almost 77% in March. As for Ezz Steel (ESRS, up 60%), its steel prices by mid-April had nearly doubled year-on-year, which might explain its positive stock performance as investors shrugged off potential FX losses because of a stronger U.S. dollar. Also, Elsewedy Electric (SWDY, up 49.7%) has been on a roll, hitting a four-year high as investors began to appreciate its dollar-linked revenue stream.

It was also dividend season, when companies that end their financial years in December began sending checks to shareholders. SKPC's EGP 0.9 a share and SWDY's EGP 0.4 share cash dividends implied payout ratios of 55% and 33%, respectively. Elsewhere, the bidding war over PACHIN (PACH) went on, with two remaining suitors: Egypt-based Eagle Chemicals and UAE-based National Paints. The latter recently raised its bid to EGP 39.8 a share, surpassing the former's EGP 39 bid. Interestingly, PACH's stock price traded as high as EGP 41.89 a share, which suggests the market might expect the bidding war to continue.

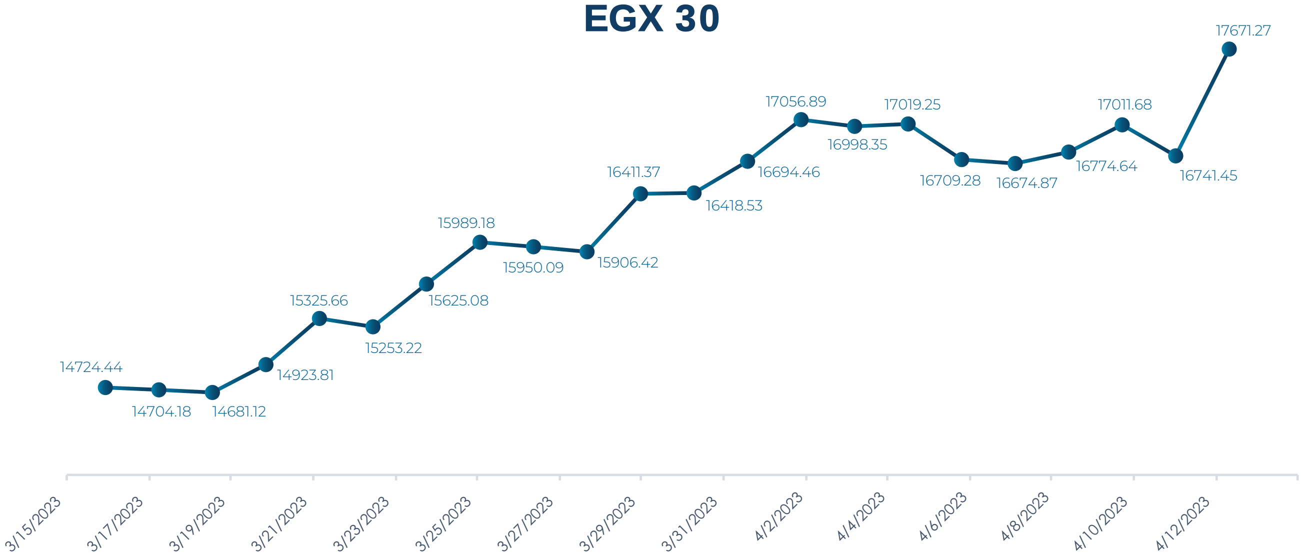
From a macro point of view, the Central Bank of Egypt (CBE) boosted interest rates another 200 basis points in late March, raising the corridor to 18.25%-19.25% and extending its total increase since Mar. 21, 2022, to 10 percentage points. Higher interest rates do not usually bode well for stocks, but in this case, it is not just about interest rates. When market participants expect devaluations of the Egyptian pound, they usually look for places to preserve the value of their wealth, the most convenient of which are gold and stocks.

Ezz Steel (ESRS)

If Ezz Steel (ESRS) were a food and beverage producer, investors would expect the company to raise its prices frequently, despite rampant food inflation. Ironically, ESRS increased its rebar prices twice in March alone, reflecting a stronger U.S. dollar. ESRS said it suffered a net foreign currency loss of EGP 5.3 billion in the year's first two months. Still, the stock jumped 60% during the period to EGP 41.54, with more than 22 million shares worth EGP 780 million changing hands, hitting a multi-year high along the way.



