

## Industrial Modernisation Centre



**UN Global Compact (UNGC)  
Communication on Engagement Report  
2015**

## Statement From IMC Executive Director

Dear Mr Secretary – General,

I am writing to pledge IMC continued support for the ten principles of the UN Global Compact (UNGC) with respect to human rights, labor standards, the environment and anti-corruption. With this renewed commitment, we express our continued enthusiasm and intent to advance these principles within our sphere of influence and domain of members and will make a clear statement of this commitment to our stakeholders.

As the world's largest collaborative platform for sharing ethical supply chain data across the existing UNGC principles, IMC is dedicated to give an impetus for a sustainable, modernized, vibrant and competitive Egyptian industry, in addition to introducing improvements in responsible and ethical business practices in global supply chains.

We also pledge our continued participation in the activities of the UNGC. Building on the highly successful collaboration between our organizations to date, detailed in our first Communication on Engagement report, IMC will continue to: participate in global, regional, and local events; internalize the Global Compact and engage companies; support special initiatives and work streams; and will review and provide commentary to participating companies on their Communications on Progress.

We reaffirmed our commitment to carrying out our business fairly, honestly and openly and to ensuring that the policies, practices and systems are in place to provide our employees with the direction and support needed to follow this mandate.

IMC also believes that this partnership provides further opportunities to support UNGC's objective of reaching 20,000 signatories by 2020 through our demand driven programmes, development initiatives and business development support services.

IMC recognizes the vital role that the UNGC plays in advancing sustainable development across the global business community. We share these aims and look forward to continued partnership with the UNGC – and its local networks – to scale up meaningful outreach with business and the international community towards global sustainable development goals.

On behalf of my colleagues, we are proud to reaffirm our commitment and welcome your feedback on this report.

Yours sincerely,

Eng. Ahmed Taha Borie



IMC Executive Director



## 1. Preamble

### Industrial Modernisation Centre (IMC): Your Partner for a More Competitive Egyptian Industry

Egypt's economic development critically hinges upon the competitiveness and growth of the industrial sector. By occupying an integral part in the economic structure, the Egyptian industry is considered to be the engine of economic growth, exports expansion and job creation.

According to the Industrial Development Strategy (IDS), Egypt is projected to be a leading industrial country in the MENA region in terms of industrial performance as well as a main export hub for medium-technology manufactured products by 2025.



Within this framework, the Industrial Modernization Centre (IMC) was established by a Presidential Decree number 477/2000 to give an impetus for a sustainable, modernized, vibrant and competitive Egyptian industry. The aim is to support the industrial enterprises, create an enabling business environment for the industrial sector.

#### IMC Vision

“To be the prime development organization for industry modernisation, contributing to Egypt’s sustainable economic growth”.

#### IMC Mission

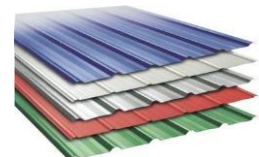
“To support industrial targeted enterprises; individually, geographically and sectorally, according to the business development plans through comprehensive programmes aiming at green growth and sustainable development”.

#### IMC Expertise

IMC started delivering services since 2002 and built up its portfolio based on a demand driven basis that maintains a dynamic approach to accommodate with the continuous needs and ongoing challenges of the industry.

Currently, IMC is part of an eternal process to continuously support the Egyptian industrial enterprises by uniquely offering:

- Accumulative (Industrial & Business) knowledge base
- Comprehensive outreach through 19 branches
- Team of 270 well developed/professional staff
- Over 13,000 Clients, more than 100,000 services across 9 industrial sectors
- More than 60 sectoral development and export strategies
- Capacity building to various affiliated entities within Ministry of Trade and Industry



### Public Private Partnerships (PPP)

A long path is still ahead to fulfill the vision. However, success is foreseeable not through a singlehanded effort by the IMC, but actually through committed collective actions by all stakeholders performing within a partnership.



Accordingly, IMC works within Public Private Partnerships (PPP) that brings together all the stakeholders as partners and consists of various representatives from the public sector such as Ministry of Trade and Industry, alongside private sector representation embedded, for example, in the Federation of Egyptian Industries, Export Councils, General Authority for Investment, Investors' Associations, Industrial Training Council (ITC), Banks, Social Fund for Development and Private Sector Companies, all with respective responsibilities.

