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Vince Lombardi

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The National Initiative of Corporate Social Responsibility

The National Initiative of Corporate Social Responsibility

Egypt: Gift of the Sun

المبادرة القومية للمسؤولية الاجتماعية للشركات

Egypt:
Gift of the Sun

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One of the known facts about corporate governance is that it aims to balance between the interest of different stakeholders. This includes owners, board of directors, executive management and employees. And in order for such balance to be reached, each party has to be fully aware of his rights. It may not be an exaggeration to say that the fast majority of Egyptian minority shareholders know almost nothing about their rights. While majority shareholders practice their ownership rights in order to maximize the return of their investment, most of the minority shareholders see themselves merely as shareholders waiting for their dividends or to achieve capital gains out of selling their shares. I would like therefore to remind every shareholder that by buying company shares he/she becomes a co-owner of this company which gives him/her certain rights as well as duties.

Every shareholder should follow the performance of his/her company and read their published financial statement.

Furthermore, the Egyptian law stipulates that shareholders owning 5% or more of the company shares can call you general assembly meeting to raise issues that they think important. This percentage goes up to 10% if they want to call you an extra ordinary general assembly. The law also gives the right to those whose own 5% or more you the company shares to object at the Capital Market Authority (CMA) against designs that he/she perceive to be against the interest of minority shareholders.
If the same aim is convinced of the case, then it holds the design giving the right the majority shareholder to take the matter to court.

From all the foregoing, it is obvious that it is very important for minority shareholders to coordinate with each other so that they can compile the needed percentage to be able to influence decisions of the General Assembly. There are “Share Holder” movements that exist in different countries to boost shareholder activism so that minority shareholders have a stronger influence on the company’s decisions in a way that supports the minority shareholders’ interests.

Since Egypt is not isolated from what happens in the world, so it is the time for Egyptian shareholders to realize that they are owners of companies and not merely shareholders generating profits from their shares at the end of the year. And this would put more pressure on the majority shareholders and boards of directors to take into account the interests and point of views of the shareholders in the decision making process.

Ashraf Gamal El-Din

Executive Director
Egyptian Institute of Directors
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President Hosni Mubarak opened the World Economic Forum in Sharm El-Sheikh on May 18th, which lasted for three days and attended by more than 1500 from business leaders and economic officials in over 70 countries all over the world. Holding this important event in Egypt for the second time in three years reflects the international community’s confidence in the Egyptian economy and the success of economic reform programmes. It also reflects confidence in economic and political stability in Egypt.

Perhaps a number of “The Executive” readers had participated in the conference or closely followed, and therefore I wish to focus on this floor on its interesting slogan “Learning from the future” … How can we learn from the future? Is it possible to apply this principle to the companies and economic institutions?

"Fortune favors the prepared mind" wisely advised Louis Pasteur more than 100 years ago. I believe this saying is still valid now. The emerging new business environments can benefit from the concept of learning from the future. Classical methods and concepts of organizational learning are based on reflecting on the experiences of the past. However, several currently significant leadership challenges cannot be successfully approached this way.

In order to do well in the emerging new business environments, organizations and their leaders have to develop a new cognitive capability, the capability for sensing and seizing emerging business opportunities. Organizations and their leaders can develop this capability by engaging in a different kind of learning cycle, one that allows them to learn from the future as it emerges, rather than from reflecting on past experiences.

Leaders from around the world are facing a new kind of challenge which is coping with the various waves of change that redefine the context of business. These waves included the rise of the Internet-based economy and its driving force, the process of digitization and of course the rise of concept of globalization of markets, institutions and products. And there are other waves of change to come the future. These contextual changes present today’s leaders with a fundamentally new world in which they must be innovators and radical revolutionaries rather than agents of improving the status quo.

Hence, the pace of change in business environment, and the associated need for business development is phenomenal and if Egyptian businesses are not equipped to anticipate the change and be prepared to face and respond, we will face the threat to be overshadowed by other economies that are more flexible and more equipped to deal with the challenge.

Nahla Kamal
General Manager
Egyptian Institute of Directors
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The economic pyramid in the world is divided into four tiers as regards the annual per capita income. The first tier with annual per capita income more than $20,000, the second and third tier between $1500 and $20,000. Tier 4 represents the base of the world economic pyramid (BOP) with an annual per capita income of less than $1500. ($ is based on purchasing power parity in US Dollars in 2002) Tier 1 is estimated to be 75 – 100 million population, Tier 2 and 3 together 1,500 – 1,750 million population and tier 4 at the BOP 4 billion population. In new studies made according to 2005 international dollars, the cutoff for the BOP and the mid-market population segments were $3,260 and $21,731.

The BOP economic penalty:
Most of people at the BOP pay higher prices for basic goods and services than do wealthier consumers, either in cash or in the effort they must expend to obtain them, and they often receive lower quality as well. This is called “high cost of being poor”. For example, a poor who gets sick in a village would need to pay a lot for transportation, however, a rich living in the city center would find the service across the corner. The poor working in the informal sector and getting his income on day-to-day basis would spend much more time in reaching the service and in recovery from illness because of the low quality he gets. On the other hand, the rich who has an officially paid sick-leave would recover quickly and come back to work in a short time.
Small scale economies are uniquely vulnerable to economic crises, however, they are powerless in terms of preventing them. The BOP is the last to benefit in cases of fast economic growth due to lack of methodologies and systems that translate resources into basic services and benefits at the BOP. Being mostly informal, the BOP cannot get investment finance, participate in value chains of larger companies, or receive services from utilities legally. To conclude, these communities are condemned to remain small and unable to generate wealth or jobs.

Market based approach to BOP:
There are two main varieties of offering services for the poor; one focused on extending social protection to the poor in the absence of appropriate schemes and the other offering a vital financial service to low-income house-holds by developing an appropriate business model that enables the poor to be a profitable
(or sustainable) market segment for commercial sectors. Traditional approaches often focused on the very poor, proceeding from the assumption that they are unable to help themselves and thus need charity or public assistance. A market-based approach starts from the recognition that being poor does not eliminate commerce and market processes: practically, all poor households trade cash or labor to meet much of their basic needs. A market-based approach thus focuses on people as consumers and producers and on solutions that can make markets more efficient, competitive, and inclusive, so that the BOP can benefit from them. Traditional approaches tend to address unmet needs for health care, clean water, or other basic necessities by setting targets for meeting those needs through direct public investments, subsidies, or other handouts. The goals may be worthy, but the results have not been strikingly successful. A market-based approach asks about willingness to pay across market segments. It looks for solutions in the form of new products and new business models that can provide goods and services at affordable prices.

The new trends in dealing with BOP economies move from the concepts of charity towards the concepts of investment and business opportunities. This approach can help frame the debate on poverty reduction more in terms of enabling opportunity and less in terms of aid. The objective behind this trend is to aim for the long-term self-sufficiency of programs and economic sustainability of initiatives, rather than charitable humanitarian projects.

The economic pyramid is like an iceberg, where the biggest part is invisible to conventional eyes. The BOP represents a $5 trillion global consumer market, which should be dealt with as a viable economy and active market with its own needs, demands and purchasing power. This approach should be one of the most effective tools in poverty alleviation and achieving the UN Millennium Development Goals (MDGs).

Many multinational corporations (MNCs) are now seeking the fortune at the BOP. The danger would be if these companies would exploit this market segment on the expense of the poor to maximize their profits. With the development of corporate social responsibility (CSR) and the UN global compact many MNCs are moving their CSR from charitable donations to performing a socially responsible business. Many companies have created business models involving the production of products marketable at the BOP at an economic price that secures a profit margin for the company on one side, and community development through offering services, products and sharing part of the profit with the BOP communities on the other side. The development of Microfinance and Microinsurance systems represent an evolution from the conventional approach of donations and funds towards the business development approach, where the financial sector could remodel its products to be marketable at the BOP with very strong developmental impact. Donors are now shifting from programs, which are dependent on funds to programs, which are moving towards self-sufficiency and capable of attracting commercial funding.

“Small scale economies are uniquely vulnerable to economic crises, however they are powerless in terms of preventing them.”

April - June | THE EXECUTIVE
Changing the mindset:
The BOP communities should be changed from being a part of an intractable problem for Tier 1 economies to an attractive market and business opportunity through creating a win-win scenario between the different tiers of the world economic pyramid with the BOP being part in developing the solutions.
The BOP economies should be dealt with as
- Integral part of the economy and not a burden on it
- Active markets and not channels for charity
- Partners for development not victims
- Part of solutions not problems

The Change Process:
Analysis of BOP markets can help businesses and governments think more creatively about new products and services that meet BOP needs and about opportunities for market-based solutions to achieve them. Engaging the BOP in the formal economy must be a critical part of any wealth-generating and inclusive economic growth strategy.
For businesses, it is an important first step toward identifying business opportunities, considering business models, developing products, and expanding investment in BOP markets. A total household income of $5 trillion a year establishes the BOP as a potentially important global market. Focusing on the BOP with unique products, unique services, or unique technologies appropriate to its needs require completely reengineering the business, often through significant investment of money and management talent.
For governments, this analysis can help focus attention on reforms needed in the business environment to allow a larger role for the private sector to create ultimate solutions, which are market oriented and demand driven.
The components of the change process include:
- Creating buying power through income generation and access to credit
- Reshaping the market through consumer education
- Tailoring local solutions through BOP targeted product development and bottom-up innovation
- Improving access through distribution systems and communication links
- Creating schemes protecting the rights of the poor and protecting them from falling as a victim for the other tiers of the pyramid
- Unconventional partnering between the private sector and governments, NGOs, or groups of multiple stakeholders to bring the necessary capabilities together.

CSR through doing business with the poor:
As Egypt has launched the CSR initiative, companies are requested to change their mindset from charity and donations to active business at the BOP. There are several problems with donations. First it creates a very passive dependent attitude by the poor. Long decades of donations and aid have created an environment where the people are looking to the sources of funds and giving their backs to the community and the market.
Second, donations limit the support in financial issues where all companies are equal, and neglect completely the core competencies of companies represented in their know-how. Focusing the CSR activities on the core business fields of the companies would make the BOP benefit from product innovations, managerial skills, business experience and technical competencies rather than financial resources. Companies should have a proactive approach to develop the BOP economies rather than a reactive approach to their critical needs. The focus should be to help the BOP households to find their ways out of poverty. The perfect model would be if CSR would be able to generate profit at the BOP. This would align both the humanitarian and business approaches in the culture of the companies.
Egypt should take the steps further in market-based approaches to poverty reduction. The Egyptian BOP economy roughly estimated would not be less than ppp$50 million daily, we should start looking for methodologies for investing them, in collaboration with the poor themselves, to get applicable solutions for rapid positive impact on the national economy and poverty reduction.
# Among The Best Ten Emerging Markets In The World

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<th>2007</th>
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<td>Market Capitalization (LE Billion)</td>
<td>456.0</td>
<td>534.0</td>
<td>602.0</td>
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<tr>
<td>Total Value Traded (LE Billion)</td>
<td>160.7</td>
<td>287.0</td>
<td>145.4</td>
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<td>Total Volume Traded (Billion)</td>
<td>5.3</td>
<td>9.1</td>
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www.egyptse.com
The National Initiative of Corporate Social Responsibility (CSR) conference has been held on 24th of March 2008, under the auspices of H.E Dr. Ahmed Nazif, The Egyptian prime minister and with the attendance of H.E Dr. Mahmoud Mohieldin, the Minister of Investment and number of ministers and high profile attendees and representatives of some private companies and civil societies and international organizations.

Dr. Mahmoud Mohieldin inaugurated the conference with an opening speech were he welcomed all the attendees and mentioned that although of the presence of CSR notion for a long time and has been adopted and implemented by various social organizations and companies in Egypt within many forms, and it seems that a high level of diversification in the notion it self from one country to another and he also mentioned that CSR has been implemented solely with out unifying the efforts. He also emphasized that CSR is a matter beyond donation but it comes within the frame of building trust and rooting the partnership principles and respect the principles and values of responsibility that focuses on respecting citizen’s rights in the community that those companies and employees rights in their companies, protecting the environment, being committed to the transparency rules protecting the economic transactions from any corruption.

He also mentioned that CSR is not only for big companies but it is for all companies and SME’s especially in a society were the SME’s contribute by more than 90% in the GDP.

Then, H.E Dr. Ahmed Nazif, the prime minister highlighted in his speech the main role of the private sector in economic development and its contribution in implementing social justice and equality as it is a solidarity responsibility between the government and the private sector and the civil societies.

He also, mentioned that CSR as a concept is not just a donation or a grant that depends on personal perceptions, but it is a regulatory institutional operation that maximizes the company’s value and make it more accepted and
well known by the stakeholders and he mentioned the vital role of the government in persuading the companies to fulfill their social responsibilities to increase the implementation of social activities.

The government and the country is encouraging the companies to establish non profit organizations to conduct social activities like establishments of hospitals, health units, Nursing youth units.

