



UN Global Compact (UNGC) Communication on Engagement Report 2019

Industrial Modernization Centre



Statement from Industrial Modernization Centre Executive Director

Dear Mr. Secretary – General,

I am pleased to confirm that Industrial Modernization Centre (IMC) support the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption.

IMC reaffirm its commitment to carry out our business fairly, honestly and openly to ensure that the policies, practices and systems are in place to provide our employees with the direction and support needed to follow this mandate and we also pledge our continued participation and support to UNGC's activities on local, regional and global levels.

In this Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

We also commit to share and communicate this information to our stakeholders and the general public using our primary channels of communication.

IMC will continue support of UN Global Compact strategy to strengthen business engagement in support of achieving the Sustainable Development Goals by 2030.

On behalf of IMC whole team, we are proud to reaffirm our commitment and welcome your feedback on this report.

Yours Sincerely

Eng. Ahmed Taha



IMC Executive Director



1) Preamble

“Industrial Modernization 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.

Vision

“To Be the Leading Change Agent for the Egyptian Industry”

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”

2) IMC Commitment to Global Compact Principles

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 65 sectoral development and export strategies
- Capacity building to various affiliated entities within Ministry of Trade and Industry

Moreover, and to capitalize on the IMC's 16 years of accumulated experience and to affirm our commitment to raising local awareness to the ten principles of the UN Global Compact (UNGC), the IMC since 2015 has further developed its approach towards achieving sustainable industrial development and competitiveness enhancement by further embedding activities and services that address women and youth empowerment, development of social enterprises as means towards increased live hood conditions and improved energy utilization through usage of renewable energy sources.



The aforementioned activities further support IMCs determination to adopt the concept and principles of UN Global Compact and to raise awareness on the impact of these principals in achieving better business conditions and sustainable growth with respect to human rights, labor standards, the environment and anti-corruption.

3) IMC & UN Global Compact Principles

“Enabling people for Better Quality of Life”

3.1. Creative Egypt



Following the launch of “Creative Egypt” in 2015 aiming at supporting the development of artisan’s/cluster products and enhancement of the craft sectors quality through a complete approach compromising the market domain. Creative Egypt has re-allocated its retail store to Cairo

Festival City Mall (CFC), the re-allocation is built on the outputs of the “Creative Egypt’s Development Strategy” launched in 2016. The strategy adopts a sustainability approach for the trademark covering the next 5 years, which in turn will reflect on increasing and sustaining the live hood conditions of artisans and clusters whom are enrolled in the creative cluster program.

Creative Egypt’s Impact 2015 – 2018



Creative Egypt’s Development Services

The launched development strategy, subsequently addresses improving the capacities and craftsmanship of the sectors artisans, since 2016 Creative Egypt has supported the technical upgrading of artisans and artisanal products providing adequate assistance and technical support through vocational training, technical assistance, innovative designs, product development and quality improvement.

Global Market Outreach

One of the key objective of Creative Egypt is to improve the income of existing artisans and develop new ones through ensuring continuous supply, while maintaining development efforts. Accordingly, to ensure demand availability Creative Egypt has also participated in 14 international trade fairs and exhibitions between 2015 and 2018



3.2. Creative Hub Egypt



In 2016 IMC launched its “Social Entrepreneurship Program” tailored to 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 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.

Furthermore, and within the global context and characterizations of the “Creative Economy” and the “Design Economy” the IMC found the need to further develop this program and its approach towards developing the entrepreneurship ecosystem, which is why “Creative Hub Egypt” was launched in 2017 with the primary objective of catalyzing the integration of Egypt’s creative & cultural entrepreneurs into local and global value chains, through establishing a platform that stimulates conversion of smart, innovative and creative ideas and initiatives into realities.

Programme Objectives

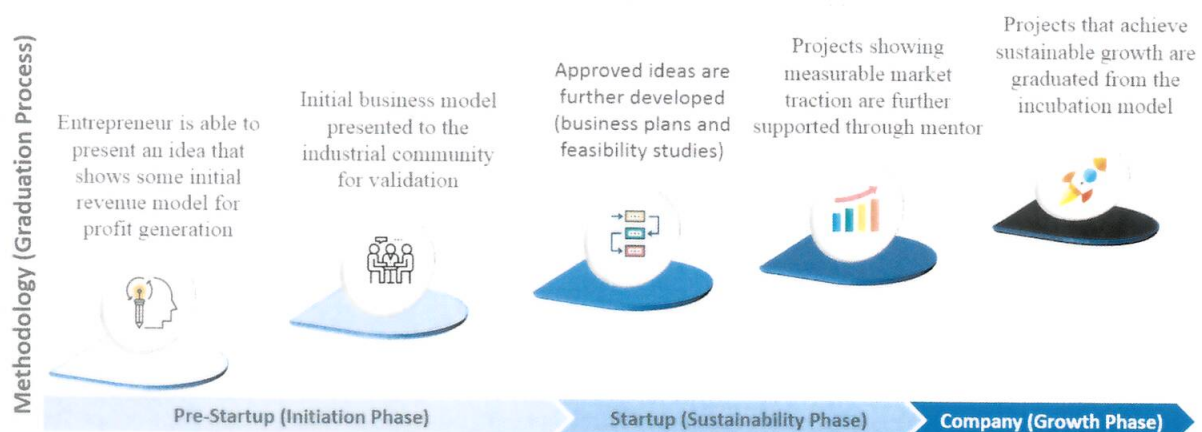
- **Establish** and manage a platform that provides linkages between creative & cultural entrepreneurs and Egyptian enterprises.
- **Provide** necessary support; through services and/or facilities; to the ideas, projects and startups incubated at “Creative Hub Egypt”.
- **Coordinate** with national, regional and international stakeholders so as to enhance integration of creative & cultural entrepreneurs into local and global value chains.
- **Promote** the significance of Creative and Design economy concepts in economic development and job creation.

