

Amjad Ahmad: Welcome to empowerME Conversations, a podcast from the Atlantic Council. This show brings you leaders from business and government that shape the future of Middle East economies. I'm your host, Amjad Ahmad, Chairman of the empowerME Initiative. Let's get started.

Egypt, like other countries in the Middle East, is seeking to boost private sector growth, entrepreneurship, and women's economic inclusion to create jobs for the future. As the most populous country in the region with over 100 million people, Egypt has significant advantages, including a large local consumer market, broad talent pool, diversified economy, a vibrant equity market, and a high mobile penetration rate approaching 100% of the population. To reach its full potential, Egypt must address its critical challenges, including reducing the state's role in the economy, lowering business costs and barriers, accelerating the momentum in entrepreneurship, and balancing physical and military policies to navigate an expected global slowdown or possible recession. I'm delighted to have with me Her Excellency Rania Al Mashat, Egypt's Minister of International Cooperation, to discuss Egypt's economic opportunities and challenges and the specific initiatives she's leading. She was formerly Egypt's first female Minister of Tourism. Before that, she was an advisor to the Chief Economist of the International Monetary Fund in Washington, DC. Welcome, Your Excellency.

H.E. Rania Al-Mashat: Thank you very much, Amjad and Penny.

Amjad Ahmad: I'm also joined today by a special guest host, UPS President for International Public Affairs and Sustainability, Penny Naas. Penny has been with UPS since 2012 and has led operations in over 200 countries throughout her career. UPS has been a great supporter of the Empower Middle East Initiative at the Atlantic Council, backing important projects like this podcast and our WIn Fellowship, which aims to support women entrepreneurs and future leaders. Welcome, Penny.

Penelope Naas: Thank you. Looking forward to it.

Amjad Ahmad: Your Excellency, it's great to see you. My first question is with the world facing many challenges like rising inflation, rising interest rates, a slowing global economy, possibly a recession, and the aftermath of the pandemic on struggling economies, where did you go? Where is Egypt today in your perspective and what are the priorities for you in the near to mid-term?

H.E. Rania Al-Mashat: The global context keeps on reshaping. We thought that at the beginning of 2020 as the pandemic hit that it was going to be the crisis that that shapes what's going on. As we were recovering towards the end of 2021, I think the world was on a certain path. During the first quarter of 2022, all of us got a bit surprised by this additional shock. This

shock is one that includes food, fuel, fertilizer, and financing. For emerging economies, economies that have been trying to push ahead with their development programs, and here, I want to go back to 2015 when countries put together a common denominator, which are the 17 SDGs. Between 2015 and 2020, a lot of work, a lot of national strategies, a lot of partnerships with the world, both multilateral development, banks, private sector – everyone was trying to see how we can translate the 2030 vision into projects on the ground to create employment and so forth. And then 2020 started. There was a decade until 2030 and then the pandemic created a shock for different economies. What was very useful in our case was that we had concluded an IMF program at the time, which was between 2016 and 2019. Monetary and fiscal policy are the two very important pillars for an economy to move forward, so we enter 2020 with cushions both on the fiscal side and the monetary side. We never had a lockdown. We continue to work. And that's why the economy was growing. One of the only economies in the Middle East that was growing during the pandemic. Why am I giving this background? Because what we have learned is that in order to be resilient, reform is a continuous process. And despite the pandemic and despite the challenges, given the focus on the green economy, Egypt was the first country in the Middle East and North Africa or in Africa to issue a green bond on September 21. When you see a green bond, the green bonds are anchored on projects that have a very clear outcome related to climate action, such as sustainable infrastructure, water, waste management, transportation, renewables, and so forth. The pandemic was there, but we were innovative in financing tools. At the end of 2021, tourism was coming back and the economy was pushing forward. The first quarter of 2022 is a different one. I want to make one comment because Egypt is known to be a big importer of wheat, actually the largest in the world. When the crisis happened, many of the reports from The Economist made it sound as if the situation is a very dire one. Here, I want to mention a few things that impact where we stand on the wheat situation, and it links to the work of the Ministry. In 2014, Egypt invested in silos for wheat storage for the first time. These could be considered adaptation projects because you are increasing agriculture, resilience, and also food security for citizens. This allowed us to, for the very first time, store the wheat that we import. Second, as part of the development plans that I was speaking about and the SDG movement, and more agricultural land was added for wheat production, so today half of what we consume is locally produced. Yes, this is a shock for the country, but it is not a case of panic because sometimes the readings make it sound as if it's a panic and I want to make that distinction. It's exhaustion, a shock. We're dealing with it. We do have storage capacity. We have a strategic stock that is keeping us till the end of the year. This has all been very, very positive when it comes to the shock impact on price and so forth. Concerning economic growth, what's happening globally has implications for emerging markets. Nonetheless, Egypt has a very vibrant economy, is very diversified, and its very young startups, SMEs, and entrepreneurship play a very big role in our economy. The statistics that are coming out are very favorable, and there is a lot of interest in putting more investments into this ecosystem because the multiples are quite sizable.