At the end of his speech, Dr. Ahmed Nazif, The prime minister of Egypt asked the companies and organizations to contribute in establishing a social fund managed by the civil society and the economic organizations to spend the fund on developing the health centers, schools, and helping the poor families.

Later, the Prime Minister witnessed the signing ceremony of the project document for cooperation in the area of corporate social responsibility between the Ministry of Investment and the UNDP.

The conference had included three main sessions throughout the day. The first session, was about the application of good corporate social responsibility: the goals, methods and successful models, the session was moderated by Mr. Yousef Mansour, Chairman Mansour group, the session included six speakers from various companies and banks:

- **Mr. Hany Mahmoud**, Vice president- Foreign Relations and Human Resources, Vodafone Company.
- **Mr. Helmy Abou El Eish**, Chairman, Sekem Company.
- **Mr. Mohamed Samir**, General manager, Procter and Gamble Company.
- **Dr. Dalia Abd El Kader**, Arab African Bank.
- **Mr. Laurent Masson**, Legal and Corporate Affairs Director, Microsoft Europe, Middle East and Africa.

Each speaker had presented the experience of his/ her company or bank in the corporate social responsibility field, and how CSR is a commitment by the company towards society and not a grant or donation, also they focused on the importance of the companies to start applying the principles of social responsibility, first in the internal scope, By taking into consideration the rights of workers, providing them the necessary training to upgrade skills, and ensuring health care for them, however it extends to their families, due to their belief that the worker is the company’s real capital.

Besides, they reaffirmed their commitment to the full rights of the state and represented in the payment of taxes and compliance with the laws and regulations.

At the end of the session, the speakers assured the need for concerted efforts between the private sector and the state represented in the government to adopt all companies, whether small or medium or large for the application of corporate and social responsibility to continue with a view to achieving sustainable development.

The second session, was about the ways to create an appropriate environment for corporate social responsibility and the role of institutions and government in promoting corporate social responsibility were discussed.
The moderator of the second session was Mr. Djordija Petkoski, Head of Business, Competitiveness & Development program, World Bank Institute.

The session included speakers from the Egyptian and international institutions:

- **Mr. Graham Minter**, Co-Chair of MENA-OECD investment Program, OECD.
- **Mr. Adel Gazarin**, Chairman, Egyptian Businessmen Associations.
- **Dr. Sherif El Gabaly**, Board Member and CSR Program Supervisor, Federation of Egyptian Industries.
- **Mr. Ehaab Abdou**, Managing Director, Nahdet El Mahrous.
- **Mr. Adham Nadim**, Executive Director, Industrial Modernization Center.

During this session, corporate social responsibility was defined in many ways, in the absence of a consistent and specific definition of corporate social responsibility. But the definition of CSR varies from company to another, from one institution to another. But it was agreed to revolve around the four pillars of corporate social responsibility which are Anti-corruption, environmental preservation, improving the workers standard of living and the work to achieve sustainable development for the community.

Each institution had discussed its role in this field and highlighted the importance of international institutions role in order to be benefited of their previous experience in this field, in addition to the important role of civil society institutions in Egypt and the necessity of cooperation between the private sector and government in achieving community development.

Also during this session, the beginning of a series of lessons and educational courses via the Internet provided by the World Bank Institute of the World Bank Group in Arabic was announced, to be available for those who are interested in corporate social responsibility in all Arab countries.

While the third session, had discussed the ways to measure and assess the performance of companies with respect to corporate social responsibility and corporate governance.

The moderator of the third session was Mr. Maged Shawky, chairman, Cairo & Alexandria Stock Exchanges.

The Speakers were:

- **Dr. Ashraf Gamal El Din**, Executive Director, Egyptian Institute of Directors (EIoD).
- **Ms. Alka Banerjee**, Vice President- Global Equity, Standard & Poor’s.
- **Mr. Mohamed El Moataz**, Assurance lead Partner, Price Waterhouse Coopers.

In the Third session, different discussions had took place to find new Egyptian Stock Exchange index for measuring and evaluating the performance of companies and the extent of their commitment to the principles of corporate social responsibility and corporate governance. Also, Standard & Poor’s index to measure corporate social responsibility was presented during this session as a reference.

At the end of the conference, Dr./ Mahmoud Mohieldin, the Minister of Investment held an open meeting to respond to all queries and questioned, also, he discussed the idea of establishing a fund for Social Responsibility. That Dr. / Ahmed Nazif, The Prime Minister had called at the beginning of the conference.

The questions were about the role of this fund and what are the criterias governing its activities and performance mechanisms, while the attendees have pointed that the idea of the fund is a good initiative and promising, but they focused on the need to ensure sustainability of the functioning and effectiveness of the Fund and not to be limited to a certain period of time. He also mentioned that the Egyptian Institute of Directors (EIoD) in collaboration with other organizations will work to develop principles and criteria and mechanisms for the Fund’s work to start its activity, also stressed on the Government’s commitment to partnership and their essential role in processing community development, and the contribution to the fund does not mean that the government will give up their role played by them towards the society or not increasing the social spending of the public budget.
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There appears to be a new “competitive market in corporate citizenship”, as Mr. Charles Moore, Executive Director of the Committee Encouraging Corporate Philanthropy (CECP), puts it. This follows the trend of corporations worldwide growing increasingly interested in the many internal and external activities that fall under the umbrella of corporate social responsibility (CSR) and corporate citizenship. There are many benefits to society that arise from corporate philanthropic efforts, and a positive multiplier effect can often be detected through happier employees, a good brand image, and greater shareholder value. In the Arab World, corporate philanthropy also builds naturally on the concept of zakat, one of the five pillars of Islam that obligates Muslims to pay a percentage of their income to specified categories in society when their annual wealth exceeds a minimum level. However, the majority of zakat money is not sufficiently targeted, and many people and companies have not yet grasped what a powerful tool it could be for companies to contribute meaningfully and sustainably to development solutions. Companies are learning, however, that their more traditional philanthropic notions of social and environmental responsibility must change along with a globalizing world to reap increased mutual benefit and new forms of partnership for more sustainable impact.

Firstly, corporate philanthropy is often not a part of a company’s core business strategy, and is, therefore, vulnerable to the whims of its CEO or Board of Directors; for example, when money is tight or there is a change in leadership, philanthropic programs are often the first to get cut or changed. Thus, corporate philanthropy is not a viable wealth- and value-creating strategy over the long-term. CSR, on the other hand, is a core operational strategy which defines a company’s position toward the environment, labor and human rights, community relations, and corporate governance.

**“Egypt has a legacy of CSR in a very familiar businessman, Mohammed Tal’at Harb, the founder of Bank Misr, Egypt’s first national financial institution.”**

In a study conducted by the Near East Organization, it was revealed that 71% of the public places hope in the private sector to contribute positively to society through, for example, job creation, employee training, and economic growth and improved livelihoods in the communities in which companies operate. Arab companies can integrate CSR into their core strategies with the aim of enhancing the competitiveness of their countries, thus reducing dependence on foreign aid and improving the livelihoods of their fellow citizens.

Egypt has a legacy of CSR in a very familiar businessman, Mohammed...
Tal‘at Harb, the founder of Bank Misr, Egypt’s first national financial institution. Harb stressed that, while profit is important, it must go hand-in-hand with ethics, social interdependence, a sense of national pride, and respect and stewardship of the environment and community. The spirit of Harb can be carried into a new way of thinking about how business operates in and contributes to society and wealth creation. This new way of thinking encourages companies to help create wealth for those 4 billion people at the "Base-of-the-Pyramid (BoP) who make do with incomes of less than US$ 5 per day.

Local companies can often do this better than large multinational companies. By the same token, it is also important to understand the complementarities between philanthropy, CSR, and service to the poor, as these approaches cannot be easily separated. Exemplary case studies, including one from Egypt, can be found in the World Bank Institute’s Development Outreach magazine (http://www1.worldbank.org/devoureach/).

And last, but certainly not least, there is a need for capacity building to create core competencies among key business and public policy leaders. The World Bank Institute’s is launching an Executive Development Program aimed specifically to meet this demand. Further, given the vast potential and volume of requests for such a program in the Middle East-North Africa region, the World Bank Institute, jointly with InWEnt Capacity Building International, is working closely with local partners, including the Egyptian Institute of Directors, to develop a version of this Executive Development Program targeting the Arab World.

In closing, Prime Minister H.E. Dr. Ahmed Nazif just launched the Egyptian National Initiative on CSR on March 24, 2008 – the challenge is on the table. There is a call to go beyond short-term philanthropic activities and to root the essence of philanthropy into core CSR strategy with the aim of creating wealth, creating new markets with the poor, and enhancing the competitiveness of Egypt and of the broader Middle East-North Africa region.
Although technology has led to significant advances in productivity and economic growth over the last 30 years, most of the world’s population still has little or no access to it. As a global leader in technology, Microsoft has an opportunity and a responsibility to apply its expertise in software to bring the benefits of relevant, accessible and affordable technology to people at the middle and the bottom of the pyramid. Through its flagship program, Unlimited Potential, Microsoft is combining technology innovations, business strategies and citizenship efforts with a global network of partnerships to help address specific needs of communities. The work spans three interrelated areas: transforming education, fostering local innovation and enabling jobs and opportunities.

### Transforming Education

- Microsoft is working with governments, education leaders and development organizations to improve the quality of education through providing access to students, integrating technology into the classroom and providing relevant training for teachers and students.
- The Partners in learning (PiL) initiative is at the center of these activities, and supports programs including the junior Developer Program and the Innovative Teacher Network to cultivate education.

### Fostering Local Innovation:

- Through a global network of 130 Microsoft Innovation Centers in 60 Countries, Microsoft provides students, developers and entrepreneurs with access to ICT skills training, advanced technology tools and world-class consultants.
- Microsoft’s Local Language Program helps nurture productivity and innovation specific to local communities by providing access to Microsoft products in more than 100 languages.

### Enabling Jobs and Opportunities:

- Building strong technology infrastructure can help communities create new jobs and attract investments that bolster economic growth and global competitiveness but its prerequisite is a skilled workforce.
- Microsoft supports a network of more than 29,000 Community Technology Centers (CTCs) through its community Technology Skills Programmer (CTSP), working with governments and civil society to provide affordable and relevant access to communities around the world.
- The CTSP provides donations of cash, software and digital literacy curricula.
Citizenship in Egypt
The Egyptian economy is growing at a rate of approximately 7%, yet only 10% of Egypt’s 80 million people are using the Internet. Microsoft Egypt is working to close the digital divide in Egypt to promote economic growth at the macro level, and is working with training people at the middle and the bottom of the pyramid to enhance their employment prospects, develop their enterprises more efficiently and build the technology skills of the workforce at the micro level, while aligning with the government’s goals for economic growth.

Among Microsoft Egypt’s highest impact programs is the Community Technology Skills Program, CTSP. While the economy is growing, unemployment rates are still high in Egypt, and the majority of our programs are working towards enhancing employability from a bottom up approach across a wide segment of the population, encompassing a wholesome strategy to reach the most underserved.

Four years ago, Microsoft Egypt partnered with the Ministry of Communications and Information Technology and UNDP in the MCIT IT Clubs Initiative. The initiative supported the start up of information technology clubs managed by nongovernmental organizations that provided free or highly subsidized IT training courses for people who could not afford classes. The IT clubs also provided a community shared-access centre, allowing people who could not afford to buy computers the opportunity to use them. There are now more than 1000 IT Clubs throughout Egypt, from Siwa to Sinai, Darb el Ahmar to Deraw, Alexandria to Aswan, training women, youth, farmers, children and the unemployed. The courses offered are relevant to the local community, and have brought about huge positive socioeconomic impact on the communities. Building a network of IT Clubs around the country, and providing support for them to sustain themselves has importantly enabled an open environment for ICT for development practices as success stories have spread throughout the country.

Since, our projects have focused on specific target groups for whom technology can provide a means of great positive difference. Focusing on Employability, our youth empowerment program in partnership with the Integrated Care Society, provides youth with IT, business and soft skills that will close the gap between graduates and the workforce, and enable them to meet job requirements. In addition, small and micro enterprises (SMEs) contribute significantly to the Egyptian economy, and also generate jobs. Microsoft is working with existing and future SME owners to build their capacity to ensure the enterprise is sustainable, efficient, and growing, offering courses from IT training to feasibility studies to financial management. Sustainable SMEs mean economic growth, creation of new jobs, industry diversification, and much more.

NGOs in Egypt are working at grassroots levels to provide for underserved communities, working towards sustainable development. Their reach and expertise has huge implications for success, yet NGOs often lack the resources to serve their communities as efficiently given their limited resources. The NGO Academy, a partnership between the Ministry of Social Solidarity, UNDP and Microsoft, is a project dedicated to NGO capacity building. The project offers courses from IT to proposal writing to management of resources, and aims to equip NGO management with the skills needed for effective management of resources to serve their communities better.