EGX 30



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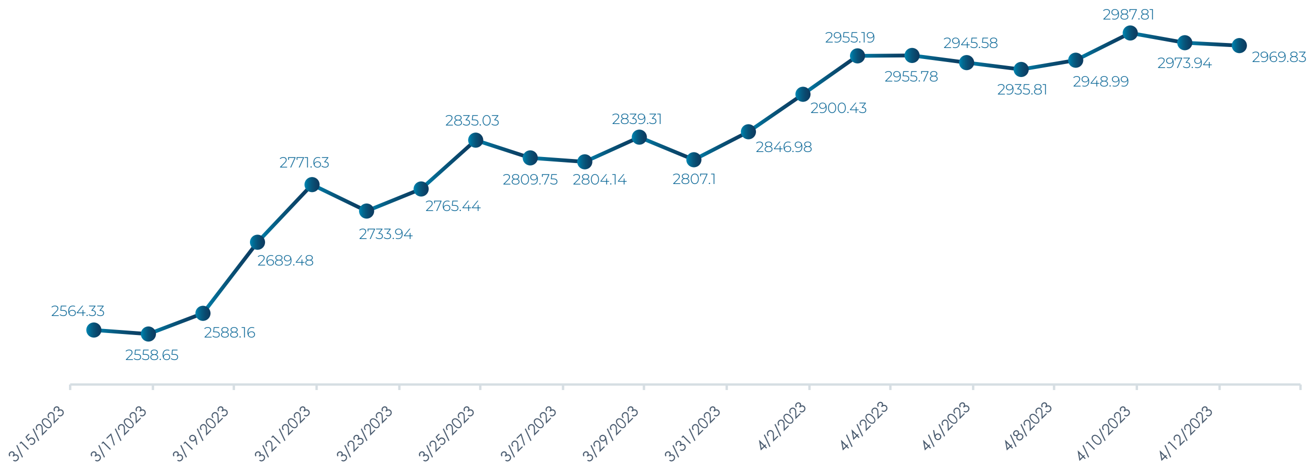
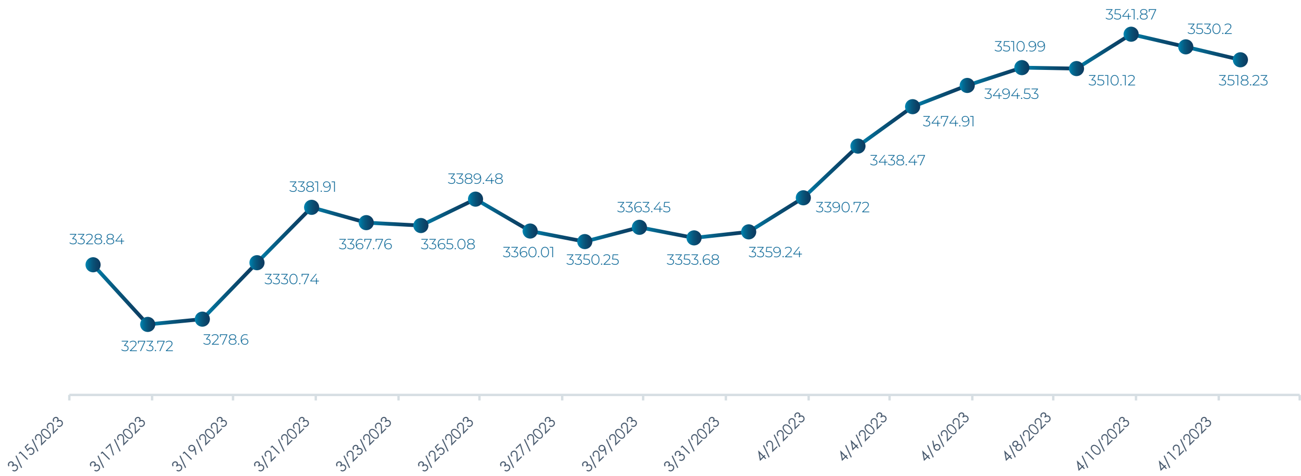
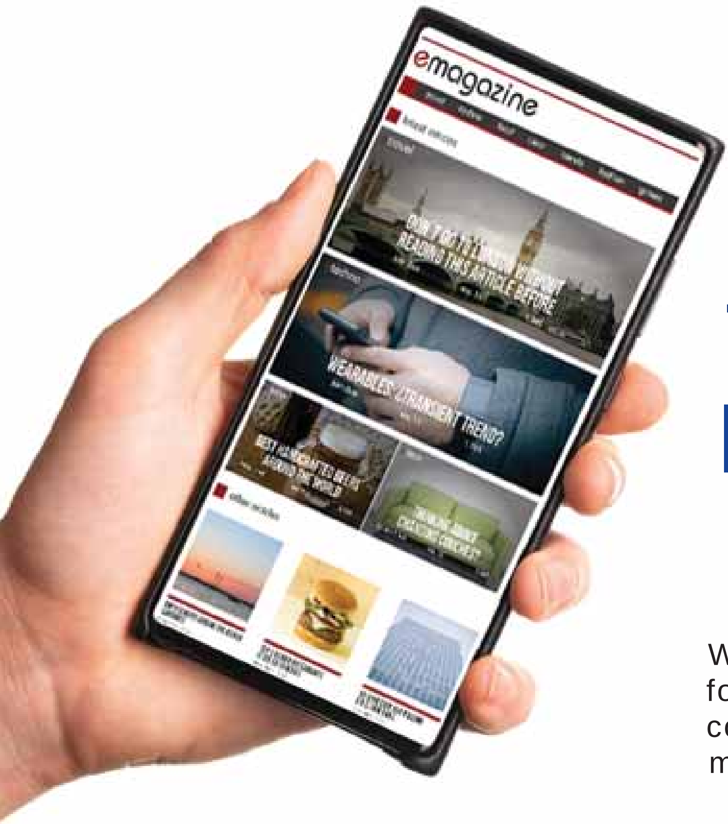


