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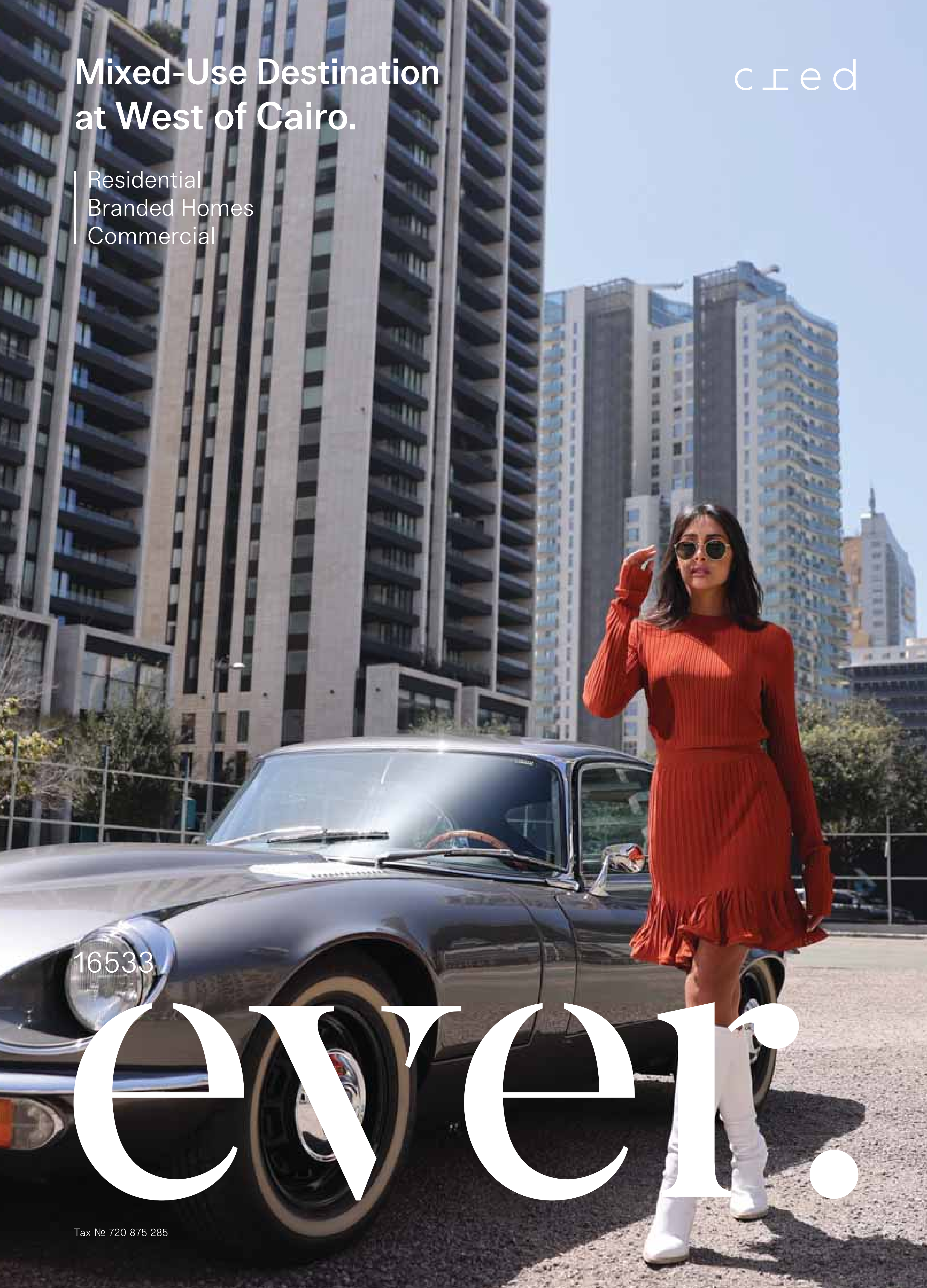
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MENA ECONOMIES AND THE IMPORTANT ROLE OF EGYPT

Message from Amr El Bahey, CEO Mashreq Egypt

Global economic activity may face some headwinds next year as central banks around the world continue to tighten monetary policy in response to higher inflation, however banks can chart their own path and stay ahead of the curve by creating new sources of value in the areas of financial technology, sustainable and green financing, digital transformation, and work force optimization. Another important factor that could expedite economic recovery will be China's ability to bounce back from the supply chain and COVID-19 related disruptions. A rapid economic recovery in China could have a positive impact on global economies.

Closer to home, in the Middle East and North Africa (MENA), the macro-outlook is warmer. The World Bank MENA Economic Update estimates that the region's economies will grow by 5.2% in 2022, the fastest rate since 2016. It is worth noting, however, that the economic recovery may be uneven in MENA as regional averages mask broad differences between countries. As 2023 unfolds, MENA oil producers may continue to benefit from elevated energy prices, along with higher vaccination rates for COVID-19.

EGYPT

Recognizing the interconnectedness of MENA economies and the important role Egypt plays in regional growth, GCC partners have pledged USD22 billion of development finance to the nation. By mid-December 2022, the GCC countries disbursed $11 billion of this amount, with the remainder expected to follow as FDI.

Egypt's government has implemented several economic reform measures, including devaluing the currency and implementing a VAT, in an effort to strengthen the country's fiscal position and encourage economic growth. The country continues to move through a period of fiscal policy and regulatory change that is advancing economic opportunity and financial inclusion, creating new prospects for the financial sector.

Hosting the world's largest climate gathering highlighted Egypt's commitment to fighting climate change and created new prospects for green development in the country. Egypt offers ample opportunities for investment. Its robust energy sector is a key driver of economic growth, with the country's abundant oil and natural gas reserves providing a major source of revenue. Meanwhile, the renewable energy equipment market is worth several billion dollars. Egypt's Integrated Sustainable Energy Strategy aims to increase the share of energy generated from renewables to 42% by 2035.

SECTORS

The multiplier effects of ESG investing and sustainable finance may also provide avenues for investment and growth for other industries in 2023, including finance, infrastructure, manufacturing, real estate, e-commerce and consultancy services. Indeed, within the context of slow growth that has come upon the rest of the world, the GCC offers investors opportunities for long-term returns that may not be available elsewhere. This has been further elevated by the deployment of new visa and residency schemes in several GCC nations that now make it even easier to do business here.

TECHNOLOGY FIRST

Looking to the banking sector, there will be continued progress towards greater personalization through the application of data and analytics, shaping the transformation of banking as a service (BaaS). Mashreq is proud to have led the ecosystem through the launch of the region's first application programming interface (API) developer portal in 2021 and will work hard to leverage its digital strengths to forge its growing role at the heart of the BaaS revolution.

The change in how banks operate will continue at pace in 2023. All banks must emerge as technology companies first and as providers of financial services second. As 2023 unfolds, we anticipate that a growing number of banks will move through periods of profound structural change. Agility through in-house innovation and partnerships across the fintech ecosystem are the keys to banking growth.

IMPACT

During the last week of January, I received a curious SMS on my smartphone from the bank from which I took a seven-year loan. If I take a new loan, I would get 10% of the loan amount as cash back for future purchases.

The offer is in cooperation with the European Bank for Reconstruction and Development and applies only to "energy-saving" devices. That sounds normal and aligns with the government's strategy to reduce Egypt's carbon footprint. What perplexed me was why the bank chose to place it as an incentive to secure a personal loan (likely collateralized by salaries).

I can't recall an Egypt-based commercial bank ever offering incentives to encourage employees to take loans. If anything, the Central Bank (CBE), during the height of inflation after the 2016 devaluation, limited total loan installments to a third of an employee's net income, down from half, to decrease consumption and help cool inflation that was nearly 30% at the time.

Attempting to slow inflation is what the CBE has been doing throughout 2022 and likely will continue in 2023. This time, it aims to encourage people to save by increasing overnight interest rates. (It has done so four times since the start of 2022, nearly doubling what the rate was in 2021).

Along the same lines, some government and private banks offered for a limited time a one-year savings certificate whose annual rate was higher than their respective three-year time deposits. That is unconventional, as higher interest rates typically go to those who keep their money in the bank longer.

That raises a critical question. While the CBE's motivations are clear, what are commercial banks actually aiming for? Do they want people to save by offering high-interest one-year time deposits, or do they want them to spend by giving them what effectively amounts to "discounts" when they apply for loans? Moreover, most commercial banks haven't increased the rates on their conventional savings accounts.

Accordingly, how effective would a tighter monetary policy be when commercial banks don't follow the CBE's interest rate hikes across all their offerings? And more importantly, how would laypeople be affected by monetary policy tightening when it fails at what it is designed to do: reduce inflation at the expense of economic growth.

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Business monthly

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CAUTIOUS OPTIMISM

A flurry of activity has ensued since the January 11 devaluation. Hot money is cautiously back, capitalizing on high interest returns on the dollar. More details have been announced about the divestiture of state-owned enterprises (SOE), signaling some seriousness for the state exiting the economy. Other monetary initiatives have eased the backlog of goods in the ports. There is also momentum on initiatives championed by the prime minister to cut red tape and move beyond the traditional approach to accelerating exports. All these initiatives are welcomed by the private sector. Several groups of equity investors have come to Egypt in the past months to get firsthand information and measure the pulse of the economy. All are cautiously optimistic. They're willing to invest in government bonds but not to the level prior to the crisis. They're tempted by the exceptionally high interest rates on the dollar, yet wary of the government's intentions regarding serious reforms. Will the government stick to the script agreed upon with the International Monetary Fund or will it set up smoke screens masking different intentions? Investors are waiting to see how far reforms will go, whether the crowding out of the private sector will subside or whether it will be business as usual.

The messages are indeed confusing. The narrative of reform and SOE divestiture is convincing and comprehensive, but at the same time, the state is inaugurating new projects. The timing cannot be worse, and I am not sure who it is addressing. I still believe the coming months will be revealing, just as the past few months have revealed a lot.

What is clear is that reform and SOE divestiture are no longer a luxury but a requirement. The situation will be even more untenable if we don't move fast. Moody's has downgraded Egypt's credit rating for the first time in a decade. The Purchasing Manager's Index is at its lowest in years. Inflation has hit 25.5%, interest rates are still on the rise and discontent over the eroding purchasing power and standard of living is becoming more and more visible. On top of this, our regional partners are no longer offering us an unconditional bailout as they have in the past, and they are unapologetic about it.

It may seem bleak, but Egypt has what it takes to break the impasse. We have the tools at hand to escape this situation. As several foreign investors have noted, Egypt is viewed differently from other emerging markets for good reasons we all know. It is time for political leadership to walk the talk and deliver. Egypt deserves better.

TAREK TAWFIK
President, AmCham Egypt

THE NEWSROOM

MADBOULY SAYS IMPORT BACKLOG CLEARED

Prime Minister Mostafa Madbouly announced the Customs Authority had released almost all pending merchandise held at Egypt's ports, saying, "We're back to levels before the February [2022] ... crisis began."

The value of released goods from Jan. 14-17 was $4.8 billion. That leaves $5.3 billion worth of goods at ports, with $3 billion still awaiting final clearance.

"This means we can say we almost finalized the [clearance of] accumulated goods at ports, and the cycle of the entry and exit of [imported] goods has started to return to its normal [pace]," Madbouly said. "There will never be zero imports at ports because everyday goods exit and new goods enter."

The delay in clearing imports throughout 2022 mainly aimed to reduce the outflow of dollars after nearly $25 billion in hot money (invested in short-term treasury debt) fled the country after the start of the war in Ukraine. However, the government allowed the release of those goods after securing $3 billion from the IMF, plus the promise of $14 billion more from partner nations.

S&P GLOBAL UPGRADES OUTLOOK TO 'STABLE'

Standard & Poor's (S&P) Global announced it will retain Egypt's B credit rating and has changed the outlook from "negative" to "stable." The rating agency said the decision comes as it expects the IMF and GCC countries to offer Egypt more funds.

It will revisit that rating over the coming 12 months and could downgrade Egypt if it can't raise enough funds to cover its financing needs or if foreign currency debt pressures increase.

S&P Global said Egypt's financing gap by the end of the fiscal year 2022/2023 would likely reach $17 billion. The current account deficit is $13 billion, while $4 billion will be paid to creditors. The rating agency explained foreign direct investment would cover $10 billion of that deficit, with $6 billion coming from external borrowing during the first half of 2023.

By the end of the year, Egypt's gross foreign debts would be $10 billion. Of that, $3.7 billion will come from foreign-currency denominated bond issuances, S&P said. The rest would come from GCC countries that, in March 2022, pledged a combined $22 billion to support Egypt.

GOVERNMENT ANNOUNCES BUDGET CUTBACKS

Prime Minister Mostafa Madbouly said all ministries in the Cabinet would be required to propose budget cutbacks. The announcement was published in the Official Gazette.

The health, interior, defense, and foreign affairs ministries will be exempt from cost-cutting. Agencies responsible for supplying government and private sector companies with food and energy also will not be subject to budget cuts.

The cuts aim to reduce each ministry's foreign currency spending, such as business travel, recreational activities, attending conferences and holding work events. The cutbacks also will include reducing spending on projects that directly or indirectly cause dollar outflows. Budgets for office supplies and services will decrease by 10%

Exceptions must be approved on a case-by-case basis by the Ministry of Finance.

Those "austerity" measures will remain in place until the end of the fiscal year in June.

WORTH FOLLOWING

GOVERNMENT MOVES TO RECHARGE TOURISM

In a brief statement, the Cabinet website said Parliament has "approved in principle" a draft law to establish a "federation of tourism chambers." The statement said a new body's primary responsibilities would be to "revitalize the tourism industry, coordinate [with] the tourism chambers ... and assist the government in drawing up and implementing tourism promotion plans."

The draft bill strips the Ministry of Tourism of its authority over the various tourism chambers. That means the ministry would be responsible only for laws and regulations to improve the sector. A statement from Parliament's tourism and aviation committee praised the draft law, saying it would make tourism chambers "more democratic and independent."

"The bill strengthens cooperation among private sector tourism companies in drawing up strategies for tourism promotion and marketing," said Minister of Tourism Ahmed Issa.

The new body's first mandate would be to realize the Ministry of Tourism plans to more than triple Egypt's revenue from tourism to $30 billion a year by 2025.