Our vision is inspired by contributing to holistic projects that serve people at the middle and bottom of the pyramid in ways which are sustainable.

“NGOs in Egypt are working at grassroots levels to provide for underserved communities, working towards sustainable development.”
Standard & Poor’s ESG Index for Emerging Markets

An interview with Ms. Alka Banerjee, Vice President, Index Services at Standard & Poor’s, has been conducted in the light the National Initiative for Corporate Social Responsibility conference that was held on 24th March, 2008 and organized by the Egyptian Institute of Directors (ElOD), in cooperation with the Ministry of Investment of the Arab Republic of Egypt, the General Authority for Investment and Free Zones (GAFI), and the United Nations Development Programme (UNDP).

Q: At the beginning could you please give us a brief about Standard & Poor’s & it’s index.

A: Standard & Poor’s (S&P) is a leading provider of financial market intelligence. It is the world’s foremost source of credit ratings, indices, investment research, risk evaluation and data, and independent equity research. S&P Index Services maintains a wide variety of investable and benchmark indices to meet an array of investors needs. Its family of indices includes the S&P 500, an index with $1.32 trillion invested, and the S&P Global 1200, a composite index comprised of seven regional and country headline indices.

Q: What is the ESG Index for Emerging Markets and in what circumstances was it launched?

A: ESG refers to the Environmental, Social and Governance indicators for companies. This started 18 months ago when the International Finance Corporation (IFC) launched an initiative amongst different players in the market to create a measurement tool for ESG to provide emerging markets investors with better information on companies’ environmental, social and governance standards. Being an expertise in governance metrics and indices, S&P applied for this project and worked in collaboration with CRISIL (India’s Leading Ratings, Research, Risk and Policy Advisory Company) and KLD Research & Analytics, Inc. to create this index in India, which has been chosen because it is a large emerging country beside that S&P has a significant presence there.

This index comprises 50 Indian companies that met certain ESG criteria and have been drawn from the largest 500 companies listed on the National Stock Exchange of India.

Q: What is the importance of this index?

A: The traditional approach to corporate social responsibility based on public relations aspect has changed, nowadays, companies are developing a strategic approach to corporate governance based on reputational / operational risk; stakeholder relations such as employees, customers and communities who all need ESG compliance and also new customers and markets.

The S&P ESG Index links a company’s ESG score to its index weightings so that companies with higher scores carry higher weightings.

This index is considered to be the first investable index of companies whose business strategies and performance demonstrate a high level of commitment to meeting ESG standards.
It is also a tangible tool, it relates companies ESG performance to stock market performance. It retails investors to directly invest in something they believe in it, so it is used to create an investment product, because the proof that ESG is a good concept and that the company has an index is to create a financial product related to it so that this could be translated in the financial market.

An index can create incentives for companies to improve ESG performance because it has assets attached to it, raising the cost of capital for those that aren’t on the index, because not being in the index will decrease the company’s stock purchase which will be an immediate cost.

An index also creates a public list of leaders and therefore laggards, driving companies to be on «the list».

Q: Why would companies and investors be interested in ESG?

A: Investors are looking to maximize financial returns subject to specific risk tolerances by investing in ESG and to provide the transparency needed to have a product. Social and environmental factors come into consideration as an important component of stakeholder relations.

The companies need to maintain positive and constructive relations with key non-financial stakeholders such as employees, customers, and communities to maximize sustainable competitive advantage (business risk) and to minimize operational/reputational risks (financial risk) such as people not wanting to buy the product.

Q: How is the ESG Index measured?

A: Certain factors can be objectively measured to serve as proxies or as evidence that might suggest good governance of stakeholder relations. The first factor or way to measure is the Company ESG Disclosure which is to know what the company discloses which is the easiest thing to measure. The other thing is to know the company public commitment to corporate responsibility and to recognize ESG standards. Also the evidence of mismanagement or value adding management of stakeholder relations. These factors can be assessed or seen in an objective manner to be easily quantified, to transform the data from a qualitative to a quantitative model.

So, the approach of evaluating companies on ESG parameter is based on three theoretic approaches starting by the Transparency and Disclosure (T&D) through the companies’ annual reports, sustainability reports and other public disclosures. The second approach is the qualitative analysis by gathering public reports information from media, corporate data, civil society and governmental sources. The third approach is the direct contact by conducting surveys and asking targeted questions.

Q: How is the first approach (Transparency and Disclosure) useful in the evaluation process?

A: Talking about the first approach which is the T&D; it is the key for evaluating emerging markets companies as it is the first thing to know, what has been disclosed in the company, ESG disclosures are at a very rudimentary stage.

T&D is one of the most useful/practical ways to assess qualitative factors and uneven information in a comparative model. It also provides a solid foundation for index construction, whether or not there is incremental disclosure through public information screening and survey completion. It is a simple and objective scoring as every company has to publish an annual report and has its own reporting procedures, so this kind of information is immediately and actually available. It also leads to increased pressure on companies to display greater and more sophisticated T&D. It is used for all the three measurement parameters of governance, environment and social accountability.

Q: How is the T&D measured?

A: The T&D was measured through a set of questions. Its screening framework was composed of 127 questions on corporate governance regarding shareholder rights, audit process, financial and operational indicators, board and management profile, ownership structure, and business ethics.

There are 70 other environmental and social disclosure questions focusing on the environment, the employees, the community and customer/Product issues.

All of the questions are scored on a binary basis for each disclosure item. If the answer is «yes» the score will be «1», and if «no» so the score will be «0».

There were also 27 extra point questions on corporate governance and 9 extra point questions on Environmental and social issues. These questions contain greater weighting which means that they measure what the company has done above the rules and laws. The weighting of environmental and social disclosure items depends on the company’s sector and varies from high to low impact.

Q: And what about the qualitative analysis?
A: After calculating the T&D score comes the qualitative analysis where the information is gathered from the media, NGOs, independent sources of information from regulatory agencies, and company sources such as websites, regulatory filings and CSR reports.

The qualitative review can be expressed quantitatively on a 5 point scale scoring. Starting from «5» in case of having no negative answer and ending at «1» in case of having negative information.

The scores obtained at the qualitative analysis are used to adjust the T&D score and obtain the final score. Since the qualitative score is on a negative scale, the final score is obtained by reducing the T&D score by well defined criteria. However, in cases where company scores neutral on all the qualitative parameters the final score remains same as T&D score.

And this is done to ensure that companies with good ESG T&D score but poor performance that are clearly material from social, environmental and business perspective are not included in the index.

Q: Have you used any outsource in framing out the 197 questions?

A: Yes, we framed out the 197 questions by using examples from some initiatives and projects such as:

- **Principles for Responsible Investment**, a UN led initiative launched in 2006 to encourage institutional investors to more actively factor ESG issues into the investment process. It has 180 signatories, mostly asset owners and managers, representing over $8 trillion in assets under management.

- **Carbon Disclosure Project**, an organization representing 284 institutional investors with assets of over $41 trillion under management which formally requests 2400 of the largest quoted companies in the world by market capitalization, to provide disclosure of investment-relevant information concerning the risks and opportunities facing these companies due to climate change.

- **Enhanced Analytics Initiative**, an international collaboration between asset owners and asset managers aimed at encouraging investment research takes account of the impact of ESG and other non-financial factors on long-term investment. The EAI currently represents total assets under management of US$2.4 trillion.

- **UN Global Compact**, a voluntary code of corporate conduct, sponsored by the UN, which articulates 10 principles relating to human rights, the environment and anti-corruption. It has over 2900 signatories from businesses in over 100 countries globally.

- **Global Reporting Initiative**, an initiative linked to the United Nations Environment Program whose purpose is to develop a set of globally consistent reporting principles and standards for corporate environmental and social performance. To date, nearly 1000 corporations in over 60 countries have declared their use of the GRI Reporting Framework.

Q: At the end could you tell us how will the Index be reviewed or reconstituted?

A: The Index will be reconstituted once a year on the first business day of the year. The new scores for the entire pool of companies are calculated once a year and the companies in the index will be reviewed quarterly for any aberrations which could cause their score to go lower. If the score is reduced, then the weight of the company can be adjusted down or if a serious enough concern, that it causes the score to fall steeply, then the company may be removed.

At the time of the reconstitution, value traded will be reviewed again to ensure adequate liquidity. And if stocks are removed intra year either due to corporate activity or due to lowered scores, the stock is not replaced immediately and the index will be calculated with fewer stocks.
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Audit Committee role in implementing Corporate Governance principles

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Corporate governance is a new concept that is introduced to the Egyptian financial market. The Egyptian code of corporate governance defines it as the rules, regulations, and procedures that achieve the best protection of and balance between the interests of corporate managers, shareholders, and other stakeholders. A key element in the corporate governance process of any organization is its audit committee. In addition, the Cairo Alexandria Stock Exchange listing rules (issued in 2002) require the presence of an audit committee.

The audit committee is the overall guardian of financial integrity for the shareholders. The audit committee is appointed by the board of directors, and is responsible for assisting the board in fulfilling its oversight responsibilities. The audit committee manual, published by the Egyptian Institute of Directors, states that the audit committee’s primary duties and responsibilities are to monitor the management of the principal risks that could impact the financial reporting process of the company, the integrity of the system of internal controls in accordance with financial reporting and accounting compliance, and oversee the internal and external audit process.

The audit committee should be composed of no less than three non-executive board members, but composition will vary depending upon the needs of the company and the extent of delegated responsibilities to the committee. It is recommended that the audit committee be composed entirely of non-executive directors.

“The first role of the audit committee is to oversee the process related to the company’s financial risks and internal control.”

The objective is to allow the committee to function efficiently, all members to participate, and an appropriate level of diversity of experience and knowledge. Audit committee members should be financially literate and at least one member should have financial expertise. It is important to note that the director’s independence is the cornerstone of the committee’s effectiveness particularly when overseeing the company’s financial reporting integrity and evaluation of areas where judgments and decisions are significant.

The role of the audit committee, as defined by the audit committee manual published by the Egyptian Institute of Directors, can be seen as three folds: (1) Overseeing the process related to the company’s financial risks and internal control, (2) Overseeing internal reporting, and (3) Overseeing internal and external audit process.

The first role of the audit committee is to oversee the process related to the company’s financial risks and internal control. In this role the audit committee is responsible to monitor the management of principal risks that could impact
the financial reporting process of the company, the integrity of the system of internal control, and the internal and external audit process. Also, the audit committee needs to ascertain that the company does not only have an internal control system that is adequate but that it is also implemented and operational in a satisfactory manner.

The second role of the audit committee is to oversee the financial reporting. In this role the audit committee should review the interim and annual financial statements prior to their release. Some examples of the responsibilities of the audit committee in this role include: to review/understand management’s responsibilities and pledges, the accounting principles and estimates used, assess the clarity and transparency of the financial statements, communicate with management and auditors and review earning releases, and financial statements prior to their release.

The third role of the audit committee is to oversee the internal and external audit process. Both the internal audit department and the external audit firm execute the company’s audit coverage. The audit committee should make sure that they complement each other. In terms of overseeing the internal audit the audit committee should be involved in developing and approving the audit department mandate, goals, and mission. The audit committee should also be involved in the appointment, promotion, and compensation of the internal audit director. The audit committee should further access his/her qualifications to ensure that he/she is a capable of performing his/her assigned duties. As for the external auditor, the audit committee should ensure that the external auditor is directly accountable to it and the board of directors. In addition, the audit committee should be greatly involved in the selection, evaluation, compensation, and deliberations with the external auditor.

So far the first part of this article aimed at explaining the vital and useful role of the audit committee in companies’ development. While the last part of this article will focus on the challenges and problems that face the implementation of audit committees in Egyptian companies, and try to provide some ways to overcome them.

First Egyptian stakeholders are still not clear about the form, role, and usefulness of the audit committee. This problem needs immediate attention from the regulators and the educational institutions in Egypt. There is a need for courses, media coverage, and/or educational materials to educate the Egyptian market and introduce audit committees to the different stakeholders focusing on the benefits gained from their presence. Also, many Egyptian companies are closed/family owned companies. The members of the board of these companies are usually limited in number. Again there is a need for educating the market for the benefits and advantages of the non executive members, focusing on the role of non executive members.

Most board of directors in Egypt consist of executive members. Very few non executive members are present. Also, very few stakeholders understand the role of the non executive board members. One of the non executive CEOs just told me that the first questions that he got from the bank employees when he was introduced to them was “so you have no work to do”. Therefore, there is a need for defining the role of the non executive board members, focusing on the benefits of their presence.

Finally, Egypt suffers from a high level of secrecy. This has been proven by many studies that were conducted by international institutions. In this environment managers and/or owners do not appreciate the value of transparency. The less the number of people who “know” the better the company’s situation. On the other hand, the audit committee’s success is based on the presence of transparency and the appreciation of the presence of transparency. Therefore, there is a need for a cultural change that promotes transparency as an integral part of the Egyptian environment.
Role of The Internal Audit...
Corporative Governance principles

By: Amr yassin
General Manager of Internal Auditing
Cairo & Alexandria Stock Exchanges

"We can’t have an effective corporate governance without supporting effective professional and independent for both audit committee, and internal audit activity."