Tamayuz



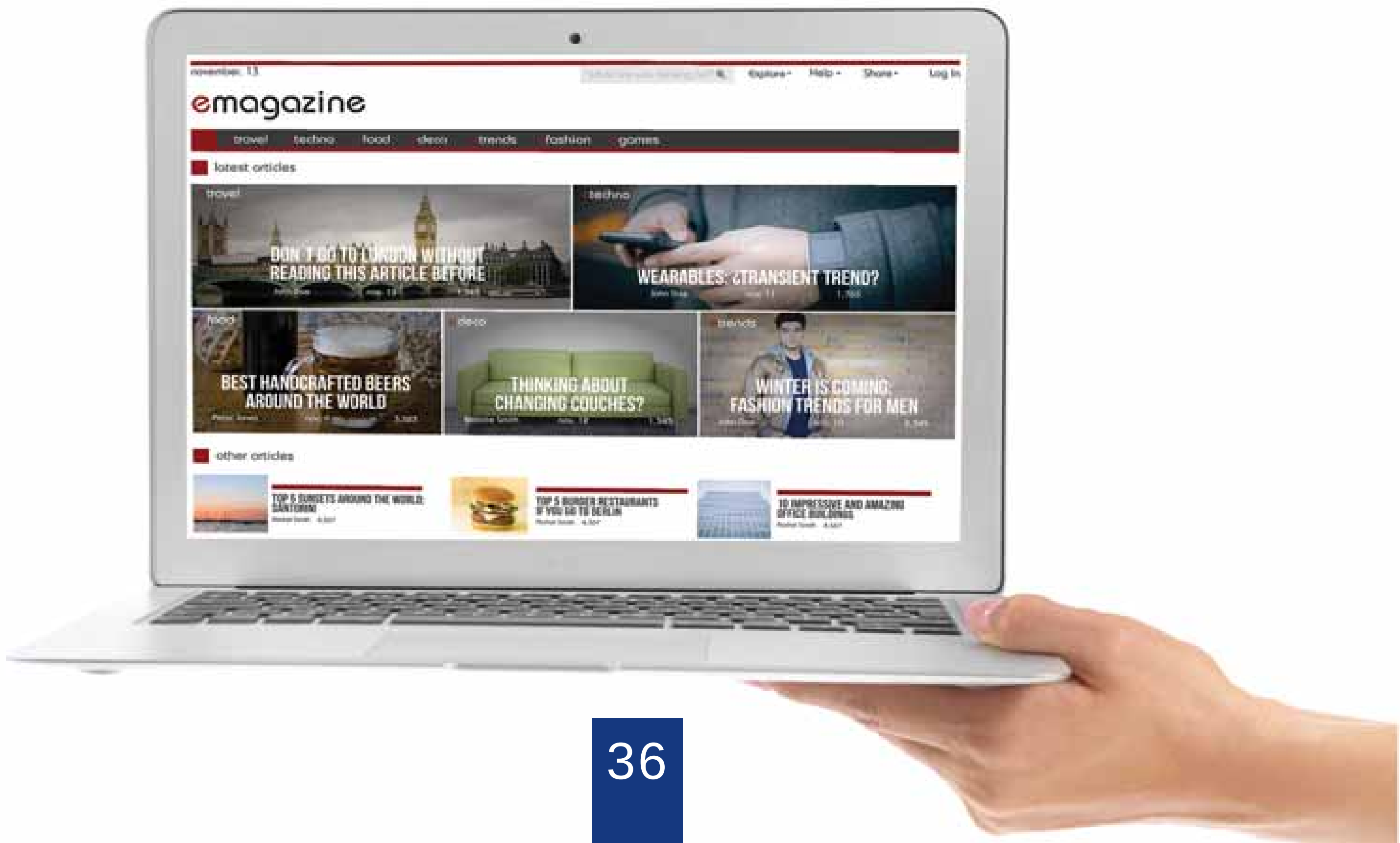
Tamayuz index is an all-new weighted index, launched on June 23rd. It comprises companies with high free cash flows from operations. EGX stresses that this is not an endorsement of those stocks.



LEVERAGING TECHNOLOGY **IN EMERGING MARKETS**

While technology is undoubtedly a main driver for success for most SMEs, some additional considerations might apply within emerging markets.

By **Nada Naguib**



In today's digital age, businesses should have a strong online presence to thrive and stay competitive. Small and medium-sized enterprises (SMEs) are no exception. They need a robust digital strategy to reach target audiences, engage with customers, and promote products or services.

While that was perhaps triggered by the Covid-19 pandemic, wrote Colin Sutherland of Forbes magazine, the trend is ongoing. Technology can help SMEs "connect to their customers through various small digital transformations like increased online ordering and delivery capabilities," he wrote.

A central question for SMEs during their tech transformations is whether they should invest in building a mobile app or a website. While both options have advantages and disadvantages, the decision ultimately comes down to the specific needs and goals of the business, according to Kuty Shalev of Entrepreneur magazine.

While this may be a tricky decision for SMEs in general, it might be trickier for SMEs in emerging markets, according to a blog post by Ouida Taaffe for the London Institute of Banking and Finance. Most experts agree that SMEs should carefully consider their budget, target audience, market conditions and business objectives before deciding which option is best for them. Only by making the right choice can SMEs leverage the power of digital technology.

To app or not to app

When deciding whether an SME should create its own mobile app, the answer might appear deceptively simple: yes. "Apps are all the rage," said Stephanie Burns of Forbes. According to a 2022 report by app developer Clutch, "Half of all millennial-owned businesses have an app, and 42% of all small businesses have one." However, Burns urged SMEs not to succumb to the "pressure" of creating an app, as it shouldn't be done "without careful consideration." In the United States, the estimated cost of developing an app ranges from $5,000 to $10,000. It can be costly, especially for startups that have yet to fully prove their concept, he added.

The trend of SMEs creating apps isn't wholly unwarranted. There is some proof that apps help businesses grow in several areas, experts say. For example, "mobile apps can enhance customers' experiences and improve product and service marketing," according to Business News Daily's Sean Peek. Data further proves that mobile users are attracted to mobile apps. Data AI's market insight report estimates that mobile users spent more than $155 billion using mobile apps in 2022.

Peek thinks apps may be a good idea for SMEs in industries such as "restaurants, flower shops, hairdressers, medical professionals and community-based goods and services of all types." Additionally, apps are vital for the travel sector, said Ranghan Venkatraman, CEO of intelligence-as-a-service provider Rezilyens LLC. Not only can "highly relevant recommendations be made to customers" by tracking activity, but it also means "more data is captured [and] the recommendations become increasingly hyper-relevant."

Apps also are necessary for Higher Education stakeholders, said Buyan Thyagarajan of CRM & Analytics consulting firm Eigen X. "Almost all students live on their mobile phones, and it's important to connect with them via their preferred channel and help them with everything from choosing the right courses to completing their graduation requirements on time," he said, adding that apps can help universities increase retention and enrollment by providing more personalized services.

That said, even in developed markets, apps may not always be necessary, experts agree. Developing an app is not a one-time thing, but an ongoing commitment. So before creating one, the question "isn't whether or not your company can benefit from its own mobile app, but under what circumstances is it practical to develop and maintain an app, consistently infusing it with fresh content and compelling features that keep customers coming back?" Peek wrote.

