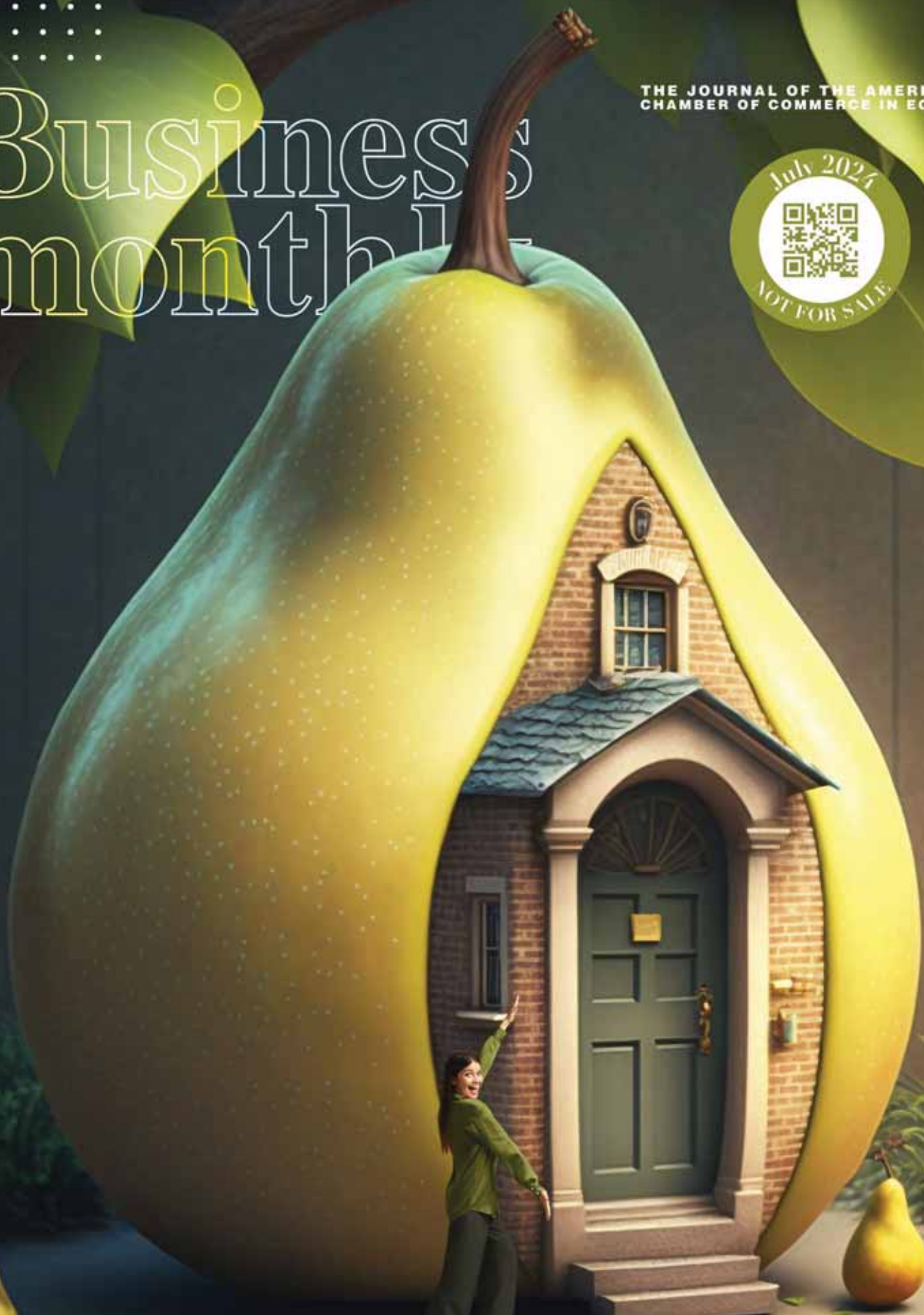


Business
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THE JOURNAL OF THE AMERICAN
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Who Claims the *Recognition?*

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AQUAMARINE

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Nessim N. Hanna

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The government is working to utilize innovative solutions to promote food security despite pressing global challenges.



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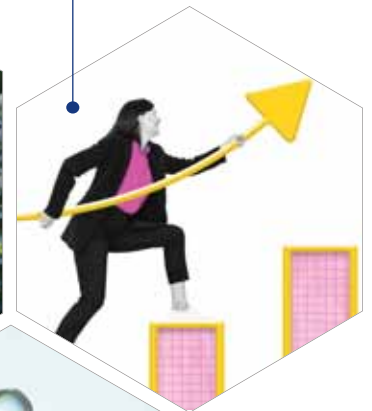
The real estate development and construction sectors are poised for significant change due to technological advances, environmental pressures, and growing populations.



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Having an entrepreneur-friendly culture is critical to growing and shaping that spirit.



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To achieve net zero emissions quickly, polluters can purchase carbon credits from eco-friendly businesses.

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As more consumers become aware of the dangers of climate change companies need to prove they are not contributing to the problem.

INNOVATION AND CHANGE

New ideas, facilitated by ever-improving technologies, are challenging and changing decades-old best practices.

In this issue, we examine Egypt's performance in sectors such as real estate and agriculture compared to its regional and global counterparts.

The cover story tackles how emerging technologies like artificial intelligence and 3D printing are changing real estate development in GCC countries.

It also highlights how and why local developers are reluctant to build low and middle-income housing instead of limiting themselves to a shrinking ultra-high-income target market. Resolving that growing problem could lie with financial innovation.

Meanwhile, ensuring the real estate sector is environmentally friendly requires both technology and financial innovations.

Elsewhere in this issue, we explore the role of technological innovation in agriculture, which is essential for securing food security since Egypt imports most of its food needs.

Innovative ideas will also be essential for companies to market eco-friendly products and ensure buyers can distinguish between real environmental credentials and greenwashing or faking those credentials.

Lastly, we examine how a society's culture can promote or hinder entrepreneurs and startups.

TAMER HAFEZ
Managing Editor

Director of Publications & Research

Khaled F. Sewelam

Managing Editor

Tamer Hafez

Contributing Editor

Kate Durham

Consulting Editor

Bertil G. Peterson

Writers

Fatma Fouad

Rania Hassan

Digital Editor

Ola Noureldin

Creative Manager

Nessim N. Hanna

Graphic Designer Team Leader

Marina Emad

Senior Graphic Designer

Monica Makhles

Graphic Designers

Nourhan El Bakry

Naglaa Qady

Photographer

Said Abdelmessih

Production Supervisor

Hany Elias

Market Watch Analyst

Amr Hussein Elalfy

Chamber News Contacts

Dina El Mofty, Susanne Winkler,

Azza Sherif

Director of Business Development

Amany Kassem

Senior Business Development Specialist

Omar Desooky

U.S. address: 2101 L Street, NW Suite 800 • Washington, D.C. 20037

Please forward your comments or suggestions to the Egypt editorial office:

Business Monthly



American Chamber of Commerce in Egypt

33 Soliman Abaza Street, Dokki 12311 • Cairo • Egypt

Tel: (20-2) 3338-1050 • Fax: (20-2) 3338-0850

E-mail: publications@amcham.org.eg

www.amcham.org.eg/bmonthly

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HOPING FOR A FRESH START

So, we finally have a new Cabinet. There are several good names, but with Dr. Mostafa Madbouly still at the helm, it could be a signal of a persistent transactional mindset. We shall have to see whether the new team can steer the economy in a more sustainable policy-driven direction.

Egypt is never short of talent, yet it has been short of clear economic vision and proper economic governance. We will probably have to bear with this transactional mode, hopefully only until the new ministers have their feet set in the aspired direction.

As one of AmCham's good friends recently said, good intentions cannot steer economies, for the road to hell is paved with good intentions. Our narrative sounds good, now the challenge is to walk the talk. Will this new Cabinet be a coherent team that formulates unified policies? There is a good chance this could happen with the number of new faces.

The Egypt-EU Investment Conference, in my humble opinion, could be a turning point. It presents multiple opportunities for European investors, and it's a great opportunity for the new Cabinet to jumpstart the economy and capitalize on the European Union's growing desire to reach out to North Africa. The appointment of a former ambassador to the EU as Egypt's new foreign minister could be a sign that we're pivoting economically toward Europe. All is yet to be seen.

The challenges facing global economies abound, even more so for our economy in this volatile region. To borrow some headlines from Dr. Mahmoud Mohieldin's presentation at AmCham's July luncheon, the world is witnessing demographic transitions, fast urbanization, climate change, swinging commodity cycles, technological disruptions, fragility and violence,

and shifts in the global economy. All of this signifies a critical need to create taskforces to anticipate future crises.

How ready are we to deal with all these challenges? Our own internal challenges coupled with the global ones makes the job of our new Cabinet a make-or-break endeavor. This should motivate us to focus on managing our resources and graduating from the transactional mode to a sustainable, export-oriented industrial economy.

The way forward: Stop doing the wrong things and prioritize the right ones. Define the role of the government in the economy. When courting FDI, understand that it is about more than just attracting capital; it is also about technology and skills transfer, as well as access to markets and systems of proper governance.

We need to focus on investing in human capital. At a recent AmCham event, a speaker noted that nearly 14 million Egyptians are living abroad, 80% of them blue collar workers. Investing in people can multiply the skills and value of our local and expatriate workforce.

Finally, I would like to mention that while the state's goal of \$145 billion in exports by 2030 is a modest figure, it will not be achieved by a mathematical extrapolation. Without mobilizing the entire government toward an export mindset, we'll miss the target.

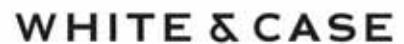
I met the Vietnamese ambassador, and he told me that his country's 2023 exports were \$390 billion, with a trade surplus of \$10 billion. For the first half of 2024, Vietnam had a trade surplus of \$8 billion.

It is indeed a wake-up call for Egypt. Doing things right should not be a novelty.

TAREK TAWFIK
President, AmCham Egypt

American Chamber
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THE NEWSROOM



USAID TO FUND \$130 MILLION IN DEVELOPMENT GRANTS

The U.S. Agency for International Development (USAID) has signed agreements for eight non-refundable development grants in Egypt. The Ministry of International Cooperation said the grants total \$130 million.

"We reaffirm the long-term commitment of the US government to creating economic opportunities and improving conditions for all Egyptians," said Herro Mustafa Garg, U.S. ambassador to Egypt. "We are bolstering Egyptian efforts to achieve a healthier and more prosperous life and future for the coming generations."

The grant agreements cover various areas

aligning with Egypt's development priorities and the government's vision. They include \$13.5 million for the Inclusive Economic Governance Agreement, \$35 million for the U.S.-Egypt Higher Education Initiative, \$12 million for the second phase of basic education and \$15 million for improving health outcomes.

In addition, \$14.5 million is allocated for rural development and income enhancement, \$26.9 million for trade and investment promotion, \$5.5 million for the Climate Change Initiative, and \$7.5 million for the Integrated Water Solutions Support program.

MORE BANKS REDUCE FX MARKUP

Banque Misr and the National Bank of Egypt (NBE) reduced their foreign exchange (FX) markup fees from 10% to 5% and increased FX credit card limits by 50%, Mohamed El Etreby, chairman of Banque Misr and the Federation of Egyptian Banks, told news outlets.

The adjustment raises the overseas spending limit for Banque Misr's top-tier cards to an FX equivalent of EGP 300,000 (\$6,250) and NBE to an FX equivalent of EGP 240,000.

Commercial International Bank, the biggest

listed bank on the EGX, also decreased its FX markup fees and card spending limits abroad. The bank's FX fee was cut to 5% from 10% and the cap on monthly overseas purchases raised to an FX equivalent of between EGP 100,000 and 300,000, up from between EGP 75,000 and 200,000, contingent on the card type.

These modifications could signal the start of a return to normalcy for the banking sector, which has used FX restrictions to handle the country's currency crisis since October 2022 by preserving hard currency assets.

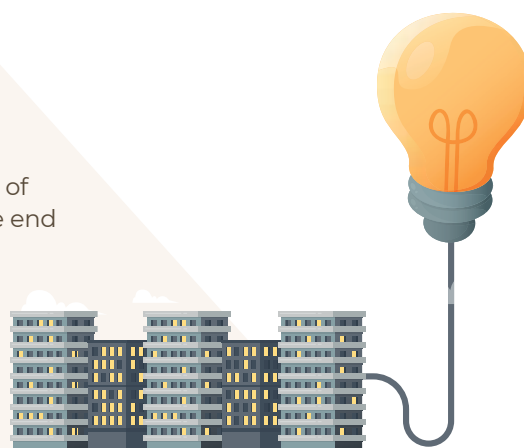
GOVERNMENT REVEALS ENERGY, ELECTRICITY PLANS

Prime Minister Mostafa Madbouly said the government plans to eliminate power cuts by the third week of July. The current three-hour daily extension will continue until the end of the week, and power cuts will resume after summer until the end of the year.

The government plans to invest \$1 billion in fuel imports for power plants until year-end and an additional \$180 million in imports of 300 tons of mazut next week. To reduce energy demand, the government will close all shops and malls, except supermarkets, restaurants, and pharmacies, by 10 pm. Restaurants can operate until 1 am. Madbouly urged households to use energy wisely.