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The framework of internal audit activity consists of attribute standards, performance standards, and code of ethics plus the definition above, and glossary for terminologies concerning standards and definition of internal auditing.

So we will start with a few definitions from the glossary to help you to follow what we talked and what we will talk about next.

Chief Audit Executive (CAE): Top position within the organization responsible for internal audit activities.
Add Value: Creating benefits to organizations, stakeholders, customers, and clients through assurance, consulting, advice, and written communications to management or operating personnel.
Internal Audit Activity: A department, division, team of consultants, or other practitioner(s) that provides independent, objective assurance and consulting services.
Internal Audit activity Independence: The CAE should report to a level within the organization that allows the internal audit activity to fulfill its responsibilities.
Risk Management: A process to identify, assess, manage, and control potential events or situations, to provide reasonable assurance regarding the achievement of the organization’s objectives.

The standards are intended to:
• State basic principles for the practice of internal auditing.
• Provide a framework for performing and promoting value added internal audit activities.
• Establish the basis for evaluating internal auditing performance.
• Improve organizational process and operations.

Attribute Standards concern the traits of entities and individuals providing internal audit services:
• Purpose, Authority, and Responsibility -- The purpose, authority, and responsibility of the internal audit activity should be formally defined in a charter, consistent with the Standards, and approved by the board.
• Independence and Objectivity -- The internal audit activity should be independent, and internal auditors should be objective in performing their work.
• Proficiency and Due professional Care -- Engagements should be performed with proficiency and due professional care.
• Quality Assurance and Improvement Program -- The chief audit executive should develop and maintain a quality assurance and...
improvement program that covers all aspects of the internal audit activity and continuously monitors its effectiveness.

Performance Standards describe internal audit activities and criteria for evaluation of their performance:

- **Managing the Internal Audit Activity** – The chief audit executive should effectively manage the internal audit activity to ensure it adds value to the organization.

- **Nature of Work** – The internal audit activity evaluates and contributes to the improvement of risk management, control, and governance systems.

- **Engagement Planning** – Internal auditors should develop and record a plan for each engagement.

- **Performing the Engagement** – Internal auditors should identify, analyze, evaluate, and record sufficient information to achieve the engagement’s objectives.

- **Communicating Results** – Internal auditors should communicate the engagement results promptly.

- **Monitoring Progress** – The chief audit executive should establish and maintain a system to monitor the disposition of results communicated to management.

- **Management’s Acceptance of Risks** – When the chief audit executive believes that senior management has accepted a level of residual risk that is unacceptable to the organization, the chief audit executive should discuss the matter with senior management. If the decision regarding residual risk is not resolved, the chief audit executive and senior management should report the matter to the board for resolution.

**Rules of Conduct**:
Internal auditors shall:

- Perform their work with honesty, diligence, and responsibility.
- Observe the law and make disclosures expected by the law and the profession.
- Not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organization.
- Respect and contribute to the legitimate and ethical objectives of the organization.
- Not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment.
- Not accept anything that may impair or be presumed to impair their professional judgment.
- Disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.
- Be prudent in the use and protection of information acquired in the course of their duties.
- Not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.
- Engage only in those services for which they have the necessary knowledge, skills, and experience.
- Perform internal auditing services in accordance with the International Standards for the Professional Practice of Internal Auditing.
- Continually improve their proficiency and the effectiveness and quality of their services.

"Internal auditors are expected to apply and uphold the following principles: Integrity, objectivity, confidentiality, and competency."

**Code of Ethics**:
An ethical culture in the global profession of internal auditing, and consists of 4 principles, and 12 rules.

**Principles**:
Internal auditors are expected to apply and uphold the following principles: Integrity, objectivity, confidentiality, and competency.
For a long time, Egypt has been far behind in the formal implementation of the International Accounting Standards (IASs). In the early 70's when the International Accounting Standards (IASs) were initially issued, the private sector companies in Egypt used to prepare their financial statements according to what so called “Generally Accepted Accounting Principals”, while public sector companies applied the Unified Accounting System which was issued in 1967. The issuance of the Unified Accounting System, at that time, was a pride for the accounting profession in Egypt as it represented a comprehensive accounting framework which fitted that era of the Egyptian Economy. However, the said system was more appropriate for national accounting than for financial accounting.

In the mid 80's, and right after the flow of the Arab and foreign investments into Egypt, the level of professional cooperation between the Egyptian accounting firms and the prominent global accounting firms started to increase, as a result the Egyptian accounting firms started to give greater attention to International Accounting Standards and informally encouraged clients to prepare their financial statements in accordance with International Accounting Standards (IASs).

In 1992, the Capital Market Law No. 95 of 1992 was issued. The law required companies, which are subject to its provisions, to prepare their financial statements in accordance with International Accounting Standards. In spite of the criticism of this requirement, it remained in force until 1997 when the first set of the Egyptian Accounting Standards were issued. The Egyptian Accounting Standards (EASs) comprised 23 standards which were to great extent consistent with the International Accounting Standards (IASs) at the time. Furthermore, the preface of the Egyptian Accounting Standards emphasized the necessity of referring to the International Accounting Standards (IASs) with respect to matters not covered by the Egyptian Accounting Standards.

In 2001, the International Federation of Accountants (IFAC) adopted a project for developing the International Accounting Standards (IASs) for the interest of the public users of the financial statements by issuing global accounting standards of high quality that aim to provide transparent and comparable financial information.

The main drivers for this project were:

1. Globalization and open market policy adopted throughout the globe.
2. The European Union’s resolution regarding the implementation of the International Accounting Standards (IASs) in all EU member states.
3. The need for eliminating the divergence between the...
American and International Accounting Standards.

The outcomes of the said project came into surface when a set of International Accounting Standards were issued in 2004 including a comprehensive change in the standards, as 17 of the previously issued International Accounting Standards were revised. Three standards were cancelled, and new standards were issued under the name of International Financial Reporting Standards (IFRSs).

Consequently, it was then necessary to expedite the revision of the existing Egyptian Accounting Standards and introduce the necessary modifications to these standards so that they become in line with the revised International Standards. Accordingly, 35 standards were prepared by the Standards Committee of the Egyptian Society of Accountants and Auditors in cooperation with the Capital Market Authority, and they were approved by the Minister of Investment and officially published in the mid of 2006 and came into force as of the outset of 2007. Also, the Chairman of the Central Auditing Organization, based upon his belief in the necessity of unifying the accounting standards applied in Egypt, issued the same set of standards, with exception of the standards applicable to banks and insurance companies, and endorsed their application by companies audited by the Central Auditing Organization.

With the issuance of such standards, the Egyptian Accounting Standards, which should be applied by all companies in Egypt, have become substantially consistent with the international standards that were issued either under the name of IASs or IFRSs, except for four main differences which emerged as a result of the Egyptian laws and regulations. These differences were identified in the preface of the Egyptian Accounting Standards. The main differences are:

The Egyptian Accounting Standard No. (1) “Financial Statements Presentation”:
Employees’ and board of directors’ share in profit are presented as appropriation of profit under Egyptian Accounting Standards, in order to comply with Egyptian legal requirements. Under IAS (1), the payments to employees and directors are charged as expenses in the income statement.

The Egyptian Accounting Standard No. (10) “Fixed Assets and Depreciation”:
The paragraphs relating to the revaluation model in International Accounting Standard No. (16) which allow the revaluation of fixed assets were amended to limit the use of the revaluation model to few circumstances permitted by Egyptian laws and regulations, otherwise the cost model should be applied.

Certain treatments in the IASs and IFRSs were cancelled as they prohibited the formation of general provision for loan loss through profit and loss and required the formation of such provision through equity. While the Central Bank of Egypt’s rules and recognised banking policies require the formation of such provision through the profit and loss.

The Egyptian Accounting Standard No. (20) “Rules and Accounting Standards related to Finance Lease Transactions”:
The Egyptian Accounting Standard No. (20) is substantially different from International Accounting Standard No. (17) “Leases”; this is principally due to mandatory accounting treatments stipulated in article (24) and (25) of law No. 95 of 1995. According to this law, the lessor capitalises and depreciates the leased asset and the leasee charges the lease payment to the income statement.

It is note worthy to mention that the existence of a comprehensive accounting framework represented in the Egyptian Accounting Standards is considered as a key measure for the quality of the financial statements as such statements represent the main source of information for the stakeholders about the entity’s financial position and financial performance. Hence, the more such companies comply with the accounting standards, the more such financial statements become transparent through the inclusion of sufficient disclosure which will help the users of the financial statements, whether they are; investors, Capital Market Authority, Tax Authority or banks, in making well informed decisions.

Yet, the issuance of the standards is not the end of the road. We must always give due attention to training on the practical implementation aspects of these standards in order to achieve the required objectives. Furthermore, we ought to continuously work on updating and improving of such standards in the light of the latest developments by IFAC.
Theoretically speaking corporate governance has been in the news everywhere. The time has come to emphasize the importance of corporate governance in the banking sector. From a banking industry perspective, corporate governance means the manner in which the business and affairs of banks are governed by their boards of directors and senior management.

I am not surprised to observe banks around the world are responding to the call for higher standards of corporate governance. Many international banks have grasped the full meaning of governance in a financial institution. Additionally, a number of rating agencies have developed indices to measure corporate governance performance. They can act as catalysts for corporate governance by either directly factoring corporate governance into their scoring systems, or including their financial scoring systems with corporate governance ones. The indices make it easier for investors to assess the quality of corporate governance.

For a long time corporate governance has been a subject perceived to have only a theoretical connotation. Finally it is getting into the sphere of practical banking where banking regulators are now devoting considerable attention to this subject. Banks play a very important role in the financial system and from a general point of view too, corporate governance in banks becomes a critical issue particularly because it:

- Optimizes operational and financial efficiency;
- Improves access to outside capital;
- Improves valuation and lowers the cost of capital;
- Builds/improves the bank’s reputation and trust; and
- May bring international business.

The banking sector is already highly exposed to public scrutiny. It has learned at a high cost the risk of attracting bad publicity through failings in governance and stakeholder relationships.

For banks the concept of stakeholder extends to several categories such as depositors, borrowers, employees, shareholders, rating agencies and regulators. There is a need to understand corporate governance as broadly as possible. Under corporate governance banks set forth corporate values, codes of conduct and also have systems and procedures in place to ensure compliance with them. The board of directors sets the strategic objectives and corporate values of the bank and specifies clear lines of responsibility and accountability that are communicated throughout the bank. The board and the senior management interact with each other at specified intervals for timely exchange of information on the bank’s financial health and management practices.

The Basel Committee on Banking Supervision has called attention to the need to study, understand, and
improve the corporate governance of financial institutions (Enhancing Corporate Governance for Banking Organizations, February 2006). This guidance is aimed to help ensure the adoption and implementation of sound corporate governance practices by banking organizations worldwide. It highlights the importance of:

- The roles of boards of directors (with a focus on the role of independent directors) and senior management;
- Effective management of conflicts of interest;
- The roles of internal and external auditors, as well as internal control functions;
- Governing in a transparent manner, especially where a bank operates in jurisdictions, or through structures, that may hinder transparency; and
- The role of supervisors in promoting and assessing sound corporate governance practices.

It is important to explain that this guidance does not constitute binding rules but in fact it provides set of principles. In implementing the principles, banks would take into account bank size, complexity and risk profile. Additionally, the guidance applies regardless of whether a country has adopted Basel II framework.

As noted by the Chairman of the Basel Committee “sound corporate governance is an important element of bank safety and soundness and the stability of the financial system”. The Basel Committee believes that this paper will help to promote more effective risk management and greater transparency on the part of banking organization.”

**Sound corporate governance principles**

In order for banks to adopt and implement sound corporate governance practices the guidance of Basel Committee has provided eight principles that could help to build an effective corporate governance system:

**Principle 1:** Board members should be qualified for their positions, have a clear understanding of their role in corporate governance and be able to exercise sound judgment about the affairs of the bank. The board of directors is ultimately responsible for the operations and financial soundness of the bank. The boards of directors and their individual members support the corporate governance of a bank when they do exercise their responsibilities, particularly:

- Understand the oversight role;
- Promote bank safety and soundness;
- Understand the regulatory environment; and
- Ensure that the bank maintains an effective relationship with supervisors

**Principle 2:** The board of directors should approve and oversee the bank’s strategic objectives and corporate values that are communicated throughout the banking organization. The board should establish the strategic objectives and high standards of professional conduct that will direct the ongoing activities of the bank, taking into account the interests of shareholders and depositors, and should take steps to ensure that these objectives and standards are widely communicated within the bank.