WORTH FOLLOWING

REGISTRATION OF SOCIAL MEDIA PLATFORMS

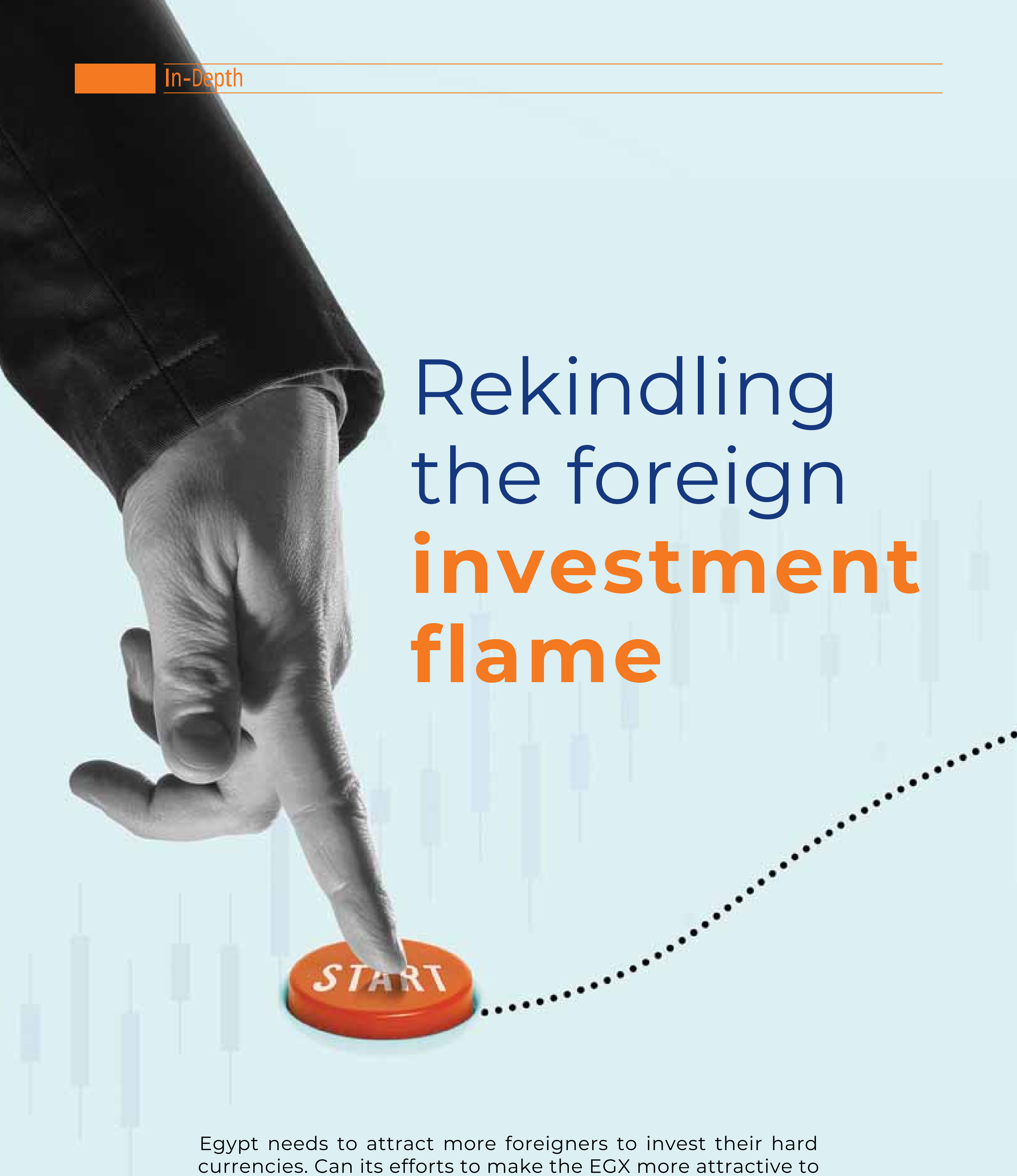
The Supreme Council for Media Regulations told Parliament it is drafting a law requiring social media platforms, such as Facebook, LinkedIn, and Instagram, to obtain a license to access the Egyptian market.

"This new legislative and legal procedure aims to protect our children and citizens from the dangerous ideas these platforms propagate," said council head Karam Gabr.

"The ideas and thoughts these platforms, particularly TikTok, convey are very destructive to our society, our children, and our citizens," said Senator Mohamed Emar.

The decision could extend to computer and mobile games, which Gabr said can be beneficial and harmful. "Some games enhance intelligence, while others promote violence, extremism, homosexuality, and these are the ones we have to confront to protect our children and citizens."

Rekindling the foreign **investment flame**



Egypt needs to attract more foreigners to invest their hard currencies. Can its efforts to make the EGX more attractive to international investors yield the desired results?

by **Tamer Hafez**

Egypt has secured IMF approval for a $3 billion, 46-month extended facility and the agency's promise to work with "partners" to lend an additional $14 billion. In November, Finance Minister Mohamed Maait estimated Egypt's external funding gap at $16 billion over the coming four years, so the total IMF and partners' $17 billion commitment would cover the foreign currency deficit for only four years.

More foreign currency inflows will be necessary in the short term. Aside from taking on more foreign-currency debt, such as Samurai bonds (yen-denominated) or Panda bonds (yuan-denominated), which the treasury is considering, the government can use the stock exchange (EGX) to attract foreign investors.

To that end, the state has focused on boosting EGX liquidity by listing some state-owned enterprises (SOEs). Meanwhile, the EGX Authority is developing alternatives to attract new categories of investors. The key to ensuring those efforts succeed is to create a transparent and investor-friendly ecosystem with fair trading and an efficient market that cannot be manipulated.

Investment magnet

For investors abroad, EGX-listed companies can be attractive. A March 2019 research paper from Md Qamruzzaman, associate professor at the School of Business & Economics at United International University in Bangladesh, explained that stock exchanges generally enjoy higher institutional efficiency than other types of investments. Listed companies must disclose all their plans in a timely fashion, or they could be delisted, significantly hurting their reputation and hindering their ability to raise capital.

Meanwhile, stock market efficiency, transparency, and attractiveness indicate the degree to which "the country's political elite ... adopt market-friendly regulations -- especially investor protection and [effective] governance regulations," Tachana explained. "That is especially true in emerging markets."

Another reason why international investors prefer stock exchanges is they are tried and tested business and investment models in developed nations. Tachana said multinationals "from industrialized countries [see that] financing through the stock market is tradition." That translates to higher confidence in global companies' fundamentals than those of local companies.

Stock market investors in advanced economies also prefer putting their money in developing nations. Qamruzzaman describes it as "one of the key sources of investment diversification for developed countries. [That] reduces risk substantially due to the negligible correlation between domestic assets [stocks in one country] and foreign assets [stocks in another]."

Increasing liquidity

One of international investors' primary stock investment criteria is high liquidity levels. "When you're trading financial markets, liquidity needs to be considered before every position is opened or closed," noted research firm IG. It asserted that the higher the liquidity, the faster the buying and selling. That is because there are sufficient amounts of diverse stocks to build a position and adjust it based on changes in the market. There also are enough investors who want to buy stocks, ensuring that sellers have a quick exit without incurring losses arising from limited demand for their stock. That makes it a low-risk exchange.

Investopedia, a financial glossary, said a dynamic market with lots of buying and selling ensures "tight spreads and low transaction costs." Those two criteria are the hallmarks of "efficient markets," which international investors favor. Lastly, a liquid market means identifying stocks' fair prices is easier and more accurate.

To boost EGX's liquidity, the government is revitalizing its plans to go public with some of its most profitable and largest SOEs. Hany Genena, an adjunct professor at AUC, told Zawya in September, "The move [aims] to attract foreign investments, whether from financial portfolios or direct investments in stakes of 10% or more."

At a press event in January, EGX Chairman Ramy Al Dokkany noted several listed SOEs would sell a larger portion of their companies on the exchange this year. The list includes industrial-grade chemicals, banking and fintech, real estate, aluminum and logistics SOEs.

Eight more SOEs should go public in 2023, added Dokkany. They operate in banking and financial services, petrochemicals and chemicals. Further afield, the government wants to list Egypt's third-largest state bank, Banque Misr, the Egyptian Drilling Co., and Egyptian Linear Alkyl Benzine (ELAB), a petrochemical SOE.

During that announcement, Dokkany said those IPOs should add EGP 80 billion to the EGX in 2023. That, he said, would attract more international stock investors. Those listings should also bring more stability to the market's main index (the EGX 30) as they are "large enterprises with solid fundamentals," he noted.

The Ministry of Military Production also wants to enlist Wataniya, which builds petrol stations and annexes them with commercial centers across Egypt, and Safi, a bottled-water producer. Ayman Soliman, the SFE's CEO, told talk show host Lamis El Hadidy in October the plan is to enlist them in 2023.

To accelerate the listing of SOEs, the government announced in September the creation of a "pre-IPO" sub-fund under the Sovereign Fund of Egypt. Hala El-Said, minister of planning and economic development, said it aims to "support companies in their journey to getting listed on the stock exchange."

Its focus will be on buying stakes in SOEs and attracting more outside investments to them, preparing them to go public on the EGX. At press time, the "pre-IPO" fund had yet to announce acquisitions or its intent to invest.

Building the ecosystem

Foreign investors will always question whether an opportunity is big enough to counter the risks of trading on the stock exchange. Qamruzzaman of United International University said they consider the level of financial inclusion, stock market development and cross-border capital flows. "An efficient capital market, globalization effects, and easy access to financial services tempt cross-border capital flows," he wrote. That primarily applies to emerging economy stock exchanges like the EGX, given their underdeveloped trading ecosystems.

Another factor is the availability of data. An undated paper from the Bank of International Settlements stressed the importance of "improved data quantity and quality." That ultimately allows investors to correctly assess the feasibility of investment opportunities within the exchange. Qamruzzaman said that helps create "institutional efficiency" and "diversified investment opportunities."

Other factors influencing the decision to invest exist beyond the stock market's trading floor. They include "financial reform, efficient financial intermediation, adaption and diffusion of financial technology, transformation of financial assists and efficient mobilization of economic resources," noted Qamruzzaman.

DK Aggarwal, chairman and managing director of India-based SMC investments and Advisors Limited, said stock market investors also look at government strategies and policies. "Trading requires one to dive deeper into various aspects of monetary and fiscal policies of the economy and the currency," he wrote in India's The Economic Times in November 2020. The "ability to understand various monetary policy tools can provide some edge to implement ... trading strategies in the short term."

Accordingly, governments must create an efficient, effective legislative, administrative, and supervisory ecosystem around the exchange. It would "entail designing regulations and rules that aim to prevent excessive risk-taking of market participants while not slowing the financial innovation aspect."

Another often overlooked "pull factor" to the exchange is how many "currency pairs" the local currency has with major currencies. The Egyptian pound is paired only with the dollar to determine its value. Aggarwal noted India's four rupee pairs are not enough to stimulate high-volume stock trading, particularly in derivatives. The Central Bank of Egypt (CBE) should resolve that problem, as its acting governor, Hassan Abdalla, said in October he plans to pair the pound with several Asian currencies.

New tools

Hedging portfolio risks is vital for international investors, which has been almost nonexistent in the local stock market. That should change soon. EGX Chairman Dokkany announced in January a plan to launch a derivatives exchange -- to hedge short-term price hike risks across all sectors -- during the second half of 2023. He told the media the EGX would market those new tools in Saudi Arabia and the UAE. to attract derivatives investors.

Another investment tool the EGX Authority is considering is an index of sharia-compliant stocks, such as those not paying fixed interest on their liabilities. Banks and non-bank financial institutions that lend with predetermined rates also would be excluded from those indices.

Quantilia, an investment and business consultancy, says the limited pool of companies means sharia-compliant indices "tend to be less volatile than conventional indices," such as EGX 30 and EGX 70. That is because they "tend to overweight information technology stocks and avoid financials," James Lord, a research analyst at research firm ETF Strategy, wrote in November. That is why "for the most part, [sharia indices] outperformed their regular market benchmarks" last year.

Those indices target a niche pool of investors, mainly from Islamic countries with robust sharia-compliant financial systems. "Sharia-compliant indices are not only interest investment options for Muslims, but also non-Muslims."

Curbing FX risk

To protect international investors from foreign currency exchange risks, the CBE announced the introduction of new currency-based derivatives into the market. Hisham Ezz Al-Arab, senior adviser to CBE's acting governor, told Bloomberg in October: "Egypt's foreign exchange market required new products a while ago ... Such derivatives always boost market liquidity, ... improving the market's depth."

Currency derivatives should give short-term and long-term investors insights into the pound's exchange rate movements. They also allow them to hedge against future devaluations against the dollar.

Another benefit of currency derivatives is they can be traded on stock exchanges or in specialized marketplaces. That could attract foreign investors who make a living buying and selling those derivatives.

The CBE also is raising foreign stock investors' confidence they can repatriate their profits anytime. In October, it announced that commercial banks could borrow from it in one currency and lend in another (FX swaps). That should ensure they have enough foreign currencies to meet repatriation requests.

Creating new risks?

A 2004 report from the Central Bank of Chile (CBC) noted some limitations of tools that hedge foreign exchange risk, saying there is "no evidence that net positions of large participants in the FX derivatives market help to [accurately] predict the exchange rate." The paper also said an "FX derivatives market ... may not be effective in diminishing an economy's aggregate vulnerability to exchange rate fluctuations."

The CBC's concern is traders will always speculate and attempt to manipulate the market, regardless of the strength of government oversight. It points out that locking in the currency exchange rate would attract investors who want to hedge foreign currency exchange risks, those seeking profit from trading those derivatives and those using it to reduce their portfolio risks.

Whether that would prove good or bad depends on government decisions elsewhere in the economy. Using currency risk hedging tools can "help amplify stabilizing (or destabilizing) effects ... on the foreign exchange rate," noted the CBC. The "result could be more, rather than less, overall vulnerability to foreign currency risk."

The first source of concern for the CBC is that in inefficient exchanges, "participants [can] have superior information about exchange rate movements that enable them to take more profitable positions. [Others] have sufficient market power that their actions generate significant changes in the exchange rate." The other problem is that almost all countries that need FX-risk hedging tools have "relatively thinner, less liquid and less developed financial markets," the CBC warned.