Amjad Ahmad: That's a great last point. I recently wrote an article about how the emerging market capital pool is shrinking, which means that competition for that pool is going to increase. Egypt has been working very hard, and you're spearheading that as the Minister of International Cooperation. When you see attracting that capital from outside, what do you think are the priorities for you in attracting that capital? Because the competition will definitely increase for that capital, a lot of emerging markets are going to be fighting for that smaller pool. From your perspective, what are those key things that you think are going to attract this pool of capital to come to Egypt?

H.E. Rania Al-Mashat: I think the results. Take a look at the startups that were initiated a few years ago, and see where they are today. In this space, the best way to market yourself is with the results that have been progressing. And you take a look at the startups, whether they're digital fintech, in terms of retail and consumer, all of them have been very innovative and are in line with the latest consumption trends. Whenever you're doing a survey, you need to have a big sample, so 100 million is a natural sample of habits and trends. It's experimentation. The cost of experimentation compared to other places is quite low and therefore it's a very attractive market, in addition to that comes the talent and the exposure to neighboring countries and continents. There are many advantages that have helped us. There's also a lot of commitment, not just from the government but also from the private sector, that has been experimenting with incubators, pushing risk capital and venture capital into these startups. Nonetheless, we're trying to increase that pool. A key point is to market more and to make the success stories known. Now, let me mention COP 27 because we're doing a global competition for startups when it comes to Green Solutions. Adaptation is a key element for Africa, so we will be sending out this call for the global competition, hoping to showcase successes not just in the Egypt case, but also globally, particularly for Africa.

Amjad Ahmad: COP 27 is very important to Penny, so I'm going to punt this over to her because sustainability is key to UPS.

Penelope Naas: It is. It's a very important topic and we're looking forward to coming to COP 27 in November. I'd love to hear a little bit more about the global competition you just discussed sounds amazing, but it seems to me, given some of the things we're seeing in the world, we need to be accelerating efforts with regard to climate change. What can we accelerate and how we focus on the most important issues moving forward?

H.E. Rania Al-Mashat: You know, for those who have not attended COPs, it is one of the most engaging conferences globally. It's because the number of stakeholders in this space is quite sizable – governments are there, private sectors are there, NGOs, civil society, youth, and gender. It's very important because it is multilateral. I mention this because Glasgow provided a renewed image for COPs because the private sector was there in a very notable and vivid way.

The pledges that were made by the private sector were extremely important, and we a continuation of Glasgow in this regard and this is why the two presidencies work. That's the nature of the different transitions between one COP and the other. But we want this COP to be about adaptation and resilience because this is the voice of the South. COP 27 is in Africa and the G20 is in Indonesia, so we have two big multilateral gatherings which are in countries in the South. What is it that countries are requiring? Adaptation and resilience are extremely important and they come more into focus because of the food security issue that is on the back of what we're seeing in Europe. Also the energy transition and how the challenges in the developed world have been existing for the developing economies for some time, so the backdrop today is very different than in November 2021. There's going to be a very interesting discussion pushing forward, but adaptation and resilience, are important. The second is from pledges to implementation – so much has been pledged in Glasgow. What we want this COP to be about is implementation and that's why we are encouraging countries, including ourselves, to present investable projects so that we can basically see how these trillions can become billions on the ground. This COP is an implementation COP. Everything else around loss and damage, gender, startups, and youth, there is more awareness on climate not being an isolated theme anymore. It's integrated into national strategies. In our case, we have our 2030 strategy having green projects. We issued our 2050 country climate strategy, which includes projects between now and 2050 that could be implemented with the private sector. There are these investable opportunities that would create jobs for the people, which would create skills, green skills, and so forth. Maybe in terms of what the ministry does, we deal with all IFIs with the exclusion of the IMF. Our ODA portfolio, the country's official development assistance portfolio, is at the moment around \$25 billion, and it includes mitigation and adaptation projects. How can we enhance that, push that further? How can we see the pledges making their way into projects? Let me know, maybe because the private sector is important in this conversation. The private sector is very used to investing in mitigation projects, and in Davos and other forums, we asked the private sector: what about adaptation? Countries need more when it comes to water, communities, food security, agriculture. The point that the private sector makes as well is that we are able to benchmark against metrics related to mitigation of CO2 emissions. But for adaptation, we're not very sure what we are benchmarking against, so this would be another very important item to engage with the private sector on how the adaptation story can be one that the private sector can engage with more. That also adds to this concept from pledges to implementation.