App creation is only one way to leverage technology. "Sometimes a client actually needs a website, lead generation page or game — not just an app," said Ben Lee, CEO and co-founder of Rootstrap, a design and development studio. That way, the SME is leveraging technology in a way that makes sense for the client or customer. If SMEs decide their target audience could benefit from the app, their next considerations should be "your goal, your target audience's mobile usage, and your development strategy and budget," said Peek.

Online presence

While a mobile app may be a big and risky commitment for a lot of SMEs, there are other ways to have an online presence. One option is a website, which Kasey Kaplan of Forbes said "every business needs" because "a majority of customers will visit [a company's] website before making a purchase."

Having an informative, high-quality website communicates several things to your customer base, Kaplan said. For example, it adds credibility: "Without a website, people may question your legitimacy as a business." A website also helps establish a brand's voice and image, increases chances of getting leads and opportunities within the industry, and generates traffic by appearing in Google search results, she said. In addition, a website can cut the time needed for customer service by making information readily accessible and communicating updates and announcements.

With the emergence of social media, there are new ways to establish an online presence. "Social media and influencers have evolved into legitimate ways for brands to reach customers and generate income," said Tony M. Fountain of Forbes. One advantage that social media has over mobile apps and websites, Fountain said, is accessibility and cost-efficiency. It is quite easy and cheap to create an Instagram account, for example, and "spread information about your business in a quick and cost-efficient manner and potentially reach millions of people with your message."

In fact, social media might be a more suitable way to establish an online presence in an emerging market than websites or mobile apps. Social media offers "direct communication" with the customer, Norhan El Sakkout, lead designer and founder of the Egyptian fashion brand "saqhoute," told Business Monthly in 2021. While other brands in developed markets might have an e-commerce website as their main channel, El Sakkout (in addition to a website) utilizes social media to show customers how e-commerce works. "When it comes to first-time online shoppers, we started receiving messages from people asking us how the process works," she said.

In addition to the exposure and direct communication social media can offer, it also gives SMEs a chance to "go viral," meaning to "gain a massive audience or views from many people worldwide," according to a blog post on the employment website Indeed. That can be thought of as a marketing shortcut, as it instantly boosts the probability of reaching the target audience. That saves money, enhances growth and improves recognition and lead generation.

Emerging markets

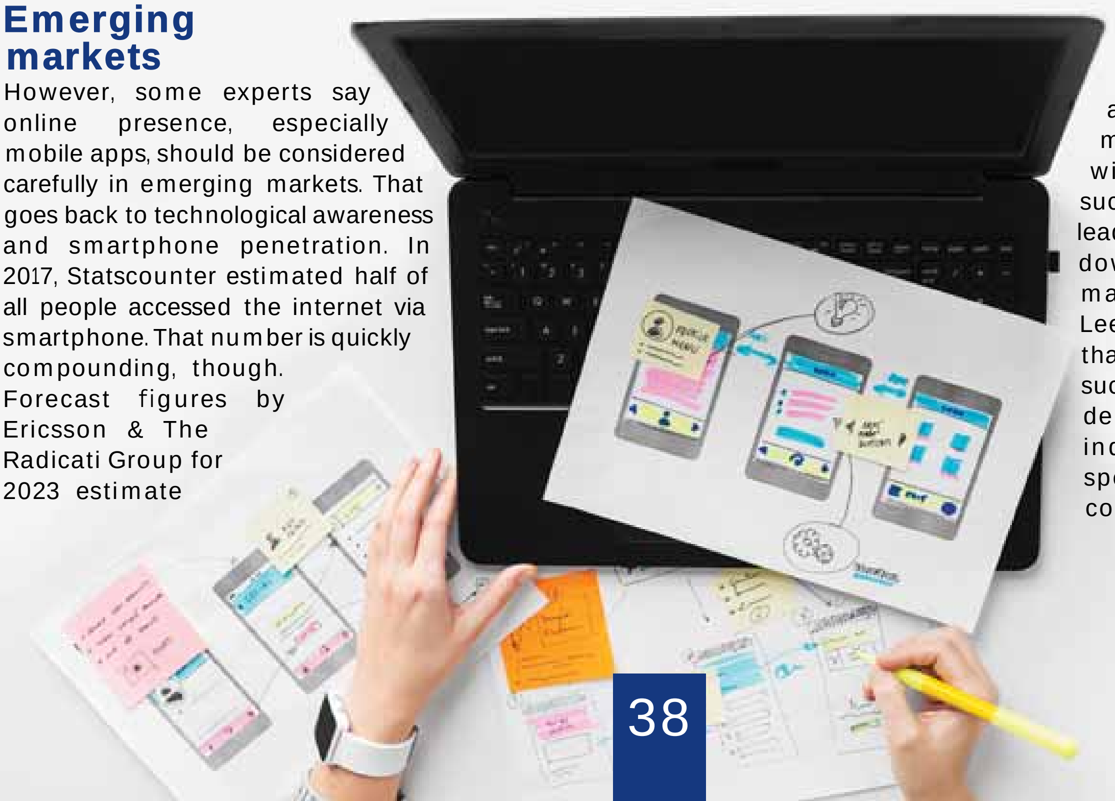
However, some experts say online presence, especially mobile apps, should be considered carefully in emerging markets. That goes back to technological awareness and smartphone penetration. In 2017, Statscounter estimated half of all people accessed the internet via smartphone. That number is quickly compounding, though. Forecast figures by Ericsson & The Radicati Group for 2023 estimate that 6.92 billion people own smartphones, which is 86% of the world's population.

That suggests most people in emerging markets rely on their phones for internet access, according to a blog by Toppan, a U.K.-based language solutions provider. Toppan recommends SMEs "take a mobile-first approach" for these markets. That is because while "marketers in established markets often assume consumers will have internet access via more than one kind of device," this is often not the case for emerging markets.

That presents a conundrum for a lot of emerging market SMEs. On the one hand, their customer base is likely accessible through smartphones. On the other hand, developing a mobile app can be risky, as experts suggest. In fact, some brands have tried and found little to no success. Egyptian fashion brand Palma launched a mobile app in 2021 to supplement e-commerce sales. By 2022 the app had been taken off the app store with no announcement or explanation.