Additionally, many emerging nations, such as Egypt, have only recently floated their currencies. That introduces new dynamics to their economic models. As a result, the CBC questioned whether FX-risk hedging tools would be "particularly relevant in the case of emerging market economies." ■

Metaverse Matters

The first Egyptian city in the metaverse is online. This can open doors for new types of investment opportunities, and it can even result in offline economic gains.

by **Nada Naguib**

When Facebook CEO Mark Zuckerberg announced the rebranding of his company to Meta in October 2021, he said the aim was to focus on creating the "metaverse, a "hybrid of today's online social experiences … to help people connect, find communities and grow businesses." What the metaverse actually means, however, "hasn't gotten any clearer," wrote Eric Ravenscraft of Wired magazine.

Nonetheless, some pieces of the metaverse puzzle are starting to take shape. Meta is working on a virtual reality social platform called Horizon. The platform "lets people build custom environments to hang out and play games in as legless avatars," explained The Verge's Alex Heath. Other companies are getting in on the action, too. Gaming company Roblox, described by CEO David Baszucki as "shepherds of the metaverse," makes user-generated video games more accessible. Several other companies are pitching in, "offering up game worlds that happen to have NFTs attached," wrote Ravenscraft. NFTs are non-fungible tokens, which are "'one-of-a-kind' assets in the digital world that can be bought and sold like any other piece of property, but which have no tangible form of their own," according to one definition by the BBC.

While the metaverse concept attracts companies and users alike, there are risks to venturing into something vague. For example, while Horizon had 300,000 users join in December 2021 and was forecasting 500,000 monthly players by the end of 2022, it fell severely short of that number with less than 200,000, according to Paul Tassi of Forbes.

Egypt is venturing into the metaverse with creative community hub Tutera developing Metatut, the "first Egyptian city on the metaverse." However, it is vital to strike a balance between investment opportunities, profits, and the right PR image. Ashraf Abdel Mohsen, chairman of the board of directors of Tutera, spoke to Al-Monitor about the "importance of investing in the metaverse" so as not to fall behind. However, with the metaverse still unclear, the Egyptian city might still be a win because it can "reflect the strength and history of the Egyptian civilization" to the world and affect offline economic impact.

Practical yet controversial

Even if the metaverse is still fuzzy, it has investment potential. For example, some businesses have started holding meetings in virtual boardrooms, with employees represented by their avatars, according to Andrew Michael and Kevin Pratt of Forbes.

In addition, the metaverse has shown potential as a promotional tool. Rafaelle Lennox of Franklin Templeton Investments holding company said companies already use the metaverse to "host virtual events, live concerts, and fashion shows to promote and sell their products," Those products might be real or virtual. She estimates that by 2030, the academic virtual learning market could be worth $270 billion, with the metaverse market as a whole potentially worth $5 trillion.

The U.K. firm AXA Investment Managers outlines four sectors that could offer the most rewarding financial investment opportunities. Not surprisingly, the top one is gaming. Sales of virtual reality and augmented reality headsets sales could increase to 42 million worldwide by 2025 from 4 million in 2021. Next is socializing, as the metaverse creates new ways for people to connect, followed by work and online collaboration.

It also impacts the real world, as its proliferation will require providing semiconductors, network infrastructure, and technologies that allow the metaverse to function.

Estimated earnings and potential financial gain from the metaverse are not without controversy. Game creators tasked with building the metaverse expressed doubts about blockchain technologies, according to the Game Developer Conference's 2023 State of the Game Industry report.

Blockchain technology allows the decentralization of the metaverse, preventing any one company from being in charge. The technology "allows for the permanent, immutable and transparent recording of data and transactions" in a way where all companies can share the knowledge and data to create and run the metaverse, said a December McKinsey & Company article.

That might sound appropriate for a decentralized virtual world, but there is controversy among game creators regarding its use and promise. The GDC report shows 56% of respondents disapprove of the technology altogether, 44% believe consolidation efforts supporting blockchain will harm the industry, and only 17% see it as beneficial.

Another point to consider is to know who benefits from the metaverse "buzz." Owen Vaughan, director of research at nChain, Europe's leading data integrity and blockchain development company, said, "They're trying very hard to create demand and to create this idea of scarcity and not wanting people to be late to the party."

Virtual real estate on the metaverse consists of pieces of code in an interactive web experience that are partitioned to create "plots" on the platforms and then sold as NFTs on the blockchain. If everyone wants real estate next to American rapper Snoop Dog, said Olinga, they can get real estate next to him.

That is why creating digital scarcity can be problematic, according to Vaughan. "That's always a very worrying place to be because what's stopping them from whenever they feel like just inflating the supply of the money or the real estate?"

Some even argue against the metaverse's entire premise. The GDC survey found that 45% of gaming industry professionals who responded believe "the metaverse concept will never deliver on its promise." One respondent called the promise "nothing" and confirmed earlier concerns about vagueness. He said: "The people trying to sell it have no idea what it is, and neither do consumers." They compared it to Google Stadia, a cloud gaming service with revolutionary ambitions that was slowly shut down due to missing features and a lack of consumer trust, explained Jay Peters of The Verge.

Promised land

Nevertheless, the metaverse has value and potential to grow the business and generate revenues. Michel Kilzi of Forbes called Metaverse "an entirely new economy" instead of the typical thought that it's meant for gaming or living out a science fiction fantasy.

In February 2022, McDonald's filed trademarks for a metaverse branch. It allows metaverse users to order food in the online store through their avatars, with the store delivering it in real life.

The trademarks would "protect the idea of a McDonald's restaurant in the metaverse that can sell both virtual and real-world food," said trademark lawyer Josh Gerben. He described the process on Twitter as pretty straightforward, yet it still seems like something out of science fiction. "You are hanging out in the metaverse and get hungry. You don't have to put down your headset. You walk into a McDonald's and place an order. It arrives at your door a little while later," he wrote.

And it's not just McDonald's. Nike has also filed for trademarks for metaverse stores. However, the Nike store would sell only virtual branded sneakers and apparel for use in the metaverse. Shortly before the filing in November, Nike started its search for a "virtual material designer of footwear" and other virtual design roles in producing the virtual apparel for metaverse stores.

Both filings are still under review by the U.S. Patent and Trademark Office. However, Gerben said the office "will likely approve the trademarks."

Egypt's Tutera doesn’t focus on generating direct revenues from the virtual world. It imagines the return of King Tutankhamun, who ruled from 1332 B.C. to 1323 B.C., in a modern setting. The vision is for the city's residents and visitors to "live a unique experience that combines ancient Egyptian civilization in a modern way with an imaginary civilization of the future," said Mohsen. Residents and visitors also engage in economic activities, such as housing, business, trade, education, and entertainment, as well as "innovative areas of the imaginary world," wrote Salwa Samir of Al-Monitor.

The UAE went further, opening a virtual government headquarters in the metaverse. According to the official announcement, citizens could sign legally recognized documents and request services in that metaverse. Sharad Agarwal, chief metaverse officer at Cybergear, a metaverse developer, said in July 2022, "Dubai [for example] has a huge real estate market ... People will be able to fly like superman to a community, look at the villas and view [them] and also configure the interior decoration to their likely. Once they are satisfied, they can pay digitally.

Virtual profiting

It is still too early to tell whether the metaverse will go in the direction of Google Stadia or if it has the potential to revolutionize Web 3.0. While investment opportunities sound attractive, critics say it is a publicity stunt. Luc Olinga of The Street, a business news website, says: "Every company that wants to be at the forefront of technology throws the word metaverse all over the place. Rare are those who manage to give us a vision of their metaverse and ... how they intend to make money from it," he said.

Generating profits from the metaverse is the crux of the doubts surrounding the viability of this virtual world. "There is no clear path to profitability for most businesses," said Kilzi. "Everyone is scrambling to strike gold first."

One option is for the company to use its metaverse presence to provide a "digital-forward mindset that puts the customer first," wrote Kilzi. That might be the key to being a pioneer.

Other uses for the metaverse could be to promote real-world products or sectors in the virtual world. For instance, many note the effect the metaverse could have on tourism. The metaverse "will not replace physical travel; it will only create more desire to travel and augment and enhance our travel experiences," wrote Mohammad J Sear, digital government and public sector consulting leader (MENA) at Ernst & Young, in a LinkedIn article. It might "enable those who cannot travel ... to virtually experience visiting countries and places," wrote Sear. The "technology will enhance and supplement the traditional travel industry, offering new ways to engage with potential customers," according to a blog by knowledge platform for the hospitality and travel industry Revfine.

For example, with Metatut containing landmarks such as the Avenue of the Kings, the Gate of the Pyramid of Tutera, and Enchanted Melody Square inspired by actual locations, the metaverse can drive tourism to Egypt in new ways.

Companies and governments must clearly identify their targets and benchmarks to realize real-world gains when entering the metaverse. They must also be willing to upend how they operate and their business model. They should also be ready to start that transition quickly, as the lack of regulations (so far, at least) makes barriers to entry into this virtual economy low.

Lastly, while creativity and adaptation are essential, Kilzi highlights the importance of knowing the young audience of the next phase of the Internet (Web 3.0 or Web3). "The cohort that grows up with the metaverse may cause explosive growth for your venture if it catches their attention early." ■

STARTING-UP EGYPT

The government and private sector have multiple programs and policies to support and promote startups and those dreaming of becoming business owners. The question is whether successful high-end niche entrepreneurs, which most of those initiatives target, benefit from them.

by **Tamer Hafez**

More and more university graduates are looking to open businesses after finishing their education. Being one's own boss is increasingly appealing to an increasingly rebellious, well-educated generation. A CT Corporate survey published in December 2021 found "a whopping 61% of recent college graduates want to start their own businesses ... Forty-five percent think it's very likely they will do so, and 20% have already started a business of their own while in college. Even the 30% of recent grads who admit it's highly unlikely they'd ever start a business say they would like to."

That is good news, as the government believes entrepreneurs will help resolve Egypt's economic problems, including unemployment, and increase local manufacturing and exports. In April 2021, the minister of planning and economic development announced the "One Million Entrepreneurs" by 2030 campaign.

To that end, the government and private sector, represented by incubators, angel investors and venture capitalists, are building an ecosystem that should help local startups thrive. However, an African Bank Development (AfDB) report titled "Entrepreneurship in Egypt: 2022 Ecosystem Overview" detailed significant "gaps" in those efforts. Meanwhile, three niche high-end successful entrepreneurs who started businesses in the past five years more or less operate outside that ecosystem.

The interviews were edited for length and clarity.

Ideas, ideas

Raising awareness among school and university students by teaching them what it takes to be entrepreneurs is the natural starting point. Ayman Ismail, who wrote the AfDB report, noted, "the objective ... is to raise awareness among potential entrepreneurs with the idea of 'entrepreneurship as a career choice' as opposed to employment."

In Egypt, awareness programs are diverse. In Cairo, school and university programs include YouThinkGreen, Enactus and Injaz. TV and radio channels also have programs like El Forsa and Radio 9090. There also are several annual events held locally, including RiseUp Summit and Techne Summit. Lastly, online portals include EgyptInnovate, StartupScene and Wamda. "These programs are concentrated in Cairo and target a privileged socioeconomic segment," said the AfDB report.

NGOs focus on rural areas. They include Egypt Network for Integrated Development, Nahdet El Mahrousa, CleanTech Arabia and Dandara Cultural Center.

Despite the abundance of programs, three Cairo-based niche high-end entrepreneurs, who should have benefited from such programs, found inspiration elsewhere.

Nada Talaat, founder of Nada Talaat Design Studio, a home accessories designer, recalls: "It started when I studied decor at Cairo's Faculty of Fine Arts. It exposed me to various cultures, which inspired all my projects, and today inspires all my designs.

"When I graduated, I worked for several years with an interior design and decor company, where I knew my passion was making home accessories. It was what I did best -- coasters, mirrors and the like, rather than furniture.

"My designs take inspiration from countries with deep-rooted culture and history such as African countries, Nuba south of Egypt, Islamic Egypt and Morocco, and even India. My unique twist is that I use shells, mosaics, copper and other exotic materials that don't necessarily belong to the country from which I took inspiration. The result is a unique fusion. The other point of differentiation is my selection of which patterns to use.

"Lastly, every piece is unique and handmade by Egyptian artisans with a contemporary look that integrates [usually foreign] cultural patterns. The outcome is distinctly different from what you would buy in Khan El Khalili [a historic accessories bazaar in Cairo], for example."

Gigi Ibrahim, a co-founder of Bulga, a company that designs and produces high-end traditional Egyptian slippers, says: "I met [my business partner at Bulga] Mona Sorour when we were working for a social enterprise. I was shifting my career from journalism, and [Sorour] had a fine arts background specializing in product development and design. We clicked -- our personalities, work ethic and goals.

Bulga's business model is inspired by the social enterprise we worked for. They take products made by women in remote underprivileged areas [such as Shalateen and Siwa] and sell them as is.

"After three years working for that company, we resigned to create Bulga. The footwear is handmade in our workshop in Cairo. We would design the unique parts we want to put on our slippers and work with underprivileged nomad women artisans to make them using authentic materials and techniques such as braided leather fittings. Then we take those parts to our Cairo workshop and integrate them into the slippers.

"Our vision was to create a new product category that brings back designs from Egypt's past, which dates back to pharaonic times."

Lamees Al Njem, founder of Choconuts, a chocolatier, says: "The decision to start Choconuts was unexpected, yet inevitable. I started my career at Nestle Middle East as an intern. [There] my business and managerial acumen widened, and so did my taste buds. I [was] testing new formulas in [the company's] in-house clinical kitchen. My taste buds developed quickly, understanding the science of spices and ingredient mix in food technology. It eventually became a passion.

"In 19 years, I have worked in the headquarter of GSK Consumer Healthcare and BD Medical devices handling global digital marketing and commercial excellence roles. Throughout this time, I continued to be passionate about food and cooking.

"I [relocated to Egypt from Dubai] during COVID-19, a stressful time for everyone. People needed treats to relieve those hard times. During that year's Ramadan, my husband and I were invited to friend and family gatherings. So I started gifting them chocolates I made at home instead of going to patisseries and risking getting infected.

"I got extremely positive feedback and encouragement to make it a business. So I started using Instagram (choconuts_egypt) to promote and sell my brand of 'cluster chocolates,' where there is a nut in every bite. I decided to import my raw materials to ensure the quality … I wanted. I developed a limited menu of sugar-free dark (72%) non-bitter chocolates with the option of a variety of roasted nuts, including cashews. I also use rose petals in my range and have the reduced sugar milk version of Choconuts.

