

# COMESA

Part II

Designed by - Darryl Leech



## Egypt

'Goes smart' in IT

## Comoros

On the path to economic growth



# EGYPT

## 'GOES SMART' IN IT

Egypt, with its centuries old civilization and culture, is surprising the business world as a newly emerging force in global IT. Strategically located at the apex of an economic pyramid embracing three continents, Egypt has more university graduates than any other regional player, and benefits from its geopolitical status as the largest country in the Middle East, the second biggest in Africa and membership of COMESA.

Traditionally reliant on tourism and workers remittances, Egypt is now building a new economy, unleashing the huge energy and talent of its 65 million population, 65 per cent of whom is under the age of 25. "Things started about three years ago," says Minister of Communications and Information Technology HE Dr Ahmed Nazif. "President Mubarak wanted to make a national appeal for technology development, so as to create in Egypt an information society very much in the IT age. Our logo and our goal is, 'Egypt Goes Smart.'"

Mubarak's vision of Egypt becoming an exporter of IT services with call centers and IT institutes is already a reality, with both private and public sectors rising to the challenge. Fortunately, Egypt began rebuilding its war torn infrastructure over 25 years ago, following its peace agreement with Israel, and among those achievements is a strong fixed-line telecommunications network presided over by the state-owned Telecom Egypt (TE).



Left - HE Dr Ahmed Nazif, Minister of Communications and Information Technology  
Center - Eng Akil Beshir, Chairman of Telecom Egypt  
Right - Dr Shehab El Nawawi, Managing Director of Giza Systems

"Egypt is a very well connected country, both locally and with the rest of the world," says Dr Nazif. "We are the intersection of three continents because we are close to Europe, at the junction between Africa and Asia."

Indeed the installation of the first Cairo-Alexandria telegraph service in 1854 symbolizes not only the birth of TE but also its long roots in the country's technological development. Reflecting the new entrepreneurial spirit, TE is determined to be part of the future as well as of the past.

"Our mandate is to transform TE into a world-class telecom operator capable of competing domestically and internationally," says TE chairman Eng Akil Beshir. "We aggressively plan to capitalize on a customer base of more than 6.5 million Egyptians."

TE has exclusivity in the international telecom services in Egypt until the end of 2005 and a privileged position in the

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fixed-line marketplace. Not resting on its laurels, the government has announced plans to invest more than \$6 billion over the next three years, with the domestic market slated to grow at 18 per cent a year to 2007.

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Dr Nazif's ministry started with a mandate to liberalize the telecommunications industry and today all Egypt's three cell phone operations are completely privatized, with both local and foreign investment, and 3.5 million customers. The minister predicts more growth since only 5 per cent of the population is covered. "We can easily get to 10 per cent for a country the size of Egypt and implement another 3.5 million lines," says Dr Nazif. "There is room for competition. There is room for expansion."

MobilNil, the first GSM operator in Egypt was launched in May 1998 and has grown to become the largest wireless service provider in Egypt and the Middle East. MobilNil has the strongest local network, covering over 90 per cent of the country including the Cairo Metro. It has roaming agreements with 236 operators in 106 countries, among which are the US and Canada. MobilNil boasts a track record for innovative services, for example, email connectivity from cell phones.

#### SMART VILLAGE FOR IT

Egypt is now building its first IT business park or 'Smart Village', 10 minutes drive from downtown Cairo close to the

Pyramids of Giza, with backing from major global players in IT including Cisco, HP, Microsoft, Oracle and Qualcomm. It is close to Egypt's media city – the Hollywood of the Middle East with its television studios and satellite connections. "This is in a sense our Silicon Valley," says Dr Nasif, "and in the same area you have about three universities, providing a ready source of labor."

Other progressive government initiatives include a commitment to underwrite the cost of training local labor in IT, provided investors will hire them, an e-government program to offer the citizen online services and 'free' Internet access for every telephone subscriber at the cost of a local phone call. Already, nearly 1 million Egyptians can access the Web. For disadvantaged and low-income communities, the government has created a network of Internet cafes under a program called the Information Technology Club.

#### REGIONAL SERVICES HUB

With multinational companies flocking to Cairo to implement export projects in countries from Syria to Nigeria, Egypt can take pride in having market longevity as well as a reputation for experimentation and innovation. From its inception in 1974, Giza Systems founded its philosophy on being a total IT solution provider, offering its customers skills in system integration, process control, software and telecommunications IT. Its legacy of leadership is the product of a deep understanding of local and regional market needs, whether in the public sector, oil and gas, telecommunications, transportation or education.

During the past year Giza Systems has undergone a thorough re-engineering process and change in management that has consolidated its strengths and regional profile. "We strongly believe that our customers are our partners and any success would rely heavily on teamwork and a shared vision," says Eng Mohamed Shehab El Nawawi, managing director, Giza Systems. "After a year well invested in shifting gear, we are now ready to take off."

Giza Systems recently joined forces with Intec Telecom Systems of the UK to win a second operations support systems contract with Egypt Telecom. The win owed a great deal to Giza Systems' long-term market presence.