The unexpected extension of outages was due to a 12-hour shutdown of a gas field in a neighboring country. The energy-intensive fertilizer industry has been particularly affected, with companies like Abu Qir Fertilizers and Sidi Kerir Petrochemicals halting operations due to high temperatures, increased electricity costs and regional gas supply cuts.

However, market experts say regular gas supplies to fertilizer factories should resume by the end of the week. The newly arrived LNG regasification unit in the Gulf of Suez should be operational soon, easing supply-side pressures. State gas firm EGAS is reportedly planning to acquire several LNG cargoes in the coming months, marking its largest LNG shipment in years.



WORLD BANK LEAVES GDP PROJECTIONS UNCHANGED

According to a June Global Economic Prospects report, the World Bank has maintained its projections for Egypt's real GDP growth at 2.8% this year and 4.2% in 2025. The report also forecasts the country's GDP to grow 4.6% in 2026.

Private consumption is expected to expand, supported by a rebound in remittances and a decline in inflation. Furthermore, exchange rate depreciation will boost net exports.

World Bank projections of Egypt's GDP can

be attributed to weaker manufacturing activity, import restrictions, a decline in gas sector operations, less shipping through the Suez Canal, slower investment, partly due to limited private sector credit, and challenges in the tourism sector.

The report has upgraded its projections for the Middle East and North Africa (MENA) region to match those of Egypt — MENA's GDP is projected to grow at 2.8% in 2024 and 4.2% in 2025.

WORTH FOLLOWING

EGYPT EYES \$1 BILLION LOAN FROM NDB

Egypt is pursuing a concessional loan of \$1 billion from the New Development Bank (NDB), associated with the BRICS bloc, then Minister of Finance Mohamed Maait told Asharq Bloomberg.

Maait stated that the loan is anticipated to be secured by the end of 2024 or early 2025. The loan obtained will be allocated to support mutually agreed-upon projects, with the possibility of disbursement in either dollars or alternative currencies.

Maait said collaborating with the NDB aligns with Egypt's goals of pursuing economic and social progress, while bolstering the nation's economic expansion.



TRADING EMISSION

To achieve net zero emissions quickly, polluters can "purchase the right to pollute" (carbon credit) from eco-friendly businesses. The approach has its pros and cons.

by **Tamer Hafez**

Reducing harmful emissions to protect the environment and avoid the worst of global warming is a growing global priority. "From 2007 to 2020, ... global risk reports [have shown] the top three [concerns] were cost of living, natural disasters, and extreme weather," Sherif El Diwany, co-founder and managing director of MGM Climate Business Development, told AmCham Egypt members in February 2023. "For the next 10 years, the top [concerns] are failure to mitigate climate change, failure of climate adaptation, natural disasters and extreme weather events."

In the short term, an economy can achieve its emission ambitions while preserving GDP growth if polluters finance green businesses. In return, they can operate as usual. "Carbon credits are a type of financial instrument that represents the right to emit a certain amount of carbon dioxide or other greenhouse gases," Development Aid, a think tank, said in a paper published in July 2023. "They are a key mechanism for reducing greenhouse gas emissions and combating climate change."

According to a May note from the World Bank, carbon credits currently cover roughly a quarter of the world's emissions.

Egypt's Financial Regulatory Authority (FRA) is working on developing carbon credit regulation, verification, and trading infrastructures. Despite its importance, carbon trading is tricky. "Carbon credit schemes are far from perfect," noted Development Aid. Yet, "they provide a step towards sustainability and carbon neutralization."

Egypt's credits

During the UN's 27th Conference of the Parties (COP 27) in November 2022, Egypt announced plans to launch a "regulated African voluntary carbon market (VCM)." It allows companies to issue or buy carbon credits based on strict local laws and regulations.

The Stock Exchange Regulatory Authority (EGX) and FRA will oversee this VCM. According to the announcement, they will "develop regulatory frameworks, business models and organizational structures to develop the African Carbon Market's value chain."

EGX and FRA will also be responsible for "raising the level of awareness about the importance of the VCM and its role in providing access to climate finance for companies, as well as setting the standards and regulations that guarantee the highest level of integrity."

EGX Chairman Ramy El Dokany told the media in November that in the "first three to four years [of the

VCM's operation], the platform's target will be to issue 7 million tons of local carbon credits."

While all local industries can issue carbon credits, the government is focusing on agribusiness. In November 2022, local media reported the Agricultural Bank of Egypt and investment firm Enara Group created Libra Capital to "develop, manage and issue carbon certificates for agribusinesses," El Dokany said.

The FRA is developing auditing and verification infrastructures that will be updated annually. El Dokany noted that "the EGX is currently in talks with global verifiers, including Verra and Gold Standard."

In November 2022, then Minister of Economic Planning Hala El Said announced an EGP 1 billion fund (EgyCOP) to finance local eco-friendly projects eligible for issuing carbon credits. Said singled out "transport, energy, waste and biodiversity." She added that Gold Standard would certify those projects.

Good for business

Carbon credits greatly benefit polluting industries like cement, steel, mining, and others that can't yet reduce their emissions. Carbon credit buying "enables conventional business owners to continue their business-as-usual routines while compensating for their emitted [carbon gases] via the purchase of carbon credits, hence, shifting more into sustainable business models," noted Development Aid.

Certified carbon credit issuers can use those credits to secure additional income to expand their operations. Akepa, a sustainability advisory firm, noted in an August blog that governments in low and middle-income nations could attract foreign currency by selling green infrastructure credits, especially from clean energy stations, to foreigners.

The prospect of increasing income should entice able companies to reduce their carbon footprint, ultimately helping the country meet its emissions targets under the 2015 Paris Agreement," said Akepa.

The second advantage of using carbon credits is there is already a "realistic ... common unit of account," the Development Aid paper said. That allows governments to set clear periodic emission reduction targets, thus allowing planners to "identify and prioritize ... the best investments," added Development Aid.

Aside from the positive environmental impact, companies involved in carbon markets benefit from a "boost [in] brand reputation and business growth," said University College Estate Management (UCEM) in October. "Offsetting emissions is a great way for businesses to show stakeholders, clients, consumers, and potential employees that they're taking measures to achieve net zero and reduce climate change."

Controversial tool

As carbon credits and trading implementation expanded, problems and manipulative practices emerged.

"Consensus on [carbon credit] merits ... has shifted in recent years," UCEM said.

According to Development Aid, buyers started "purchasing carbon credits as a way to avoid emission reduction activities," rather than as a stopgap measure until they reduce their carbon footprint.

That means "circumventing any potential benefits to the environment when one company reduces carbon emissions as an equivalent amount will be emitted by another," Development Aid added. "Unless everyone focuses on reducing carbon emissions, the benefits of reduction by some will be taken advantage of by others."

Sellers also abuse carbon credits. In January 2023, The Guardian published an investigative story into global carbon credit certifier Verra. They found that "more than 90% of their rainforest offset credits – among the most commonly used by companies – are likely to be 'phantom credits' and do not represent genuine carbon reductions."

The report cited two unnamed and undated studies "with further analysis, indicating that 94% of [those] credits had no benefit to the climate." Among the dozens of companies and organizations that bought those credits were Gucci, Salesforce, BHP, Shell, easyJet, Leon, and the band Pearl Jam.

Faking environmental credentials to deceive stakeholders is not new. It led the EU to decide, effective April 2013, to "ban certain industrial gas credits," Connie Hedegaard, EU commissioner for climate action, said in January 2011 when the EU voted for the ban. "Not only are some of these credits of doubtful value, continuing to use them is also not in the EU's interest as doing so could discourage host countries from supporting cheaper and more direct action to cut these emissions."

Identifying fake carbon credits is challenging, as "there is no internationally recognized standard for," said Development Aid. That "makes it difficult to confirm the amount of carbon that businesses claim to offset and their resultant [or] collateral impact on the environment and local communities."

Further complicating the use of carbon credits is they are still "poorly understood, so calculating carbon emissions and their consequences gives a false impression of certainty," said Development Aid. "Even if corrected, uncertainty and debate would continue over the distribution of costs and benefits among people, future generations, and nature."

Environmental advocacy groups Greenpeace International and Earth.Org said some "carbon offset programs" could damage other parts of the environment. Examples include excessive tree planting, which causes

soil degradation, and expanding hydropower use, which can destroy surrounding natural habitats.

Those challenges "are serious," Allegra Dawes, an associate fellow with the Energy Security and Climate Change Program at the Center for Strategic International Studies, a think tank, said in a February blog. "The market is unruly with large informational asymmetries between project developers, standards organizations, certifiers and buyers."

Wrong time?

Egypt is entering the global carbon trading market at a troubling time. "In early 2023, it seemed momentum was building for voluntary markets," said Dawes. "A growing number of companies looked to implement net-zero strategies, contributing to a thriving market."

That momentum was evident in "developing economies, [which] announced ambitious plans to use revenues from credits ... to boost their economies," noted Dawes. "New market arrangements promised that carbon credits could kick start climate finance and spur innovation in clean technologies."

During the first half of 2023, there were "new initiatives ... to tackle the credibility challenge, including [the] Science-Based Initiative, the Voluntary Carbon Credit Integrity Initiative and the Integrity Council for the Voluntary Carbon Market," said Dawes.

However, positive sentiment turned negative by mid-2023, spilling into 2024. "Sharp declines in carbon credit prices in 2023 have clouded the outlook for ... the VCM in 2024, with market participants pessimistic about a swift recovery," said Standard & Poor's Global in a January note. The slump came after Verra's forest carbon credit controversy came to light in April 2023.

The news led to a significant price drop across various carbon credits in the second half 2023. Aviation-issued credits lost 78% of their value, nature-based credits dropped by as much as 95%, and household device credits declined 40.6%. S&P Global said the least affected were carbon credits issued from clean energy projects — down nearly 33% last year.

That comes as governments increasingly stress the importance of carbon trading. "Governments' targets to bring down carbon emissions to net zero by 2050 rely too heavily on offsetting," the UCEM said. "They are a cost-effective way for organizations to have a positive environmental impact over investing in new technologies or transforming their business operations."

However, carbon credits will eventually become a financial burden on operations, Akepa said. To fully benefit from carbon credits, buyers should perceive them as "incentives to track and reduce emissions throughout their supply chains."

All the pieces

The Egyptian government is taking the proper steps to ensure local carbon credits are attractive to international buyers.

by **Tamer Hafez**

The government is starting its voluntary carbon credit and trading efforts on the right foot. For one, giving the FRA responsibility for regulating carbon trading aligns with recommendations from the Commodities Future Trading Commission, a US Federal body, published in December.

"The financial regulator [must] promote fundamental standards for high integrity voluntary carbon credits," Allegra Dawes, an associate fellow with the Energy Security and Climate Change Program at the Center for Strategic International Studies, a think tank, said in a February paper.

Other regulator responsibilities include determining "the delivery points and facilities and the inspection provisions." They also should publish certification and procedure details, ensure the project has no collateral impact on the environment and validate its green credentials.

The second positive step the FRA is taking is using international standards to certify locally issued carbon credits. That decision comes as "Independent crediting programs are joining forces to amplify the impact of carbon markets," read a statement published during COP28.

"Aligning standards could also improve the efficiency and efficacy of auditing projects and crediting schemes," Dawes added. That will come from having "a centralized methodology and set of best practices."

Involving the FRA in Egypt's voluntary carbon market also aligns with "a longer-term trend [where] governments are taking larger roles in designing, moderating and, to an extent, regulating the voluntary market," Dawes said. "Today, voluntary markets are a Wild West

-- a space in which rules are either missing or loosely enforced."

Sherif El Diwany, co-founder and managing director of MGM Climate Business Development, said during an AmCham Egypt event in February 2023 that the country "has all the pieces" necessary to make carbon credits and markets work. The problem is that "they are not fitting together."

He said that is primarily because the FRA has yet to develop the carbon credits ecosystem in line with Article 6 in the National Determined Contributions, a five-year report sent to the UN to highlight government efforts to reduce harmful emissions.

A credible, internationally recognized carbon credits market will become increasingly essential for Egypt's macroeconomic health. First, several advanced nations are already considering imposing fines on imports with high carbon footprints, such as the EU's carbon border tax.

Second, Egypt will compete with other African nations for international carbon credit buyers. In November, The Economist reported, "African leaders are eyeing carbon markets as a source of scarce capital." Kenya, Ghana, Senegal, Gabon, Ethiopia, Kenya, and Rwanda have either modified their environmental laws to suit carbon credit issuance and trade or are already selling them in non-African markets.

Tanzania, Liberia, Zambia and Zimbabwe "signed initial agreements" with carbon credit certification company Blue Carbon to "manage forests across a total area nearly as large as Britain," The Economist reported.

Despite the hype surrounding carbon credits and Egypt taking the correct steps to implement them, University College Estate Management stressed in October that "while there is undoubtedly a place for carbon offsets in the sustainability agenda, ... businesses should use them to complement their approach to sustainability, rather than define it." ■



GETTING **SMART** ABOUT **AGRICULTURE**

The Egyptian government is actively working to utilize innovative solutions to promote food security despite pressing global challenges.

by **Fatma Fouad**



Food security has been a rising global concern since COVID-19 lockdowns caused global logistics bottlenecks. It came to the forefront again due to the geopolitical fallout between two of the world's biggest grain exporters (Russia and Ukraine).