"Going the extra mile with the packaging was another unique part of the business. I also have consultancy services, where Choconuts works with customers to design their chocolate trays. Additionally, I can customize chocolates as company giveaways and for customers ordering large quantities or wanting them on a regular schedule."

In the AfDB report, Ismail noted that successful entrepreneurs don't benefit from government and private-sector programs because of their narrow geographic and socioeconomic scopes and "limited activities within schools and universities." Even among those who benefit from those awareness activities, there is "limited but growing digital content." In particular, there is a shortage of Arabic content. Ismail also blamed the lack of a "popular, high-profile startup competition," which raises public awareness.

For entrepreneurs to benefit from awareness programs, Ismail noted that organizations operating outside Cairo "need additional support to scale and extend their efforts" nationwide. He added that their current business models are "not sustainable." They rely on "hype waves" to attract startups and entrepreneurs. As a result, "many of them are less likely to continue over the mid- or long-term."

Building skill sets

Learning what it takes to become a startup owner and knowing the technical aspects of a business are essential for success. The government offers the Technical and Vocational Education (TVET) program to build specialized skill sets. Ismail said that in public universities, "the focus is on adding [extracurricular] activities and events rather than creating major reform that would include entrepreneurship content and culture." Those would be most effective if they supported formal entrepreneurship education.

That has left high-end private universities, such as the American University in Cairo, German University in Cairo, British University in Egypt, Canadian University and Nile University to build Egypt's entrepreneurship skills in the formal education space.

NGOs offer online courses to educate the public on entrepreneurship, including Edraak, Nafha and Al Mentor. "Massive Open Online Courses represent an effective tool to provide large-scale, low-cost education and training, especially beyond Cairo," said Ismail. However, few … platforms exist [and] their content remains limited."

Ismail said Injaz Egypt, for example, offers entrepreneurship courses in schools and universities, and entrepreneurship boot camps, such as Elre7la, "are becoming increasingly popular."

That limited presence means many entrepreneurs must self-educate or gain the technical experience and skills they need on the job.

Talaat: "I got the basic design skills from my university education. What I needed was first-hand experience dealing with customers. That I got from my job with the home decor company. The other missing part was business administration and how to run a company. I learned it by talking informally to my friends and acquaintances who understood these aspects.

The other thing I had to learn by myself was marketing -- How to give my brand the most exposure possible. I started self-learning the importance of, and how to capitalize on, word-of-mouth. Then I learned how to market my work to galleries, which was more straightforward. And lastly, how to sell to the mass public.

Also, I learned a lot of negotiation skills [on the fly] to convince traditional artisans to make one or two pieces of a design I made and to accept feedback on its quality. The key is persistence.

Ibrahim: "The list of things we had to learn ourselves felt endless. It started by spending four years understanding the technical aspects of how to make durable, comfortable slippers and how to produce them. It was very different from traditional slipper-making. We started from scratch, as we knew little about footwear manufacturing.

Managing our supply chain was trial and error, where we learned street-wise skills they don't teach you in schools.

We also had to learn to convince potential hires that our business is sound, given that slipper production is declining, particularly handmade footwear. We devised a radical idea to invite the artisans we wanted to hire to the festivals we were participating in so that they see for themselves that we are selling well.

Sorour: We spent two years training at a traditional workshop on how to make Egyptian slippers. The challenge was that I was a female entering an industry that was 'only men." It took persistence and turning a deaf ear to doubters until we learned how it is done.

The second thing we had to deal with was convincing the traditional slipper makers of our new ways. There was a lot of resistance at first until they saw for themselves that our techniques were better.

Then came the challenge that those male workers never had a woman to lead them. So we had to learn how to deal with artisans quitting just because they could deal with the fact a woman supervises them. We had to contend with this for the first year until we proved successful. Now, we have a strong core team loyal to the brand and us.

To learn the business administration side, we participated in an accelerator program under UNIDO. We also have a mentor who now sits on the company's board of directors.

Al Njem: "What I had to learn by myself related to specific aspects of being a business owner in Egypt. That included dealing with Egyptian workers, the marketplace, freelancers, etc. I had already accumulated a lot of knowledge about making chocolates -- how to create great tastes -- and management experience in multinationals.

"The other aspect I learned was making Choconuts an 'experience.' The key is taste and generosity. Customers have different preferences and can't taste the product before buying as we are only on Instagram. Therefore, customer trust is essential to our growth. I discovered sending complimentary pouches with each order, containing chocolate types the customer didn't order, was an ideal solution given our current setup."

"Lastly, I had to find out the paperwork and procedures necessary to import what we needed."

First steps

Realizing the dream of being a business owner requires mentoring and access to significant resources from day one. Most dreamers don't have that. Enter startup incubators. In Egypt, there are four types.

The first is private-sector incubators, which "typically provide their services in exchange for equity," Ismail said. The most prominent are Flat6Labs, Innoventures and EdVentures. Second, university incubators "provide their services as a community service." The list includes high-end private universities, such as AUC and Nile University, as well as state-owned Cairo and Assiut universities.

The government also has incubators, such as TIEC, Falak and Intilac, as part of the national strategy to promote startups. Meanwhile, NGOs offer incubation services, such as Nahdet El Mahrousa, Endeavor, AWTAD, and Misr El Kheir GESR, "as part of their mission," Ismail said. Lastly, international agencies like USAID, SEED, EU InnoEgypt and the African Development Bank also offer incubation services within universities.

However, some entrepreneurs prefer to find success by seeking opportunities themselves, hoping the quality and taste of their products are enough to grow their business.

Talaat: "My breakthrough was finding my way to participate in Diarna [a specialized handicraft exhibition] in 2020. It was essential to understand my clientele better. The following year, I qualified for the government-organized Turathna exhibition, which gave me the exposure I needed to build my brand.

"Since then, I have been participating in as many exhibitions and festivals as possible. Each has added to my brand's reputation, exposure and sales.

"I decided to use a traditional business model, selling my pieces online, in galleries, and in exhibitions. It is a tried and tested model. The only thing you could consider unique is that we can, to an extent, customize pieces and are constantly in touch with customers to tell them our latest news. I also have decided to outsource my production, and I currently have three artisans working on my pieces, with me focusing on quality control and selling them.

"As for paperwork to formalize the business, I asked experienced acquaintances and researched online what the government needs. Eventually, I registered. It was a hassle, but it wasn't cripplingly difficult."

Ibrahim: "Our first step was to find a plot to build our workshop, as having our own production facility is essential to ensure the quality of our slippers. We searched and found a piece of land that would make our access to artisans and suppliers easy.

"Then, we researched the equipment and resources we needed to operate the workshop. We had to import some things, such as needles from Sweden. Materials and colors are 100% locally sourced. We negotiated with suppliers directly and hired a foreman and six other workers.

"We got our big break when Mix & Match, a local retailer, called us and ordered a big shipment in 2020. This year, we will be selling them the fourth batch. Then, we qualified to showcase our products at the Turathna exhibition. After that, the Grand Egyptian Museum operators called asking if we wanted to showcase our slippers in a shop inside the building. Turathna also invited us to showcase our products at November's Conference of the Parties.

"We are seeking a bigger workshop space with a permanent contract. The government's well-equipped plots in Fostat are the ideal place for us. However, we have yet to find the government agency responsible for renting them. It is the same when applying for one of the government's initiatives that support startups."

Al Njem: "For now, I am keeping my business on Instagram only. There are two reasons. The first is to ensure the quality and consistency of my premium chocolates. The second is the personal relations and care we give to every customer, which would take a step back in a commercial setup.

"I rejected several offers from retailers to place Choconuts on their shelves. [The company] needs to grow slowly but surely. I plan to own chocolatier boutiques in Cairo, Dubai and London within the next six years.

"I didn't access any government programs that support startups and entrepreneurs. I went straight to the three factories that make the chocolates for me and agreed with them to dedicate a production line for my chocolates.

"The only support I got was from my husband, who is Egyptian and therefore knew how to get around with securing paperwork to register with the government. He is also helping me secure intellectual property rights for my brand name and logo. He is my and the business's backbone."

Ismail explained in the AfDB report that "many of the programs are nascent and require significant technical and financial support,"

singling out those in universities as notably lacking. The AfDB report also cited the need for "deeper sectoral specialization to build stronger knowledge and networks."

Lastly, Ismail stressed the need for those incubators to change their business model from the current "not-for-profit" to generating returns. He said the existing model "creates a sustainability risk." There also must be more mentors "to provide broader support to the entrepreneurs."

Money to grow

The most crucial aspect for most aspiring business owners is securing sufficient funding to grow their businesses. According to Ismail, "access to finance has long been identified as a limiting factor for Egyptian companies, whether startups or established SMEs." That need will likely remain even as the business grows.

Talaat, Ibrahim, and Al Njem are not seeking any outside financing, whether equity or debt, as their initial business financing has come from their pockets and revenues are sufficient to realize their growth plans.

Talaat won a "small" amount of money by joining Nileperners, a central bank initiative implemented by Nile University. She still used her own money to start the business. Sorour and Ibrahim also won a small amount by entering the Nahdet El Mahrousa El Garage, a competition. "I think the amount we won was comparable to one month's net profit." They also entered a VISA-sponsored competition, ending in the top 10 of 1,500 applicants. "We didn't win any prize money from it," Sorour says.

However, Bulga is in a solid financial position, as the company broke even after one month of selling its products and, according to Ibrahim, has remained "cash positive" ever since. That revenue has been enough to meet her and Sorour's growth strategy. "We will not seek outside financing from investors or sell part of the company until Bulga reaches the potential that we believe it is capable of," says Sorour. "We don't want to sell equity cheap."

Al Njem also is generating enough revenue to spend on the business. "I didn't take a loan and didn't seek any outside injections from angel investors, venture capitalists, or any other similar source," she says. "That could change later if and when I decide to open my own retail stores, as that would require significant investments."

In the AfDB report, Ismail said there are too few seed investors focusing on venture financing. In addition, the number of angel investment networks in Egypt that invest in high-risk ideas is limited. Furthermore, there are too few innovative funding mechanisms (crowdfunding, venture debt, royalists, and revenue-sharing deals) to offset startup risks.

Finally, Ismail said many entrepreneurs don't know how to raise funds. That includes "the ability to prepare pitch desks, financial projections and valuations, and negotiate term sheets and complex contracts."

What does 2023 hold?

For many entrepreneurs, 2023 will define their businesses. The key to their success will revolve around adaptation from the unpredictable pound devaluation to central bank monetary policy decisions to inflation. Our three entrepreneurs plan to cement their business foundations while keeping an eye on the future.

Talaat: "I don't manufacture anything in-house. However, my artisans are affected by the dollar, as the raw materials they use, such as wood, are imported. As a result, I see an increase in costs every couple of days. It then becomes a case of negotiating with the artisans on the price and a judgment call on my part to set customer prices.

"This year, we will add a B2B line, where we design and customize gifts for corporate clients that want to give their employees valuable giveaways. We are currently working on several deals with banks and large companies. It is a more robust revenue stream that would ensure large economies of scale and reduce costs.

"I will also be looking to enter more events and exhibitions to increase exposure and sales. Hopefully, Turathna [the government exhibition] will organize more festivals this year ... My strategy is to focus more on impulse sales.

"We will design and produce smaller items that use less material to lower costs without compromising quality. We are also working on this year's collection and the launch event.

"That should help push the business to more growth during these troubling times or [at least] sustain it until the worst is over. I am confident as our sales usually drop when a crisis hits, but eventually, people start buying again."

Ibrahim: "All our products are 100% made in Egypt, from the leather to the colors to the production process. Yet, we are still exposed to the dollar. Our suppliers import some of their raw materials. We also use imported equipment and pay for digital marketing in dollars to increase exposure and open local and international markets.

"Additionally, we predict an increase in the cost of transportation, even within Egypt.

"We will increase our prices slightly in response to those rising costs. But we will be careful to stay within a certain threshold where customers won't find it too expensive to pay those amounts for a slipper.

"We will also increase production and export more. That would increase our economies of scale [and] our dollar revenue, which we can use to cover our dollar-denominated costs.

"[Increasing sales locally and internationally] will depend on how many events and exhibitions Turathna organizes in 2023, which we can participate in ... without incurring the ... cost of showcasing our products in local and international exhibitions."

Al Njem: "We make payments in dollars to get our raw materials and digital marketing. We also suffer from a rise in transport costs. We use women who own cars and need extra income to make deliveries in Egypt. To cover the additional costs, we had to increase our prices twice. Yet, our margins are getting tighter.

"We also offer smaller packages across our entire range of chocolates [to maintain affordability and sales]. The upside is that people continue to buy no matter what happens but in smaller quantities. On the plus side, our chocolates are more competitive abroad, partially solving our rising costs and dollar problems.

"I am also [seeing] if I can reduce my dependence on imported raw materials. Instead, buying some of them from local suppliers. At the very least, find less expensive imported raw materials of the same quality.

"I am still keen on opening a store. However, I am placing it on pause until the economy improves. Instead, my revenue [in 2023] will go into improving the branding, increasing online presence, and improving product quality." ■

REAL ESTATE CHALLENGERS

A report by Knight Frank, a global real estate consultancy, highlights property trends in Africa as Egypt tries to attract foreign developers to the sector.

Compiled by **Rania Hassan**

With a vision to double Egypt's livable area to house a fast-growing population, the government is building new cities and promoting them to private developers. The New Urban Communities Authority lists eight new cities as its "most important" projects. The flagship is the New Administrative Capital. Others include New Alamein overlooking the Mediterranean, East Port Said, New Toushka and New Luxor.

However, Egypt faces tough competition from African countries. A report from Knight Frank, a real estate consultancy, titled "The Africa Report 2022/2023," says the continent is witnessing a real estate resurgence. "We are optimistic about the fortunes of the continent's real estate markets. Although ... lingering ... legacy challenges remain and are in some cases being exacerbated by global geopolitical events," said James Lewis, managing director of Knight Frank for the Middle East and Africa.

Market dynamics

The Knight Frank report noted that oil price volatility has diverse effects on the sector's outlook in Africa. According to an IMF report published in March 2021, eight of the 54 African nations are oil exporters. That means they enjoy a rising influx of foreign currency when prices are high. The other 46 nations import oil, increasing their dollar outflows and hurting government finances.