**Principle 3:** The board of directors should set and enforce clear lines of responsibility and accountability throughout the organization. Effective boards of directors clearly define the authorities and key responsibilities for themselves, as well as for senior management. The role of management is to delegate to staff and promote accountability as well as be responsible to the
board for bank’s performance

Principle 4: The board should ensure that there is appropriate oversight by senior management consistent with board policy. Senior management should have the necessary skills to manage the business and oversee line managers consistent with board policies board's guidance, establish system of internal controls.

Principle 5: The board and senior management should effectively utilize the work conducted by the internal audit function, external auditors, and internal control functions. The board should recognize and acknowledge that independent, competent and qualified auditors, as well as internal control functions (including the compliance and legal functions) are vital to the corporate governance process.

Principle 6: The board should ensure that compensation policies and practices are consistent with the bank’s corporate culture, long-term objectives and strategy, and control environment. Failure to link incentive compensation for members of the board of directors and senior management to the long-term business strategy can result in actions that run counter to the interests of the bank and its stakeholders.

Principle 7: The board should be governed in a transparent manner. Transparency is essential for sound and effective corporate governance. Disclosure should be made on the bank’s website, in its annual/periodic reports and/or in reports to supervisors about:

- Board and senior management structure;
- Basic ownership structure & organisational structure;
- Incentive structures (e.g. remuneration policies);
- Code of business conduct and/ or ethics code; and
- Bank policies relating to conflicts of interest and related party transactions.

For a long time corporate governance has been a subject perceived to have only a theoretical connotation. Finally it is getting into the sphere of practical banking where banking regulators are now devoting considerable attention to this subject.

Principle 8: The board and senior management should understand the bank’s operational structure, including where the bank operates in jurisdictions, or through structures, that impede transparency.

What more could be done?

Banking supervision and the quality of management play an important role in a governance regime. The corporate governance structure needs to be transparent and consistent encouraging safe and sound banking on the one hand and the flexibility needed to face competition on the other. The following are few recommendations on what more could be done:

A. Banks should apply a certain minimum level of corporate governance. Then, they should be asked to move towards implementing international standards within a specified time frame.

B. Bank managements should work towards achieving a new arrangement on remuneration that should reflect performance.

C. A comprehensive risk management system should be introduced within a specified time frame.

D. Banks should have strict rules that disallow or limit lending to directors and connected parties.

E. Greater transparency and disclosure to enable a move to the best practices.
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Egypt: Gift of the Sun

Egypt is famous worldwide for its year-round sunshine, its abundance of heritage sites, natural treasures, its wonderful geographical location and its diversity in tourism products and destinations; in another words “Egypt has it all”. This was the main message of the new Global Advertising Campaign launched in 2006, with the slogan “Nothing compares to Egypt”, which aims to place Egypt in its real international tourism position.

Tourism is not just a flow of people; it is a combination of many factors affecting all economy’s sectors: currently tourism is considered one of the world’s largest significant economic activities and the leading industry in many countries. Tourism is an engine to development, main employment generator and also could alleviate poverty in developing economies by creating incentives that encourage tourism investment projects which attract increasing numbers of tourists. According to the World Tourism Organization (UNWTO), each 10 incremental tourists create two jobs directly and indirectly, this would make tourism as well as the fastest growing economic sector in terms of job creation worldwide.

Regardless the difficulties facing the estimation of real economic contribution of tourism where it is hard to cover all other tourism establishments and/or tourism-related industries and services, in addition to many other transactions which are conducted outside the formal economy like private homes to accommodate visitors, and payments to vendors, Tourism in Egypt represents in 2007 around 11.3% of GDP (direct and indirect). It is viewed as a potential pivot for development; it exerts direct and indirect impacts on tourism establishments and employment and on sectors supplying goods and services for tourism entities and activities, such as agriculture, fisheries, manufacturing and construction.

However, in 2007, measuring the economic impact of only “Hotels and Restaurants” represents only 3.5 % of the GDP, according to the Ministry of Economic Development (MoED). In the other hand, International Travel Receipts estimated on the basis of the number of tourist nights are counted about 7% of GDP at market prices. Compared to some countries in the region, Egypt’s receipts ratio tends in general to be relatively high, where in Israel and Turkey, for instance, the corresponding ratio does not surpass 3%; in Morocco 3.7%; and in Greece 4.7%.
According to the Information Decision Support Centre (IDSC), the tourism sector contribution in employment accounts for about 12.6% of the total employed population directly and indirectly in 2007. Recent literatures estimate that numbers of engaged workers in tourist activities exceed 1.2 million workers as a result of the direct effect of foreign tourist’s spending; another 1.5 million workers would be added if secondary effects are taken into account. Other international organization, World Travel and Tourism Council (WTTC) indicates that tourism employment is nearly 1.5 million jobs directly with a number of 1.3 million workers could be added if we take into account travel and other related, tourism services (WTTC 2007).

Based on data and information announced by Ministry of Tourism (MoT) in 2007 Egypt is witnessing an increasing numbers of business and leisure travelers, the number of tourist arrivals achieved 11.1 million tourists recording an increasing of 22% compared to 2006, where the European’s share is about of 71.5%; the Arabs represent 17.6% of the total with a growth rate of 3%. As for the new markets such as China, Japan and India they showed a considerable growth rate of 56.6%, 47.3%, and 34.5% respectively.

This noticeable growth has been reflected on a rising in tourist nights to 111.5 million nights and generated an increased tourist revenues US$ 9.5 billion with a growth rate of 25%, noting that these direct revenues according to Central Bank of Egypt (CBE) in 2007 are depending on the average daily spending of tourist per night US$ 85. The mentioned figures prove that tourism -with its fast-rising contribution to current account earnings, and strong performance in the non-trade surpluses- secures a major part of foreign currency in the country as an essential source for foreign receipts generating approximately 19.3% of national foreign exchange. In addition, Tourism is one of the highest export earners, around 40% of export services,

Moreover, the existing hotel rooms’ capacity are around 190 thousand rooms and the under construction hotel rooms are recording more than 156 thousand rooms with an estimated growth rate of 5-7% yearly in order to meet the increasing number of tourist arrivals.

Three major factors are behind the growth of Tourism in Egypt: the first, is the continuous improvement in Economic Policies as key variable in services sector; the second, is the evolution in infrastructure, especially in airports and related facilities; and finally, the third, is the efforts adopted by MoT to improve and upgrade the standard of service’s quality.

As a result of the above figures, Egypt is seen by UNWTO as a star performer in the Middle East, North Africa and in Africa Regions in 2007, due to its new resorts, successful promotional and advertising...
campaigns held by MoT in traditional and emerging markets. Tourism in Egypt has a market share of approximately 25% in the Middle East Region, 58% in North Africa and in Africa 33% of tourist arrivals and is considered the 24th out of 50th best destinations in the world. UNWTO also estimates that Egypt will remain in its strong performances due to the preliminary trends in 2008 especially as a result of the improving access to the country with open skies to the charter carriers in all Egyptian airports with the exception of Cairo International Airport under renovation and expansion.

Despite of this fascinating development in tourism sector, Egypt's world market share in 2007 doesn't exceed 1.2% which is still far from its potential. Government of Egypt (GoE) and Mot are aware of this fact, where many steps and strategies have been taken to achieve better world market share and to pose Egypt where it belongs on the tourism map both on the short-term and long-term plans.

A short term plan (five year plan starting 2005/06- 2011/12) has been designed to fulfill the objectives of the presidential election program by reaching 14 million tourists in 2011. It also consists of upgrading the tourism infrastructure by creating an incremental 15000 rooms every year to realize 240000 rooms to accommodate the targeted visitors which are estimated by a yearly increase of 10% growth rate benefiting from major improvements in other sectors: Telecommunications, Transportation, Airports, Aviation, Customs and Taxes reforms.

For the long term plan (to the year 2022), a sustainable tourism development strategy is under preparation to set a vision for the tourism sector within the context of Egypt's national economic and social development objectives. It will identify the opportunities for future growth targeting 27 million tourists by 2022, including the development constraints and establishing the plans to overcome them. In addition, the strategy will develop the requirements and investment needs, the implementation priorities in order to maintain the industry's profits and, protect the natural resources and the environment for the benefit of current and future generations.

However, to implement the above tasks MoT has to play a stronger role besides planning for the future of the sector, it has to set rules and coordinate the relations between public entities and private sector. The main efforts should focus on creating an environment that facilitates tourism businesses and encouraging enterprise development by resolving problems, removing constraints, and offering new opportunities. and enhances the growth of tourism and prevents undesirable practices.

It also ensure increasing tourism investments by providing the incentives that attract investors which assume developing tourism and related infrastructure/superstructure to guarantee good hotels, build eco-lodges and provide MICE and business traveler's tourism. Other facilities are directed to pull interested investors in luxurious shopping malls for favorite brands, holiday homes’ seekers and amusement park planners to satisfy all segments of tourists.

In order to fulfill tourism strategic
goals and to increase visitors’ numbers MOT has launched several programs: Product Diversification; Awareness Campaign; Investment Projects in tourism; Sustainable Tourism Development Strategy; Statistics and Research; and Improvement of services (Training).

As product diversification becomes MoT’s concern, the ministry supports a plan implemented by Egyptian Tourism Authority (ETA) - one of the two main arms of MoT with the Tourism Development Authority (TDA) - responsible of promoting internationally the new products such as: golf, yachting, shopping, adventure, wellness tourism and residential tourism in addition to improving access to the existing ones. On the other hand, the Tourism National Awareness Project (TNAP) launched in 2006 seeks to raise awareness among the Egyptians for the importance of tourism as a vital industry for the economic development and welfare through a mass media communications and public relations campaign.

Other procedures towards reforming and improving business climate were taken by the second arm of the ministry the TDA where tourism investment opportunities are open and facilities to financial and fiscal incentives. Moreover, statistics and researches to various potential tourism developments are offered to both Egyptian and foreign investors.

For the investment projects, targeted expansion involves direct and indirect developments. MoT is facilitating the licensing process and simplifying the procedures to offer land to give incentives for the new projects in new development areas especially to promote the new forms of tourism “Residential Tourism and Wellness Tourism” especially in the newly developed areas such as Taba, Mars Alam, North Coast, and Matrouh added to the tourist investment map.

Despite of the promotion of investment in the mentioned new areas, the traditional tourist destinations South Sinai and Red Sea regions with their beauty of the cascading down to the water and year round sun are still dominating the demand for tourism projects. Figures confirm that the existing room capacity and under construction in these two areas represent 63% and 67% respectively of the total weight, which signify high demand, stability and security in these regions. In addition a high average occupancy rate (72.7%) is seen as a result for many attractive destinations for sea related recreation.

Thus, the success of these projects will not be achieved without a special emphasis on human capital. In this regard, MoT offers with the cooperation of the Egyptian Tourism Federation Chamber (ETFC) and other local and foreign entities several training programs to generate higher profits and to meet the most demanding standards for sustainability. The ministry also encourages the capacity building using a variety of Skill Developing and Vocational Programs with several donors and by a self financed in some other programs like on-the-job training to improve services and enhance the product.

To conclude, no one can argue that Egypt’ tourism is facing many challenges: in infrastructure, human resources, and superstructure, but GoE’s is working to provide good ground transport and air transport, better quality of education and training, in addition to efforts done in the tourism superstructure by raising the numbers of hotel rooms and creating a mixture of mass tourism and high end tourists. All the above would be reflected in the increasing investment projects, repeat travels and tourists’ expenditure benefiting everyone in the country, as according to Minister of Tourism Zoheir Garranah: “We know what Egypt deserves to be in terms of tourism and we are working to fulfill its potential. We will do it with 76million people on board”.

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THE EXECUTIVE

April - June | THE EXECUTIVE
small and medium sized enterprises (SMEs) play a crucial role in the Egyptian economy. They constitute the vast majority of firms in the country, are vital to employment, and contribute to a significant portion of economic activity. Micro and SMEs contribute by 75 percent of total employment and around 80 percent of the GDP. Yet, their contribution in Capital formation does not exceed 10 percent because of the finance constraints they face.

The significant role, which SMEs can play in the economy, depends to a great extend on their ability to grow. While the growth and success of these enterprises do not depend solely on financial support, access to appropriate financing is critical for their expansion. In this respect, it is widely recognized that public equity financing performs a crucial function among the various sources of capital in the funding of growing SMEs.

A number of factors justify the importance of the public equity market, the first one emphasizes the motivational aspect of going public for entrepreneurs, as going public provides entrepreneurs with an additional momentum to start a business and according to the international experience, we find that enhancing transparency and coordination in supportive public programs, such as programs to match private venture capital with public funding is an important tool to help SMEs to go public.

The Second factor refers to the influence of the IPO market (Initial Public Offering) as an exit mechanism on the investment strategies on venture capitalists. An active IPO market provides venture capitalists the incentives to engage in small firm financing. Furthermore, the high returns generated by successful firms that go public enable venture capital firms to undertake new investments.