Programme Activities

Innovation Hub

The role of entrepreneurship in economic development and prosperity is of substantial significance given the fact that SME's lack the required financial and human resources to develop and sustain economic growth and sustainability. Accordingly, the main objective of Creative Hub Egypt's “**Innovation Hub**” besides supporting upstream supply chain activities in the craft and cultural sectors is to encourage entrepreneurship in downstream supply chain activities and create linkages between these startups and industrial enterprises thus enhancing the outreach and competitiveness of the Egyptian industrial sector in the local market.

Innovation Hub Activity Methodology



Design Hub

Though globalization offers firms in developing countries much opportunities in terms of various methods to participate in the global economy, gaining economies of scale and higher technological expertise. These enterprises also are threatened by globalization pressures in the form of increasing competition in both the domestic and international markets, which leads to the need to minimize the threats of competition where firms are frequently required upgrade not only their activities but their products as well.

Accordingly, the main goal of the “**Design Hub**” is to bridge the gap between young designers / innovators and the industrial sector so as to build robust and sustainable local industrial design capabilities able to address industry/market needs and increase product competitiveness (product upgrading), outputs of the design incubator model will tackle one of three product upgrading directions listed below:



*Fusing Technology with
product development and
design*

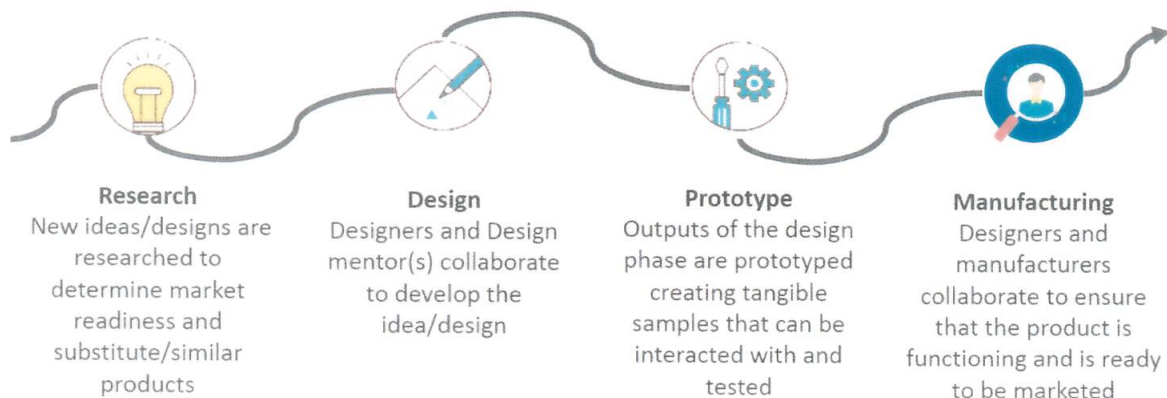


*Product Upgrading
through Industrial Design*



*Packaging Material
development and design*

Design Hub Activity Methodology



“Promote the development and dissemination of environmentally responsible technologies”

3.3. Green Economy Programme (GEP)

Green Economy Programme

The “Green Economy Programme” aims to achieve tangible economic growth and development of Egypt’s industrial sector through implementing green economy concepts that ensure continuously improving resource efficiency, environmental impacts (process and products) and social dimensions, also increasing awareness of the financial savings and competitive advantage that arise from adopting an environmentally sustainable and resource-efficient approach.

Programme Services

Energy Efficiency Services: Energy saving potential through raising Energy Efficiency (EE) awareness, changing behavior and reducing overall energy consumption

- Preliminary Energy Saving Audit
- Energy Conservation Enhancement
- Energy Detailed Audit

Energy Management Systems:

- Preparation and Implementation of ISO 50001
- Certification of ISO 50001

Environmental Services:

- Environmental Survey
- ISO 14001 Preparation and Certification
- Water Conservation Enhancement
- Tailored Sector Specific Programs

Programme Output

3.4. Egypt Photovoltaic Power Project



Energy generation, diversification and ease of handling are regarded the main axes of development. With the increase of interest in the environmental issues on local and international scales, the renewable energy role acquires increased importance every year in its contribution to energy fabric which leads to its development and increased investments.