The other major factor affecting demand in the continent is the "extreme resilience" of the "industrial market" and the "permanent pivot by consumers to online shopping, turbocharging warehouse" developments. That rising demand for property mainly comes from international parties.

The Knight Frank report also noted that "rising inflation and a sharp increase in the cost of borrowing ... curb demand among domestic house hunters." The IMF reported in October the average inflation rates across Africa quadrupled from December 2019 to June 2022.

Office development in some African countries must contend with more employees working part-time in offices and preferring to shop online. "Office spaces are grappling with fallout from the pandemic as hybrid work patterns become increasingly mainstream."

The retail landscape has been mixed. "Some markets [enjoy] resilient demand for space in smaller, community shopping centers, while other locations face the threat of oversupply and depressed rents."

Disruptions outside the continent significantly suppress "meaningful volumes of institutional capital into Africa." Significant factors are interest rate hikes in the United States, the strengthening of the dollar, and the Ukraine war. However, the IMF predicts inflation in Africa should cool from an average of 12.2% in 2022 to 9.6% in 2023.

"The next few years will see a boost in investment volume," said the report. That is mainly due to the "immature" nature of the African real estate market, which is "providing investors with the opportunity to rebalance portfolios, execute business plans and further strategic goals."

However, that influx could vary from one country to another for reasons unrelated to the economy. "Factors that influence capital flows include political outlooks and environmental risks," the report said, adding that "investment managers and institutional investors are expected to lead the demand for [the real estate] sector, particularly into the more stable markets, such as South Africa and Kenya."

Unpredictable extreme weather will play a "separate role" in the continent's ability to attract developers. "Climate change ... poses extreme challenges for the region given its exposure to weather-related events and reliance on rain-fed agriculture. New real estate projects need to integrate adaptation measures. That "green transition ... provides new opportunities for Africa, given its potential for renewable energy."

The other related factor is compliance with environmental, social, and governance (ESG) guidelines. "[There] is an increasingly global focus for real estate investors, and we expect this to spur capital flows toward green-rated buildings." South Africa is in pole position to attract more investors as the country has 641 of Africa's 785 green-rated buildings.

Egypt's market

As the third most populous country in Africa, with population growth of 1.7% in 2021, the Egyptian government has ambitious plans to "expand the boundaries of the urban area of Cairo by 100%." That would be financed by an "influx of substantial equity from the Gulf ... ushering in a period of intense development activity and urban regeneration."

The other opportunity in Egypt is industrial real estate, which is "growing rapidly, supported by government initiatives." In addition to lowering the cost of land acquisitions, the government is "expanding transport infrastructure, [creating] new free trade zones, and single-digit interest loans."

The Knight Frank report said businesses in Egypt "gravitate to new, modern office stock, citing the New Administrative Capital as their prime target. That "creates challenges for landlords in Cairo who are struggling to contain [the resulting] rising voids."

The report said the cost of that relocation takes a back seat to quality, modern, convenient spaces. "Monthly rents in the New Administrative Capital average $30 per square meter, while older buildings in Cairo command rents as low as $12."

The residential sector is witnessing a similar trend: "High-rise developments in new cities around Cairo draw younger tenants and first-time buyers." Retail spaces also "remain strong, [as] neighborhood malls have enjoyed steady and resilient levels of footfall."

Competition: Nigeria

With Africa's largest economy and population in 2021, Nigeria's real estate boom is happening in the residential sector. The report says it "is roaring back to life" since COVID-19 lockdowns were lifted. "There has been a steady increase in residential transactions in Lagos and Abuja [the country's two biggest cities]." That has increased residential construction despite high costs.

Conversely, "the office market continues to remain subdued." The country's National Bureau of Statistics reported GDP quarterly growth rates dropped by half between July 2021 and August 2022. The report said, "the Grade A office market has not been spared" as corporations rethink their office space amid implementing a hybrid work model.

The industrial real estate sector is struggling to recover, "plagued by poor infrastructure ... and unreliable transportation networks." However, there is increasing demand for distribution and storage facilities, "particularly ... high-quality warehouses."

Commercial real estate is "still adjusting," with luxury goods one of the worst-hit sectors. Demand is dwindling as retailers of international brands face "difficulty" securing foreign currencies. According to the report, the key to attracting retail and investors

in Nigeria is its "rapidly growing population," which rose 2.4% in 2021. Most opportunities will be in "smaller neighborhood malls."

Competition: South Africa

In 2021, South Africa's GDP grew 4.9%, the most since 2007, according to the World Bank. That has spurred real estate investment in logistics, manufacturing, and retail. "Industrial property, including logistics, is enjoying its lowest vacancy rate since mid-2020," said the report. The majority of tenants are in e-commerce, manufacturing, and retail sales.

The main reason for that growth is South Africa's favorable business environment, which allowed it to benefit from "spiking global inflation and COVID-linked supply chain disruptions ... prompting some importers to manufacture goods locally." The report expects logistics investments to "continue outperforming other sectors."

Retail properties recovered strongly in 2021 and 2022. "Larger regional centers in densely populated cities are experiencing trading levels that are almost back to pre-pandemic levels," the report said. "As a result, improving demand is driving down vacancy rates, and major retailers continue to report improved headline earnings." Rural areas prefer "smaller, open-air convenience shopping, as well as neighborhood and community retail centers."

Despite the economic boom in South Africa, the office market has been "subdued." "Many companies [are] still reworking existing space, or in some cases downsizing, due to the adoption of flexible work hours." Contrary to industrial property, office space vacancy was at "an all-time high of 17.9% in ... 2022."

The Knight Frank report forecasts this poor performance would "stabilize [and improve] in the medium term as business confidence returns ... There is already evidence of this in some submarkets where landlords have begun to retract generous incentives offered" in 2021.

However, the report expects a recovery in Grade B and Grade C office buildings. They are usually multipurpose facilities serving as apartments, student accommodations, storage space, and medical facilities.

Residential properties also are witnessing few gains. "In 2020, first-time buyers were notably active, buoyed by all-time low lending rate. This year ... we expect this trend [to] moderate as the interest rate [rises], which we expect will be sustained for the next three years."

Competition: Algeria and Tunisia

The Knight Frank report said Algeria and Tunisia had seen similar real estate trends since the COVID-19 lockdowns ended. Both countries have high rates of urban population at 74% (Algeria) and 70% (Tunisia). Their GDP growth rates are also close: 3.5% and 4.3%.

Both nations are witnessing tough times for residential real estate development. In Algeria, "the pandemic, devaluation of the dinar and general drop in purchasing power have added to the residential market's malaise ... Transactional volumes [slipped] to near record low levels." The long-term outlook is also bleak. "There is no evidence to suggest any imminent bounce-back in demand for home purchases."

In Tunisia, homes are becoming unaffordable, but for different reasons. "Unfavorable borrowing conditions and an oversupply of luxury homes ... is starting to negatively impact house price growth ... many buyers remain ... locked out of home ownership, with little option but to continue renting."

On the flip side, office demand in both countries remains resilient. In Algeria, the private sector dominates that segment, with indigenous developers constructing offices in city centers with small floor plates and little or no parking." On the outskirts, "these buildings tend to be ... higher quality than elsewhere in the city, as they are built to international specifications."

In Tunisia, companies renting office space have had the upper hand in negotiations with landlords to lower rent -- the latter fearing companies implement "a shift in occupational strategies which now factor greater remote working."

Meanwhile, the prime office market has seen "little ... development activity in recent years, and the supply pipeline is very limited." That makes it a prime candidate for local and international investors, as "occupancy levels are generally very high for best-in-class buildings."

Retail real estate investment prospects in both countries are similar. "The retail sector has developed significantly in Algeria over the past decade. Although it was hit hard by the coronavirus pandemic and recent economic headwinds, the sector is generally buoyant and outlook positive."

In Tunisia, retail investment is expanding with the construction of the Mall of Sousse, the largest in the country, which enjoys high occupancy because it positions itself as a "lifestyle destination, rather than just another collection of stores."

Smaller traditional malls suffer "declining footfall ... stemming from the pandemic and the rise in online shopping." That means "retailers [are] either downsizing or renegotiating leases. Further expansion is being hampered by FX regulations, which spook international investors."

The report stressed that in Tunisia, "offering consumers experiences will continue to be key to the success of physical stores and malls."

In partnership with Dcode Economic & Financial Consulting

ANOTHER IMF LOAN.....

On December 16, 2022, the IMF Executive Board approved a new Extended Fund Facility (EFF) loan program for Egypt of USD 3 bn over 46-month arrangement. The EFF program is supported by a comprehensive policy package, in order to preserve macroeconomic stability, restore buffers, and pave the way for inclusive and private-sector-led growth. Egypt is the second highest borrower from the IMF globally with USD 23 bn in IMF loans announced in just 6 years (excluding exceptional SDR allocations). Egypt is also in line for receiving another USD 1 bn from the newly created IMF Resilience and Sustainability Facility (RSF) during the current year. However, payments due to the IMF over the next four years amount to a whopping USD 18 bn.

A permanent shift to a flexible exchange rate regime...
to increase resilience against external shocks and to rebuild external buffers.

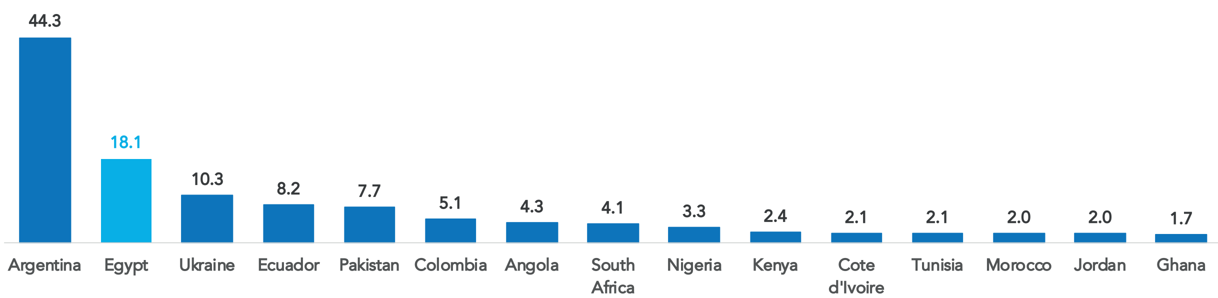
Wide-ranging structural reforms...
to reduce the state footprint, level the playing field across all economic agents, and facilitate private-sector-led growth.

Monetary policy aimed at gradually reducing inflation...
together with strengthening policy transmission by transitioning away from subsidized lending schemes.

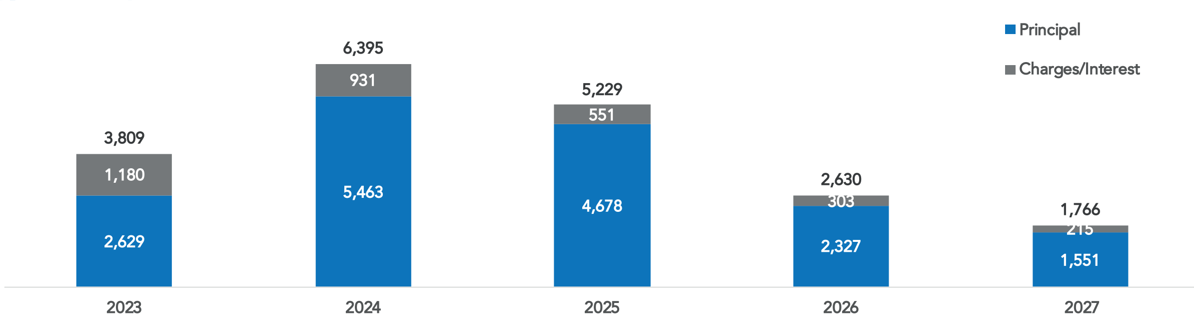
Fiscal consolidation and debt management...
to ensure downward trajectory in public-debt-to-GDP and contain gross financing needs.

Total IMF Outstanding Credit as of January 27, 2023 (USD bn)

Includes first tranche of Egypt's new EFF loan (USD 347 mn)



Egypt's Due Payments to the IMF (USD mn)



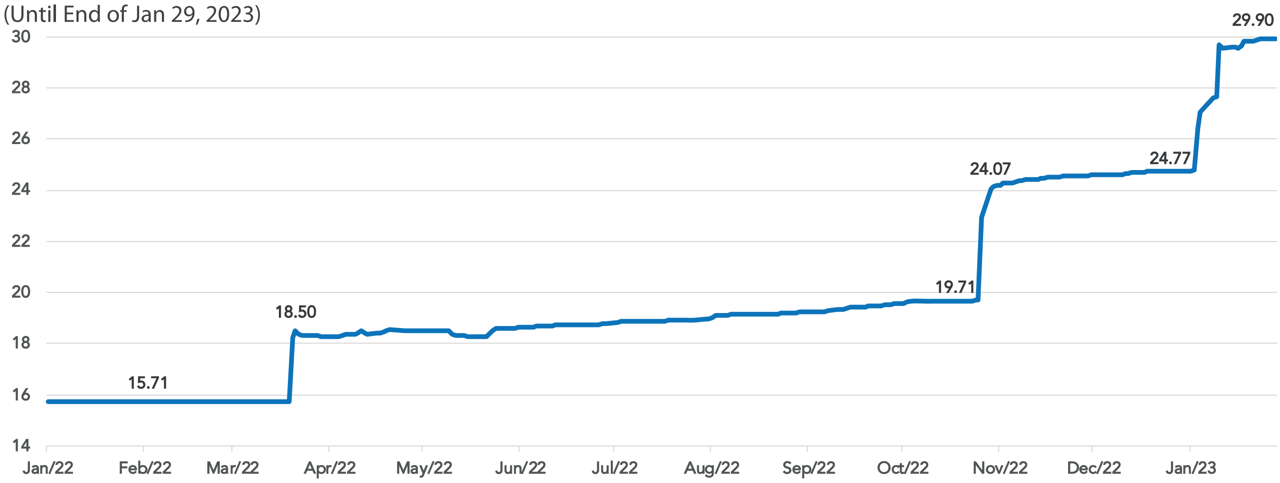
Note: based on 1 SDR = 1.351130 USD, according to the IMF valuation as of Jan 27, 2023.
Source: IMF