"It's safe to say that 30 per cent of Egypt's IT professionals who have succeeded in the past decade were trained by us," says Shehab El Nawawi. "Yet we still have the best team in the marketplace. They are dedicated, bright, extremely well exposed and love their company and country."

Giza Systems are predominately technical consultants delivering state of the art solutions to customers, especially with Interactive Voice Response (IVR) systems. El-Nawawi is convinced that every customer oriented service provider should implement an IVR system as a "minimal commitment to their clients." His thinking represents the new future of 'e-Egypt' – dynamic, innovative and strong on service and delivery. ●

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# COMOROS



## BUILDING ON PEACE AND STABILITY

President Azali Assoumani faced some serious challenges when he came to power in April 1999 in the Indian Ocean Union of Comoros. His prime objectives were to restore peace and stability, resolve a bitter separatist dispute and introduce free and democratic elections.

Just three years on, these goals have been achieved, and the islands of Grande Comore, Anjouan and Moheli are united in a common bid for development and democracy. As Army Chief of Staff, President Azali was forced to intervene through a *coup d'état* to avoid escalation of the secessionist crisis with Anjouan. "We have peace and security, even if they are fragile," he says. "Comorans are reconciled and we have voted in a constitution which recognises the unity of the country, strongly supported by the Anjouanais. We have begun the democratization of the country by moving towards elections. The executive bodies are in place and now we need to establish the parliament."

The President is keen to stress that Comoros is also a very safe country. The Azali coup, one of three successful coups since independence, and other attempted coups, have all been bloodless, with no threat to people or their possessions. Crime and corruption are minimal, with very few acts of violence.

The constitution was supported by 77% of the electorate in the December 2001 referendum. It provides for a decentralized union of the three autonomous islands. Each island has its own president, legislature, constitution and budget. Foreign relations, defence and currency are the responsibility of the Union, under President Azali. "Our challenge now is to tackle the socio-economic prob-

lems. We must fight against poverty," he urges. This includes steps to protect the islands' natural assets. Measures taken in Grande Comore have stopped people from using sand from the beaches for building. In Anjouan, this continues to be a problem, with the World Bank and the European Union advising on quarrying rock to be ground into building sand.

Comoros is dependent on external aid, and President Azali's Government wants to move from an ethos of dependency to one of partnership, directing external aid from the public to the private sector, stimulating the economy and foreign exchange and encouraging overseas investment. It aims to cut costs and introduce incentives to encourage foreign enterprise to work with Comorans for mutual benefit.

### ON THE PATH TO ECONOMIC GROWTH

Inflation is relatively low, aided by the pegging of the Comoran franc to the euro, while economic growth is expected to reach 3% in 2002, outpacing the population growth of 2.7% for the first time in several years. It is the result of great efforts to bring government spending under control. This was a condition of certain agreements with foreign partners and has meant a fresh injection of funds, particularly for social and economic projects, which in turn has led to new jobs.

It fuels the President's fight against poverty and commitment to individual liberty. He is much in favor of education and training for women and young people who make up 60% of the 568,000 population to enable them to play their part in development.

Tourism is currently the mainstay of the economy, accounting for 25% of GDP, but is very much underdeveloped. Agriculture has great potential, although the islands are not yet self-sufficient in food. 70% of the population is engaged in agriculture, largely subsistence farming, including fishing, and the production of three export crops – vanilla, cloves and ylang-ylang, a natural essence. Fish stocks are plentiful, and this is seen as another area of potential growth. Currently, Reunion is the main export market, but once air transport links have been developed, fish can be flown to meet demand in Europe and the Middle East.



Colonel Azali  
President of Comoros

A major source of revenue is from the extensive Comoran diaspora also - some 150,000 people. The majority live in France, and some in Mayotte, the fourth island in the archipelago, which chose to remain French when Comoros gained its independence in 1975. The Minister for Foreign Affairs is leading a bid to organise the spending power of the diaspora, with negotiations and meetings in Paris. One idea is to offer housing subsidies for when Comorans return home.

On the international stage, Comoros is raising its profile worldwide. Comoros recently chaired the Arab League for a six month period. "Our relations with the World Bank and the IMF also demonstrate that we are working with good governance and transparency, and are servicing our debts. We can improve the image of Comoros using Information Technology, offices and Internet sites," comments President Azali.

## THE PERFUMED ISLANDS

Across the Comoros, the cascade of color and fragrance of the many flowers and the heady blend of Arabic, African and French influences feasts the senses.

Lying between the northern tip of Madagascar and the mouth of the Mozambique Canal, the archipelago enjoys a tropical maritime climate that favors biodiversity. The volcanic islands are rich in flora and fauna, and the enduring scents of ylang-ylang, cinnamon, cloves, pepper and vanilla mix with the colors of jasmine, hibiscus, strelitzia, bougainvillea and wild orchids. Several varieties of insects and over a dozen species of birds are unique to the Comoros, while others are seldom found elsewhere, such as Livingstone's Flying Fox, a giant fruit bat with a wing span over four feet. Other bats, lemur and multi-colored lizards can be found across the islands, while Moheli is home to sea turtles.