Interacting with the mechanisms of the economic development in Egypt, the Egyptian energy policies and legislation conform to the consumption pattern and encourage the implementation of solar and wind power plants, aiming at producing 20% of electricity generation in Egypt by 2022 from renewable sources with the active participation of the private sector in this program.

Accordingly, the objective of the **“Photovoltaic Power Project”** is to remove the barriers to increased power generation by small, decentralized, grid-connected PV systems. The project strategy builds on the planned Government initiatives to develop a market for small, decentralized renewable energy power generation by ensuring adequate returns on targeted private sector investments.

The project will catalyze the development of decentralized, grid-connected small-scale renewable energy (RE) power generation market in Egypt and the solar PV in particular. The target is to facilitate the installation of new decentralized PV resulting in direct GHG reduction benefits of 66 kilo-tons of CO₂eq during the lifetime of the project. Complementary indirect mitigation benefits are expected from the sustained market growth of the PV market after the project with estimated GHG reduction of about 0.6-0.7 million tons of CO₂eq.

The project is funded by the Global Environment Facility (GEF) and United Nations Development Programme (UNDP) acts as the GEF Implementing Agency. The project is executed by Industrial Modernization Centre (IMC) of the Ministry of Industry and Foreign Trade, which will assume the overall responsibility for the achievement of project results as UNDP’s Implementing Partner (IP). By the end of the project, the project seeks to establish a basis for sustainable market growth by:

- Supporting the design, purchase and installation of the first PV systems as an easily replicable model;
- Establishing an enabling policy and institutional and regulatory framework to provide the basis for sustainable market growth of small, decentralized RE (primarily PV) applications and for attracting adequate financing for the required investments;
- Strengthening the supply chain by building the capacity of the key supply-side stakeholders such as system designers, equipment vendors and installers to offer competitively-priced, good-quality products and services to the targeted stakeholders (including required after-sales services) and by introducing adequate quality control mechanisms to build up customer confidence and positive customer experiences of small, decentralized PV systems; and

Facilitating the establishment of a financing framework and a network of local financial institutions to support the development of the decentralized PV market by providing long-term financing on attractive terms for PV investments and, as applicable, dedicated funds especially for those households which, without a previous credit history and/or required collateral, may face difficulties in convincing the banks of their credit-worthiness.

Egypt-PV Project Expected Outcomes

- **Design of small PV systems installed based on easily replicable and scalable system design**
 - Finalized design of the support scheme to facilitate Market Takeoff
 - Manuals and templates for PV system design & installation to be released as hard & soft copies, internet based, and smart phone apps

- Establishing project support center “ONE STOP SHOP”; hotline and website
- Public awareness-raising & marketing campaigns
- In-depth reviews and evaluations of the progress
- Workshops to discuss the results and potential next step.
- **Establishing an enabling policy, institutional and regulatory framework to provide the basis for sustainable market growth**
 - Ensuring fully operationalized net-metering schemes for selected tariff
 - Technical constrain analysis and updating guidelines accordingly
 - Complete analysis of regulations for both constructions and management for rooftop PV system implementation
 - Drafted amendments to the existing laws and regulations
 - Finalize proposal for the eventually required financially and fiscal incentives
 - Assessment for PV waste and recycling.
- **Strengthening the supply chain by building the Capacity of the key supply-side stakeholders**
 - Finalize technical and quality criteria installations and system integrators
 - Quality control and certification scheme for hardware and installations and institutional agreements to ensure effective implantation after the project
 - Public awareness and marketing support to support establishing a local Solar Energy Industry Association
 - Agreed methodology, institutional arrangements, procedures and mechanisms for effective market monitoring to continue after the end of the project
 - Complementary training and development programs to help promote PV system in new buildings.
- **Establishing a financing framework and a network of local financial institutions to facilitate the financing of small PV systems for a broad range of consumers**
 - Proposal for financial schemes and required consultation support
 - Involving local community associations to help promoting and supporting
 - Technical due diligence of projects proposed for financing and training staff of the participating banks
 - Monitoring the impact and performance of the financing schemes
 - Final report, including results, experiences, lessons-learned and recommendations.

Egypt-PV Implemented Project

Egypt-PV has implemented several projects in various sectors in 2018 such as:

Public Buildings:

- Parliament
- HBRC (Housing & building research center)
- General Authority for education buildings

Industrial:

- Rosenberg
- Art Ceramic

- Cairo Petrol
- Pharco
- Sittin Group
- Fahim Ragab
- Hero Factory
- El Gawhara

Commercial:

- Al Hayah international School
- British International School
- EL Nada Mall
- Carrefour

Tourism:

- JW Marriott

Residential:

- Dar Misr
- El Nada Compound

3.4. Anticorruption Efforts

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. Since our establishment we have adopted a culture that includes core values such as Honesty, Integrity, and Respect for People, these principles are embedded in our manual of operation, and its Code of Conduct are shared by our employees, managers, partners and representatives. Subsequently if third parties (consulting firms...etc.) are engaged to act on behalf of IMC, our employees in charge of such engagement must ensure that such third parties are aware of and have formally adhered to these rules.