.....AMID A MONETARY POLICY BOTTLENECK

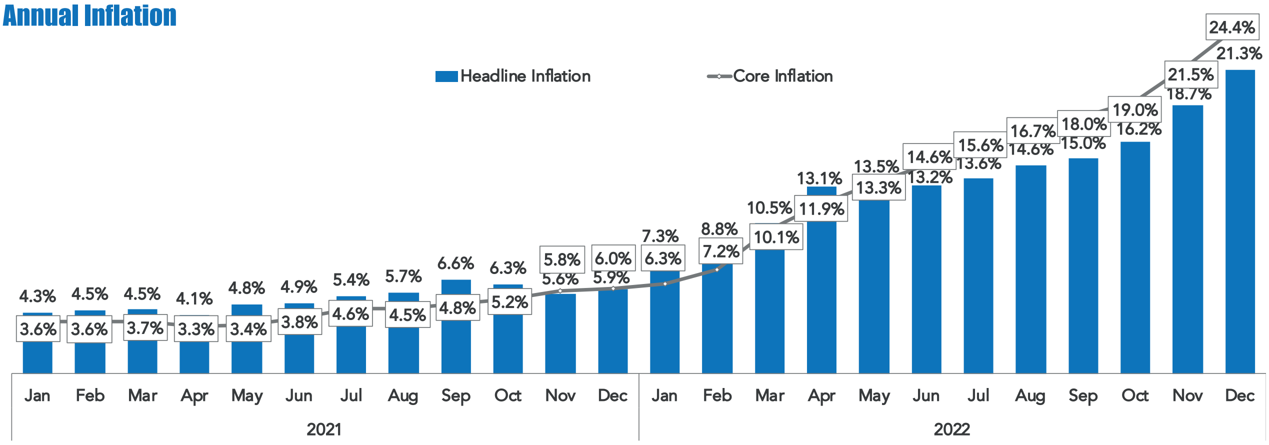
The external financing gap increased significantly on the back of the Russia-Ukraine war mainly due to foreign investors pulling out their portfolio investments in addition to rising global commodity prices inflated the import bill. That is coupled with increasing upcoming external debt service payments mounted the pressure on the EGP which lost more than 47% of its value against the USD since the start of 2022 through mainly three devaluations in less than a year. As a result, inflation spiked in the net importer country to reach its highest level in five years while interest rates increased by a cumulative of 8% throughout 2022. The IMF estimates the external financing gap to amount to USD 16.5 bn between June 2022 till June 2026 including achieving the targets of re-building the CBE international reserves.

Mid Official EGP/USD Daily Rate

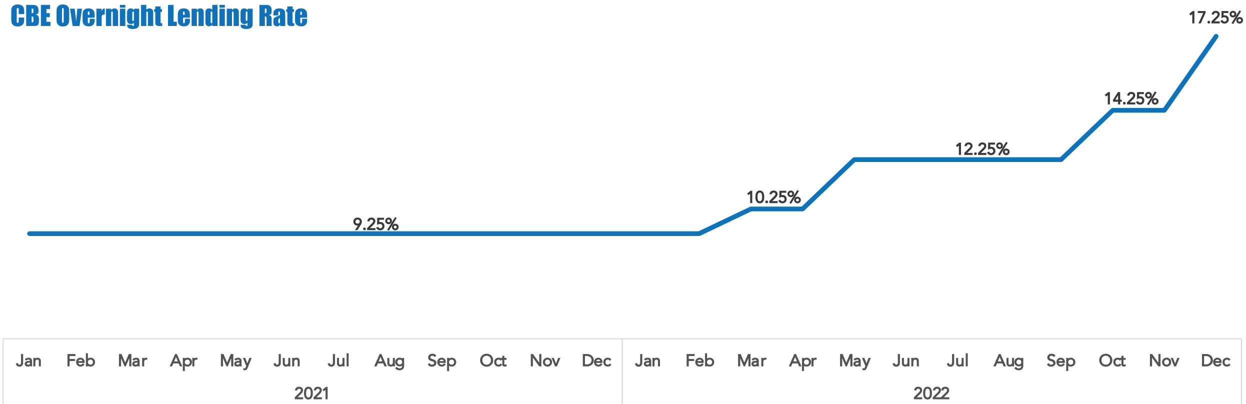
(Until End of Jan 29, 2023)



Annual Inflation



CBE Overnight Lending Rate



Source: CBE

A grand finale

What a finale for a very volatile year!.Both the EGX 30 and EGX 70 EWI ended the year with double-digit positive returns, 22.2% and 27.3%. For the EGX 30, it was the second year in a row of double-digit positive performance. Throughout most of the year, both indices were in the red with double-digit negative performance. Their luck did not change until the very end of 2022, and it was the second round of de-valuation of the Egyptian pound that made the difference. As the Egyptian pound depreciated, stocks became even cheaper, which attracted investors.

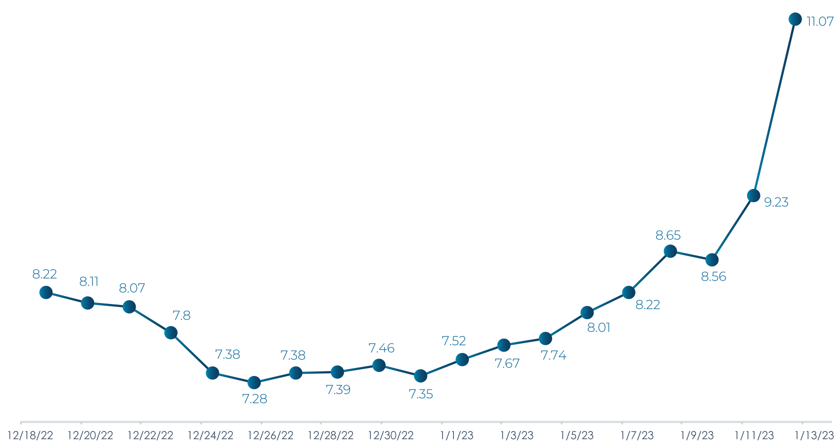
Meanwhile, the Dec. 15 to Jan. 15 period was affected by some profit-taking activity, as the EGX 30 inched up 2.8% to 15,561.3 while EGX 70 EWI slipped 0.8% to 2,840.1. It was still an event-driven market, with M&A news taking the front seat. Investors have been taking some profit off the table, especially in some large-cap stocks, such as CIB (COMI, -8.2%) and EFG Hermes Holding (HRHO, -4.2%) which had been rising because of a stronger U.S. dollar and higher yields. HRHO owns a 51% stake in aiBank. Similarly, investors bid other small-cap stock prices higher, such as Media Production City (MPRC, +34%). The company was rumored to be part of a restructuring plan that may see the government, its main shareholder, divest part of its stake.

Also, GB Auto, which rebranded to GB Corp (AUTO), saw its stock slip 1.1%. The group has been monetizing some of its investments, such as selling a 45% stake in GB Capital to U.A.E.-based Chimera Investments for EGP 855 million, leaving it with a 55% stake. On a different note, with the Egyptian government looking to divest some of its assets to shore up needed U.S. dollar inflows, investors looked for stocks that could be positively affected. Heliopolis Housing & Development (HELI) was one of those stocks rumored to be part of a bigger plan where its main shareholder, the state-owned Holding Co. for Construction, could be monetizing its majority stake in HELI. The stock rose 34.5% during the period.

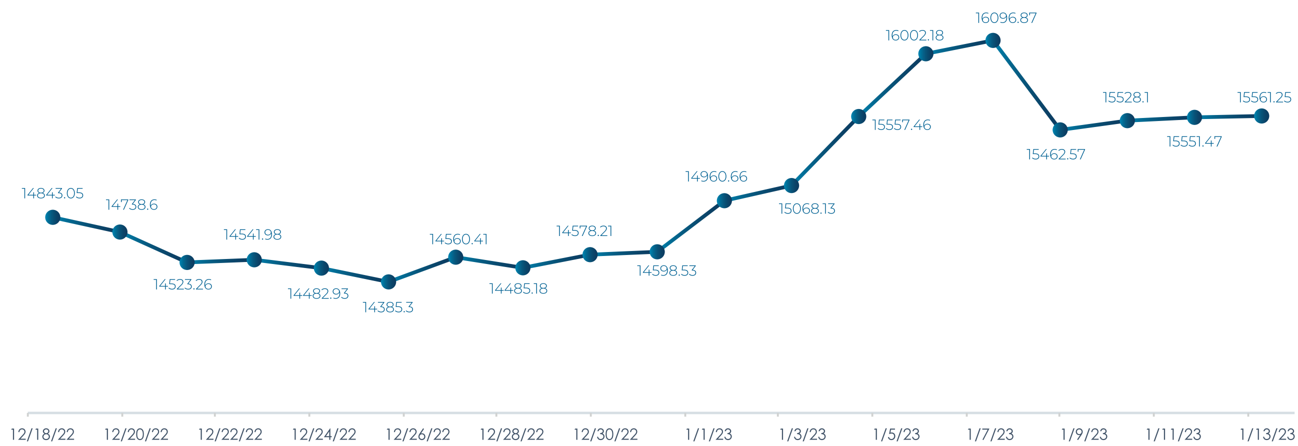
As for the macro picture, while a high-interest rate environment is often a drag on stocks, a weaker pound is generally positive. On Jan. 4, the Central Bank of Egypt (CBE) allowed the pound to depreciate one more time. A week later, it hit an intraday and an all-time high of EGP 32.2 per U.S. dollar before pulling back to trade sub-30 for the remainder of the period. With inflation accelerat-ing to 21.3% in December from 18.7% in November, investors will weigh how hawkish the CBE might be in 2023.

Egyptian Media Production City (MPRC)

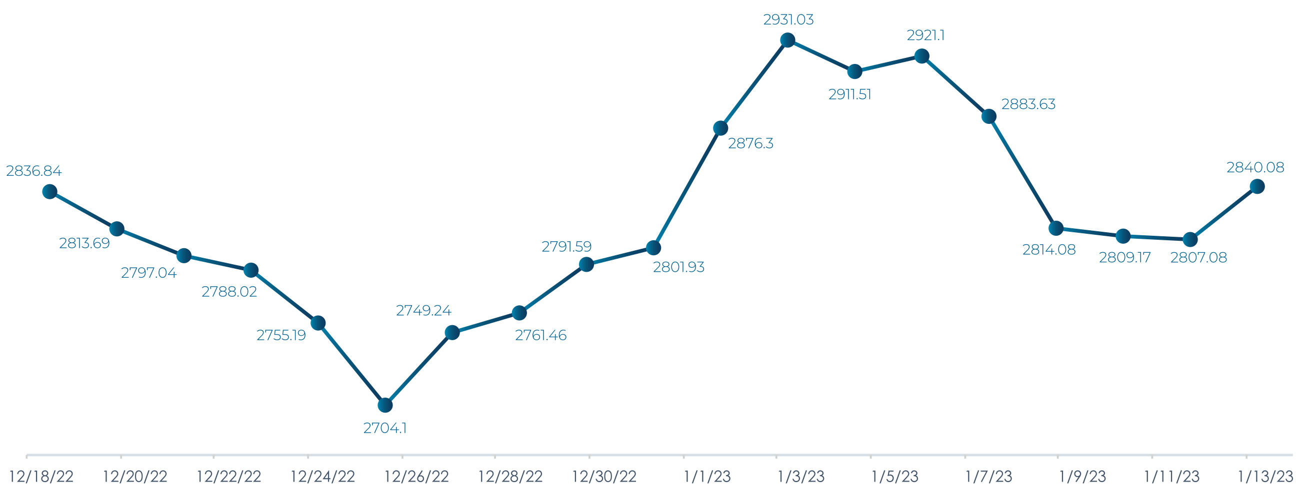
Until recently, Egyptian Media Pro-duction City (MPRC) had long been neglected by investors. A retail investor favorite, the company has seen its stock jump 34% by the end of the period to last trade at EGP 11.07, surpassing its EGP 10 par value for the first time since 2008. With a target net income of EGP 324.5 million in 2023, the company's stock was trading at just 6.5 times forward earnings by the end of the period.



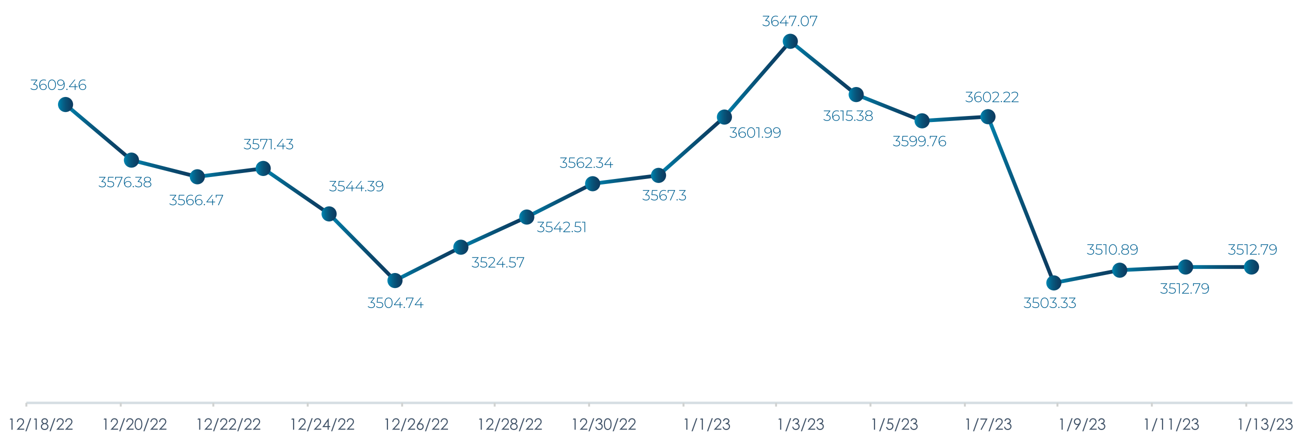
EGX 30



EGX 70



Tamayuz



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

TACKLING GENERATIONAL GRIDLOCK

Creating a well-oiled company with a workforce ranging from fresh graduates to 75 years old requires a basic recipe that organizations need to get right to grow and thrive.

By **Rania Hassan**

Today's managers and business leaders face unprecedented challenges in maintaining a cohesive and motivated workforce. Janet Dell, president and CEO of Freeman Co., an event organization business, said in a LinkedIn blog that "for the first time in history" there are as many as five generations in the workforce, from traditionalists born before 1945 to Generation Z born from 2001 onward.