### Partnership Values

All Partners are committed towards the following values:

- Involvement and commitment towards the development process succession
- Mutual trust shared by all partners
- Transparency in all transactions
- Good governance regarding all issues
- Embracing corporate social responsibilities (CSR) and sustainable development
- Supporting comprehensive and sustainable human resource development

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## 2. IMC Internalizing the Global Compact and Engaging Companies

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IMC as the main organization in Egypt mandated with industry sustainable development and competitiveness enhancement utilized its network of members and partners to the support of the Global Compact Egypt, where IMC encouraged its members to join forces with Global Compact Egypt and facilitated the process. Nevertheless, IMC dedicated its effort to raise awareness about the Global Compact Egypt and the ten principles.

In several occasions and events organized by IMC or with its participation, IMC capture it as an opportunity to introduce the concept and principles, and to discuss Global Compact importance and enhance the community representatives to take the lead for better business conditions and sustainable growth. A portion of IMC members successfully joined the Global Compact Egypt and currently report their achievement and continued support for the ten principles of the UN Global Compact (UNGC) with respect to human rights, labor standards, the environment and anti-corruption.



### 3. IMC To Participate in Global, Regional, and Local Events

IMC welcomed the participation in different events organized under the frame of Global Compact Egypt. In this regard IMC strongly joined several monthly Sustainable Business Circle Meetings. IMC believed in the importance of such meetings being addressing opportunities to integrate social and environmental responsibility into business practices, develop professionally, and support the economic vitality and quality of life in Egypt. We saw the broader notion behind it as platform for the balanced care about the people, business, and planet. Additionally IMC shared its premises (Head Quarter) hosting different business meetings under the frame of the Global Compact Egypt.



### 4. IMC & UNGC Principles

IMC continued support for the ten principles of the UN Global Compact (UNGC) with respect to human rights, labor standards, the environment and anti-corruption.

#### Enabling people for Better Quality of Life:

IMC development programs and projects are mandated with achieving sustainable growth, job creation and exports expansion. By nature, IMC is an inclusive business model that dedicates its efforts in support to people especially in marginalized areas with emphasis on poverty alleviation and improving the standards of living.

IMC believe that the best way to improve quality of life in Egypt is through comprehensive economic support and allocation of supportive means to people in need to be linked with business value chains and to sustain their business. For fairness and equal opportunities, IMC runs the following two programs with an attempt to offset the pressure of harsh competition and market openness by enhancing the competitiveness of micro, small, and medium enterprises.

#### a. Cluster Development Program.

This program was originally initiated in 2009. It comes with the objective to engage small and micro enterprises, artisans and marginalized people at the base of the pyramid into a business value chain. The program integrates creative and industrial clusters into the national and international supply chains of the ethnic products and handicrafts, through increasing the competitiveness and market penetration opportunities.



The program focuses on product development; it provides small producers with the adequate assistance and technical support to develop and promote their products namely through vocational training and technical assistance, innovative designs and product development, quality improvement, export promotion and marketing, advocacy and Fair Trade principles and practices adoption.

As of 2011 and due to the economic and political unrests, performance and sales fell back dramatically, market regressed and the industry deteriorated significantly. Those producers, working in various governorates in Upper and Lower Egypt were faced with the painful reality of a void market leaving them with significantly shrinking income.

In 2014, the IMC revisited the program looking at reviving it and giving it more sustainable grounds to grow. Accordingly, IMC launched the first website for Egypt creative industries and handicrafts entitled “Creative Egypt” and finalized the legal registry of “Creative Egypt” trademark as the first Egyptian brand for handmade products from Egypt.

In February 2015, “Creative Egypt” figured with outstanding Pavilion in Furnex International Exhibition. That international trade fair that is being held in Egypt since 2004 introducing Egypt to the international trade community of furniture and home furnishing industries as a world-class supplier.

“Creative Egypt” capitalized on a development path adopted by IMC for handicrafts growth that aimed at the development of artisan’s products and enhancement of its quality through a complete approach compromising the market domain.

The yields of this event figured in handicrafts sales expansions and the success to penetrate international markets. Creative Egypt now provides an outlet for those small producers to display their products at Omar Effendi, one of Egypt’s largest state-owned department stores, giving them continuous and sustainable access to the local market.



#### b. Social Entrepreneurship Program

IMC has tailored this program to catalyze and nurture the creation of micro, small and medium-sized businesses that aims at achieving positive social or environmental outcomes while generating financial returns; through developing a framework for action for social enterprises and social entrepreneurship. IMC support in that domain contributed strongly to the enrichment and prosperity of young and innovative entrepreneurs, in addition to contributing to poverty reduction, income generation and facilitating access to markets for those entrepreneurs.