Egypt has been highly affected by those events, as it imports about 40% of its food needs, according to European Union data. It is also the world's biggest wheat importer, securing most of its needs from Russia and Ukraine.

That has put the government under immense pressure to reduce dependence on imported food. That is a massive task. President Abdel Fattah el-Sisi noted in May that local production "must be huge to cover the country's needs in all sectors."

To realize that aim, Aya Zoheir, research section head at Zilla Capital, told Arab Finance last year that Egypt needs "a comprehensive approach that combines support for domestic production, diversification of imports, strategic reserves, and investment in research and development."

Increasing investment will be essential to becoming food secure. "Governments need to invest more in agriculture across the region, where almost all countries are import-dependent," Corinne Fleischer, World Food Program Regional director for the Middle East, North Africa, and Eastern Europe, highlighted in 2023.

Large sector

According to State Information Services in June, agriculture is a pillar of the Egyptian economy, contributing about 15% of GDP and representing a quarter of the country's workforce.

Mordor Intelligence Agriculture in Egypt Market Size and Share Analysis report estimates the local agricultural market will be worth \$5.2 billion in 2024. By 2029, it should reach \$6 billion, growing at an average annual rate of 3%. That is only nearly 1% faster than the annual population growth rate.

However, the Ministry of Planning and Economic Development told the media that it plans to increase agriculture production by 30% this year alone.

Achieving that growth pace is vital. According

to the 2023 Global Hunger Index, "Egypt sustains a moderate level of hunger, ranking 57th out of 121 countries." The sector's biggest underlying problems are affordability, quality, and safety, the report added.

With a population of over 100 million, local agricultural activity must increase significantly to reduce Egypt's dependence on imports. Currently, Egypt is the world's largest wheat importer, buying over 12 million tons of the crop annually, according to a February article by Mahmoud Riyad, secretary-general of the Egyptian Milling Association.

Urgent cost issue

While Egypt's annual inflation reached 35.6% in October, food inflation was double that, at 71.7%, according to the Central Bank (CBE).

That has forced families to reduce consumption. Riyad noted that this high inflation resulted in a 17.8% reduction in agricultural imports from January to September 2023 compared to the same period in 2022.

Despite its dependence on imported food staples to meet domestic consumption of certain commodities, Egypt is expanding exports of fruits and vegetables. According to the General Authority for Export and Import Control at the Ministry of Trade and Industry, agricultural exports constitute the second-largest source of foreign currency.

then Minister of Agriculture El Sayed El Quseir announced in June that during the first five months of 2024, total agricultural exports exceeded 4.5 million tons, worth about \$2.6 billion. The minister pointed out that Egypt ranked first in the exports of oranges and frozen strawberries.

Innovation perks

As with most other sectors, technology and innovation will prove vital. In June, then Minister of Planning and Economic Development Hala el-Said stressed the need for innovative solutions to increase production and promote food security.

"Agri-tech and precise agriculture techniques

enabled by digital solutions are key for bolstering productivity and food and water security," agriculture expert Sherif Fayyad told the Egyptian Gazette in February.

In addition, digital agriculture enhances the quality of production and increases yield. "Implementation of digital technology helps farmers access information to better manage crops and livestock and thus helps them make better agricultural decisions," expert Khalil el-Malki told the Egyptian Gazette in February. "Exact statistics tell farmers how much fertilizers and source materials are needed."

El-Malki explained that statistics give farmers precise data about temperature and soil humidity, which they can use to "control the amount of water used for irrigation and the amount of pesticides and fertilizers."

Digital technologies are also crucial for the cost of production. According to a May 2024 study by the Agricultural Information Institute and Chinese Academy of Agricultural Sciences, "Digital technologies can enhance growers' economic benefits by reducing labor and input costs, increasing yields, and improving quality."

Egypt has a long way to go to benefit from agri-tech fully. El-Malki showed that a significant barrier is a need for more awareness among farmers, especially individual small-scale ones, of potential benefits. Farmers should receive comprehensive training to learn how to utilize digital agriculture methods. "At present, many farmers do not understand how the introduction of new technologies will benefit them," he said. Further training is needed to encourage farmers to utilize new tools.

Scaling up smartphone access will be necessary. Andy Jenkinson, chief of technology at Varda, a startup that operates a cloud-based data platform for farming and food, said, "[We are working] to increase [farmers'] access to both the physical products themselves and the information and tools to enable them to plan effectively and manage operations."

Gov't tech efforts

Digitizing agricultural activities is not a novel concept for the government. In 2016, for example, the Ministry of Agriculture and Land Reclamation (MALR) introduced a smart card program for farmers to automate their access to services. They used those cards to secure what they needed from fertilizers, pesticides, and seeds based on

their farmland size to avoid overuse and enhance oversight of the distribution process.

In 2020, the Ministry of Irrigation and Water Resources, in collaboration with MSA University in Cairo, launched a mobile application that utilizes data from underground soil moisture sensors to help farmers determine when their crops require watering. This technology enabled farmers to use water more efficiently.

In 2021, Minister of Communications and Information Technology Amr Talaat and Minister of Agriculture and Land Reclamation announced the soft launch of digital transformation services and the development of the electronic agricultural service system. They introduced the Hudhud mobile app, which uses AI to help farmers identify and treat pests. At press time, there has been no additional news about the project.

In December, the Ministry of International Cooperation announced a partnership with the World Bank to incentivize innovation in climate-smart agriculture. It targets the launch of innovative digital applications tailored to Egypt.

Martien van Nieuwkoop, director of Agriculture and Food Global Practice in the World Bank's Sustainable Development Practice Group, said the partnership with Egypt would support its green growth path by implementing local solutions focused on climate-smart technology.

In May, the government inaugurated the Future of Egypt agricultural project in the New Delta. According to the State Information Service, the project is the first venture under the broader New Delta Project, covering over 1.05 million feddans to achieve self-sufficiency and exportable agricultural surplus.

Bahaa el Ghanam, executive director of Egypt's Future Agency for Sustainable Development, said the project "includes a complete analysis of the grains arriving to the silos, their weight, unloading point and the methods of storing them to eliminate any insect infestation, if any, through the Control Rooms."

Notably, the Future of Egypt project seeks to reclaim about 1.8 million hectares of land by 2030. The project's key objectives are modernizing irrigation infrastructure, amplifying agricultural production capabilities, and promoting self-sufficiency in key commodities.

Climate-smart

To sustainably improve Egypt's food security, the government must act quickly in the coming years, as time is not on its side.

According to a 2023 study by the UN Food and Agriculture Organization (FAO), the country's agricultural performance is declining due to inefficient land use, labor, water, and energy, environmental degradation, and limited access to technology.

That decline will only increase as climate change causes temperatures to rise and rainfall to diminish, and Egypt will face substantial threats to its crop yields by 2050.

It introduces climate-smart agriculture (CSA) as an innovative solution to secure food in Egypt. Mohamed Manssouri, director of the FAO Investment Centre, said the study "shines a light on Egypt's commitment to climate-smart agriculture by accelerating investment and innovation, promoting ecosystem resilience and improving livelihoods—including for rural communities and small farmers."

"Climate-smart agriculture is an integrated approach to managing landscapes — cropland, livestock, forests and fisheries — that addresses the interlinked challenges of food security and climate change," said the World Bank.

A 2022 FAO report titled "Towards Climate-Smart Agriculture in Egypt" emphasized that CSA approaches can transform crop and livestock production in a sustainable manner, helping the sector adapt to climate change and contributing to the reduction of greenhouse gas emissions.

Climate-smart crops could prove vital. "Climate-smart Crops

are pivotal in bolstering food security, nutrition, and resource sustainability," said the FAO report.

Abdel Wahab and Ibrahim explained how the UNDP Egypt Accelerator Lab initiated a pilot project introducing CSC quinoa, millet, and panicum, which offer high nutrition, remarkable yields, and resilience to drought.

Expanding adoption of CSA practices and technologies also could bring significant economic returns. "The adoption of CSA practices and technologies can generate 'triple-wins' in terms of increasing agricultural productivity and incomes, strengthening people and agrifood systems' adaptation and resilience to climate change, and climate change mitigation," according to the FAO study.

However, despite significant promise, Egypt faces roadblocks in embracing climate-smart technologies. The FAO study cited high initial costs and difficulties getting affordable financing as two barriers particularly affecting small farmers.

The study also said Egypt's small farms and land fragmentation represent other challenges to adopting CSA technologies. "Overcoming these hurdles means continuing to help smallholders access markets and financial services," it said.

Lastly, the study highlighted the importance of fostering investment in climate-smart policies and sustainable agriculture. That, in turn, can "safeguard Egypt's food supply, fortify its economy, and enable farmers to generate a greener, more resilient future." ■



REINVENTING THE HOME

The real estate development and construction sectors are poised for significant change due to technological advances, environmental pressures, and growing populations. Enter home 3D-printing technologies, which the GCC embraces, and artificial intelligence.

Meanwhile, the International Finance Corporation (IFC) has published a policy and procedure document highlighting what developers and governments should do to secure funding for green homes.

In Egypt, the real estate market is witnessing a shift in demand as inflation remains high. There is a growing need for middle-class housing, a segment the private sector is prone to neglect in favor of high-end developments. What are the potential implications of that dynamic?

By **Tamer Hafez**



A RISING REAL ESTATE NICHE

Egypt's real estate companies increasingly focus on high-end housing (Grade A) despite rising demand for less expensive (Grade B and Grade C) properties.

Egypt's real estate and construction sectors have become primary drivers of GDP growth. In June, CBE data showed that real estate now accounts for "more than 20% of GDP," up from 16% in 2020.

According to government data, real estate and construction contributed more to GDP than manufacturing (16%), wholesale and retail (14%), and agriculture (11%) by the end of fiscal year 2022/2023.

Most state and private developers target Egypt's wealthiest market segments. According to the Property Report 2021, published by property consultants Savills Egypt, "Development of ... large mixed-use developments [led] to a strong increase in the supply of Grade A residential developments."

Within that top tier, unit prices increased rapidly throughout 2023 due to local, regional, and international factors. "Surging prices in Egypt's real estate market have maintained an upward trajectory" since 2020, Mohamed Rashed, a Real Estate Development Chamber board member, told *Ahram English* in November.

In Egypt, the size of the high-income market segment is shrinking. In its latest poverty report, CAPMAS said the official rate was 29.7% in FY 2019/2020. "Some 60% of Egypt's population is either poor or vulnerable," the World Bank said at the time. Since then, inflation has remained chiefly over 30%, up from 5% in 2020, indicating that a bigger portion of society can no longer afford Grade A homes in 2024.

However, real estate companies are betting that with more than 100 million mostly young people, there should be enough home buyers in that diminishing high-income segment to make their Grade A strategy feasible.

Astronomical pricing

Private sector developers have always focused on Grade A properties, thereby not competing with the government in building low and middle-income homes. The state also developed financing programs, like the EGP 100 billion Social Housing and Mortgage Finance Fund, announced in 2018, to attract more low and middle-income buyers.

For the private sector, being sidelined from low and middle-income housing was likely a relief as building such properties means a mandated price ceiling, tight profit margins and government oversight.

The benefit of having no price ceiling came in handy in 2022 when construction material prices

soared in the wake of the conflict in Ukraine. In the first quarter of the year, steel rebar prices increased by 40%, cement doubled, and aluminum tripled.

Further contributing to the rise in construction costs were Egypt-specific factors, including multiple devaluations of the pound (From EGP 16 in 2017 to nearly EGP 50 at press time) and supply chain disruptions caused by maritime attacks on ships headed for the Suez Canal. In Enterprise's April 2022 survey of local developers, the sentiment was, "If it was just one factor [real estate cost hikes] could have been a lot easier to hedge or digest."

That led to astronomical price jumps. In November, Tarek Shoukry, head of the Real Estate Development Chamber of the Federation of Egyptian Industries, told Parliament that real estate prices would end 2023 nearly 130% higher than in 2022.

Another reason prices of new properties are increasing is private developers capitalizing on the trend of living in smart (fourth-generation) cities. In addition to the novelty factor, which commands a premium, smart cities and homes require significantly more digital infrastructure, making them more expensive to build, according to Crown Energy, the energy and utility arm of Crown Oil Group, in a July 2023 blog post.

Lastly, private developers spend significantly on a project's design and show off its exclusivity, pricing it beyond the reach of most people to enhance their project's image. "Buyers and investors are [also] willing to pay a premium for properties associated with developers known for their foundational integrity, enhancing the property's marketability and facilitating faster resale," noted Pristine Properties, a property matchmaker.

Low-tier risks

Catering to the lower end of the market has unique risks for private developers.

Richard Burns, CEO of the NHP Foundation, a nonprofit affordable housing provider, said in an April 2023 *Forbes* blog that homes targeting low and middle-income households are filled with challenges. "All of us in the affordable housing industry are, to some extent, joining the betting craze by trying to predict how an unprecedented number of unique events will impact affordable housing," he said.

Some of the top risks include evictions, as the rising cost of living makes it more difficult for low and

middle-income tenants and buyers to pay their bills. Burns also cited insufficient incentives for private-sector developers to build such homes.