That might be why social media is critical, as El Sakkout and others have found out. However, another approach is to focus on the mobile website instead of a mobile app, which is "designed for the small screens of smartphones," according to tech magazine PCMag. "It is of paramount importance for a website to be mobile optimized (i.e. mobile responsive). It will prime a website to please the users and Google," according to Brain Miller of Entrepreneur Middle East.

It also is essential to consider that it is not a one-approach-only situation. A successful SME online presence that achieves its goals can be achieved by combining everything above. There also are exceptions to the rules. For example, while ride-hailing company Uber is almost strictly a mobile app, it has witnessed great success with recent leadership "doubling down" on emerging markets. Burns, Lee, and Peek agree that, ultimately, the successful recipe will depend on every individual SME's specific needs and conditions.



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Annual iftar

10 Apr

Water management in Egypt

With Egypt well below the U.N. level for water scarcity, the Ministry of Water Resources and Irrigation's job of increasing water supply is increasingly urgent and challenging. "We must double our water supply to reach [the U.N.'s] minimum water requirement," Hani Sewilam, minister of water resources and irrigation, told AmCham members April 10 at the St. Regis Cairo Hotel. "It is getting more difficult with time."

To increase supply, the government faces multiple "challenges," said Sewilem. To overcome them, he added, the government is tackling the water problem from the south and the north.

Climate change will bring new challenges that require the ministry to develop new, innovative solutions and, in some cases, result in a compromise. The answer lies with the "careful and measured deployment of irrigation technologies," Sewilam said.

Challenges

One of Egypt's biggest challenges is its water supply is fixed, while the population grows by about 2% each year. The Nile provides a fixed 55.5 billion cubic meters annually. The same applies to underground water reservoirs, Sewilam said.

Extracting water from wells is further complicated because most reservoirs are deep underground and have high salinity as they are covered by desert or near a shoreline.

The other worrisome fact is that Egypt is mostly desert. "Efforts to increase arable land area or expand the population horizontally to new places require a lot of water to make it habitable," Sewilam explained.

To plug the gap, the government is expanding a network of desalination plants to provide 500 million cubic meters of water annually. "We import the rest of our water needs," Sewilam said.

Climate change is the other significant risk. Sewilam said a case in point was in December and January in

Suez. The city's farmers were desperate for water during those two months because of relatively high temperatures and uncharacteristically low rainfall.

The problem was exacerbated by the Ministry of Water Resources and Irrigation shutting down the city's canals during those two months for routine maintenance. "We are forced to open the canals earlier than normal to protect Suez's farmland," Sewilam said. "That was a new problem we will likely have to adapt to. And it will affect the poorest and smallest farmers first."

Government investments

Sewilam outlined his ministry's efforts to ensure Egypt has sufficient water to meet household, agriculture and manufacturing needs.

The focus is on " increasing the efficiency of water networks, hydraulic structures and pumping stations." The first step was publishing a guideline to rehabilitate the country's 50,000 irrigation and drainage canals.

Another important step is to build robust water infrastructure to protect against flash floods, particularly in Sinai, and store water from Egypt's limited rainfall. "We built small dams to collect and harvest rainwater," Sewilam said.

Other steps the ministry is taking include supporting Nile basin countries to manage their water supplies and train their water workers. The ministry also protects the shoreline around major cities on the Mediterranean. "We are now using innovative new nature-based solutions."

Lastly, the government passed an umbrella New Water Resources Law in 2021 to penalize farmers who don't use irrigation methods the ministry enforces. "For example, we can't use drip irrigation in the Delta because it is very saline land. Using that technology would destroy the land there. But drip irrigation must be used in the desert."

Luncheon

21 Mar

Sustainable development with global partners

Since the pandemic started in 2020, passing through the U.N.'s 27th Conference of the Parties (COP27) and the ongoing war in Ukraine, the government has focused on cooperating with international partners to ensure sustainable development that is also eco-friendly. "Since 2020, the international landscape has changed," said Minister of International Cooperation Rania El Mashat on March 21 at the St. Regis Cairo Hotel. "That created technical and financial gaps."

Mashat stressed that contrary to common perception, the financing that comes via the Ministry of International Cooperation goes to the government and private sector projects. Of the $30 billion in funding in 2021 and 2022, $7 billion went to private sector projects "through lines of credit from commercial banks, private equity and venture capital, direct loans at more favorable rates than the market."

"Both need to meet the [U.N.'s 2015 sustainable development goals] SDGs," she said. "That means we must create a compelling story around each project for different international partners. [That story] must push SDGs in projects to the forefront."

The first step is to "determine how much of the investment budget went to achieve which SDG," Mashat said. "That helps international partners see how their investments contributed to which SDGs."

Mashat stressed the government reassesses the nature of cooperation with multilateral partners every five years based on the state's ever-changing investment needs. "In 2022, we finalized our strategy with the EBRD [European Bank for Reconstruction and Development]. In April, the minister said new strategies were finalized with the World Bank and U.N.

She emphasized the advantage of having a single ministry deal with all development and finance international partners (except the IMF, which deals with the Central Bank and Ministry of Finance) is that more than one can work on the same project. "It's a testament to the size of our projects. It is not easy, as each development partner has its own charter and international rules, regulations and targets."

Another plus to having a single ministry is that it prevents redundancies and ensures projects complement each other, creating a synergy.

Climate-driven opportunities

Mashat said opportunities for multilateral cooperation increased tremendously after Egypt assumed the presidency of the COP through COP28 this year. "One key advantage is the narrative about climate action became more familiar within the government. That helped the private sector when communicating with the government about their needs to implement sustainable green projects."

The other advantage of the COP presidency is Egypt has more clout to move from pledges to implementation and pass the loss and damage fund, where wealthy nations help low and middle-income countries overcome climate-related disasters.