From this perspective, the restructuring of Cairo & Alexandria Stock Exchanges (CASE), will lead to the creation of a junior stock exchange that must be accompanied by a version of the current regulatory framework governing IPOs is commendable.

But there are certain costs that SMEs should incur when raising public equity capital, the first cost is of complying with securities regulation requirements governing IPOs, the second cost is that the SMEs must encounter
the direct cost of compensating the underwriter conducting of the offering. Finally, SMEs must bear the indirect cost of the underpricing of their IPO securities. All of those three costs mentioned above of going public affect more severely SMEs and can inhibit their ability to raise equity capital.

As a result of what mentioned and within the framework of the Egyptian government strategic plan, CASE launched the first SMEs stock exchange in the MENA region (Nilex – Nile stock exchange-) in October 2007.

The main goal of creating this specialized stock exchange is to provide sustainable financing for SMEs in order to enable them to lift their competitive advantage and to maximize their value added in the economy and we believe that this will have an ultimate impact on poverty alleviation as well as offering new employment opportunities (one of the main pillars of the Egyptian government development program for the time being).

This newly established stock exchange has certain listing and delisting rules and regulations – more flexible listing, disclosure and transparency rules- that focus on a cost- effective regulatory regime adapted to the needs and characteristics of SMEs.

As a result, there would be several advantages of having SMEs listed in the stock exchange, among these advantages are:

A. integrating the SMEs in the official economy matrix,
B. supporting promising sectors which suffer from funding constraints,
C. encouraging foreign investments in SMEs,
D. overcoming SMEs difficulties in banking finance and strengthening their positions in funding negotiations,
E. providing partnership opportunities with strategic investors,
F. allowing merging processes towards creating more competitive entities,
G. setting a fair value for the company through the stock exchange.

From this perspective, there are several recommendations that enhance the accessibility of public equity financing for SMEs.

Emphasizing the importance of implementing a cost- effective regulatory regime, we have to examine the institutional setting of the small firm IPOs market in order to identify the specific modifications to the regulatory requirements that should be performed.

It is recommended to develop and adopt what is called “Small Business Prospects Forum” (SBPF) which would reduce the direct and indirect costs of preparing and qualifying the prospects. At the broadest level of generality, it is interesting to see that the SBPF would be oriented not only to the needs of investors, but also to those of SMEs.

It is recommended to reduce the historical information sharply in the SBPF and instead, it can be replaced by more detailed disclosure concerning forward-looking information.

As a public policy, there is an increasing demand to establish a governmental fund to help promising SMEs to get listed in the new market by covering a significant portion of the cost of listing.

It is recommended that both CASE and Misr for Clearing, Settlement and Central Depository reduce further listing and maintenance fees, as well as the transaction costs of companies listed in the Nile Stock Exchange.

It is finally worth mentioning that disclosure requirements for NILEX will be the same as the main market. Corporate Governance provisions will be different reflecting the fact that SME’s are different in size and structure and may therefore require different corporate governance provisions.
Egypt has been its public enterprise restructuring and privatization program since 1991, which has been known as “Asset Management Program” since mid 2004. Throughout those 17 years, several improvements to the policies and procedures have been made, but a few principles remain undisputed and untouchable., namely safeguarding of the rights of workers, and the preservation of public wealth represented in public sector assets.

The issue of proper valuation of an existing enterprise has always caused some controversy, despite the fact that there are internationally accepted procedures and criteria for the selection of the best valuation technique in light of many variables starting with the “purpose” of the valuation. Asset-based valuation (ABV) techniques for example including Replacement Value method are more appropriate for those valuation that do not assume “going-concern” of the entity, otherwise there are techniques like Discounted Cash Flow (DCF) that take care of the capacity of the company to generate cash flows in future. Both techniques have their pros and cons, and both were used in the Egyptian Asset Management program.

In the Egyptian program, several techniques were used including ABV and DCF, as well as techniques based on stock market prices for the sale of stake in already floated companies. Following are the main techniques used in the Egyptian Program:

1. **Book value:** An ABV technique that was approved by the cabinet early 2004, allowing valuation based on book values for assets except those assets that witness appreciation in value, mainly Land. Conditions were set forth as prerequisites to apply this technique.
2. **Replacement Value:** Used were ABV is applicable, specially for losing companies, but sometimes also for modestly profitable ones.
3. **Average trading Price:**
4. **Discounted Cash Flow:** This technique which is applicable to profitable companies generating net cash flows has been widely used in the Asset Management Program, where applicable. However, in many cases, it was used alongside another valuation technique like Replacement Value.
5. **Indicators like P/E Ratio:**

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Valuation Tips
For Stocks and Assets owned by the country offered for sale

By: Mr. Mohamed Hassouna
Advisor to the minister
Ministry of Investment

This was introduced through a Prime Ministerial decree mid 2007 allowing the use of average stock price in the stock market to be used as basis for valuation to offer further shares for sale. This was also tied to prerequisites based on CASE assessment that the share under valuation has been “actively traded” for the last 6 months, among other prerequisites.
Indicators like P/E and dividend payout ratios have always been used as checkpoints alongside the valuations before offering shares in the stock market, whether Initial Public Offerings or secondary market offerings if the prevailing prices do not represent the true value of the enterprise.

**Procedures for Valuations**

Since valuation has always been an issue not only in the Egyptian case but also in many other privatization efforts in both developing and developed countries, several measures were taken to complement the selection of the best valuation technique and fine-tune it to preserve public wealth when selling public sector shares or assets. Those procedures include the following:

1. In August 1998, realizing the fact that the appreciation in prices of land was key contributor to the valuation of an enterprise (more than 50% of enterprise value in some cases came from revaluation of land), the Ministerial Committee for Privatization issued a decree allowing the transfer of idle land that is not necessary for the operations of public enterprises to the owner, i.e., the respective Holding company, at book value. This helped preserve the value of the land and even if it is later on sold, it will yield better proceeds than if it was sold as an idle asset in the balance sheet of an industrial or trading company.

2. The same decree stipulated that – case-by-case – the utilized land could also be transferred to the respective holding company prior to any privatization, and leased back for long term to the affiliate under sale, again to bridge the gap between the size of assets (and its inflated valuation) and the modest return from the company’s operations. It also helped preserve the value of those pieces of land.

3. Another decree stipulated that industrial land could be sold to investors based on prices in the nearest industrial community, but that the sale contract should include a clause that states that the investor may not alter the use of the land to non-industrial purposes.

4. As for the process of conducting the valuations, it is normally carried out by the relevant Holding Company, with the service of specialized private financial consultants, and engineering consultants for asset valuations (like assessment of remaining lifetime for buildings and machinery). In many cases more than one valuation technique is used, like DCF and Replacement Value, to arrive at the final “reserve price” deemed as a guide for the fair value.

5. The process of conducting, reviewing and approving a valuation is lengthy, involving more than 80 persons including members of valuation teams, valuation review committees (article 19 committee for valuation of public enterprise and another committee for valuation of public sector stake in joint Ventures), and boards of directors and specialized committees throughout the bid-evaluation process, ending with the Ministerial Group and the General Assembly of the HC.

6. Since July 2004, the role of the General Assemblies of the HCs has been enriched in many ways, to make the session more of a comprehensive and detailed brain-storming session about all aspects of a transaction like legal, accounting, financial, economic, social and market implications. This is why the relevant ministers are – since that date– invited to attend any GA meeting which discusses major decisions –like privatization-affecting companies in related industries/sectors. This is in addition to the regular on-
going coordination between relevant ministries and the Ministry of Investment.

7. The Central Auditing Agency (the highest financial monitoring authority in Egypt) as well as other monitoring authorities are involved in the valuation process from its start throughout the review and approval of valuation and the subsequent process of offering and sale.

8. To enhance transparency further, and as a proof of the belief that boards of directors are questionable not only to the GAs or the minister but also to the public who own those assets, the minutes of GA sessions for all HCs—since July 2004—published and distributed for free, as well as posted on the ministry’s portal. Needless to say, those include detailed discussions and decisions by all parties including the CAA and representatives of workers and labor unions.

9. Last but not least, valuations and all documents related to any transaction are compiled in the so-called “White books” prepared by the Ministry and made available to all those interested in studying any particular transaction. Copies of the White books have also been sent to the People’s assembly, leading media institutions, research centers and think tanks, and several others.

Since its kick-off in 1991 with the launching of Public Enterprise Law number 203, the Egyptian Asset management Program has been facing challenges and tough times, the issue of valuation being only one of those challenges which was, in light of the above-mentioned facts - addressed in a systematic and logical way. This is simply because privatization is but a tool towards improving the overall economic performance, not an objective in and of itself. Preserving public wealth and safeguarding workers rights come first and foremost, even if it means a slower pace of privatization.
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An Interview with

Mr. Ahmed Marwan
Chairman of Sigma Capital Holding

Sigma Capital Holding Co. for capital investments was established in 1999 to effectively participate in developing the Egyptian Stock Market. It was established to act as an asset & portfolio manager, and also to promote and cover public offerings. It is one of the first companies to have the license to be a depositary. The capital of Sigma Capital amounts to 125 million EGP and it owns Sigma Securities as a subsidiary.

Q. How would you comment on the large increases in the prices of food, steel, and cement? How do you see such increases can affect the construction market and the overall economic development of Egypt?

A. These increases were expected for two reasons:

First, economic growth that took place during the last few years in the largest two countries in terms of population, China & India, has led to the creation of a new high-consumption social class. This has led to an increase in the demand on the food and building materials, leading in turn to the increase in prices all over the world including Egypt.

Second, these commodities became an investment target in themselves by companies and individuals. Some of the investment funds invested in these goods and this affects the prices through influencing demand and supply. This has resulted in the price hikes during the last 12 to 18 months.

Therefore there must be real economic development to absorb the effects of such increases and to continue in our development efforts as a sole solution to face the problem of price increases.

In addition, there must be a mechanism to reveal all the necessary information about demand and supply and prices locally and internationally in a transparent manner.

Q. Would you consider the current price increases to be real and due to the high demand on commodities?

A. As I just explained, the economic growth has created an increase in demand over supply. This has resulted in a group of new investors allotting the world like banks, individuals, companies, and organizations, interested in investing in buying and selling commodities hoping to make profits out of speculation. They hope that the return on such transactions will exceed bank interest rates. An example of this is the price of oil, which reached its highest levels ever. Oil price may go down at any moment because part of this price is due to speculation and not just high demand.
Q. Do you expect prices to continue to increase till the end of 2008, and that the price of steel can reach 14000 EGP per ton as some have predicted? What is in your opinion the effect of these increases on people, such as what is known by 6 of April strike?

A. I doubt it very much that such price increases may actually take place. However, if it happens, then this should be the result of demand & supply interaction.

As for 6 of April strike, every individual has the right to object to anything without harming others or violating the country’s laws and regulations. Other parties, however, have the right to handle the matters according to their overall views of the status quo.

Q. Do you think that the Egyptian Economy is facing a crisis these days?

A. The Egyptian Economy is characterized by depending on a variety of activities. This reduces the side effects of any crisis on it. When some economic sectors are growing while others are shrinking, the economy balances that off. Therefore, I think that the Egyptian Economy is not facing any crises at all. To the contrary, I see that, with the efforts being made these days, our economy is considered to be a promising one. In fact, I think that the current record high price levels of shares in our stock exchange reflect investors’ confidence in the Egyptian Economy. Such high stock price levels reflect the belief that our economy is a strong one, having a lot of chances to grow. Nevertheless, we must understand that stock prices can change rapidly in response to any major economic developments.

Q. Do you think that the current investment environment in Egypt is attractive for new investors given all the recent changes such as in taxation for example?

A. Yes, I do, and this is exactly what is happening at the moment. Moreover, I think that one of the reasons behind that is the tax reform and the reduction of taxes on businesses to only 20% which is considered a good motive for investors. Currently, the government is reviewing the whole tax system in order to make investments more attractive. Such reforms will also have positive effects on local investments as current investors may enlarge their businesses and new investors will start green field projects.

Q. Can you compare between the tax environment in Egypt and in other countries?

A. Tax systems are considered to be among the key factors affecting investment levels. However, there are other important factors such as infrastructure, communication, transportation, etc. Egypt offers many tax incentives such as reducing tax rate to 20% only for individuals and businesses. Other incentives include capital gains on stocks, bank deposits, and cash dividends. Such incentives do not exist in other countries such as the USA and the UK where capital gains on stocks and cash dividends are taxable. It is important to note nonetheless that tax systems differ from a country to another and that it is not evaluated in isolation from other investment incentives offered in the country.

Q. now let us move to another hot topic, privatization. What do you think are the advantages and the disadvantages of privatization in general?

A. The world has witnessed economic transformation during the last few years. Most countries have shifted to market economies and activated the demand and supply mechanism. Egypt was not isolated from such changes. The government has thus worked to maximize the role of the private sector in economic development through privatization. This has led to enlarging the ownership base and to encouraging
individuals to invest and produce. To me, this is the best advantage of privatization. It is worth mentioning also that the Egyptian government did its best to maintain and maximize labor and social rights in the privatized enterprises.