Additionally, such projects must be huge and built quickly, as the rising cost of living means more youth and families can't afford Grade A property but don't qualify for the government's subsidized housing. That is evident in Egypt. The Middle East Business Intelligence, a think tank, noted, "The cost of living in Egypt has continued to increase ... and despite the raising of interest rates by the CBE [which increases financing costs for developers] to counter [inflation], it has done little to alleviate rising costs."

Lastly, Burns stressed the need for innovative financing options for builders to make investment in this price-restricted segment feasible. "There are no simple answers for dealing with these risks," he said. "It will take ingenuity, creativity, and a certain amount of luck."

Betting their future

Real estate developers in Egypt are betting that the country's large, fast-growing young population will have enough high-income households to afford the increasingly expensive Grade A properties they build. The real estate sector in Egypt is "unlike any in the

region" mainly because its population grows by nearly 2 million yearly, according to the Savills report. "The population is extremely young, with many still yet to enter their prime and purchasing years."

The other bet is on Egypt's resilient GDP, which grew despite COVID-19 lockdowns and wars in Ukraine and Gaza. "This has resulted in an extremely buoyant real estate market that still shows little sign of slowing down," the report said.

Local developers also bet that Grade A properties will attract those buying real estate as an investment. The sector is "the preferred investment asset due to an inherent cultural preference," Savills said. That activity increased with the pound's successive massive devaluations since 2016 and record-high inflation. "Investments in real estate were therefore considered even more as a safe hedge against inflation," the report said.

Developers' other bet is on the government. Since 2015, the state has been vital to real estate and construction growth, with the New Urban Communities Authority (NUCA) and other state bodies commissioning property developments in the New Capital and other emerging cities.

That resilience will only increase. In June, the government said it plans to build 38 tech-first, fourth-generation cities to house 30 million people.



BUILDING GREEN THE RIGHT WAY

A blueprint document from the IFC, the World Bank's private sector financing arm, highlights what countries need to promote eco-friendly development.

For local private-sector companies, the International Finance Corporation (IFC) is a major financier and adviser. Last fiscal year, it invested \$7 billion in Egypt-based projects, while its local "advisory portfolio" reached \$34 billion.

Additionally, the government appointed the IFC in June 2023 as a "strategic adviser" to help privatize state-owned firms. "The IFC is uniquely placed to play this role given its neutrality, strong reputation, broad global experience in privatization transactions, IPOs, trade sales, and PPP tenders," Prime Minister Mostafa Madbouly said in announcing the partnership.

Local construction and real estate development companies will likely be the top beneficiaries of IFC's programs. David Owen, senior economist at S&P Global Market Intelligence, said construction in Egypt witnessed "a turnaround in activity" in the country's June Purchasers Manager's Index, which measures non-oil private sector activity. Meanwhile, "manufacturing, wholesale and retail [witnessed] ongoing downturns."

The IFC sees construction and real estate development as lucrative long-term opportunities. "Cities in emerging markets are expanding at a fast pace to keep up with high population growth and rapid urbanization," Alzbeta Klein, IFC director of climate business, said in the blueprint policy and investment document for green buildings.

IFC's priority is financing eco-friendly and sustainable construction. "Green buildings represent one of the biggest investment opportunities of the next decade," the report said. It forecasts green buildings will be a \$1.14 trillion investment opportunity in MENA by 2030, with residential accounting for more than 60% of that figure.

To capitalize, private sector developers and the government should consider IFC's guidelines in its "Green Building: A Finance and Policy Blueprint for Emerging Markets" document.

IFC's green buildings

According to the IFC document, green buildings can be tied to carbon and energy objectives such as net zero emissions or being 1.5°C-compliant, as well as considerations for people's health and wellbeing.

For the IFC to classify a building as green, it should have the IFC's EDGE certificate or "one of the internationally recognized certification standards or an approved national standard," such as BREEAM, DGNB, Green Star, and LEED.

EDGE has three tiers. The standard certification requires buildings from the design stage to achieve at least a 20% cut in the use of energy, water, and embodied energy in materials compared to conventional buildings without energy-saving features.

EDGE Advance requires a 40% reduction in energy use and 20% savings in water and materials. The top-tier certificate, EDGE Zero Carbon, requires projects to be "100% carbon neutral through renewables or carbon offsets at the operational stage."

IFC-recognized green developers must "quantitatively report impact metrics, such as energy and water savings, and greenhouse-gas emission reduction."

Additionally, the IFC follows up with "client banks and other financial intermediaries [lending to] green building projects" to ensure the projects they finance adhere to classification requirements. "For residential projects such as low-income housing, additional metrics include the number of households or people served."

Green IFC money

Banks are a cornerstone of green real estate development and construction. While "institutional investors are essential to accelerate the uptake of green building practices ... helping inject liquidity," commercial banks can "significantly accelerate the uptake of green building practices by developers and owners through new green financial products for resource-efficient buildings."

The first step in the blueprint document is training commercial bank staff and green building company employees on how to run and finance a green, versus a conventional, business. "To reap these benefits, investors and financiers will need to adjust how they do business," the document said. That ranges "from modifying internal practices and procedures to overcoming barriers in the green buildings market."

The second step for banks "to ensure that beneficial financial terms will be used for green construction, [is to] start with a conventional loan until the [debtor receives] preliminary green certification," the IFC paper said. Once they receive that credential, "the beneficial conditions of a green loan will kick in, with clear requirements of the timeframe within which the building has to be completed and certified green."

Commercial banks also could develop "green residential mortgages," where "banks can finance the same building twice: through green construction finance and through green mortgages," the IFC paper said.

Green mortgages would be similar to conventional versions but with better valuations and terms, given the asset's green credentials. "Banks can adjust the debt-to-income ratio by treating [water, energy, and waste] savings as an increase in a customer's income," the IFC document said. "They can also pass lower interest rates for green financing to end customers."

The IFC stressed the importance of issuing green bonds whose long-term maturities match that of

property development. "Building a portfolio of certified green buildings provides an opportunity ... to increase their liquidity, develop new capital markets products, expand their access to lower-cost capital, and for institutional investors to put their capital in green assets."

Green ecosystem

"Not all financiers are [voluntarily] willing to undertake such efforts," the IFC document noted. Many await government regulations "to create an enabling environment for developers to build green."

Accordingly, the government must send "clear market signals ... to amplify the pace and scale of green construction."

One way is via "stricter building codes to improve benchmarks," the IFC paper said. Governments "can incentivize the private sector to outperform those codes." The government could also upgrade green building codes to "incorporate energy efficiency and green measures."

The IFC believes that would incentivize "developers to build a pipeline of green buildings, aided by fiscal and non-fiscal incentives to exceed the minimum code requirements." Such incentives might involve property tax breaks, technical assistance, grant provisions, and loan programs.

The blueprint document said the government could "require publicly owned and financed buildings to be green." That would "shift the market, [given] their huge aggregate demand, which ... can trigger the development of a pipeline of green buildings and related products."

The government also could develop a tiered green property certification or labeling system to "help investors verify, compare, and manage their investments to expand their green portfolios."

The IFC said National Determined Contributions reports, which highlight a country's progress toward net zero emissions, can help guide "economy-wide energy efficiency policies." Egypt is one of 168 nations publishing those reports.

On the other hand, the IFC recommends governments levy carbon taxes on non-green property. They "place an explicit price on emissions or energy use to encourage businesses to find innovative, cost-effective ways to reduce their energy consumption or carbon footprint."

However, the IFC report noted such solutions can be "politically unfeasible for the residential sector and may disproportionately affect vulnerable groups." It recommends "hybrid models that combine elements of quantity-based emissions trading systems and price-based tax instruments."

The IFC report said unilateral efforts from the private sector in MENA may not be enough to attract the institutional investments emerging markets need. "The private sector, governments and financial institutions need to work together to transform real estate." It stressed that such an alignment is vital "especially in emerging markets, where most of the construction will happen and where green buildings could have the greatest impact."



DIGITAL CONSTRUCTION COMING SOON?

GCC countries have long pioneered 3D printing in construction and real estate development. Egypt, too, could significantly benefit from the technology if it can tackle the challenges.

Adopting the latest technologies to increase efficiency and reduce costs is essential for most industries to ensure sustained growth. "Real estate has been lagging behind in the adoption of [new] technology and just recently started to explore what these innovative digital solutions can offer," said Digital Estate, a specialized think tank, in 2021.

Among the most promising technologies is 3D printing. It "is a tool that can redefine the way of building new infrastructure," said JK Cement, a cement producer in India, in a March blog post. "The potential of 3D printing is immense."

For Egypt, the technology could prove transformative, given the government's increased dependence on real estate development to fuel GDP growth. The sector's contribution will only increase with the government planning to build 24 new cities, plus phase two of the New Administrative Capital.

Machine builder

3D printers can discharge cement and other building materials layer by layer to create three-dimensional structures based on "a digital 3D model design using specialized ... software or obtained through 3D scanning technologies," according to JK Cement's blog.

An algorithm determines the best layering sequence for the structure. On-site engineers ensure the machines pour the correct amount of cement or other building materials, monitor the 3D printers' speed, and check that the horizontal layers align correctly.

Those 3D printers can be robotic arms or cranes. The most popular pour cement. Others layer sand and adhesives to harden each layer once it reaches the correct thickness. Some 3D printers layer steel with separate welding machines to bind them together.

Technology of the future

The top benefits of 3D printing over traditional construction are speed and efficiency. "Houses or structures can be built in a few days," said Xometry, an online marketplace for construction equipment. "3D printers can work through the night ... in bad weather, so downtime is minimized." It also can save time by avoiding human errors and inconsistencies.

The dependence on machines also "reduces labor expenses and overall construction expenditures," noted JK Cement. Xometry also said "3D technology can take the place of multiple manufacturing machines, so equipment costs will be more reasonable."

Further reducing costs is that "3D printers use the exact amount of materials ... so they typically generate almost zero waste," noted Indeed, a consultancy. That is

significant as construction is "infamous for creating a lot of waste," said Xometry.

Additionally, 3D printing can produce "challenging or impossible" shapes for traditional construction methods, noted JK Cement. That flexibility enables "on-site and on-demand construction ... where immediate shelter solutions are crucial."

Meanwhile, "innovative construction-grade materials ... can be optimized for strength, durability, and resilience, resulting in robust structures built to withstand diverse environmental conditions," JK Cement said. Structural alterations can be easily made post-construction and have "minimal impact on cost and require less human effort than traditional construction methods," noted Xometry.

Lastly, 3D printing makes construction more eco-friendly. In addition to using less material, the machines can be powered by renewable energy, noted JK Cement. Xometry added that 3D printers can use recycled materials, including plastic cans and concrete.

Hard sell?

Emerging economies targeting unemployment could be reluctant to introduce 3D printing in construction, as it dramatically reduces the need for low-skill labor. "3D printing demands an even more specialized set of skills, which could be difficult to source," said Xometry.

Another challenge is "integrating electrical and mechanical services into 3D-printed structures," said JK Cement. Also, the technology still needs "controlled settings for optimal operation," and it can't handle large-scale projects.

Developers using 3D printing must protect themselves from cyber threats, as hacking could halt construction completely or compromise building integrity, explained JK Cement.

While constructing homes using 3D printers is less expensive than conventional methods, securing and transporting the equipment is expensive. "High investment costs [come from] buying or even renting a 3D printer," noted Xometry. "There are also logistical challenges in transporting large 3D printers to work sites. [Also, additional] expenses for [high-quality] materials and maintenance must be taken into account."

Already here

The UAE was one of the first countries to use 3D printing in construction: the "Office of the Future," built in 2016 in Dubai, was the third 3D-printed public building in the world.

Also in 2016, Dubai published the Dubai 3D printing strategy, which aims for 25% of buildings in the city to be 3D printed by 2030. "We will raise this percentage with

the development of global technology as well as growth of market demand," Mohammed bin Rashid Al Maktoum, Dubai's ruler, said when announcing the strategy.

The UAE has a range of 3D-printed structures, from private villas to bus stations to government buildings and mosques. The flagship structure is the new Dubai municipality building, which Guinness World Records said is the world's biggest 3D-printed structure by volume.

In October, Dubai's government published the world's first 3D-printed construction certification system. It assesses the quality of materials and efficiency of manufacturing equipment; sets technical standards; and ensures the efficiency of management systems.

Saudi Arabia started building 3D-printed properties in 2018, with a residential villa that's open to the public. In the official announcement, the government said 3D printing in construction is part of the "Kingdom's Vision 2030 and the National Transition 2020 Program."

The 2019 Building Technology Initiative, which aims to enable 70% of the Saudi population to own homes by 2030, contains incentives for developers using 3D printers.

In March 2023, Guinness World Records said Saudi Arabia had the world's tallest "on-site 3D-printed building." Also in March, the country opened the first 3D-printed mosque (Abdul Aziz Abdullah Sharbatly Mosque in Jeddah).

In 2024, Guinness said Qatar has the "tallest freestanding 3D-printed concrete structure (12.4 meters)." It is unusable, as its base measures 13 by 13 meters. Qatar mainly uses 3D printing to build accurate scale models, including the football stadiums used in the 2022 Football World Cup, to test innovative systems.

In March, the Qatari government announced plans to build 14 schools using 3D printing technologies. According to local media, they will open for the 2025-2026 academic year.