In Egypt, that was evident in clean energy, water and food projects singled out from a list of adaptation and mitigation actions planned for 2050. "We now have one multilateral bank financing each one [of those three] sectors."

Mashat talked about the Sharm El Sheikh Guidebook for Just Financing. "It asserts that development and green projects are not mutually exclusive," she said. "In Egypt, climate projects also need to have a development aspect."

Lastly, Mashat said money coming from international development partners, while cheap, is not easy as the government must abide by specific standards. "That money needs good governance, procurement and monitoring," she said. "That makes it, in my view, smart money."

Breakfast briefing

20 Mar

GAFI chief shares new vision for investment

"We are living in turbulent times," Hossam Heiba, president of the General Authority for Investment and Free Zones (GAFI), told AmCham Egypt on March 20 at the St. Regis Cairo hotel. "It started in 2011. We can't overlook that date, as Egypt has undergone a slew of changes, most unplanned and unexpected."

He said it seems like every time the government stabilizes the country and starts focusing on the economy, a global event alters those plans, focusing attention back on achieving stability. Heiba pointed out the pandemic halting the focus on investments, which started in 2021. Then there was the supply chain crunch until Russia invaded Ukraine in 2022. "The conflict in Europe is causing shortages in commodities, raising their prices and putting governments under pressure."

Investing amid troubles

Those global challenges haven't stopped the Egyptian government from continuing its investment strategy: Egypt Vision 2030, announced in 2016. "It is built on [promoting] six [sectors]," Heiba said.

The first is energy, where the government attempts to transition to green, renewable sources. "At COP27, we announced several incentives and policies that garnered a lot of interest," said Heiba. "We signed 23 MoU. Nine of them moved to the next stage, signing land contracts, with some already entering the execution phase."

The second sector is boosting manufacturing, evident with the introduction of the "Golden License," which allows investors to start operating immediately without the need to secure additional licenses.

The automotive sector has benefited the most from the government's drive to increase manufacturing investment. First is the Automotive Strategy that promotes local manufacturing. It coincided with the creation of the High Council for Automotive Manufacturing and a fund that finances vehicles with zero and low emissions. "We saw a lot of interest from international carmakers and feeder industries," Heiba said.

Other focus sectors include ICT, green hydrogen projects, pharmaceuticals and agriculture. Heiba added that the government also wants to promote investment in healthcare, education and logistics.

Fixing challenges

Heiba also noted the government is working to remove red tape, a problem magnified by events of the past 10 years. That spilled over to poor conflict resolution mechanisms, which were unable to handle arising issues between the government and foreign investors, in particular.

Other challenges that Heiba is trying to solve are government bodies that operate in silos. "We directly deal with 67 government bodies," he said. "Of them, 40 can give licenses. Of those, 10 are empowered to do so on our premises. We are now trying to build bridges to connect all those agencies."

The next step for Heiba is to upend Egypt's investment system with the support of the prime minister. "The changes GAFI is proposing are things we haven't seen before," he said. "It won't be easy, but we will do it."

Talent Management

16 Mar

Guests emphasize workplace diversity

Over the past decade, diversity, equity and inclusion have played a significant role for employers across the globe. The HR (Talent Management) committee hosted a March 16 session on "Organizations' Commitment to Diversity, Equality and Inclusion" with guest speakers Amena El Saie, CEO and co-founder of Helm Foundation Inc.; Dina El Mofty, founder and board member at Injaz Egypt; Gielan El Messiry, deputy country representative for UN Women; and Heba El Shabrawy, HR director at AstraZeneca.

Like many countries in the MENA region, Egypt has a low and stagnant labor force participation rate for women. Women's unemployment is four times that of men, and they comprise about 20% of the workforce, said El Messiry. Organizational diversity ensures potential employees have an equal right to be hired, regardless of race, ethnicity, gender, disability, age and religion. "Equality has become a fact of life," said El Messiry.

Diversity also impacts profitability and the bottom line, said El Shabrawy. Diverse companies are more successful in building bigger pools of highly qualified talent. Diversity, equity and inclusion help organizations attract and retain the best talent, foster innovation and establish a strong reputation. Yet, some companies need to do more, added El Saie.

As women enter the workforce, they gain skills and experience they can use to launch their own start-ups. "The workplace has changed dramatically. It has become more fluid and diverse and conducive to innovation and better work performance," said El Mofty.

By building a more diverse and inclusive workforce, organizations can tap into new markets, drive innovation and build a strong reputation. However, much work remains to be done. Establishing diversity within the workplace is a consistent process.

Marketing

4 Apr

Marketers stress importance of Ramadan

The Marketing Committee hosted a session on "Ramadan 2023: Marketing Opportunities and Challenges" on April 4 with guest speakers Karim Samaha, vice president of marketing juice and food at Beyti; Maha Nagy, chief communications officer at Orange Egypt; Moataz Kotb, managing director at Cultark; and Sahar El Zoghby, MCN Egypt CEO at FP7.

For "various companies in consumer goods, Ramadan is a make or break season," Samaha said. Nearly 20% of Beyti's yearly sales are during Ramadan. During difficult economic times, he said, it is essential to continue building brand image and trust.

Nagy identified techniques that can differentiate products. Offering "safe and cost-effective" products is one way to overcome price increases. He showcased Orange's strategies by highlighting the company's CSR projects and promoting them for public engagement, increasing consumer relations with the brand and brand trust using a cost-effective method.

El Zoghby explained different strategies media companies implement to highlight their products, stressing the significance of media consumption during Ramadan. The month saw a 31% spike in media consumption compared to the typical monthly average. She also highlighted advertising trends, with the real estate industry the biggest advertiser for the past two years, followed by telecommunications.

Although there have been economic difficulties in recent years, advertisement and TV spots have increased in 2023, indicating consumer interest is still high. Additionally, advertisements show more local players in the market at the expense of international players. Lastly, digital media use via digital platforms increased significantly this Ramadan, specifically TikTok. Many agencies have utilized digital ads and even integrated them with TV advertising spots, promising bigger brand impact and broader reach.