Amjad Ahmad: In terms of that energy transition, where do you see as the ideal mix for Egypt going forward? What are the big investable projects that make sense given Egypt's positioning, your competitive advantage, etc.? What makes sense?

H.E. Rania Al-Mashat: In 2015, we issued our Integrated Sustainable Energy Strategy, which includes KPIs for renewables, both wind farms and solar plants. And we said by 2035, 40% of our energy mix would be renewables. We're ahead of schedule, and there have been very

important investments in renewables, wind and solar, which we are very gifted with. Having this renewable stock, makes us ready for the green hydrogen market. Given the needs in Europe today and the proximity and the networks that we already have established, this is going to be the next big investable space. When you go back a little bit, we had an energy deficiency from 2011 to 2013-14. We used to be deficient in electricity, but today we have a surplus of electricity and we're able to do regional integration with neighboring countries. I think the investments in renewables, given the need for cleaner energy and the trying to substitute different sources of energy for Europe, is going to be a very important opportunity and we are already in discussions with the EU and other partners on different projects there. During COP, hopefully, we will also be showcasing some of the work we're doing. For a country of 100 million, there are always different needs, but the focus on sustainable infrastructure is quite important, and we've seen this in the plans for electric vehicles, different metro lines. For example, just to give a scale, 3 million citizens use the metro per day in Egypt. This impacts how many cars are off the roads and how much CO2 emissions are coming down. A lot of investments in water waste management plants and water desalination are going to be another big opportunity for private sector investments and trying to get this technology correctly implemented because the private sector is the ones who implement water and sanitation plans. The government is the customer. This is another big opportunity going forward.

Penelope Naas: Egypt sits at the crossroads – a very important crossroads with regards to your waterways and connecting the East to the West. As you think about climate and the fragility of supply chains and the infrastructure there, how are you all thinking about supply chains and Egypt's important role in maintaining supply chains?

H.E. Rania Al-Mashat: This discussion has been going on since 2020, this idea of regionalization and if we are going to a global or regional situation. I think we're not at equilibrium yet. To be able to dismantle what has been set up and entrenched for many years is not as easy as everybody thought at the beginning of 2020. The global supply chain is a very strong one, and it also has cost implications for consumers. Nonetheless, regional partnerships are important, and given we're in the African continent and the different trade agreements, Egypt is quite well situated through the Suez Canal. There's that item, and also we have the ability to transport our gas with Europe. This is something that we've been engaged in recently. We also have the regional gas forum at Cyprus, Greece, Israel, Palestine, Jordan, and then international observers, the US, and World Bank. Today we are able to import the gas from Israel liquefied because we have liquefaction capabilities and then re-export to Europe. These regional modalities have been able to serve in times of crisis. We need to do more of that, but I think it's taking more heavy lifting than what the rhetoric was in 2020. But the realities on the ground in this changing global dynamic is pushing countries to try and be as innovative as possible.

Amjad Ahmad: You mentioned the wheat situation as a great example. Do you see more

countries making their supply chains more resilient at the cost to localize them? Or is there going to be more regionalization? What I mean by without cooperation between ourselves and Saudi Arabia and UAE and others to do more of a regional footprint, we've heard different things – localize, regionalize, globalize. Where do you see that balance going forward? It's going to come at a higher cost, but I guess it's at the cost of resiliency.