**Q. What do you expect for the Egyptian Stock Exchange in the short and long terms? And what is the effect of the speculators on it?**

**A.** The Egyptian stock exchange, CASE, has achieved many gains over the last three years and its key index, CASE30 reached the level of 12000 points, the highest in its history.

Technical indicators suggest that the market will continue to its upward trend in the short and medium terms. Such prediction is also supported by the fact that the stock market is a reflection of the economy which is already improving. This does not mean that stock price corrections will not take place, giving new investors the chance to join the market when prices are low.

It is worth mentioning that investing in the stock exchange requires the investor to have reasonable knowledge and experience in the stock market in order to be able to achieve his investment goals.

The stock market is a very good place especially for long term investors where they can make average returns on their investments exceeding those made on other types of investments.

As for the speculators, we can see their effects which are only in the short-very short term. They aim at achieving the maximum level of profits in the shortest possible time. This goal is a high-risk one as it is usually associated with the possibility of huge losses as well.

The problem that faces some investors is to shift roles and try to play the role of a speculator in order to gain such great profits without calculating the risk behind it, and without being experts enough in the process. This is the most risky pursuit.

**Q. In your own point of view, what is the role of family businesses in development in Egypt?**

**A.** There is a large number of family owned businesses in Egypt that effectively participate in the development of our economy. Some of these companies started to offer parts of their capital to other investors either through a public offering or a private offering which leads to enlarge the ownership base and to increase the investment opportunities with very good effects over the Egyptian Economy as a whole.

**Q. Finally, what is the work philosophy of Sigma Capital?**

**A.** Sigma adopts a philosophy of providing its customers with excellent and unique services through maximizing its investments in the company infrastructure including communication and human assets in order to enable the customer to achieve his investment goals with the required degree of accuracy, transparency, and speed. This is also done through providing our customers with the information and studies that help them enhance their investment decisions. This, in turn, leads to maximizing their revenues with the minimum efforts and costs.

Sigma Capital is keen on investing in its human resources through sending its staff to take training courses that enable them to serve our clients with highest quality levels. Sigma also pays a great deal of attention to investing in information infrastructure in order to guarantee the best technology for our customers.
Now, over the past 15 years, the country has witnessed what can be characterized as Management/Leadership Revolution and Awakening. That was highly reflected in the escalating positive perception towards the impact of the human element, the critical role of the HR function, the increasing belief in outsourcing and the massive number of consulting firms that have started in the market, offering their services to companies in various disciplines such as, marketing, strategic planning, organization development, human resource services...etc.

This revolution & awakening were then reflected in the massive reform initiatives introduced at various governmental bodies under a main common theme: Improving Leadership Practices on various fronts and facets. Currently, there are strong convictions that never before have leadership skills been so necessary for executives and organisational success. Organisations expect performance and innovation from executives and the ability to lead effectively within new, changing market dynamics and fierce competition in a global connected economy.

Since the evolution and rising positive concepts about management and leadership practices in Egypt, and despite all the foregoing positive initiatives, still the outcome was not reflected in tangible results and a clear different status. This has triggered lots of debate about the following critical question:

**Whose Fault is it?**

This question is mainly, the result of certain facts, of which selected major ones are summarized below:

- The overall lack of proper talents in the market at various organizational levels
- The concurrent lack of the right talented organization that would attract the right talent
- The atrocious people, leadership and organizational problems most of the companies suffer
- The absence of the right successors to take over from aging business and organizational leaders
- The high turnover and high unemployment rates
- The apparent lack of planning, implementation and monitoring abilities
- The highly opinionated, judgmental and non-business related behaviors witnessed, and
- The divine rights on earth most leaders adopt in the manner they lead their organizations.

And accordingly, the fingers pointed in this question are towards:

**The Leader**  
**The Culture**  
**The individual**

Who from the trio above is the main reason for the current status? Is it one of them, is it the three of them or is it none of them?

As much as such question might seem easy, as much as it entails and requires lots of research, lots of debate and touching on the very deep aspects of the management/leadership behaviors, practices and inheritances in our Egypt.

To conclude, I would like to have an answer, but who am I to answer? I can only share in the answer, as I do not monopolize the truth.
The People’s Republic of China which is commonly known as China is considered the largest country in East Asia and the third or fourth largest country in the world, with a population of over 1.3 billion, and Beijing is the capital.

The Communist Party of China has led China under a single-party system since the state’s establishment in 1949. Because of China’s vast population, rapidly growing economy, and large research and development investments, it is considered an “Emerging Superpower”. It has the world’s fourth largest economy and the third largest importer and the second largest exporter in the world, and the two most important sectors of the Chinese economy have traditionally been agriculture and industry, which together employ more than 70 percent of labor force and produce more than 60 percent of GDP.

However, China is now faced with a number of other economic problems, including an aging population, an increasing rural-urban income gap, and rapid environmental degradation. Despite these problems, China has been the fastest growing major nation for the past quarter of a century with an average annual GDP growth rate above 10%, while its per capita income has grown at an average annual rate of more than 8% over the last three decades led to reducing poverty, but this rapid growth has been accompanied by rising income inequalities. The country’s per capita income is classified as low by world standards.

China started its economic reforms since late 1970s and early 1980s, the system began by shifting the farming work to a system of household responsibility to start the phase out of collectivized agriculture, and to start the phase of gradual liberalization of prices; fiscal decentralization; increased autonomy for state enterprises that increased the authority of local government officials in industry to permit a wide variety of private enterprise in services and light manufacturing, the foundation of diversified banking system; the development of stock markets; open the economy to increase foreign trade and foreign investment as it is considered a major vehicle for economic growth; the rapid growth for the private sector, as for 2007, most of China’s growth came from the private sector instead of exports.

China’s overall economic construction objectives were clearly stated in the three step development strategy set out in 1987: 

**Step one:** to double the Gross National Product (GNP) and by the end of 1980s should ensure that the people have enough food and clothing.

**Step Two:** By the end of 20th century (in 1995) The 1980s GNP should be quadrupled.

**Step Three:** by 2050 should increase the per capita GNP to the level of the medium developed countries.
through which the Chinese people will be fairly well-off and modernization will be basically realized.

A report conducted by Mastercard World wide (a global knowledge panel which conducts research & provides insights on the economic and business environment worldwide) showed that the size of the Chinese economy by the end of 2006 reached US$2.62 trillion. China’s GDP is now the fourth largest in the world and its economic weight is rising both as a supplier and a consumer and the report referred the Chinese economic growth to two main factors:

1. Input-driven factors of investment and human capital, their growth has been high through the entire period of the last 52 years examined from 1953 to 2005 (5.36%)
2. Factors related to total factor productivity “TFP”, such as Urbanization – improvement in infrastructure – foreign trade – foreign management know-how transfer and government administrative cost. Their growth has raised and dropped through this same period. The results confirm that China’s growth rely on them. Although social and economic indicators have improved since reforms were launched but serious imbalances exist such as high numbers of non-performing loans weigh down the state-run banking system, inefficient state-owned enterprises (SOEs) are still a drag on growth. Also, rising inequality is evident between the more highly developed provinces and the less developed, poorer inland regions as according to the World Bank estimates about 47% of the Chinese population lives under $2 a day.

In the light of these imbalances, China adopted the 11th five year plan (2006-2010) which is currently being implemented.

According to the report there are two scenarios to China’s future economic growth over the period 2006-2010 that will be continued over the next five year plan (2011-2020).

**The first**: assuming a continuation of current situation trends where government administration cost will expand as a share of GDP and the ratio of consumption to GDP will decrease.

**The Second**: assuming additional reform efforts to remedy a range of structural imbalances, market distortions and inefficiencies, where government administration cost will stop expanding over the period 2006-2010, then will decrease by 0.1% over the period 2011-2020. The consumption to GDP ratio will stabilize during the first period and then will increase to 55% during the second period.

The reform measures needed to achieve the second scenario are as following:

**A. Curbing Excessive Investment**
This will require restructuring the governance of China’s SOEs, curbing their management perverse incentive for investment and raising the investment hurdle rate through market-determined commercial interest rates.

**B. Curbing Export Dependence**
Reducing China’s export dependence (capital intensity in production) will mean production becoming more labor intensive, which means a rising share of wages in the national income.

**C. Curbing Local Government’s Investment**
Much of the documented environmental disasters, abuses in land acquisition, and outright pilfering of the public purses are related to local governments’ involvement in businesses. Therefore, reform will move local government out of business.

**D. Continuing Financial Sector Reform**
Opening up the domestic retail market for new investment vehicles and improving access by private entrepreneurs to financing.

**E. Maturing of Entrepreneurship**
China’s entrepreneurs started recently, they are known as a first generation phenomenon. The reform will enforce in private property protection and improving access to capital and financing.
F. Rising R&D Investment
Effective enforcement of the protection of intellectual property.

G. Urbanization
Liberalizing rural-urban reform migration has been one of the reform successes, better protection of the rights of migrant workers, improving urban infrastructure, and ensuring urban residents’ adequate access to better living conditions and healthcare.

H. Reform of State Owned Enterprises
Privatization has been most effective in only the small and medium-size SOE sector. Future success will have to come from privatizing large SOEs.

However, there are measures that will assist in implementing the second scenario but still there are factors affecting the future economic growth in China, which are:

A. Corruption
It would aggravate social instability, worsen environmental deterioration, and start to become a serious drag on economic growth. So building more effective and accountable public institutions that enforce transparent and widely publicized rules for governing the behavior of government officials will reduce corruption.

B. Asset Bubbles
Asset markets have bubbled in recent years such as property and stock markets. If they remain they could lead to social instability.

C. Resource Constraints
There is a shortage in water and lack of effective enforcement in environmental protection has greatly worsened the deterioration of water resources in China. Proper pricing of water and curbing local government-business collusion in abusing the environment will be the key reform measures needed to avoid a looming disaster.

D. Ecological Deterioration
The legacy of central planning had damaged China’s natural environment. Proper pricing of resources and enforcing China’s otherwise reasonably well-formulated environmental protection laws will be critical in mitigating the potential risk of an ecological collapse.

E. Health and Safety Standards
Rigorous reform measures are needed in the areas of encouraging transparency, curbing local government’s business involvement, protecting private property rights, encouraging local environment activism, and more effective enforcement in order to succeed in upholding health and safety standards in China in the future.

At the end, the report concluded that the sustainability of high economic growth (9-10% per year) in China in the next 15 years will have to relay primarily on Total Factor Productivity (TFP) growth. The future challenge is to ensure that the process of growing through efficiency gains will continue and contribute an average of 3-4% real GDP growth per year. This will be achieved through the implementation of the reform measures.
Egyptian Market faces ....

Booming in the iron prices

The price of iron became one of the thorny topics now, due to the increase in prices of iron by 100% in one year, thus foreshadowing a severe recession in the real estate sector and construction market in Egypt.

The production experts attributed the rise in iron prices to the surge in prices of ore iron in the world market adding to this the high prices of imported scrap, and the increase in China's production of iron, which in return lead to increased demand for ore iron considerably. While some reports indicated that the rise was due to some exporters who export their products abroad to take advantage of the increasing rate of global demand for iron and steel and the rise in global oil prices.

These reports also indicate that export transactions of Egyptian iron resulted in supply shortage of domestic iron and steel within the market leading to a wave of rises in oil prices which was followed by ministerial decree No. 1432 on in 2007 to regulate the trade of iron in Egypt and impose a fee on the exports of certain types of iron at 160 pounds per tone to provide the sufficient iron to meet domestic demand and reducing the high prices in the domestic market.

At the level of countries in the region and the world, the iron prices currently range from 1000 to 1100 dollars per tonne and the rise in global prices were behind the retretation of importers to import.

The Egyptian general division of construction materials, determined the price per tonne of iron at 5150 pounds, and although it has resumed its rise to record 6000 pounds in some governorates, the price is friendly and non-binding for traders.

While market sources pointed out that all the productive companies do not sell at the same price and there is considerable variation in price, may also be due to the presence of some intruders on the trade of iron which contributed significantly to the aggravation of the crisis because they sell iron at very high prices.

The Housing and Utilities Commission in the Shura Council emphasized the importance of the government’s immediate intervention to control prices of building materials, particularly iron, cement and the need to limit the increase in prices which will eventually lead to the collapse of the building and construction sector. The Commission noted that the sale of public sector companies producing iron and cement is one of important reasons not to control the market, leading some people monopolizing these strategic industries as well as some inefficient decisions about raising the prices of electricity, fuel oil and diesel, which was reflected on all areas of industry.
National Fund to promote Corporate Social Responsibility

At the end of the National initiative of corporate social responsibility conference that was held on 24 March 2008 at the grand Hayat Hotel, which was inaugurated by Dr. / Ahmed Nazif, the Prime. Dr. Mahmoud Mohieldin, the Minister of Investment reviewed suggestions on the work of the national fund, which was called upon by the Prime Minister. The fund will be voluntarily by companies and institutions and will be managed by the civil society and economic organizations to finance the development of health units, schools and incubators and assist poor families.