Delegation vision

18-21 Mar

AmCham Greece members visit Egypt

From Mar. 18th to 21st, AmCham Egypt welcomed a Limited delegation of Board Members and senior executive members of the American-Hellenic Chamber of Commerce (AmCham Greece) arriving in Egypt to build upon existing trade and commerce between the two nations.

The delegation comprised high-level business leaders from several industries, including energy, agriculture, automotive sales, water, and waste management.

They met with Egyptian government officials, including the Minister of Tourism and Antiquities, Ahmed Issa, who highlighted plans to increase tourist visits to over 20 million annually; the Minister of International Cooperation, Rania Al-Mashat; and the Minister of Petroleum and Mineral Resources, Tarek El-Molla.

They also met with officials from the General Authority for Investment and Free Zones to discuss investment opportunities. They also visited the SCZone and met with its Chairperson, Waleed Gamal Eldin, who briefed them on the development of four industrial zones and six ports.

The delegation also met with AmCham Egypt members during the monthly luncheon and breakfast briefing. AmCham Egypt also organized over 20 one-on-one meetings with top executives and business leaders.

AmCham Greece President, Bakatselos Nikolaos, headed attendees from AmCham Greece, while Vice-President Tarek Mohanna, amongst other board members, represented AmCham Egypt.

Leaders from both nations discussed their countries' economic profiles, ongoing challenges, investment opportunities, and Greco-Egyptian's deep historical ties.

Challenges for Egypt include rising inflation increases, foreign debt, and the Egyptian pound's devaluation. However, the government's fiscal and policy reforms are implemented to limit their negative effect on the country.

Investment opportunities include renewable energy and Egypt supplying natural gas to Europe via Greece, tourism, business ventures, and cross-border investments.

In the coming months, a follow-up business mission will be organized in Greece or Egypt to continue building upon the positive dialogue.

Doorknock

7-12 May

AmCham to fly to the U.S.

A delegation of senior executives representing AmCham Egypt will be visiting Washington, D.C., from May 7th to May 12th for the Annual Doorknock Mission.

Over those five days, delegates will meet with members of the U.S. Congress, Administration officials, think tanks, media, and leaders from the U.S. business community.

The AmCham delegation will seek to build on previous conversations on maintaining a robust and thriving U.S.-Egyptian relationship. AmCham Members representing several U.S. corporations doing business in Egypt and Egyptian companies active in the global economy will share information on the trade and investment opportunities Egypt's dynamic economy offers U.S. companies.

The U.S.-Egyptian partnership has been vital to pursuing both nations' shared interests in the Middle East, which include regional peace and security; political, social, and economic stability; and expanding U.S. financial and commercial opportunities in the Middle East and Africa.

In recent years, these critical shared interests have been put at risk by the global pandemic, the Russian invasion of Ukraine and its devastating economic consequences, the global surge in inflation, and the ongoing threat of a worldwide recession.

In 2019, Egypt enjoyed steady growth, implemented needed economic reforms, and anticipated a bright future. Today, adverse global events, exogenous factors, and systemic shocks test Egypt's economy and commitment to reforms.

This year's delegation will seek to engage with policymakers in a wide-ranging dialogue on maintaining a robust and thriving U.S.-Egyptian relationship.

Membership Type:
Associate Resident

AGRICULTURE

Al Dahlia for Import & Export
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INFORMATION & COMMUNICATION TECHNOLOGY

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Hassan Fayed
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Membership Type:
Associate Non-Resident

LEGAL SERVICES

DLA Piper
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Partner

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Associate Resident

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Karim Khashaba
Chief Executive Officer

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NEW AFFILIATE MEMBERS

Chemical Products

Sameh Talaat
Chief Operating Officer and Vice CEO, Evergrow for Specialist Fertilizers

Consultancy

Hana Moharam
Board Member, MGM Financial & Banking Consultants

Food & Beverage

Ahmed Abdelghany
CFO, International Company for Agro Industrial Projects "Beyti"

Mina Eltoukhi
General Manager North Africa Foods and Beverages, PepsiCo

NEW AFFILIATE MEMBERS

Hospitality/Tourism/Travel
Atef Hussein
Director Corporate and Legal Affairs, International Duty Free Trading & Agencies

Healthcare
Ahmed ElGazzar
Chief Administrative Officer, Yodawy Egypt

Information & Communication Technology
Nada Abdalla
Public Policy Manager, Amazon.eg

Hala Aranda
Head of Public Policy Egypt, Amazon.eg

Petroleum
Andrew Galbreath
Assistant General Counsel, Apache Egypt Companies

Ehab Nasreldin
Polyolefins Manager Middle East & North Africa, ExxonMobil Egypt, SAE

NEW REPLACEMENTS IN MEMBER COMPANIES

Ahmed Safaa
CEO, Bunge Egypt, SAE
Category: General
Sector: Agriculture

Omar Hussein Mamiche
CEO, Mash Consultants
Category: Affiliate
Sector: Consultancy

Talha Karim
Chief Risk Officer, Commercial International Bank (CIB)
Category: Affiliate
Sector: Financial Sector

Ramadan Sayed Riad
Finance Director, HitekNOFAL (High Technology Systems, Ltd.)
Category: General
Sector: Information & Communication Technology

Seif Sadek Hosny
CEO, Lead Foundation
Category: Not-for-Profit
Sector: Non-Governmental Organizations (NGOs)

Heba Hafez
Business HR Advisor, ExxonMobil Egypt, SAE
Category: Affiliate
Sector: Petroleum

Change in Member Company

Nihal Ibrahim
Human Resources General Manager, Samcrete Egypt Engineers & Contractors, SAE
Category: Affiliate
Sector: : Construction Engineering Services

Change in Membership Category

Mohamed El Sayed Nofal
Chairman, HitekNOFAL (High Technology Systems, Ltd.)
Category: General
Sector: Information & Communication Technology