Ensuring quality

Xometry said the most significant talking point involving 3D-printed structures is ensuring suitable quality standards. "While 3D printing technology is capable of producing complex structures and customized designs, the final product's quality can be challenging to maintain," it said.

In conventional practice, experienced builders can identify defects during construction. With 3D printers, engineers "rely on the printer's accuracy and precision." Any problems with design or materials must be identified before the 3D printing process starts, as such defects likely won't be detected until the structure is complete.

Accordingly, governments need to issue standardized benchmarks and building codes for 3D printers and introduce stricter quality tests for materials before printing starts. Xometry said that would be difficult, as "it takes considerable time and political will to update building codes."



AN AI-READY SECTOR

Despite technical challenges, real estate developers can benefit significantly from both analytic and generative artificial intelligence.

For executives, access to powerful tools that help them make informed decisions is essential to remain competitive against mounting competition and fast-changing trends. "The potential for AI [artificial intelligence] to transform business, industries and society has been mounting for decades," noted a 2024 report from JLL, a real estate think tank. "The technology's proficiency in writing, drawing, coding and composing has compelled corporate leaders to consider both the opportunities and threats AI presents for their future."

Introducing AI to real estate should not be problematic. "Any business that involves data is a good target for AI," said a November paper from the Motley Fool, a financial and investment advice company. "There's plenty of data in real estate."

According to the JLL report, developers can significantly benefit from both analytic AI and generative AI (Gen AI). The latter uses data published online to respond to queries, while the former analyzes locally stored data to make projections.

To benefit from either technology, real estate developers have to change their mindsets. "One industry in which AI's transformative power has been missing ... is real estate, a historically slow adapter of new technologies," business consultancy McKinsey said in a November paper.

New vs. old

According to JLL's research note, "AI and Gen AI are ranked among the top three technologies ... expected to have the greatest impact on real estate over the next three years."

McKinsey said analytic AI is the "more familiar version" for developers. It is "goal-oriented and focused on activities such as predicting values for a future forecast or assigning categories to segment customers." It includes "AI-assisted forecasting, [which has] altered how investment professionals think about the future, and dynamic pricing models have changed how [real estate] charges for goods and services."

Gen AI "focuses [on] generating new content, designs or solutions," according to McKinsey. Open AI commercialized the technology in 2022 when it launched ChatGPT for free. Since then, Microsoft has embedded it in its corporate solutions (Copilot), while other developers have created their own versions of the technology.

For developers already relying on analytic AI, generative AI is another tool to expand the existing system's capabilities. "Gen AI has not replaced analytic AI; instead, its open-ended and creative nature introduces a new frontier of use cases that

analytic AI does not address," McKinsey stressed.

Developers with low analytic AI capability should focus on leapfrogging to Gen AI, said the paper. For them, the technology will be "a fresh chance for the real estate industry to learn from its past and transform itself into an industry at technology's cutting edge."

Improving the business

According to Max Liul, a data science specialist at Integrio Systems, an AI tools developer, Gen AI's benefits start with selecting the project's location. "AI-powered software is capable of providing ... information about [various] areas' crime records, natural disaster probability, transportation and parking facilities, local school's stats and reviews, entertainment, recreation and dining options," he said in an undated blog post. "It can also tell ... the amount of sunlight reaching a particular property."

Gen AI can also help with pricing those properties by "utilizing current property data ... and hundreds of factors that could potentially affect the property ... to evaluate [its] future value," Liul said. That would save the agent and potential buyer "the chaos of predicting a property's market value."

From a marketing perspective, Gen AI helps developers improve their online and real-world presence with "new creative content, including text and images." It would also help decision-makers generate "insights from unstructured data, interpreting conversations [on social media] and querying large data sources."

Gen AI also helps real estate agents identify genuine potential buyers from window shoppers via behavior analysis or chatbots. "It's quite usual for people to visit real estate sites as a recreational activity," Liul said. "It's smart not to consider such customers as your potential leads."

Developers could then use Gen AI to recommend the best locations from their portfolio to buyers, McKinsey said. Also in this stage, Gen AI can "craft negotiation transcripts" based on "information about a tenant, the property and the market," said McKinsey.

Tenants will benefit from Gen AI-powered "tools such as conversational chatbots," McKinsey noted. Potential uses include managing tenant requests, such as routine maintenance. The chatbot also could "identify more complex questions and flag them for a [human] specialist, and "observe conversations and written responses and suggest ways to improve communication."

Gen AI improves property management by automating heating, ventilation and air conditioning operations, thus reducing energy costs, Liul noted.

Developers could use AI for research and administrative work. "A gen AI-powered tool can summarize key themes across leases, such as how much rent is expected monthly or what ... local environmental, social and governance compliance laws could affect leases," McKinsey said. It "can scan across leases for a particular parameter (for example, all leases with a rent price ... below a certain level)."

McKinsey estimates that real estate companies gain at least 10% in net operating income through more efficient operating models, stronger customer experience, tenant retention, new revenue streams and smarter asset selection.

Difficult implementation?

Despite the hype, developers find it challenging to implement and scale use cases for Gen AI. That is "not surprising," McKinsey said. "Deriving competitive advantage from gen AI is not ... simple ... Many things have to go right in an organization to make the most of the opportunity."

One prerequisite is having departments check the "toxicity" and "hallucinations" of Gen AI results. The former creates "problematic content ... that would violate ... laws." The latter provides "false answers without sharing that the tool's [results are] uncertain." Identifying and rectifying training data biases is essential for avoiding those problems.

Developers should modify their hierarchies to reflect where Gen AI tools fit in an organization. "Operating models and jobs may need to be redrawn to match the new focus of work," noted McKinsey. "New roles and capabilities may be needed."

Another challenge is the high financial and capacity investment in cybersecurity to protect the vast data Gen AI needs. Meanwhile, engineers must be aware of relevant laws the AI tool could violate, mainly regarding data privacy.

To benefit from Gen AI, developers need to "do more than just learn how to use off-the-shelf products," said McKinsey. That requires "aligning the C-suite around a business-led road map tied to a specific part of the real estate value chain."

In the coming years, real estate developers will need to be careful when implementing Gen AI solutions as "regulations are hitting a new milestone in 2024," noted JLL's report. "Following the U.S. Executive Order on AI at the end of October 2023 ... the EU AI Act has recently been approved by the European market. Regulators and lawmakers in a number of other countries, including China, Canada and Australia, are actively advancing their own AI efforts."

That means adopting AI will become increasingly complicated. Nevertheless, the JLL report stressed that "strategic management of these complexities holds the promise of unlocking unprecedented productivity advancements for the real estate sector." ■



Where

ENTREPRENEURSHIP

GROWS

For most, an entrepreneurial spirit is essential to encouraging individuals to start their own businesses. Having an entrepreneur-friendly culture is critical to growing and shaping that spirit.

by **Tamer Hafez**



For the government, enticing youth to open their own companies is a priority. "Entrepreneurship is essential to Egypt's economic growth, especially amid the current challenging global context," the World Bank said in December. "By starting their own businesses, entrepreneurs ... can generate sustainable incomes for themselves and create more jobs within their communities, boosting incomes for more people."

Unlike almost all other economic activities, promoting entrepreneurship requires more than government or private sector incentives and investments. "Entrepreneurial activity across countries suggests that factors other than economic ones are at play," Roy Thurik, a professor of entrepreneurship and economics at Montpellier Business School in France, said in a book titled "Entrepreneurship in Context." "Cultural factors ... play a role."

Accordingly, not having an entrepreneur-friendly culture would most likely stall any country's transformation to an "entrepreneurial economy" where "individuals are constantly bringing innovations to market, and those innovations displace the status quo," explained a research paper from Florida State University.

Multi-layered relationship

The connection between culture and the willingness of young people to start businesses is complex. "Extensive research at the individual level ... shows a link between values, beliefs and behavior," Thurik said. "It is plausible that the difference in national culture in which ... values and beliefs are embedded may influence a wide range of behaviors, including the decision to be self-employed rather than work for others."

Blanket assessments about an economy's entrepreneurial ability based on culture could prove unreliable. Gloria Morales, a researcher at the University of Ibagué in Colombia, said in a 2022 paper that while "it has been affirmed that the entrepreneurial spirit depends on the national culture, it is a fact that within a country there is a diversity of cultures that can promote to a greater or lesser extent the development of this spirit."

Another factor dictating the influence of culture on entrepreneurship is the snowball effect. "If there are more people with entrepreneurial values in the country, there will be an increased number of people displaying entrepreneurial behavior," said Thurik.

Lastly, Morales noted the role of government efforts in changing a country's culture to realize its entrepreneurship ambitions. "Policies, laws and strategies can shape citizens' national sentiments and perceptions toward starting their own businesses," she said.

Personal motives

Thurik noted that the more satisfied individuals are with their status quo, the less likely they will become entrepreneurs. Such satisfaction comes from being born into a wealthy or content country or family, where the "post-materialism notion reflects the prevailing circumstances during their formative years." As that satisfaction continues, those individuals' resources increase, making them increasingly averse to the risks of starting a business.

Thurik noted such attitudes are "a consequence of the unprecedented prosperity and absence of war in Western countries since 1945." He added, "Young ... cohorts attach less importance to economic and physical security than older cohorts." Accordingly, "If they work on [personal] projects, it is usually to attain esteem, self-realization and quality of life."

A post-materialism shift almost always happens "intergenerationally" as younger citizens start their careers just as "older cohorts" retire. Noticeable shifts "do not happen within [one's] own life span," Thurik said. "These values are very slow to change within particular cultures."

Financial and other material benefits are not the only criterion determining whether someone opens a business. "At the level of the individual, various kinds of dissatisfaction are conducive to job mobility and the propensity to become self-employed," Thurik said.

Dissatisfaction unrelated to income or other material gains likely arises among post-materialism salaried employees. Thurik said those employees turn to self-employment if they are "dissatisfied with the [current] work itself, with supervision and with opportunities for promotion." He also noted "job security" and dissatisfaction with "the way democracy works ... increases the chances they will seek self-employment."

Non-financial dissatisfaction among salaried employees arises from "negative information," such as realizing there will be no promotions, rather than the positive prospects of making more money if they become self-employed, which motivates those seeking material benefits.

Failure influence

A research paper by Naga Damaraju, a professor in the Department of Management at the School of Business and Economics at Sonoma State University in the United States, stressed the tremendous impact the "stigma of failure" has on entrepreneurs.

She noted such a stigma significantly impacts existing and potential business owners, as entrepreneurship is "characterized by relatively high levels of failure,... making people pursue risk-averse, non-entrepreneurial activities."

The paper said the stigma of failure "causes innovation trauma" when ideas fail. It "can also have longer-term economic and psychological consequences."

The paper noted that societal rejection of unsuccessful entrepreneurs is primarily evident in "collectivistic cultures" where individuals "place higher importance on group beliefs" and in "high uncertainty avoidance cultures." Their most prominent trait is their "anti-failure bias/stigma of failure." That makes these societies "less conducive for entrepreneurship." Individualistic cultures are the opposite, where "opinions are not as important, and there is less need for compliance."

The report noted the "fear of failure varies across nations" and is unrelated to income levels or economic development. "Failure in an individualistic culture like the USA or Canada [whose GDP sizes rank first and 10th] rarely leads to personal shame or a feeling of personal worthlessness," Damaraju said. "However, in a collectivist culture like Japan [the world's fourth biggest GDP], top managers of bankrupt firms may ... commit suicide to avoid stigmatization."

Those countries' cultures affect their entrepreneurship rankings. According to the latest report from the Global Entrepreneurship and Development Institute, the United States and Canada rank first and third, respectively. Japan ranks 28th, behind developing countries with much smaller GDPs like Chile, the UAE and Qatar.

Another factor impacting the stigma of failure is whether the country's culture leans toward masculinity or femininity. "Entrepreneurial failure [is] contrary to the expectations in 'masculine' cultures and likely met with high social costs," Damaraju said. Compared to more balanced national cultures, the stigma of failure in masculine-oriented cultures may last longer and run deeper.

A more "feminine-oriented" culture "highly values

... equal treatment, helping individuals and environment preservation." Failed business owners in this culture are treated the opposite in "masculine" cultures.

Other cultures where the stigma of failure is high are those that tend to avoid taking risks and don't like uncertainty. Another is when power in a community is concentrated among the elite, leading them to stigmatize failure to preserve their own positions. "People in these cultures look for structure in their organizations, institutions, and relationships," said Thurik of the Dutch University.

Diversity

Globalization has had increasingly significant effects on the international labor force. A February research article by Paula Prenzel, a professor of regional development at Greifswald University in Germany, noted, "Demographic change and growing international mobility in the last decades have led to [the] internationalization of the labor force in many industrialized countries, raising questions about the economic impacts of cultural diversity."

That diversity positively impacts entrepreneurship in nations that integrate foreigners into society. "In regions with a culturally diverse population, entrepreneurs are more likely to pursue innovative rather than replicative business models," Prenzel said. Employees with different backgrounds "offer new knowledge, ideas and approaches."

Get in the Ring, an organizer of competitions for startups, explained, "Diverse groups are more effective at generating new ideas or solving problems." That is mainly due to those employees' "different ways of thinking [and] analyzing a situation from completely different perspectives."