H.E. Rania Al-Mashat: I think it's taking place and they're not all mutually exclusive. There are certain things that you can localize, but to localize you need to have a level playing field. You need to be able to invite the private companies that have the technology so that when you're localizing with sense, you're localizing with value add. Regionally, it's quite important and it's also happening, but then you look at the comparative advantage. So. I'm trying to say is that you cannot eliminate one completely. There will continue to be trials, some on the regional level, and some on the localized level. It's different from country to country. In the globalized world, it's Ricardian economics holds, where you have a comparative advantage, you emphasize. But today, with the move to regionalization, it might come at a higher cost, but it gives you more sustainability. I think we have not reached equilibrium. There's a reshaping that is taking place and every country is trying its best, but the challenge with these shocks puts sand in the wheels. So as you were inviting private capital for one sector, then suddenly private investments are becoming tight because of the bubble tightening. It's still being worked out, and we're not at equilibrium yet.

Amjad Ahmad: As you said, the global realities change things. Biden is about to take off the Chinese tariffs. It's just the reality because of inflation, right? We need to rely on China again, so it's very interesting.

Penelope Naas: As you think about the move from globalization, which I still think is an incredibly important trend and there may be certain politics that come into play, the power of economics will still continue to be there. But as we think about some other things like trade and where we've been, how do we ensure that as we move forward, we are more inclusive in terms of how we establish and set up our trade systems? And I know Egypt's doing quite a bit with regards to ensuring that, for example, female entrepreneurs are included and maybe receive even some additional assistance to take into account certain societal differences or cultural differences. How are you all thinking about this? And how are you thinking about how to ensure that as we come back from where we've been the past few years, how can we become even better or more inclusive?

H.E. Rania Al-Mashat: I think there are three words that shape what every country's trying to do now on a national level or in partnerships, whether with the private sector or with IFIs, and it is an inclusive economy, a digital economy, and a green economy. And the three are very much linked. If you have digital skills, you are able to move into the green space and be more

inclusive. If you focus on green projects, you need the technologies so you are digital and inclusive. There's a realization and an awareness that to be relevant you need to promote these three principles. In our case, given the size of the country and the number of reform efforts, there's a strategy for women empowerment, which includes digital skills, and therefore you have that space for more female entrepreneurs. There's a climate strategy, so you have green projects which then entail technologies, digital skills and inclusion of both men and women. Women are more catalysts of change in their local communities. These three words to me are what countries that want to stay relevant focus on. When I think of Egypt, I can see through the different strategies that define our work as cabinet members with the international community, including the private sector and civil society.

Amjad Ahmad: You've made several moves to ensure that women are represented at the leadership level in Egypt, which I think is critical to increase women's participation at the lower levels. How do you see that continuing to play out? I know the central bank came out and said you have to have women board members. Do you see that starting to permeate through other sectors in Egypt? And are there things that you're working on to further facilitate that?

H.E. Rania Al-Mashat: Women's participation requires the commitment from government. And once that happens, culture starts to change. And why do I say this? Because when women are in leadership positions and they do well, it becomes more familiar. It doesn't become unusual. That's why more women are put in leadership positions, it's just a way to keep on changing the culture in moving forwards. For example, in our case in Egypt, women have always been working in the government space, but maybe not at high levels. Today we have them at leadership levels. I was the first female Minister of Tourism – it is not it is not unfamiliar, and similarly to many other portfolios. I believe that political commitment is very important in terms of what we are doing as Minister of International Cooperation with the World Economic Forum and the National Council for Women. We launched the Closing the Gender Gap accelerator, which we're the first country in North Africa and the Middle East. And basically, it has three principles of increasing women in leadership positions, pushing for equal remuneration, and pushing also for digital skills. And what this platform has been very useful for, because Amjad mentioned, that there's a lot of interest in inclusivity and therefore more money pouring into the space of gender activities as a means for digital skills for women and women in trade. This platform has been very nice in trying to streamline all the support that's coming so that it's linked to the KPIs we want to achieve. It's a very nice way to reduce redundancies, push the message more forcefully, and have a platform for those who want to participate in trying to create more inclusivity. This is where you can come. This is where you can see all the projects. And I invite everyone to check out our website where we have done the mapping of the official development assistance, the ODA to SDGs. SDG5 is where you press to see Egypt's project map, who are the development partners, and what these projects are about.