Cairo Marriott Hotel

Is pleased to extend its offer of 15% discount on the best available room rates and a 15% discount on Food and Beverages at all Cairo Marriott outlets
(This offer does not require having a room at the hotel)
- 25% discount on laundry during your stay
- Rate is for Bed and Buffet Breakfast at Omar's Cafe, subject to availability and prior reservation, valid at any day of the week.
- Rate is subject service charge and taxes.
- Offer is valid for the members only and has to be reserved through and used by the member for a maximum of two rooms per stay.
- Members can only accompany their spouse and children during their stay.
-This discount is not applicable for more than 5 pax

Discounts will be granted for AmCham members upon presenting their AmCham 2023 membership card

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

This offer is valid until December 31, 2023

Conrad Cairo Hotel

Is pleased to extend its offer of 10% discount on room rates, 50% discount on car parking, 10% off on Outside Catering in addition to 20% discount on Food & Beverages in the below restaurants:
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A complimentary upgrade to Nile Suite with exclusive services and privileges, in addition to early check-in and late check-out.
* Discount is not applicable on public holidays, special occasions, Christmas and New Year's Eve
* Discount is not applicable on alcoholic beverages

Discounts will be granted for AmCham members upon presenting their AmCham 2023 membership card

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

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This offer is valid until December 31, 2023

Mediterranean Shipping Company

Special Discount to AmCham Members from Mediterranean Shipping Company
Mediterranean Shipping Company is pleased to announce a 7-Day European cruise offer to AmCham Members.

MSC's offer a 10% discount on Cruise, explore Europe this summer with two exclusive offers to AmCham Members.

Discounts will be granted for AmCham members upon presenting their AmCham 2023 membership card

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

This offer is valid until May 31, 2023

A Glance At The Press

Monthly bills

April 17, Al-Masry Al-Youm

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

Netflix's 'Queen Cleopatra' sparks backlash

The trailer for Netflix's upcoming historical documentary series, "Queen Cleopatra," has sparked controversy among many Egyptians who believe it promotes "false Afrocentric ideas."

The trailer was released online on Wednesday.

Many commentators have called on the streaming platform to cancel the show and some have launched a petition against it.

News websites have quoted Egyptologists who insist Cleopatra was Greek, including Zahi Hawass, former minister of antiquities, who criticized the documentary for "falsifying facts."

The topic drew angry comments on social media, including from actors Nabil El-Halfawy and Somaya El-Khashab.

The four-episode series, which is scheduled to premiere on May 10, was produced by Jada Pinkett Smith and features black actress Adele James as Cleopatra.

Ahram Online, April 16

Museum to establish audio tour system

The use of audio guides at the National Museum of Egyptian Civilization (NMEC) – a novelty in Egypt's museums – was approved during a board meeting April 12 at the museum's headquarters in Fustat.

Audio-guided tours will be available in the museum's Royal Mummies Hall. Due to the narrow space, traditional tour guides are discouraged to protect the mummies. The launch date for the new format will be announced in the coming month.

During the board meeting, NMEC Managing Executive Director Ahmed Ghoneim discussed several key points, including an overview of events that have taken place in the museum tghe past few months.

After the Egyptian Museum in Tahrir, the Royal Mummies Hall at the NMEC is home to 20 mummies from the 17th to 20th dynasties, including 18th Dynasty Queen Hatshepsut along with various Ramesside rulers.

One of the museum's main attractions, the Royal Mummies Hall has specific equipment to maintain temperature and humidity levels.

Egyptian Streets, April 12

Designers bring Antony and Cleopatra back to life in Milan Design Week

Milan Design Week dedicated an April exhibition to Antony and Cleopatra, featuring works by Egyptian and Italian exhibitors

The "Cleopatra and Antonio" exhibition displayed a contemporary illustration of the possible lifestyle of the well-known couple who lived in the first century BC.

The most famous brands in architecture, decoration and manufacturing collaborated to present designs based on the common history between Egypt and Italy and the relationship between Egyptian Queen Cleopatra and Roman leader Mark Antony.

The exhibition included many events, such as panel discussions, symposia and initiatives highlighting updates of design to create opportunities for partnerships between both countries.

Launched in 1961, Milan Design Week focused on presenting Italian furniture. Over time, it turned into an international event highlighting a variety of products underscoring the multicultural character of the event, and creating opportunities of dialogue and cooperation.

Ahram Online, April 21

MARS

TRANSFORMING AN OCCASIONAL ACTIVITY INTO A HABIT

MARS draws one million smiles all over Egypt

At MARS we seek to put our purpose of 'Inspiring Moments of Everyday Happiness' into everything that we do. This Ramadan, we partnered with the **Egyptian Food Bank (EFB)**, **The Misr El Kheir Foundation (MEK)** and **Meshwar NGO** to deliver on this purpose and draw more smiles across Egypt.

Starting with our annual Ramadan volunteering activity, 53 of our associates in head office and factory put together +500 food baskets to be distributed among those in need in different parts of Egypt in partnership with Meshwar. In addition, MARS also participated in the EFB annual 'Et3am' program benefiting many families in Cairo.

This year we also wanted our consumers to participate in giving so through our Galaxy 1 mn Smiles Campaign, we got our consumers to donate clothes, toys and books that were distributed via Meshwar among different families during the last days of Ramadan. Our associates also participated in this activity as we rallied all teams in Egypt, Saudi and UAE to make the maximum donations.

Finally, and not forgetting that Eid is all about smiles and happiness, we collaborated with MEK in their 'Far7et El Eid' campaign where we donated 80,000+ pieces of chocolates and candies for distribution during Eid prayers across Egypt.

"Giving back to our community is at the heart of what we do, proudly delivering on our purpose year on year and reaching more and more people every year.

I thank all our partners for their support and for making MARS part of their campaigns", summed up Shams Eweis, Corporate Affairs Manager North Africa and Levant.