Diverse cultures should make startups more innovative. "If the effects of cultural diversity on entrepreneurship are, at least partially, due to innovative processes, this would imply not only an increase in the quantity of startups but also a qualitative difference," Prenzel said.

Diversity also means startups should have "access to bigger networks," according to a report by Get in the Ring. "The more diverse employees there are, the more access to different and multiple networks you have."

If a product or service appeals to users, those networks will generate "greater trust and understanding between those groups, facilitating communication."

In the long term, "expanding [locally and

internationally] can also be a lot easier if your business already has a diverse team," the Get in the Ring report said. "It can be hard to expand because of the many obstacles that appear during the process, such as culture shock, different laws and customs, [and] assessing risks ... But a diverse [workforce and culture] can help overcome such obstacles and even appear more trustworthy."

Government strategy

"Education plays an important role in analyzing the impact of the cultural environment on entrepreneurs," said Morales of the University of Ibague, noting a "strong positive correlation" exists between having entrepreneurship-friendly education systems and the creativity to thrive.

Public schools or universities, where most local students enroll, should "infuse entrepreneurship within every aspect of the ... curriculum," according to a report by the Academy of Management Proceedings, an academic think tank.

That will not be a "minor or easy task for the school," the report said. "New ideas or proposals often have to overcome burdensome hurdles. Thus ... an introductory entrepreneurship course for placement in a general education curriculum may face an environment that is highly biased against it."

Another complication facing the introduction of entrepreneurship education is its interdisciplinary nature. "Successful integration of this course with other [education] programs is an important objective that meets the multiple needs of a variety of stakeholders," the Academy of Management explained,

Morales also noted the importance of "public policies ... necessary to structure the entrepreneurial ecosystem." That includes "initiatives that encourage the generation of new ventures and therefore new jobs that enhance the economic development of society."

In November, AIContenty, an SME and startup consultancy, stressed that "securing funding is an integral part of building a thriving entrepreneurship society." Governments also need to increase the number and awareness of local "incubator and accelerator programs."

Other government strategies include "promoting a growth mindset" within their societies to minimize the "stigma of failure" problem, Morales said. That could happen by "celebrating failure as a learning opportunity."

She added the state also has to "showcase successful entrepreneurial stories, establish mentorship programs, [create and promote] working spaces and entrepreneurial hubs, and connect entrepreneurs and investors."

To further grow the country's entrepreneurial culture, the government should open communication and access between universities and research institutions via joint entrepreneurship programs and support the commercialization of ideas. It is also responsible for developing "supporting policy and regulatory frameworks and creating favorable tax and investment incentives" for startups.

Governments need to ensure their efforts effectively steer national culture toward entrepreneurship. "The construction of the entrepreneurial ecosystem is undoubtedly the great challenge that the public-private institutions ... must face," Morales said. "It is important to ... move in the triple-helix university -- company -- state. If any of the parties are not involved with the ecosystem, it can lead ... to sterile efforts ... with duplicate actions and minimal results." ■





Market Watch

Stock Analysis

Let the festivities begin

It looked as if the market returned to its senses and changed course to the north. By June 9, the EGX 30 had fallen to a low of 25,659 before rising to end the period from May 15 to June. 15 up 4.4% at 26,418. Still, this is 21% below its all-time high of 33,383 recorded on March 11, but up only 8% since it hit a year-low of 24,449 by the end of April. Similarly, the EGX 70 EWI ended the same period up 8.3%. Nonetheless, both market indices are still down some 30% in U.S. dollar terms on a year-to-date basis, thanks to the EGP devaluation in March.

As the saying goes, sell in May and go away, which suggests the following six months are usually dull and the market barely moves. But so far, May was positive, with the EGX 30 rising 10%, and so was the month of June — albeit up in the low single digits. Likewise, the EGX 70 EWI painted the same picture. Both indices were down in March and

April, representing a breather ahead of Eid Al-Adha's nine-day vacation.

The market's positive performance was led by specific names, like Lecico Egypt (LCSW, up 63%), which reported its highest-ever quarterly revenue and earnings driven by significant foreign exchange gains and investment income. Also, phosphate fertilizer producer Egyptian Financial & Industrial Co. (EFIC, up 78%) saw its first-quarter earnings almost double year-on-year, benefiting from a stronger U.S. dollar that helped prop up its selling prices while booking a foreign exchange gain. EFIC was not impacted by the country's shortage of natural gas, which it does not use as feedstock.

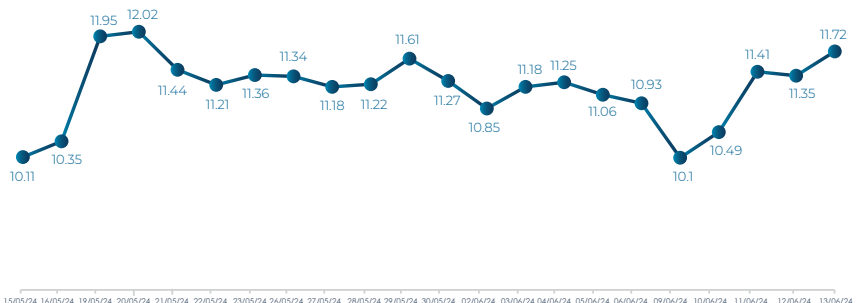
On the negative side, Qalaa Holdings (CCAP, down 22%) fell after its stock began to trade without the right to participate in its debt purchase. Meanwhile, shares of

nitrogen fertilizer producer Abu Qir Fertilizers (ABUK, down 8%) were negatively impacted by the shortage of natural gas supplies, a key input in manufacturing nitrogen fertilizers, but MOPCO's (MFPC, up 12%) weren't. Similarly, Sidi Kerir Petrochemicals (SKPC, up 10%) escaped the natural gas shortage unscathed.

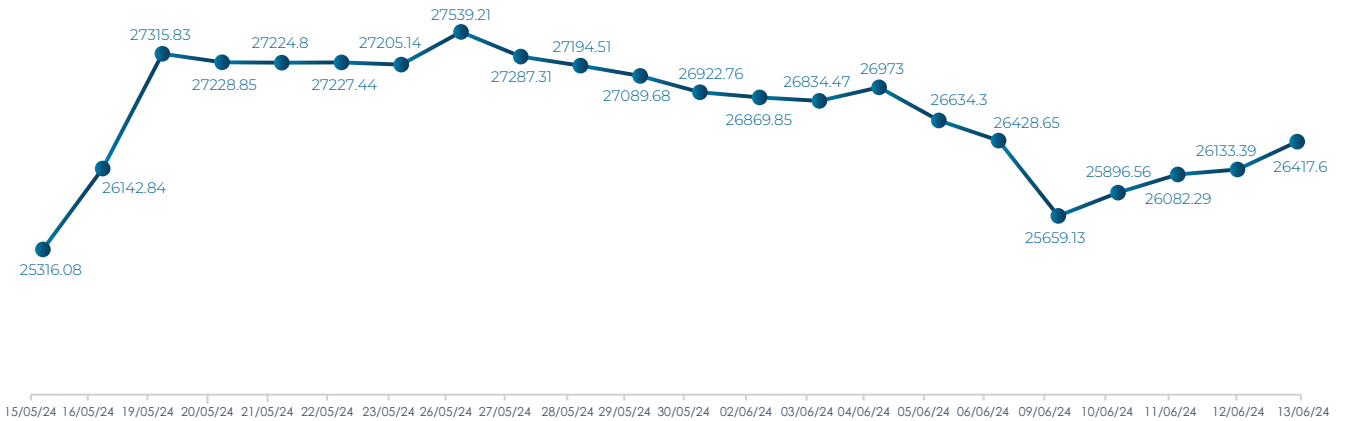
That aside, investors will be scrutinizing second-quarter results for signs confirming first-quarter solid results, primarily driven by foreign exchange gains. Meanwhile, the market will await two significant events. On the one hand, Elsewedy Electric's (SWDY, up 40%, including dividends) acquisition offer could free up liquidity by as much as EGP 26.5 billion if successful. On the other hand, investors accepting SWDY's offer would have a chance to participate in ACT Financial's initial public offering, Egypt's first in 2024.

GB Corporation (GBCO)

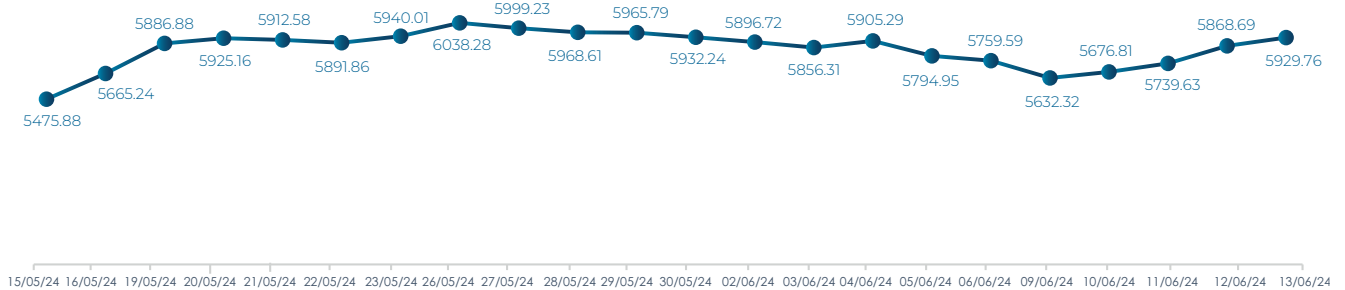
GB Corporation (GBCO), an auto manufacturer with a non-banking financial services (NBFS) arm, grew its first-quarter earnings almost six-fold. Automotive segment revenues nearly doubled year-on-year to EGP 7.7 billion, with EGP 380 million in profits after losses a year earlier. On the other hand, NBFS segment revenues jumped 43% year-on-year to EGP 1.5 billion with EGP 248 million in profits (up 31% year-on-year). The stock rose 15.9%, with over 12.5 million shares changing hands worth EGP 145 million.



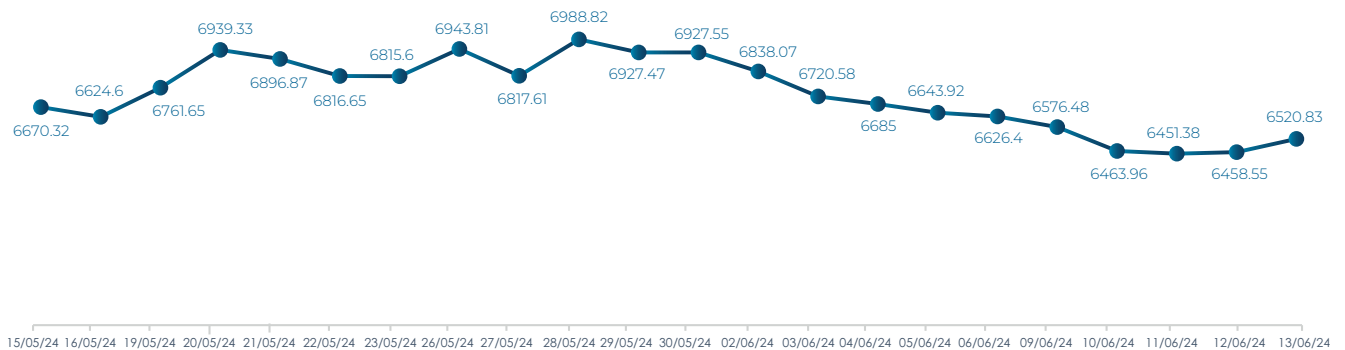
EGX 30



EGX 70



Tamayuz



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

GETTING THE MESSAGE ACROSS

As more consumers become aware of the dangers of climate change—soaring temperatures and unexpected weather events—companies need to prove they are not contributing to the problem.

by **Rania Hassan**

In the past, top executives had to worry about their product's utility, value for the money, availability and exposure to their target markets. That is changing. "More than ever, today's consumers are considering a company's impact on the environment before buying," said marketing agency Galactic Fed in July 2023.

That shift started in 2016. In the following four years, "searches for sustainable goods increased globally by 71%," The Economist Intelligence Unit reported.

The COVID-19 pandemic only increased that awareness. In February 2022, an IBM Institute for Business Value survey found

"93% of global respondents said the pandemic had influenced their views on sustainability." It added that "environmental issues [will] become even more important" in the coming years.

That translated into more demand for eco-friendly (green) and sustainable products. IBM's survey found that "half of consumers said they were willing to pay ... an average of 59% more for products branded as sustainable or socially responsible."

To capitalize, "companies need to implement sustainability and eco-friendly marketing strategies to stay abreast of changing trends," noted Galactic Fed.

The big challenge is to win consumer confidence, as cases of greenwashing, where companies fake their green credentials to charge a premium, are increasing. "The lines between sustainability and greenwashing are subtle, yet, if confused, can be extremely damaging to the brand's reputation," NoGood, a consultancy, said in March.

The sustainable product

Research published in 2023 from SRM Institute of Science and Technology defined sustainable and eco-friendly (green) products as those "that have been intentionally developed, produced, and disseminated in a manner that minimizes their adverse effects on the natural environment."