The crystal clear waters of Comoros are also home to the famous Coelacanth, a fish once thought to have been extinct for millions of years, which the locals had been catching for supper. Divers can swim among the colorful varieties of fish, and anglers explore the mangroves, while big game fishers can try their hand at catching barracuda,



Trou Du Prophete



Ylang Ylang Flowers

swordfish, shark and tuna. Watersports are also available all year round.

The best time to visit is in the dry season - from May to October, while in the wet season from November to April, it is hot and humid, with significant rainfall. But, for most of the year, the temperature is a balmy 25 degrees C, and subject to tempestuous winds off the ocean. With hundreds of kilometers of coastline, there are many beautiful beaches, from white, golden, ocher and black sand through to ancient volcanic rock.

Hikers can explore the deserted beaches, majestic waterfalls and ancient rainforests, or the more energetic can walk up to the summit of the massive Karthala volcano - the biggest active crater in the world which dominates Grande Comore. The layers of different types of vegetation change the higher you go, until you reach the barren summit of black lava.

In the towns, the rich heritage of Comoros is evident, with cobbled medinas boasting a confusion of small winding streets. The capital Moroni on Grande Comore, for example, also known as Port-aux-Boutres, is an ancient sultanate dating back to Swahili times. It's right beside the sea with a picturesque port, the medina built around the mosque. Meanwhile, the capital of Anjouan, Mutsamudu, has two main streets connected by a maze of alleys. Highlights include the fifteenth century Friday Mosque and the Sultan's Palace. On Moheli, the capital Fomboni is smaller and evokes the memory of the reclusive sultan princess Fatima, who lost her heart to the French adventurer Joseph Lambert in the mid-nineteenth century. Comoran history is full of romantic tales, dating back to the love between Solomon and the Queen of Sheba, Balkis, a millennium before Christ.

This is the stuff of legends, passed down the generations - the Comorans love story-telling and traditional dances. Above all, they love a party, and celebrate all life's grand events - birth, marriage, death. The biggest of these is "Les Grands Mariages", which can last up to a month, and take a lifetime to pay for.

The tourism sector is still underdeveloped on Comoros, though the Government is working hard to encourage foreign investment to exploit its potential.

Accommodation varies from modest pension, through self-catering bungalows to boutique resorts with swimming pools, casinos and private beaches. The international airport is north of Moroni, and flights and ferries operate between the islands.



Vanilla Flower

# WORKING IN PARTNERSHIP

Privatization is a key priority for the restructuring of the Comoran economy, with the emphasis on transparency and the opportunities awaiting foreign investors.

President Azali is in no doubt that the potential for return on investment is significant, and promises government support with minimum interference and a commitment to reduce costs and provide a legal framework to establish the rule of law and protect investors. "The Government should not get into debt but must support the private sector. There is nothing to stop someone today coming to build a highway and making it pay. They would have to do a feasibility study and all the Government does is to give its approval."

A conference is being arranged for potential sponsors after the legislative elections which should pave the way for operators and financiers to come to the country for the long-term and kickstart real economic growth.

Azali stresses that Comorans are very tolerant and welcoming, there is a good labor force, and national operators are also learning to function in the private sector. "People are very welcoming and multicultural, able to integrate new people in friendship and fraternity," he says. "The Comorans want to welcome investors, and create a partnership with them. It's a win-win situation – we lend our environment and they bring investment and technology, respecting the environment and preserving its beauty." He also feels strongly that people should understand the nature of the Islam practised in Comoros. "We are a peaceful nation of Sunni muslims, our moderate and tolerant Islam is nothing to do with extremism," he says. "It is an axis for peace and tolerance and has nothing whatsoever to do with those who use religion to create fanaticism and attack other countries."

## SETTING PRIVATIZATION PRIORITIES

First on the list to pass to the private sector are the ports, currently managed by COMACO, in which the state has a 30% stake, the rest belonging to Mer Australe. Comoros



has the deep waters needed to become a maritime hub for the region, yet its shipping costs are high, and COMACO has pledged one billion Comoran Francs (\$990m) in investment over the next three years.

Preshipment inspection has already been in place since 1995 and is carried out by Swiss company, Cotecna Inspection SA. Goods destined for Comoros, for public and private sector alike, are inspected with the aims of increasing customs revenue and cutting out fraud. Studies are also underway for the privatization of the post and telecommunications and energy sectors, aided by the World Bank and the IMF.

## EXPANDING TELECOMMUNICATIONS NETWORKS

The Société Nationale des Postes et Télécommunications (SNPT) is owned by the state but has its own management. It has 350 employees and established telephone and Internet connections function well. The next step is to develop the cellular network with Alcatel of France. Under the ComoreTel brand name, it also runs a joint venture with private consortium ComoreTel Holdings to market wholesale international toll-free services to telecom service providers around the world.

Meanwhile, the state energy company, Comor Hydrocarbures, accounts for 30 per cent of GDP. Administrative and Financial Director Assani Said believes that the market is very tight, and that if the company is privatized, the state should retain a 30 per cent stake. Discussions are taking place regarding the expansion of the international airport, supported by the European Union. ●



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