#### Program Objectives:

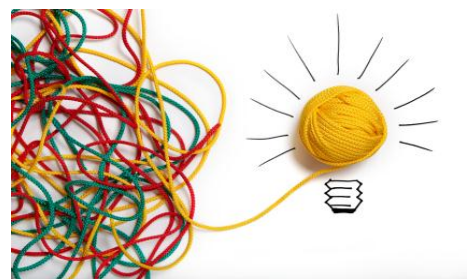
- Generate knowledge and raise awareness in Egypt regarding social entrepreneurship
- Applying practical, innovative and sustainable approaches to benefit marginalized and poor communities.
- Developing a framework for action for stakeholder engagement.
- Assist on how to navigate the social enterprise and impact investing space.
- Develop the legal form of Social Enterprise.
- Build awareness and advocate for the potential of social entrepreneurship.
- Identifying of social pilot projects as successful models for replication.
- Capacity building to a group of social entrepreneurs as role models and innovators in the field of social entrepreneurship.
- Base of Pyramid (BOP) study of poor Egyptian communities with potential for developing profit oriented solutions.

#### Program Services:

- Capacity Building: Provide training programs for entrepreneurs and organizations working in the field of entrepreneurship in addition to advisory services and mentoring for social entrepreneurs/ enterprises.
- Technical Support Services: Provide selective package of services for NGOs, Social Enterprises/ Social Entrepreneurs.
- Information Center: spreading awareness on a regular basis, strengthen communication and network, create a portal to help entrepreneurs and publishing their projects/ innovations and build a network of volunteers in the field of social entrepreneurship.

#### Program Achievements:

- Mentoring and coaching services to 40 business entrepreneurs and new startups of which 30 are women entrepreneurs
- Funding the development of 12 business plan for entrepreneurs
- Supported the legal set up of entrepreneurs and their inclusion in the formal sector
- Created institutional framework with the involvement of entrepreneurs, investors, government and NGOs to support the social needs marginalized and poor communities in Egypt capitalizing on a set of signed MoUs for establishing the proposed institutional framework
- Raising awareness about social return on investment for stakeholders through several workshops and seminars
- Access to finance services to entrepreneurs and handicrafts and channeling between entrepreneurs and financial institutions



## Labor Standards

IMC has initiated a program entitled *Women on Board Program*, that comes with the objective of improving gender balance of corporate boards in Egypt and the Middle East and North Africa region by sensitizing male board members to gender issues, qualifying women to be appointed to corporate boards and advocating for policy and legislative changes that institutionalize gender diversity on corporate boards.



This program is designed for female executives from the corporate sector, as well as female entrepreneurs, academics, civil servants and senior-level women with professional service backgrounds. The program comprises two main modules for leadership and corporate governance.

In addition to that, IMC is considered to be one of the most progressive organizations that maintain its development path to the human resources within industrial enterprises by building their capacities and provision of many training courses in cooperation with the Industrial Training Council (ITC).

Nevertheless, IMC encourages its clients improving their business environment and creating favorable conditions for their labor and employees. The implementation of health and safety standards at industrial firms and the adequate human resources systems is to the core of IMC services to industrial society. The eligibility criteria for joining IMC oblige the registry of at least 10 socially insured employees at industrial companies, in defense to the labor rights.

## Environment

IMC has developed many programs aiming at using eco-friendly resources and energy efficiency. IMC has developed “Grow Green Programme” during its annual plan 2015/2016. Its idea is revolving around ensuring that the industrial sectors are introducing green concept by continuously improving manner. IMC supports industries to reduce specific energy consumption per product unit, without any negative impact on the product quality or quantity, as well as assisting manufacturers towards using renewable energy applications and limiting polluting emissions. Our profile of services includes the green index and the implementation of resources efficient use related standards and codes as Responsible Care, ISO 50001 for energy management, and ISO 14001 for environment.



## Anticorruption

IMC is playing an obvious role in the anticorruption efforts in Egypt. IMC provide adequate policy support and advocacy in this regard with leading discussion on anticorruption. IMC, represented in Mrs. Sherine El-Shorbagi, is considered to be an effective member in the anticorruption committee established in Egyptian Organization for Standardization and Quality.