Such products could be made of or contain "sustainable and renewable sources, [such as] bamboo, organic cotton, recycled plastic, and recovered wood," the research said. "These materials aid in mitigating the depletion of natural resources and minimizing waste."

Green products also must "refrain from utilizing detrimental substances, such as ... pesticides, artificial scents, and perilous cleaning agents," the SRM research said. "They [are detrimental to] safety for both human health and the environment."

Products that operate using natural resources need to be designed to minimize their consumption. Examples include "LED bulbs or water fixtures with low-flow capabilities [such as] low-flow showerheads and rainwater-collecting systems," the report said.



Green products should be "biodegradable or compostable, thereby enabling them to undergo natural decomposition ... without inflicting any detrimental effects upon the surrounding ecosystem."

Packaging is part of the "green product" classification. The SRM University research said "packaging [must be] simple or designed with eco-consciousness in mind," such as using recycled or biodegradable materials.

Classifying a product as sustainable also "links to fair trade and ethical principles," the research said. "This contributes to the promotion of social sustainability alongside environmental considerations."

Long-term growth

Raising public awareness about a company's green and sustainable products has long-term benefits and could save companies during economic downturns. Having "an environmental awareness plan ... gains trust and sustains loyalty," said Adam Butler of Jiffy Junk LLC and Jiffy Junk Franchising LLC, a waste management company.

Gen Z, born between 1997 and 2012, is at the "helm of these new, eco-savvy, and outspoken consumers worldwide," consultancy NoGood's report said. "The younger generation is not afraid to call out brands if they are blatantly choosing to be unsustainable."

According to Deloitte's Sustainable Consumer 2023 survey, "Nearly one in three consumers stopped purchasing from certain brands because they had concerns about their sustainability." That impacts corporate growth. A 2023 survey from McKinsey found that between 2017 and 2021, eco-conscious companies were twice as likely to grow by more than 10% compared to those that were not sustainable.

Top practices that swayed purchase sentiments were reduced waste, minimal carbon footprint, sustainable packaging, ethical commitment and respect for human rights, Deloitte's report said. Also, 67% of consumers surveyed considered sustainable materials a critical factor in purchasing a product.

Marketing building blocks

Marketing exercises that showcase a product's sustainability and eco-friendly aspects are vital to attracting new buyers. "Selling these environmentally friendly products successfully requires more than just promoting the product," said Cue For Good, a consultancy, "It also requires a thorough comprehension of ... the needs of ethical customers."

That is not easy. It "involves a unique set of challenges and opportunities," Cue for Good said. "Customers seek authentic proof of a company's dedication to sustainability, all while expecting the brand to meet the rising expectations of an evermore environmentally conscious consumer base."

The cornerstone of a successful green marketing campaign is to "ensure [that the] message runs through [all of the company's] marketing campaigns" and online presence, Givz, a consultancy, said.

"Marketers must fully understand the company's perspective on such topics and how to address them in their products and services," said Galactic Fed. That allows campaign developers to determine "the key messages to use in promotional advertisements and content, [which should be] one or two ... and stick with them." Otherwise, "customers may not be as likely to believe your branding."

The next step is for those marketers to formulate "long-term goals," Galactic Fed said. "Embedding environmentally friendly and socially conscious policies involves much more than a 30-second commercial or an email sent to subscribers."

Those long-term goals would shape the company's "short-term marketing campaigns to achieve overall goals," said Galactic Fed. Those campaigns need to be via channels "that don't harm the environment ... The company may take a digital-only approach rather than ... paper ads to reach clients."

Ultimately, NoGood stressed that when developing short-term campaigns, marketers must "think like [their] target consumer, [as] sustainable marketing is highly dependent on consumer empathy and understanding. Aligning ... efforts with the customer's desires, values and aspirations [means] businesses can meet consumer demands effectively, all while tackling critical, ethical, and environmental challenges."

Eco marketing

Companies with certified green products or operations need to communicate those achievements to their target markets. "Brands selling eco-friendly products [have to] talk about their certifications ... or mention where they get their materials from, especially if they're recycled or sourced in a way that doesn't harm nature," said Cue for Good. "By doing this, they win the trust of people who care about the planet and want to buy from responsible brands."

Another sustainable marketing tactic is to educate the company's audience via "social media, blogs, or informative content," explained Cue for Good. "This education ... helps bring a better understanding of sustainability and motivates [customers] to make more environmentally responsible decisions."

Aside from using minimal packaging and recycled and eco-friendly materials, "the design and presentation of sustainable packaging also contributes to brand perception," Cue for Good said. "Innovative, visually appealing and informative eco-packaging can attract

consumers' attention, communicate brand values and differentiate products in a competitive market."

Pricing also is vital, as sustainable and eco-friendly products are generally more expensive. "Companies [should not] pass these costs on to their customer base," Galactic Fed said. If they do, "they'll need to share why. Otherwise, clients may believe the price increase was arbitrary."

Another dimension in marketing expensive sustainable products is "emphasizing" their value, noted Galactic Fed. "Along with benefiting the environment, [companies need to] make the consumer effectively feel good about their choice."

Cue for Good said insufficient communication about price increases and the added value of sustainable products can be hugely detrimental. It could push customers to less expensive alternatives, competitors that share their sustainable products' pricing strategy, or those who talk more about the added value of buying their sustainable products.

Meanwhile, companies selling sustainable products that are unaffordable to their target market need to develop lower-priced alternatives while retaining the quality of their products and services, said Galactic Fed. "They must stay focused and ahead of the game to encourage their consumers and competitors to join their sustainability efforts."

Public awareness

Cue for Good recommends "using customer testimonials and reviews." They are a "powerful way to demonstrate the real impact and benefits of sustainable products," the paper said. They "provide social proof of your product's effectiveness and how it positively influences their lives."

An alternative way to show the company is environmentally or socially conscious is to "offer shoppers the chance to donate to ... charity when they make a purchase," the Givz paper said. The company could "plant trees, [organize] weekly litter picking events [or] collaborate with other eco-friendly brands and sustainability initiatives to further [the company's] impact on the planet."

Givz stressed the importance of being "green from the inside, too ... To really make a difference [a company] has to incorporate environmentally focused practices throughout [the] business, from the coffee staff uses... to the materials used to make the chairs ... and the carbon footprint of [the company's] waste."

To convey such efforts to the public, Givz stressed the importance of "showing customers [the company] is actively working toward [the promised environmental] goals and letting them hold [the

firm] accountable. This increases authenticity and trust, leading to better brand perception and a loyal customer."

Beware greenwashing

Consultancy NoGood stressed that the most significant risk facing marketers of sustainable and eco-friendly products is others that fake credentials (greenwashing) to increase prices and avoid losing environmentally conscious consumers.

"Avoiding greenwashing is crucial to marketing sustainable goods," stressed Consultancy Cue for Good. That will come from "providing concrete evidence and data supporting their eco-friendly initiatives, [allowing] companies to build credibility and trust with their audiences."

Even if companies are not meeting the expectations of environmentally-conscious customers, they need to be transparent about it. "[It is] a cornerstone in marketing sustainable products," said Cue for Good. Voluntarily and openly sharing such data will "foster trust... about a brand's practices."

That transparency should cover communicating a company's ethical practices, the environmental impact of products, certifications (or lack thereof), the brand's journey, opening two-way communication channels, and acting on feedback.

Failure to be transparent, or worse, dishonest about green credentials, would be disastrous.

"Greenwashing is [telling] a lie," NoGood said. Getting caught means "consumers can easily denounce the brand [on] social media," the paper said. "Anyone, anywhere, will listen to [those] opinions." ■



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Women in business



21^{May} Impact of gender equity on the private sector

On May 21, the AmCham Women in Business Committee hosted a session titled "Impact of Gender Equity Seal on Private Sector Performance." The panel featured Mai Mahmoud, Director of the Women Business Development Center at The National Council for Women; Nora Rafea, Program Specialist at UN Women; and Souraya El Assiouty, Social Protection Specialist at The World Bank. Passant Fouad, Director of External Communications for Juhayna Food Industries Co., presided over the panel.

The Egyptian Gender Equity Seal aims to improve financial performance, attract diverse talent, and increase employee retention and satisfaction. Recognizing businesses that implement equitable practices ensures adherence to gender equity regulations and enhances corporate social responsibility visibility.

The Certification Criteria emphasizes several vital elements. First, workplace policies must include maternity and paternity leave provisions, nondiscrimination, and equal pay for equal work. Second, companies are evaluated on the extent to which

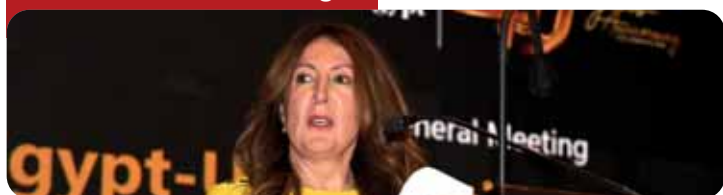
women are represented in leadership and decision-making positions. Third, the assessment examines strategies to prevent and address instances of sexual harassment and gender-based violence within the workplace. Lastly, the criteria focus on training and development, emphasizing the dedication to providing opportunities for women to engage in training and advance their careers.

The certification process involves three main steps. It begins with organizations submitting comprehensive records of their policies and procedures. That is followed by an autonomous audit to validate the information and determine adherence to the certification criteria. Finally, successful businesses are awarded the Gender Equity Seal, which they can incorporate into their communications and branding.

Organizations that have received the Seal report reduced employee turnover and increased levels of employee satisfaction, particularly among women.

The certification also helps companies attract more diverse candidates and foster innovation, leading to better financial performance, said several reports.

Annual General Meeting



26^{May} Egypt-U.S. relations: The way forward

On Sunday, May 26, 2024, the American Chamber of Commerce in Egypt (AmCham Egypt) hosted its 40th Annual General Meeting and Luncheon titled "AmCham's 40th Annual General Meeting: Egypt-U.S. Relations: The Way Forward." It featured The Honorable Herro Mustafa Garg, the United States Ambassador to Egypt, as the keynote speaker.

The event highlighted the enduring and robust partnership between Egypt and the United States. Garg emphasized Egypt's growing potential as a regional hub for talent and skilled labor, noting the country's strategic importance in the region. She underscored the mutual respect and shared values that formed the foundation of the Egypt-U.S. relationship and reiterated the importance of continued collaboration and partnership between the two nations.

Representatives from ten regional American Chambers of Commerce (AmChams) and members of the AmCham MENA Regional Council attended the meeting. A notable moment during the event was the transfer of the Council's Chairmanship from AmCham Egypt to AmCham Dubai, which will serve as the Council Chair for the 2024-2026 term.

AmCham Egypt will continue to play a vital role as the Permanent Secretariat of the Council, ensuring continuity and support for the Council's initiatives and activities.

The event served as a platform for discussing the future of Egypt-U.S. relations and exploring new avenues for cooperation and development. It also provided an opportunity for networking and strengthening ties among the business communities of the MENA region.



Marketing conference



4 June

The future of marketing

On June 4, the AmCham Marketing Committee hosted a conference titled "Unveiling the Future: Marketing Trends." The conference featured distinguished marketing experts and a fireside chat with renowned actress Amina Khalil.

Session 1

Tamer El Rafei, vice president for regional marketing at PepsiCo, shared how PepsiCo incorporates AI into its strategy. El Rafei urged marketers to be humble enough to learn and change in an era of transformation and continuous development.

El Rafei PepsiCo has found that integrating AI technologies significantly enhances the company's ability to understand consumer behavior and adapt marketing strategies.

Mohamed Salah, regional head of digital marketing at Microsoft, emphasized the crucial role of AI in handling repetitive tasks that would otherwise require significant time and effort. Meanwhile, the company's workforce can focus on more strategic, creative and high-value activities. Salah said AI tools can streamline and automate various processes, significantly improving efficiency and productivity.

He showcased a demo of Microsoft Copilot, highlighting how it can summarize emails, generate marketing plans and create PowerPoint presentations. Salah stressed the importance of investing in personal development and continuous learning to leverage technology. "The future is now, and it's up to us to stay ahead of the game."

powerful emotional connection with consumers.

ElGhannam stressed the importance of consistency and authenticity across all social media platforms.

Mohamed Elshamy, industry lead for large customer sales at Google Egypt, discussed the challenges facing marketers and how to overcome them by using Google's new tools and techniques. Elshamy emphasized that AI can help marketers excel in their campaigns across three key pillars: measurement data, media insights, and creativity.



Session 3

Hadeer Shalaby, managing director at Talabat, said her company utilizes consumer data. She said Talabat uses real-time inventory to understand what products consumers search for in certain areas, and the company builds its supply accordingly.

Talabat also works on personalizing its offerings to better cater to consumers' specific needs and preferences.

Fadi Abi Nader, a vice president at Mars Wrigley, said that modern marketing is mostly about data, which is essential to resonate with consumers. The challenge local companies face is getting reliable and cost-efficient data in Egypt.

He highlighted the delicate balance Mars Wrigley strives to build between personalizing products based on local nuances and cultural factors and ensuring scalability and consistency across its global operations.

Session 4

Renowned actress Amina Khalil shared her experiences on the role of media and drama in promoting behavioral change, shaping social practices and grounding essential values within a society.