He also discussed the means of financing this national fund and how to direct its returns to education, health and social services. The government’s assisting role. Dr. Mohieldin said it is important to manage the fund effectively through credible non-government organizations and acceptable and expert board of trustees, and he noted that no maximum percentage of contribution will be identified in the fund. No contributions will be accepted from companies, which do not comply with social responsibilities standards such as environment, labor, tax and economic rules, and that contribution is available for all companies operating in Egypt according to standards to be developed.

Also, the center - as it gathers a selective group of professional researchers and specialists - prepares and issues several important international research reports.

Commercial courts law meets demands of several categories

The Commercial courts draft law was discussed during the meeting on Monday 17th march 2008 at the shurah council, were Dr. / Mahmoud Mohieldin, the Minister of Investment, mentioned that the draft law was proposed in response to several demands from many categories and not only investors but also in response to owners of small and medium-sized enterprises. The latter entities are often less able than large ones to deal with problems. The draft law considers all citizens dealing with financial and economic institutions such as banks, mortgage finance and insurance companies in order to regain their rights in an equitable and balanced manner, and he added that the draft law not only deals with the investment issues but is also related with each citizen and other finance and loaning-related bodies such as banks, mortgage finance and insurance companies.

Dr. Mahmoud Mohieldin, added that the commercial courts draft law is related to the overall investment climate but also the national economic growth in terms of providing new jobs to both men and women within women’s interest in joining the labor market, improving standards of living and achieving equal distribution of investments.

Egypt joins OECD Development Center

Last March, Egypt joined the Development Center at the organization of Economic Cooperation & Development ( OECD) and thus Egypt is considered the first country among the other Arab countries that joined the center. It is worth mentioning that the center is one of the important departments affiliated to the Supreme Council of the Organization. The center is considered as a forum where the exchange of experiences between Member countries in the center - whether they are members of the Organization for Economic Cooperation and Development or non members countries - in economic affairs, and the formulation of best practices for various issues and policies related to the development issue and works to support communication with all development partners, policy makers and civil society, private sector and international research centers, international financial institutions. The center oversees the work of the committees also enjoy the same powers and competences of the technical committees.
Economic Review

- Suez Canal has achieved the highest revenues in its history, thus achieving 4.6 billion dollars in 2007 compared to about 2 billion dollars in 2002 to increase its share of international trade volume to 10% during 2007 compared to around 6.3% in in 2002.

- Central Bank of Egypt announced that foreign exchange reserves went up to 32.9 billion dollars by the end of February 2008, compared to about 32.3 billion dollars at the end of January 2008.

- The Egyptian government announced its success in reducing domestic public debt for the current FY 2007/2008, so is expected to drop to 71% of GDP at the end of June 2008 compared to about 81% last year. This comes back down due to government efforts to reduce the public budget deficit to around 6.9% of GDP and it is planned to reduce it to 3% of GDP by FY 2010/2011.

- Inflation decreased during the first quarter of FY 2007/2008 to 8.6%, while 10.9% during the FY 2006/2007 as unemployment decreased to 8.9% during the first quarter of 2007/2008.

- The indicators of net FDI flows rose unprecedentedly, as the Net FDI inflows recorded $ 11.1 billion during the FY 2006/2007 compared to $ 2.1 billion dollars during the FY 2003/2004.

- The Market capital as a proportion of GDP was increased from 35.65% in the FY 2003/2004 to be 97.46% during the FY 2007/2008, reflecting the growing confidence of local investors, Arabs and foreigners in the Egyptian economy and to what extent provided efforts been made to create an environment that supports investments and encourages investments in Egypt.

- The Egyptian Stock Exchange witnessed advancement during the beginning of 2008, with an adjustment to the new solvency rules for brokerage firms to protect the capital market from risks relating to the performance of these companies, and new amendment to the rules of borrowing securities sold in order to achieve more effectiveness of the activity.

- At the beginning of 2008, Nile stock exchange witnessed - the first market in the region under the circulation of small and medium-sized companies - a marked improvement where four sponsors received the new license of being an accredited sponsor, taking the number of sponsors to 6 sponsors, While a number of those sponsors have already begun the rehabilitation of a number of companies to be listed in the new market sooner.
We can all feel stressed at times when we feel that everything becomes too much, when things get on top of us, or when we feel as though we are unable to cope. It affects us in different ways at different times and it is often the result of a combination of factors in our personal and working lives.

In 1996, the World Health Organization labeled stress as a «Worldwide Epidemic». Today, when we talk about work-related stress, we are used to mention enormous financial costs due to poor performance, absenteeism, high staff turnover and ill health in the organizations.

What is work-related stress?
Stress – the adverse reaction our bodies and minds have to the demands placed on them – is a normal part of life and a normal part of any job.

There is a difference between stress and pressure. We all experience pressure on a daily basis, and need it to motivate us and enable us to perform at our best. Without pressure, we wouldn’t meet deadlines, strive to hit sales or production targets, or line up new clients. It’s when we experience too much pressure without the opportunity to recover that we start to experience stress. And in the workplace, we regularly experience stress-causing situations, react to them with heightened tension, and then return to a more relaxed state when the crisis, big or small, is resolved.

What causes stress in the workplace?
There are many work-related factors that lead to stress as excessive workload, tedious or meaningless tasks, long hours and low pay, infrequent rest breaks, unreasonable performance demands. Organizational practices can also clearly lead to job stress such as unclear responsibilities or expectations, multiple supervisors, lack of autonomy or participation in decision-making and inefficient communication patterns.

There are also physical factors such as noise and overcrowding, poor air quality, health and safety risks from dealing with heavy equipment and toxic chemicals.

The health effects of work-related stress
There’s a clear relation between workplace stress and physical and emotional problems. Therefore there are early warning signs of job stress such as headache, sleep disturbance, stomachache, difficulty of concentration, irritability, low morale and poor relations with family and friends. Furthermore, workplace stress plays an important role in several ongoing health problems such as cardio diseases and psychological disorders.
How to react when becoming stressed?
We have to identify the causes and what we can do to make things better. It is obvious that many employees are reluctant to talk about stress at work because they fear they will be seen as weak. But stress is not a weakness, and can happen to anyone.

Whatever the source of the stress, the employee should speak to the manager or someone else he/she feels comfortable talking to in the organization. If it is work-related the employer has a duty to take reasonable steps to try to resolve the problem. If it is not work-related so he may be able to support in some way or help to take some pressure off the employee at work while he/she resolves the stress in his/her personal life.

It is also important to take action at a personal level and to review our lifestyle to see if we can identify any contributing factors such as eating on the run or in a disorganized manner, smoking excessively, rushing or hurrying, doing several jobs at once, missing breaks, taking work home and having no time for exercise and relaxation.

How to reduce stress?

1. Improving time management and organization skills.
This includes getting a to do list that works, learning to say «no», asking for help when needed, and stop setting unrealistic goals.

2. Relaxing and breathing deeply.
Regardless feeling overwhelmed by the amount of work, a good thing to do is to «breathe through the nose» so that we could maintain the same level of energy.

3. Taking more breaks from work.
Even a five-minute break will help. Getting away from the desk and going for a walk - outside is better, but up two flights of stairs and back down is good too. Getting more exercise in general will help reducing the overall stress levels and that will make it easier to reduce the stress level at work.

4. Lightening up.
Smiling more. We all know laughter reduces stress.

5. Learning to listen better.
We have to listen actively and find the areas of agreement rather than getting upset when others disagree with us.

6. Fixing our environment.
Making the adjustments we need to the lighting, temperature, noise level, and other controllable factors in the office.

7. Not wasting time stressing over the small stuff.
We must realize that there are things that just aren’t worth worrying about and there are things that we just can’t change.

8. Getting more sleep.
It will increase the energy level and the ability to concentrate.

9. Finding a mentor or a friend
Having someone to talk to can help a lot in reducing the stress.

10. Spending more time with optimistic people.
Choosing to work with people who have a positive attitude is definitely better than working with negative people who will pull us down to their level.

On the other hand, managers have also interests to reduce work-related stress as much as possible. This could be done through stress management programs and training for employees such as employee assistance programs (EAP) which are designed to help workers with personal problems that may be affecting their on-the-job performance. Also through organizational changes that improve working conditions such as improving communication, consulting the employees, offering rewards and incentives and cultivating a friendly social climate.

Adopting that work-related stress has a negative impact on the business as well as on the individual employee, and that the increase in this kind of stress creates emotional, financial and safety concerns in the business field, will force all relevant parties to work together in understanding the situation including the causes and possible solutions, to be able at the end to reduce work-related stress.
Motivation Tips

1. Let Go of the Past
Before you can create a better future, you must let go of the pains in your past. Failing once does not mean you will fail forever. Learn from your history, but don’t let it stand as an obstacle between you and your dreams.

2. Remember Success
Just as important as learning from and overcoming past failure is recalling past success. It doesn’t matter who you are, you have succeeded at something at sometime in your past. Don’t gloss over these moments. Use them to remind you that you can in fact achieve your goals.

3. Realize the Possibilities
It’s possible. The dreams you hold in your heart but push to the back of your mind are within your reach. Accept the fact that you can create a better life. This will serve as the springboard of belief you need to succeed.

4. Dream the Big Dream
In order for dreams and desires to inspire you to action and achievement, they need to be big. If you don’t get excited about what you have planned for the future, you will never find the inspiration you need to change your life. Powerful dreams can move the soul, and when you dream the big dream, you will be driven to make the compelling picture a tangible reality.

5. Thinking Your Way to Change
No matter how bad you want it to happen, change will never result from thinking alone - you must take action. The world is swimming in dreamers, but only those who act on their desires achieve truly remarkable results.

6. A Daily Habit to Begin Today
Set aside at least 30 minutes each night to review your day and plan for the next. It’s a simple way to add an element of control to your life. Also, beginning this habit today will help tremendously when you begin to work toward your exciting and inspiring goals and dreams.

7. Mix It Up
The wrong routine can spell certain doom for your goals and dreams. To make sure this doesn’t happen to you, add at least one new step to your daily routine to help break up the pattern. One new activity will set the stage for many more in the future, making it possible for you to break free of any negative routines.

8. A Team Sport
Don’t go at this alone. Achieving a goal or dream requires a team effort. There will be times when you feel like giving up, when you feel like it’s too much to take. One of the surest ways to overcome these small setbacks is to have the support and guidance of your goal partner.

9. Get Excited About What’s to Come
You are on your way to getting everything you have ever wanted! Now is the time to get excited and inspired about what your future holds. Imagine living your ideal life - now make it happen!

10. Raise Your Standards
It’s time to raise your standards. It’s time to expect more out of yourself than anyone else. Accept nothing less than your absolute best in all that you do and you’ll have no problem creating your ideal life. After all, you’d expect nothing less than living the life of your dreams.
The Egyptian Institute of Directors (EIoD) organized the first part of intake (4) of the Board Development Series (BDS) Certificate program titled "Introduction to Board & Corporate Governance". The course took place at the Ramsis Hilton Hotel, Cairo, during 21-23 of January 2008, The course was delivered in Arabic. The attendees were about 20 participants, who were chairmen, Board directors, CEO's of private companies as well as state owned enterprises. The speakers were Mr. Afifi Ahmed Afifi, CEO to protrude company; Dr. Ahmed Sakr, Assistant Professor of Finance at the college of management and Technology, Arab academy for Science and Technology; Mr. Bassam Azab, Senior manager of SMEs enterprises in one of the well known banks.

The Egyptian Institute of Directors (EIoD) organized the second part of intake (4) of the Board Development Series (BDS) Certificate program titled "Practical Tools for Strategic Guidance and Managerial Oversight ". The course took place at the Ramsis Hilton hotel, Cairo, during 18- 20 February 2008, The course was delivered in Arabic. The attendees were about 20 participants, who were chairmen, Board directors, CEO's of private companies as well as state owned enterprises. The speakers were Mr. Afifi Ahmed Afifi, CEO to protrude company; Mr. Bassel El Heiny, Chairman &CEO of Naeem Company for Financial investments; Mr. Bassam Azab, Senior manager of SMEs enterprises in one of the well known banks.

The Egyptian Institute of Directors (EIoD) organized the third part of intake (4) of the Board Development Series (BDS) Certificate program titled "The Role of the Board in Disclosure & Transparency". The course took place at the Ramsis Hilton hotel, Cairo, during 24-26 March 2008, The course was delivered in Arabic. The attendees were about 20 participants, who were chairmen, Board directors, CEO's of private companies as well as state owned enterprises. The speakers were Mr. Bassam Azab, Senior manager of SMEs enterprises in one of the well known banks. Mr. Mohamed Tarek Youssef, the General Secretary of the Arab Taxing Association.