That means the potential for generational friction is extraordinary. "Work habits, social values, communication styles and even the choice of emojis in messages can create a chasm among employees of different ages," Maurice Harary, co-founder and CEO of The Bid Lab consulting firm, explained in Forbes in April 2022.

COVID-19 lockdowns also played a role in increasing the potential for conflict. Young employees who have used computers and smartphones since childhood are comfortable with remote work. Many older employees found remote work technology challenging. Harary said that has "exacerbated generational gaps."

However, having an age-diverse workforce blends the institutional memory of senior employees with young hires' ability to identify the latest technologies and trends. That invariably helps companies tackle the future while ensuring that decades-long reputations and values remain intact.

Creating a work environment that allows all generations to contribute positively to the organization can be tricky. "Innovation and organizational resilience require leaders who can manage across four or five generations," wrote Debra Hennely, founder and president of Resiliti, a management advisory company, in the Harvard Business Review.

Diverging environment

Purdue Global University found that, on average, 93% of employees are baby boomers (born from 1946 to 1964), Generation X (1965 to 1980) and millennials (1981 to 2000). Purdue predicts Gen Z (5% of the workforce today) will account for at least half of workers by 2025.

Hennely noted the differences between generations could be "as simple as misunderstandings about vocabulary and emoji use ... or preferences for communicating by email, messaging telephone, and social media."

Generational differences also extend to fundamentals, such as work-life balance. "Expectations for the workplace and what constitutes satisfying work can vary greatly among generations," said Harary. According to a 2021 survey by RippleMatch, which describes itself as a recruitment automation platform changing how Gen Z finds work, the most obvious conflict between older and younger generations at work is the 9-to-5 format. Younger employees want to replace it with remote work.

Other potential differences might involve "time off policies, accommodations for issues related to mental health and well-being, expression of values/advocacy for causes at work and on social media," said Harary. "The key is to balance consistency with the flexibility to keep everyone satisfied and united."

Another type of potential conflict is motivation. "Baby boomers may put their nose to the grindstone with an eye toward stashing away more money for retirement," said Harary. "A millennial may seek to balance paying off [debts] with spending more time with a growing family."

A business leader can "incentivize [a baby boomer] with a bonus," explained Harary. "The millennial will appreciate an afternoon off as a reward for completing a particularly grueling project."

Recognition also can be a point of contention. "While all workers want more than just a paycheck, younger employees feel it more intensely," said Emily Lorenz, a Gallup methodologist, in an August blog. "They thrive with more frequent recognition ... rich, consistent recognition that an annual review cannot afford."

Recognition also needs to be adjusted to retain top employees of every generation. According to Gallup research, business leaders also need to distinguish between "recognition [that] supports retention and employee commitment, and recognition [that] encourages employee growth and development."

The research found that business leaders must communicate the importance of giving and receiving recognition across all generations. Timing can be critical in determining the type of recognition. "Employees at different stages in their careers will have different recognition needs based on the style and type of work they are doing," said Lorenz. Additionally, business leaders must "understand that recognition is not a one-size-fits-all approach. [That] can help ... tackle everyone's differing expectations and let employees feel heard."

Another consideration that Generation Z and young millennials prioritize is a company's reputation in society. "Seventy percent of Gen Z job candidates want to ensure that an employer's brand is aligned with their own values," Adam Bandelli, founder and managing director of Bandelli & Associates, an advisory firm, wrote on the Chief Executive website in January.

Work dynamic

Nicole Mankin, an HR manager at Firmbee, a management consulting firm, noted in a June blog that intergenerational differences affect how each perceives and accepts feedback from other generations. "Generational issues in the workplace are a challenge for modern organizations because of the diversity of values and motivations determined by age and social status," she wrote in a June blog.

A survey attached to the Reearacoen Neocareer Group report found "three in five youths view the older generation as conservative, stubborn and hardworking. Four in six [feel] that they are too fixed in their ways and traditions." On the other hand, half of older workers "see the younger generation as carefree, idealistic, and entitled, with shorter attention spans and less resilience."

On the ground, that translates to "older employees getting annoyed by the ... arrogance of young people," Mankin said. "Young workers do not like to be lectured by older colleagues." Additionally, research by Reeracoen Neocareer Group shows the younger generation "feels that the older generation has no empathy [for them] as they are navigating a fast-changing world, different from the world that worked for the older generation."

Another dynamic business leaders need to consider is that older employees are "attached to one job," said Mankin. "Their priority is safety and stability, and any change makes them feel insecure." On the other hand, "millennials like changing jobs frequently since they believe that in each place they learn something new and gain valuable experience."

The report said two in five survey respondents across all age groups agreed that such differences "hinder common goals for progress ... Managers [need] to handle each generation according to their motives and perceptions while creating a balanced work culture and environment that caters to older and younger employees to retain an age-diverse workforce."

Bridging the gap

Creating suitable channels for all employees is essential. "Think of how people from ... different eras came to experience work, independence and technology for the first time," Katie Sawyer of Deputy, a management consultancy, wrote in an April blog. Older generations "predated the internet while Gen Z learned to use touch screens as toddlers."

That requires multiple "communication styles, so everyone feels comfortable," Sawyer said. "Use technology to make your jobs easier, but remember that it can break down [and could lead to] staff operating in silos. Grabbing a cup of coffee to have a meeting is more satisfying."

Harary of The Bid Lab stressed companies need to use multiple communication modes regularly, saying, "An effective approach is not to rely too heavily on any one communication style or tool. Make sure [to] integrate 'old school' communication to put employees of all ages at ease. [That] will also guarantee ... they're productive and involved in your business mission."

Another way to bridge the generational gap is to "encourage flexibility," said Sawyer. "Employees will not have the same relationship to their jobs. Ask them for their preferences and support their priorities outside work. Make sure they can easily communicate their availability and find a replacement if needed."

Hennely of Resiliti also emphasized the importance of "remote or hybrid work, a shortened work week and variable schedules." She told Harvard Business Review such flexibility could apply to industrial and service-sector jobs, as well as white-collar positions. "Frontline workers, many of whom are required to be onsite, could be offered compressed schedules and more days off."

Office space design "can impact the retention rates of work, both positively and negatively," noted research from VergeSense, a business consultancy, published in November. That includes floor layout, lighting, and offering both collaborative and private workstations. The report noted, "When taken together, these ... changes can improve and extend workers' well-being and productivity."

Intergenerational training

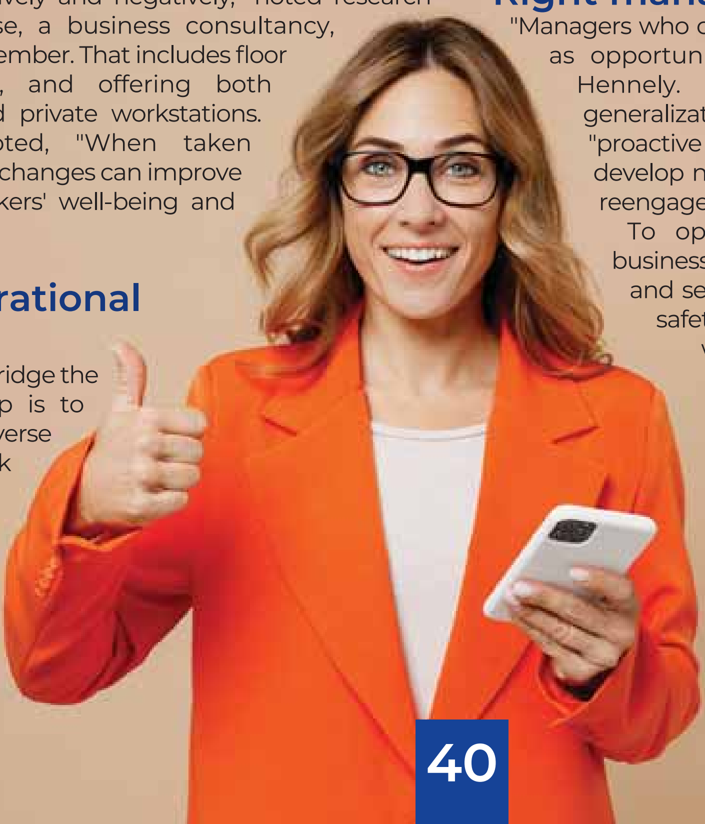
Another way to bridge the generational gap is to train the age-diverse workforce to work together to advance the company's strategy and mission. Sawyer recommended training that "allows more senior employees to train their younger counterparts" rather than using third-party companies. That should "empower ... staff to share knowledge."

Training should focus not only on technical and soft skills, but also on eliminating pretenses. "The internet might make you believe that Gen Z and millennials are at war," she said. "Both seem to have ... observations about the other around fashion choices, hobbies and ethics." Training also needs to eliminate stereotypes such as "baby boomers are bad at technology, Gen X is submissive, millennials are too soft and Gen Z complains," she noted.

Sawyer suggests that younger employees could coach senior workers on "new technology and social trends." Hennely stressed that "when handled well, these relationships can open minds and communication channels, increase comfort levels with technology and build inclusive networks."

The other type of training should aim to create a safe environment for employees to express their views and receive feedback when decisions don't produce the desired results. "When employees of different generations shut down each other's contributions as either outdated or naive, resentments grow and trust diminishes," said Hennely. "If you just put people together, they're going to crash and burn unless they have conflict-resolution training."

The result of adopting those training approaches is that "younger employees will feel more prepared for leadership, while older employees can adopt fresh approaches to work," Sawyer said. That would create a "successful workplace [and a] culture of open, mutual respect."



Right manager

"Managers who can reframe generational differences as opportunities ... must be promoted," said Hennely. They go "beyond age-based generalizations to be inclusive" and should be "proactive [to ensure that] valued employees develop new expertise or take sabbaticals [to] reengage and prolong their careers."

To open up promotion opportunities, business leaders could move manufacturing and service employees to training roles on safety or compliance. Hennely said that would also "take advantage of their operational experience and reputations with colleagues."

Gallup research found when business leaders promote the right people, "employees are four times as likely to be engaged at work if they strongly agree that they get the right amount of recognition," said Lorenz. That "holds true across all generations."

Chamber News

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Monthly Luncheon

16 Jan

Minister discusses strategy to boost tourism

"The target is for the number of visitors coming to Egypt to reach 30 million a year," said Minister of Tourism Ahmed Issa at an AmCham luncheon on Jan. 16. That is only 0.9% of the number of tourists in the world in 2019, he said, and "Egypt deserves to have more than that."

Issa said economic and tourism experts are optimistic. A recent Cabinet Information and Decision Support Center survey shows the tourism sector with 108.4 points, indicating positive sentiment. "That score is higher than all other industries covered by the survey," said Issa. A breakdown shows 74.5% of economic experts and 100% of tourism experts expect the industry to grow in 2023.

Another survey by Al Mal newspaper found tourism should outperform all other economic sectors this year, reaching a growth rate of 11.1%. ICT and extractive industries were the only others to show positive sentiment. The survey also noted 60% of tourism companies expect revenue to increase in 2023.

Issa stressed that his ministry's mission is to effectively regulate a fast-growing industry predicted to expand at 25% to 30% annually for the next five years.

The critical question, he said, is whether the problem is a "demand side issue or a supply issue." He noted the results of a survey conducted by his predecessor indicated it is not a demand, communication, or promotion problem. "Nearly 270 million respondents said yes, we are aware [of Egypt as a vacation hotspot], we are interested, we are aware of its value and will recommend it."

The minister said Egypt is not as accessible as it should be compared to other countries attracting 30 million to 40 million tourists annually.

It starts with aviation, where there aren't enough flights to Egypt compared to Morocco, Turkey, and Saudi Arabia. Additionally, the percentage of low-cost seats is well below those of these other four countries. For example, economy seats represent 47% of seats on flights to Morocco, 33% for Turkey, 29% for Saudi Arabia, and 14% for Egypt.

Another challenge is having enough hotel rooms to attract 30 million visitors. "We have 203,000 rooms, but countries that attract 30 million to 40 million visitors have 500,000 rooms," said Issa. "Additionally, they are not correctly distributed across the country. For example, [half] of tourists arriving in Egypt are culture and history vacationers. Yet, there are [fewer than 22,000 rooms in Upper Egypt] where most of Egypt's historical sites are."

He said the ministry would boost spending on promotional activities by 50% this year. It also will introduce tourism-friendly policies and work with other ministries to ensure a better tourist experience and make Egypt more attractive to "frequent independent travelers," who don't use a tour guide or travel in groups.

In addition, the ministry will add 20 countries to the current 78 that can obtain a tourist visa online. More than 180 nationalities can purchase an entry visa to Egypt upon arrival.

The ministry is expanding investments in additional hotel rooms, theme parks, dining and shopping venues, and casinos. It also is revamping the user interface of the visa-issuing platform and other portals offering online services to tourists.

Issa estimates the sector will require $30 billion in investments to increase the number of hotel rooms in the coming five to seven years and a similar amount for customer experience. "Those opportunities will be open to the private sector to invest in," he said. "Today, tourism is a great industry to invest in."

Women in Business

15 Jan

Opportunities, challenges for women after COP 27

On Jan. 15, the Women in Business Committee hosted a session titled "Reflections on COP27: Opportunities and Challenges for Women" with guest speaker Maya Morsy. The discussion highlighted the African Women's Climate Adaptive Priorities initiative (AWCAP), challenges concerning climate change's disproportionate impact on women and available opportunities for women post-COP27.

Attendees identified five areas where climate change might affect women more negatively than men. They are agriculture production, food and nutrition security, health, water and energy; climate-related disasters; and migration caused by conflict.

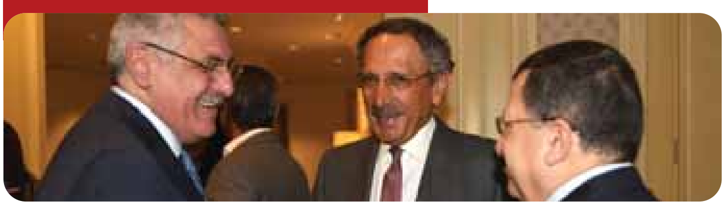
Recently, Egypt has launched significant projects with climate change in mind, including Haya Karima, the country's social safety net program, where half of the project caters to women with limited resources. The other project is the Family Development Program, which aims to improve the lives of rural families.