Khalil said an actor's responsibility is to deliver meaningful messages that can lead to profound societal changes. She said movies are not just for entertainment; they can actually have messages or even a sense of relatability on the screen that mirrors the lived realities of audiences.



Session 2

Passant ElGhannam, head of marketing in the Middle East and Africa at Kraft Heinz Co. underscored the company's presence on social media and how it optimizes content and storytelling techniques to consolidate its online presence and build a



Entrepreneurship and Innovation



5 June
Bridging gaps to create local value

On June 5, the Entrepreneurship and Innovation Committee hosted the first in a series of sessions to address "Corporate Start-up Engagement: Bridging Gaps for Creating Local Value," with guests Amr Abouelazm, CEO of Erada Microfinance, and Mohamed Ezzat, CEO of Bosta.

Bosta Capital, a funding service subsidiary under Bosta and Erada, offers fast and flexible financing to help Bosta clients' grow their businesses and manage their cash flows. Its clients can get loans up to EGP 5 million (\$104,000) and pay them monthly from their balance.

Borrowing from Bosta Capital is less costly and offers an alternative lending channel to usual creditors, and borrowers can access finance in 24 hours. Ezzat said Bosta Capital is the fastest-growing product at Bosta.

He said about 300,000 individuals and businesses sell products on social media in Egypt, representing 75% of the country's e-commerce volume.

Solutions to Egypt's issues focus on digital transformation, with Ezzat saying it is essential to fully automate the process. He added that Egypt is cash-based, with 92% of transactions using paper notes.

That led Bosta to partner with Fawry to utilize kiosks where the courier goes to the nearest Fawry to deposit the paper notes. Bosta now manages EGP 17 billion processed by 11,000 merchants nationwide.

Ezzat concluded that partnerships are critical, as they result in better products and innovation, which are vital to empowering women, increasing financial inclusion, and creating synergies.

Lunch and roundtable



10 June
Egypt's IPO updates

AmCham Egypt hosted USTR and USPTO representatives on June 10 to discuss Egypt's latest intellectual property rights updates.

In the past few years, the government has established a legal framework to protect intellectual property rights (IPR). This framework applies to patents, trademarks, copyrights, and industrial designs. However, enforcement and public awareness remain challenges.

To address these issues, the Egyptian Authority for Intellectual Property (EAIP) was established last year to align Egypt's IPR system with international standards.

EAIP oversees IPR implementation, taking over from independent IPR offices and relevant ministries. It is the

primary IPR office for registering trademarks, designs, patents, and copyrights.

Egypt's IPR strategy aims to foster an environment conducive to innovation, creativity, and economic growth by strengthening the legal and institutional frameworks for IPR protection. The plan focuses on legislative reforms, enforcement mechanisms, institutional capacity building, and international cooperation.

Despite these advancements, Egyptian courts and administrative capacities remain inadequate and unresolved. The private sector's participation in the authority's development is crucial due to its daily IPR challenges and relationship to international IPR agreements.



Travel & tourism conference



On June 11, AmCham Egypt and the USAID-funded Integrated Management of Cultural Tourism (IMCT) project organized a Travel & Tourism conference titled "Unlocking Business Opportunities within Egypt's Cultural Heritage Tourism." As part of the opening, Waleed Mansour, USAID program manager on environment and cultural heritage, stressed the tourism sector's growth in 2023 with Egypt hosting 14.9 million tourists.

However, Egypt is still well below its potential, Mansour said. "This raises important questions like, 'What must the country do to lead the MENA region? What tourism experiences does Egypt want? And who are the partners to drive that success?'"

Session 1: Sector overview

Mohamed Ismail, secretary-general of the Supreme Council of Antiquities at the Ministry of Tourism and Antiquities, started by stressing the importance of the private sector and working with communities near historical sites.

Private sector investors are reluctant to operate heritage sites due to their unique and significant nature, Ismail said. "We are working on a comprehensive restoration manual to eliminate that problem."

Soheir Hawas, a professor of architecture and urban design at Cairo University and board member of the National Organization of Urban Harmony, focused on protection and restoration laws. In 1983, these laws were limited to buildings older than 100 years. The law has since been amended, saving more than 6,000 buildings.

Ziad Bahaa El-Din, former deputy prime minister and policy adviser to the USAID-funded Integrated Management of Cultural Tourism (IMCT) project, said it aims to ensure historic buildings' preservation and financial feasibility.

Session 2: International best practices

Greek Ambassador to Egypt Nikolaos Papageorgiou said his country developed sites like the Acropolis by building dedicated museums, paving access roads and digitizing the visitor experience. The government also introduced time slots for tourists to avoid overcrowding.

11 June

Opportunities in cultural heritage tourism

Alec Hansen, economist and senior technical adviser on sustainable tourism, said the Turkish government developed rural communities near historic sites. "Visitors to the site can stay at that small nearby city for a day or two, encouraging more to come for long visits," Hansen said. He highlighted government efforts to make those projects financially feasible for investors.

Yossef Ben-Meir, president of the High Atlas Foundation in Morocco, said the focus is on "community development [by] supporting projects that rural people see as important to them, ... allowing them to live a good life."



Session 3: Local case studies

The session hosted four experts focused on preserving Egypt's cultural heritage and making it more tourist-friendly.

Moataz Nasr, founder and CEO of Darb 1718, built a modern arts center in Historic Cairo and reflected on the importance of community engagement for sustainable, regenerative tourism.

IMCT has worked extensively in El Darb El Ahmar. Adham El Deeb, IMCT destination promotion specialist, highlighted the importance of branding historic areas that have the potential to offer a culturally unique, authentic visitor experience.

Sherine Zaghou, co-founder and operations director of Takween, seeks to rehabilitate destinations to offer unique and authentic cultural experiences, like Esna Governorate.

Finally, Ahmed Yehia, founder and CEO of Eco-Nubia Aswan, and Thomas William, CEO of EQI, reflected on the unique experience of establishing environment-friendly hotels in communities with deep cultural heritages in Aswan and Siwa Oasis.



ACCOUNTING

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Wafik Hanna,
Office Managing Partner - Audit and Assurance Leader

Membership
Type:
**Associate
Resident**

Address: Cairo Festival City, Business Park, Building 14D B1, Fifth Settlement, New Cairo
Tel: (20-2) 4880-8700
Website: www.deloitte.com



CONSULTANCY

SOFTI
Engy ElBarkouki,
Managing Director

Membership
Type:
**Associate
Resident**

Address: 82 Abbas El Akkad Street, Nasr City, Cairo
Website: www.softi.pro



BUILDING MATERIALS

Sinai White Portland Cement
Alberto Barbieri,
Managing Director

Membership
Type:
**Associate
Resident**

Address: 604 El Safa Street, New Maadi, Cairo
Tel: (20-2) 2754-2760.
Website: www.sinaiwhitecement.com



EDUCATION/RESEARCH AND PROFESSIONAL DEVELOPMENT

Sprints
Ayman Bazaraa,
Co-Founder & CEO

Membership
Type:
**Associate
Resident**

Address: 12-13/A, 3 Ahmed Kamel Street, El Laselky, Maadi, Cairo
Tel: (20-10) 2624-0577
Website: Sprints.ai



CHEMICAL PRODUCTS

MaxPlast- Alrabeh International Plastic Industries Company
Eyad Ajlouni, *Chairman*

Membership
Type:
**Associate
Resident**

Address: Industrial Zone A, North Area, Al Obour City, Cairo
Tel: (20-2) 4489-0601
Website: www.max-plast.com



FOOD & BEVERAGE

Afia International Company - Savola Foods
Karim Baraka,
General Manager

Membership
Type:
**Associate
Resident**

Address: 9 El Masanea Street, District 6, Nasr City, Cairo
Tel: (20-2) 2401-2254/1899, 2381-8107
Website: www.savola.com



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Swegypt Mina International SMI
Maya Samy, *Chairman and CEO*

Membership
Type:
**Associate
Resident**

Address: Km 27 Alexandria-Cairo Desert Road, , Alexandria
Website: www.smi-sae.com



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Mohanad Khedr,
Managing Partner and CEO

Membership
Type:
**Associate
Resident**

Address: 50 Mohi El Din Abou El Ezz Street, Dokki, Giza
Tel: (20-2) 3749-7624
Website: <https://linahfarms.com/>



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AbbVie

Samia Seleem, *Scientific & Regulatory Affairs Director*

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Tel: (20-2) 2614-3006
Website: www.abbvie.com

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INFORMATION & COMMUNICATION TECHNOLOGY

DXC Technology

Neveen Galal,
Managing Director Egypt and MEA Delivery Lead

Address: Smart Village, Building B2401, Floor 2, Box 28, Km 28 Cairo-Alexandria Desert Road, Sixth of October City, Giza
Website: dxc.com/us

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Type:
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Magdy Alaidy, *Founder*

Address: 24A Al Obour Gardens Towers, Heliopolis, Cairo
Website: www.hotelieronline.com

Membership
Type:
Associate Resident



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TransGlobe Energy

Craig Robertson,
Country Manager and Director

Address: 6 Badr Towers, Ring Road, Maadi, Cairo
Tel: (20-2) 3536-5640
Website: www.trans-globe.com

Membership
Type:
Associate Resident



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Royal Maxim Palace Kempinski

Philippe Charraudeau, *General Manager*

Address: The Ring Rd, Second New Cairo, Fifth Settlement, New Cairo
Tel: (20-2) 2249-5300
Website:
www.kempinski.com/en/royal-maxim-palace-kempinski-cairo

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Category: General
Sector: Petroleum

Category: Affiliate
Sector: Petroleum

Category: General
Sector: Petroleum

Category: Affiliate
Sector: Food & Beverage



CONDOLENCES



On behalf of AmCham Egypt's Members, Board of Governors and staff, we extend our deepest condolences to the El Reefy family and their friends.

Hossam El Reefy,

Senior Vice Chairman, Arab Contractors (Osman Ahmed Osman) joined the Chamber in 2023 and was active in representing the Construction Engineering Services.

He will be dearly missed. May he rest in peace.



EXCLUSIVE OFFERS



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Tel: (20-10) 3088-0008
Ahmed Gaber
Tel: (20-10) 9914-4618

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Contact:
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Ekram Hemat: (20-12) 2544-4450
Email: victor.saleh@dhl.com

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-Pick up service is now available Membership card or at least a copy of it to be available to apply the discount.
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Phone: (20-2) 2273-1405

Fashion Retail Group

FRG (Fashion Retail Group) is honored to present its special offer to AmCham Members at the below stores.

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for 10% off).

- 20% off at SPORT AVENUE – B.GOAL stores.
- Outlet stores are excluded from this offer.
- This offer is not applicable in case of any other promotional offers for the above-mentioned brands.
- This discount is not valid during Black Friday.

This offer is valid until December 31, 2024



A Glance At The Press

Modern Art Exhibition I painted it during a power cut.

Al Masy Al Youm, June 30



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.

National Museum of Egyptian Civilization app

The National Museum of Egyptian Civilization has announced the launch of its NMEC app, designed to ease the booking process for visitors.

Visitors can stay informed about events and workshops held in the museum and browse tailored tour recommendations for large and small groups. It also offers a museum map.

The app is available from Google Play and the App Store.

The official website says the museum is "the first of its kind in Egypt and the Arab world. It presents the full range of the richness and diversity of Egyptian civilization throughout the ages."

The Main Hall of NMEC contains nearly 1,600 items that give an integrated overview of Egyptian civilization and its most important achievements, from prehistoric times through the Pharaonic, Greco-Roman, Coptic, and Islamic eras to the present day.

The Royal Mummies Hall displays jewelry sets from the ancient era, giving visitors the feeling of strolling down the Valley of the Kings, where most of the mummies are from. The hall includes 18 mummies of kings and two queens from the 17th to 20th dynasties.

Egypt Today, June 5

Squash stars a smash hit at British Open

Egyptian squash players Nouran Gohar and Mostafa Asal emerged triumphant at the 2024 British Open, claiming victory over fellow Egyptians Nour El-Sherbini and Ali Farag in the finals.

Ranking second in the world, Gohar won her second British Open title by defeating defending champion El-Sherbini in a thrilling five-set match.

"It felt like a never-ending story today, although I was up 2-0," Gohar said after the match.

"El-Sherbini won her first World Championships title from 2-0 down, so if anyone can come back, it is her," said Gohar. "She played better when she was down, and I tried to prepare for that, but it was very difficult to stop."

Mostafa Asal, ranked fourth in the world, claimed his first British Open title by defeating top-ranked Ali Farag 3-2. "It's unbelievable. I'm almost running out of words. I'm almost crying," said Asal. "To win against Paul [Coll] and Ali [Farag], it's amazing."

Asal reflected on the season's progress, "At the beginning of the season, I had no structure until I went to Pontefract to work with James [Willstrop]."

Abram Online, June 9

Egyptian films at Amman festival

Six Egyptian films will be shown at the fifth Amman International Film Festival, which will run for eight days starting July 3.

The selected films are "Back to Alexandria," "Hollywoodgate," "Smokey Eyes," "The Call of the Brook," "Bab El-Shams," and "Hajjan."

The festival will showcase 53 films from 28 countries, including feature-length narratives, documentaries, and Arab short films.

All movies to be presented were released in 2023 and 2024 and will have their Jordanian premieres.

Abram Online, June 16



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