Amjad Ahmad: I know you've been a big advocate for entrepreneurship in the private sector. We've heard different announcements about further privatizations in Egypt, and I'm assuming that's going to continue going forward. How do you view that in terms of someone who tries to push for a lot of international cooperation? We hear different things about Egypt and other countries in the region where the state is a little bit too involved in the private sector. Do you see more reforms coming in that manner to give more room for the private sector, for entrepreneurship, to spur more activity and be more dynamic?

H.E. Rania Al-Mashat: Egypt went through a very important political and economic transformation in 2011. Since then, over these past few years, there was a catch-up phase, catching up on infrastructure that needed to be done. When we say infrastructure, it's sustainable infrastructure – it's the transportation, it's the renewables, it's the water waste management, it's the social housing, it's natural gas to households. It's more of a social solidarity package. When COVID took place, we were able to increase support to the most vulnerable. All of these necessary investments had to be pushed by the state. It had to be initiated. And when you take a look at many of these projects, they have been implemented by the private sector. We need to really push all of this to create two things. First, to push the frontiers of the economy. If I'm looking at the PPF, we want to push the frontiers of the economy through better networks of communication, energy, better-skilled labor, healthier citizens. This was a necessary period. What is happening now and just last month the government issued a document about the exit of the state from different sectors. The sectors have been identified. There's a timetable. There is a realization there was a period of necessity to be able to push the frontiers of the economy. A lot of employment was created. Many private sector companies that are involved with us that were involved in these big projects are doing the same in African countries. There was capacity building for Egyptian private sector companies because they started small but given the size and scale, they were able to grow. There is a realization and a move to exit from different sectors. There's currently a societal dialog around this document. For COP, we have a list of projects. They're called the Nexus for Water, Food, and Energy. These are of mitigation adaptation where the private sector is invited to participate.

Amjad Ahmad: I love this focus on execution and implementation. You don't hear that often from the government. It's great to see that focus on actual implementation and not just announcing new projects. It's great. And the next COP is also in the Middle East. It should be very exciting going forward. Penny, I want to give you the last word.

Penelope Naas: Yeah. I just wanted you to know that we started the podcast talking about a lot of the things that are going on in the world today, many of which are not so positive. Minister, just to hear you speak, I feel a bit more optimistic coming out of this podcast. I just wanted to ask you, where does your optimism come from with regards to the work you're doing and the things you've got going on?

H.E. Rania Al-Mashat: For those who follow me on Instagram, I have quotes that I come up with now and then. I think I once said “It’s not being optimistic or pessimistic. We just have to keep on working.” Every day brings us so many new things to think about, and we've been tested in terms of our agility. I think 2020 was a very big test for everyone. We had to adjust. We had to adjust the way we work, the way we think, the way we engage with each other and with the world, and the way we can become sympathetic or empathetic. This country is a big country. It's been through a lot. But the shocks have been different in nature and scale, but we continue to move ahead with a very committed reform agenda which is based on our exposure to the world. My optimism or my positivity comes from the amount of engagement that takes place. I also look at the country and what has been achieved over the past few years in different sectors through different ways and odds. It makes me very proud as an Egyptian citizen and also quite happy that I'm contributing to push these objectives and this vision forward. As Minister of International Cooperation, we work with bilateral and multilateral institutions. It's about financing, but financing with impacts. It's financing that is related to projects. Yesterday we were inaugurating a metro line, a station that includes a railway and metro, and it's financed by EIB, the Chinese and AFD. It’s an example of multilateralism that is serving so many people and connecting new cities. This is real. I think if anyone is feeling a little bit down, just come and visit some of our projects are in Egypt. You will feel very rewarded, and you also feel that you can have an impact. You engage for impact, and that's what our motto is.

Amjad Ahmad: Your Excellency, thank you for your time. You've been generous, as usual. Your answers have been frank and straightforward, which we love. We just want to wish you lots of luck with COP27. I know it's going to be a big job, but you're the right person for the task. I'm looking forward to it. And Penny, thank you so much for co-hosting. Appreciate it.

Penelope Naas: Thank you. Always a pleasure. And Minister, real pleasure.

H.E. Rania Al-Mashat: Thank you. We're waiting for all of you in Sharm El Sheikh, the city of peace. I think that the challenge is going to have people inside the conference room between the beach and the sea and snorkeling. And there's a museum. Let’s see. Hopefully, it's a successful COP, one that voices what developing countries in Africa want from this energy transition.

Amjad Ahmad: And the best diving in the world, I have to say. Thanks again, Your Excellency. Wishing you all the best.

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