Another initiative that targets adolescent girls is Noura. It is part of the national project for developing the Egyptian family, ensuring that girls can complete their education and participate in job training programs.

In March 2022, the government launched "Egypt's Global Perspective: Women, Environment and Climate Change" based on seven actionable areas to promote gender-sensitive perspectives in adaptation and mitigation projects. It also advocates for roles for women in environmental governance and helps them benefit from opportunities created by the transition to a green economy.

The National Council for Women took the international framework and held 16 regional meetings to collaborate with provincial leaders on the next steps. Their goal is to present an action plan at COP28.

Board of Governors



18 Jan

Roundtable discussion on AmCham committees

On Jan. 18, a roundtable discussion took place with the AmCham Board of Governors and committee leaders. The purpose of the meeting was for the 24 sector-focused committees to share insights on their priorities for this term, recommendations on enhancing committees' effectiveness as AmCham's advocacy platform, and explore areas for collaboration.

Sylvia Menassa, CEO of AmCham Egypt, gave an introductory speech to attendees about AmCham and the AmCham team. Then AmCham President Tarek Tewfik explained the role of the committees in line with the current economic conditions. Tarek Mohanna, AmCham vice president, facilitated the discussion on committee objectives.

Throughout the discussion, many committees expressed interest in the potential of a carbon credit market, looking at successful case studies in agriculture. That will be discussed with the Financial Regulatory Authority and stock exchange when it's time to launch a market.

Green financing is a topic of interest for many committees because it supports environmentally friendly activities. The Digital Transformation Committee discussed collaborating with other committees on the GreenTech Session and with the Banking Committee on Green Financing.

Attendees also discussed M0Us signed at COP27 relating to green hydrogen projects with the Power and Renewables Committee. That included discussing the need for awareness sessions on energy transition, decarbonization, energy efficiency and digitization of the power sector.

Customs and Taxation

17 Jan

Official explains e-invoice portal functions, tools

On Jan. 17, the AmCham Customs and Taxation Committee hosted a webinar addressing "Digitizing Tax Procedures in Egypt: E-invoicing Portal Functions and Tools" with guest speaker Abou Zeid Abdel Rahman, head of the Integrated Communications Center at the Egyptian Tax Authority. The session discussed the e-invoice portal, as well as functions and tools for taxpayers.

The Tax Authority has made significant progress and is committed to digitally offering all its services to ensure a streamlined taxpayer experience.

Abdel Rahman described the process as including a set of critical themes: tax legislation, digitization, individual capacity building, simplification of procedures, and development of digital infrastructure. He said the authority honors its employees and strives always to offer the best capacity-building programs to develop their skills by familiarizing them with the digitization process of taxes.

Abdel Rahman encouraged attendees to visit the authority's website to explore its services, as it is now possible to inquire about financiers registered in the e-invoicing system. They also can request online issuance of binding decisions on the electronic invoice or receipt systems. Also, financiers who don't use the e-invoice system can access their financial standing and eligible services through the website.

NEW MEMBERS

Membership Type:
Associate Resident

CONSTRUCTION ENGINEERING SERVICES

LinkMisr International
Refaat Abdelshahid
Chairman and CEO

Address: 16 Beirut Street, Heliopolis, Cairo
Tel: (20-2) 2453-4064
Website: www.linkmisr.com

Membership Type:
General

HOSPITALITY/TOURISM/TRAVEL

Four Seasons Hotel Cairo at the First Residence
Mahmoud Elkeiy
General Manager

Address: 35 Giza Street, Giza
Tel: (20-2) 3567-1600
Website: www.fourseasons.com

Membership Type:
Multinational

CONSULTANCY

Simon-Kucher & Partners
Maha Rashad
Director

Address: 16 Mohamed Thakeb Street, Zamalek, Cairo
Tel: (20-2) 2736-0080
Website: www.simon-kucher.com/en

Membership Type:
Associate Resident

HUMAN RESOURCES

Ethics for Human Resources Consulting Services
Inas Shoukry
Managing Director

Address: HSBC Building, Floor 1, 15 Abdelhamid Badawy Street (in front of El Shams Club's Gate 2), Heliopolis, Cairo
Website: http://jobs.ethicshr.com/

Membership Type:
Associate Resident

EDUCATION/RESEARCH AND PROFESSIONAL DEVELOPMENT

Egypt Education Platform
Ahmed Wahby
Chief Executive Officer

Address: B01-G08- Mindhaus, District 5, Fifth Settlement, New Cairo
Tel: (20-10) 2300-8887/ 012-2911-1124
Website: https://egypteducationplatform.com/

Membership Type:
Associate Resident

INDUSTRIAL MACHINERY

Egyptian German Industrial Corporate EGIC
Omar Safeyeldin
Chairman and CEO

Address: 53 Manial Street, Manial, Cairo
Tel: (20-2) 2361-1168
Website: www.egic.com.eg

Membership Type:
Public & Diplomatic

HOSPITALITY/TOURISM/ TRAVEL

Egyptian Tourism Authority
Amr El Kady
CEO

Address: El Abassia Square,Misr Travel Building, Floor 4, Abbasia, cairo
Tel: (20-2) 2482-1389
Website: www.egypt.travel

Membership Type:
Associate Resident

PAPER/PRINTING/PUBLISHING & PACKAGING

Cairo for Packaging Production
Amr Hamad
President and CEO

Address: 28 Hussein Wassef Street, Dokki, Giza
Tel: (20-2) 3864-2062/ 3864-2063
Website: www.cairopac.com

Membership Type:
Public & Diplomatic

PUBLIC & GOVERNMENTAL ORGANIZATIONS

Egyptian Regulatory Reform & Development Activity
Heba Shahein
Executive Director

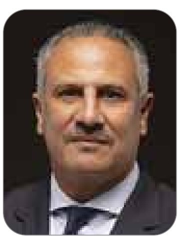
Address: 14 Abd El Kader Hamza Street, Garden City, Cairo
Tel: (20-11) 1617-7773
Website: www.errada.gov.eg

Membership Type:
Associate Resident

PETROLEUM

Kuwait Energy Egypt
Kamel Alsawi
Company President

Address: Plot 185, Second District, City Center
Tel: (20-2) 2614-8000
Website: www.kuwaitenergy.co/



Membership Type:
Associate Resident

RETAIL

B.TECH
Mahmoud Khattab
CEO

Address: Namaa Building, 25 Ramses Extension Street, District 6, Floor 2, Nasr City, Cairo
Website:www.btech.com

For any change to contact information, please contact the Membership Services Department at the Chamber's office

Tel: (20-2) 3333-6900, ext. 0016
Fax: (20-2) 3336-1050
E-mail: membership@amcham.org.eg

NEW AFFILIATE MEMBERS

Agriculture

Seif Elbadrawy
Feed Commercial Lead, Cargill

Shahd Hindawy
Food Commercial Lead, Cargill

Seif Sameh Shazly
Deputy CEO, Giza Seeds and Herbs

Automotive

Shady Baher El-Safty
Executive Director of Operations, Fiat Chrysler Automobiles (FCA) Egypt Ltd.

Construction Engineering Services

Donia Zaghloul
Deputy General Manager, Magnom Saudi Properties

Education/Research and Professional Development

Mariam Foum
Operations Manager, American Research Center in Egypt

Food & Beverage

Niels Thomsen
CEO, Juhayna Food Industries Co.

Mira Kamal Mourad
Insights Director for Beverages and Snacks, PepsiCo

Nada Sadek
HR Manager, Tetra Pak

Information & Communication Technology

Ahmed Mokhtar Hegazi
Consultant, Master Trading, SAE

Paper/Printing/Publishing & Packaging

Yehia Hamad
Business Development Manager, Cairo for Packaging Production

Petroleum

Omar Abouelezz
Finance Manager, Capricorn Energy

Yasmin Ali
Corporate Affairs Manager, Kuwait Energy Egypt

Power and Renewable Energy Services

Amr Hamzawi
Business Development Director, Energy & Contracting Solutions Co. "ECS"

Retail

Probir Mukherjee
Vice President, B.TECH

Mohamed Khattab
Executive Vice President- b_labs - Digital Commerce, B.TECH

Nadeem Khourshid
Chief Marketing Officer, B. TECH

NEW REPLACEMENTS IN MEMBER COMPANIES

Hesham Said Hosny
CEO, Fiat Chrysler Automobiles (FCA) Egypt Ltd.
Category: General
Sector: Automotive

Nathan Fredrick Lubbs
Country Manager MENA, Ecolab
Category: General
Sector: Chemical Products

Richard Brow
Vice President for Institutional Advancement, The American University in Cairo
Category: Affiliate
Sector: Education/Research and Professional Development

Mouawia Essekelli
Managing Director, Attijariwafa Bank S.A.
Category: General
Sector: Financial Sector

Sherif Amin
Head of Large Corporate, Corporate Banking-Large Corporate, Attijariwafa Bank S.A.
Category: General
Sector: Financial Sector

Mohamed Antar
Head of Branch Network, Attijariwafa Bank S.A.
Category: Affiliate
Sector: Financial Sector

Ahmed El Hady
General Manager and Senior Director of Operations, Hilton Egypt, Hilton Worldwide
Category: Affiliate
Sector: Hospitality/Tourism/Travel

Brian Hradecky
Asset General Manager, Apache Egypt Companies
Category: Affiliate
Sector: Petroleum

Nader Zaki
Regional President, Middle East & North Africa, bp Egypt
Category: Affiliate
Sector: Petroleum

Ibrahim Hassan
Deputy Managing Director, Damietta LNG
Category: Associate Resident
Sector: Petroleum

Tarek Farid
Chief Executive Officer, Maridive & Oil Services Co.
Category: Affiliate
Sector: Petroleum

Ahmed El Shazly
Country Manager, Pfizer Biopharmaceutical Egypt LLC
Category: General
Sector: Pharmaceuticals

Ahmed Hammad
Country Holding Officer, Asea Brown Boveri SAE (ABB)
Category: Affiliate
Sector: Power and Renewable Energy Services

Sherif El Toukhy
Financial Advisor, TAQA Power
Category: Affiliate
Sector: Power and Renewable Energy Services

Hossam Heiba
President, General Authority for Investment & Free Zones (GAFI)
Category: Public & Diplomatic
Sector: Public & Governmental Organizations

Ahmed AlZaher
CEO, Information Technology Industry Development Agency (ITIDA)
Category: Public & Diplomatic
Sector: Public & Governmental Organizations

Waleid Gamal El Dien
Chairman, Suez Canal Economic Zone (SCZONE)
Category: Affiliate
Sector: Public & Governmental Organizations

May Gad
Marketing Director, Redcon for Offices and Commercial Centers SAE
Category: Affiliate
Sector: Real Estate

Marwa Morsy
CEO- Technical Assistant, New City Housing & Development
Category: Affiliate
Sector: Real Estate

Mohamed El Nady
CEO, New City Housing & Development
Category: Affiliate
Sector: Real Estate

Amr Tantawy
Country Manager, DHL Express
Category: General
Sector: Transportation

Yehia Zakaria Ismail
Chairman & CEO EGYPTAIR Holding Company, EGYPTAIR Airlines
Category: Affiliate
Sector: Transportation

Ihab El Tahtawi
Chairman and CEO EGYPTAIR Airlines Company, EGYPTAIR Airlines
Category: General
Sector: Transportation

Change in Member Company

Marwa Nabil
Managing Director and Executive Board Member SMEs, Tamweely Microfinance
Category: Affiliate
Sector: Financial Sector

A Glance At The Press

Help this man reach the last Egyptian Pound in his pockets.

Dec. 27, 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.

Egypt discovers 'oldest mummy ever found

Renowned archaeologist Zahi Hawass announced on Jan. 26 the discovery of possibly the "oldest and most complete" mummy ever found. The mummy was unearthed at the Saqqara Necropolis.

Hawass and the Supreme Council of Antiquities led the excavation.

The mummy was covered with gold leaves, with the name Hekashepes in carvings on the top of the sarcophagus.

The excavation also discovered other artifacts dating to the Fifth and Sixth Dynasties of the Old Kingdom, about 4,300 years ago. Also found was a massive cemetery of several tombs, including statues of priests, officials, and servants.

The tomb of Khnumdjedef — a priest for the Pharaoh Unas, the ninth and final king of the Fifth Dynasty, an inspector of employees, and a supervisor of nobles — was among those discovered. The second largest tomb discovered belonged to Meri, who was regarded as a "keeper of the secrets" and "assistant of the great leader of the palace." according to Hawass.

The excavation found no inscriptions that might have revealed the owner of the statues, said Hawass. However, the team discovered a door close to where the statues were recovered, owned by an individual named Messi.

The team also found a collection of rare stone figures from the Old Kingdom, according to Mostafa Waziry, secretary-general of the Supreme Council of Antiquities.

Egyptian Streets, Jan. 26

Handball finishes seventh at world championship

Egypt managed a seventh-place finish at the 2023 World Men's Handball Championship after defeating Hungary on Jan. 29.

The Pharaohs had a promising start to the tournament and secured a spot in the quarterfinals, where they suffered a disappointing 26-22 defeat to host Sweden.

They also missed out on fifth place after losing to Germany in an agonizingly close game that ended 35-34.

However, Egypt can take a bit of consolation from edging Hungary 36-35.

This is Egypt's second consecutive seventh-place finish at the world championship after the 2021 edition of the tournament held in Cairo.

King Fut, Jan. 29

Wegz to share stage with U.S. rapper Travis Scott

Egyptian rapper and songwriter Wegz will be among the headliners for the Wireless Festival on Yas Island, Abu Dhabi, in March.

Wegz, a key figure in Egypt's hip-hop and trap scene, was the most streamed artist in the Middle East and North Africa region for several years running, according to Spotify.

Accompanying Wegz is industry superstar Travis Scott. Despite 10 deaths at his Astroworld Festival in November 2021, Scott remains a prominent American rapper on the global stage.

The Wireless Festival also promises an appearance by American rapper Lil Uzi Vert in his first performance in the MENA region.

While the complete lineup has yet to be released, the Wireless Festival has a history of showcasing some of the world's most decorated performers, including Nicki Minaj, Kanye West, Rihanna, The Strokes, and Daft Punk.

The festival launched in 2005 at London's Hyde Park. Since then, it has become one of the world's most influential raps and urban music festivals.

Egyptian Streets, Jan. 9


mnhd
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