

Egypt Reforms:

An update from the ICT Sector

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Egypt

-A regional hub linking the Mediterranean, Europe, Asia and the Arab World.

-70 Million inhabitants with 58% under the age of 25

In 2004:

1.2 million high school graduates and 265,000 university graduates



Political Reform

Since mid 70's, Egypt has succeeded in putting together the building blocks of a democratic system.

Egypt is further empowering the democratic process:

- **A constitutional amendment to directly elect the President from multiple candidates**
- **Elections for members of Parliament under full supervision of the judiciary**

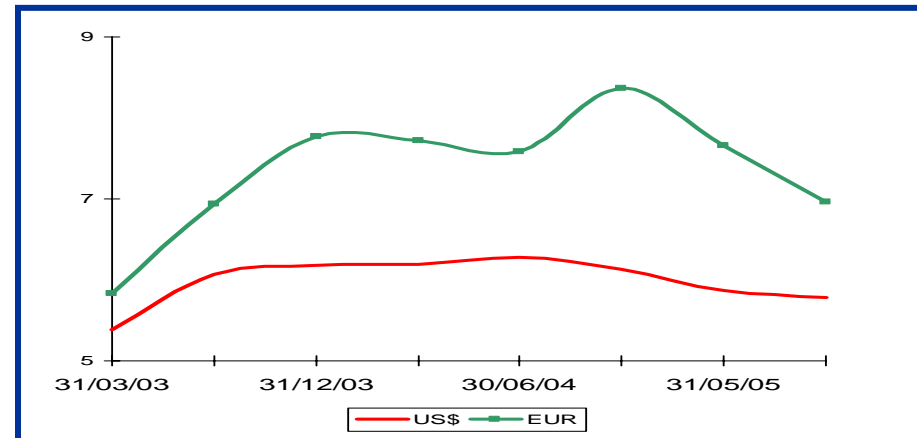
Egypt maintains strong and balanced diplomatic relations with all neighboring countries.

Economic Reform Agenda

- **Competition is the governing principle of economic reform**
- **Transition from a state-dominated, centrally-planned economy, to a market-based, decentralized economy lead by the private sector**
- **Building the institutional and regulatory framework for a successful market economy:**
 - ***Customs reform in September 2004.***
 - ***Tax reform in June 2005***

Economic Reform Pay-Offs

- **Stockmarket capitalization increased from 42% to 55% of GDP**
- **GDP growth of 5.2%**
- **EGP 3.3 billion in proceeds of privatization**
- **Appreciation of the Egyptian Pound relative to the US dollar and the Euro**



Agenda for Further Reforms

❖ Establishment of cross-cutting regulatory institutions

- Competition Commission
- Consumer Protection Agency

❖ Further empowerment of the sectoral regulatory bodies

- Central Bank
- Capital Market Authority
- Mortgage Finance Authority
- Insurance Supervisory Authority

The ICT Sector as a leading model

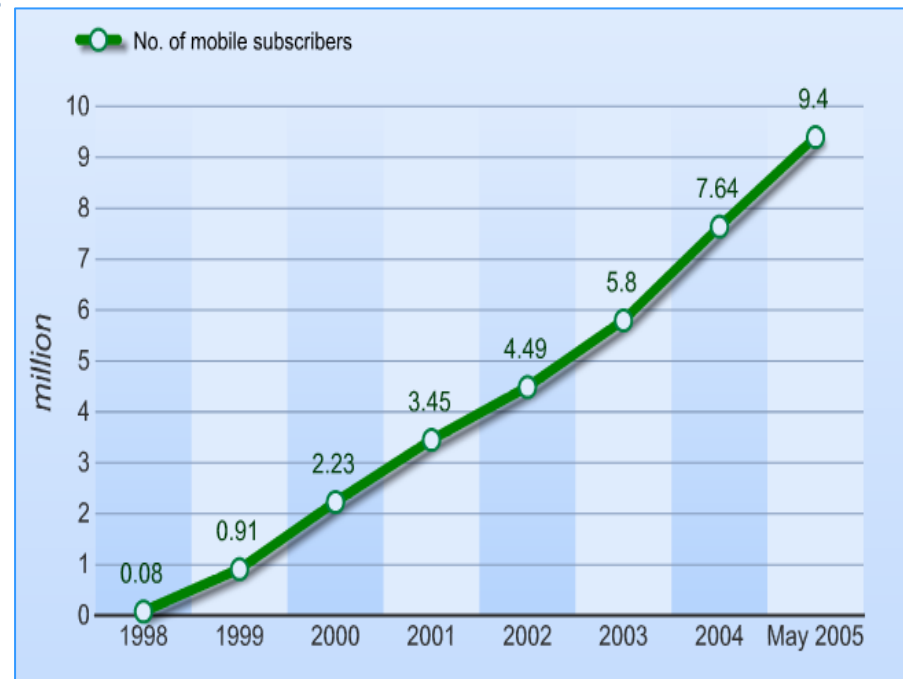
- **Deregulation in ICT**
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Reform of the Telecom Sector

- **Strategic direction to reform the sector and engage Egypt in the global information society**
 - **Establishing the Telecommunications Regulatory Authority ('98)**
 - **Corporatization of Telecom Egypt (TE)**
 - **Privatization of TE (end of '05)**

Egypt becoming a Regional Leader in Mobile Technology

- Evolution of Orascom Telecom as a regional operator through acquisition of licenses in MENA, Asia and most recently in Europe
- Listed telecom companies are becoming the primary driver of Cairo-Alexandria Stock Exchange and are attracting FDI into Egypt either directly or through GDRs



Privatization of Mobile Telephony has resulted in a wealth generation of almost *EGP 35 billion*

Further Deregulation of the ICT Sector

- **Removal of restrictions on Computer-Related Services**
- **Deregulation of the Postal Services**
- **Convergence of Telecom and Media**
- **Awarding Licenses for International Voice and Data communications**

Public Private Partnership

A Key Strategy for Development

Successful Initiatives

- **Subscription-Free Internet Services**
- **PC for Every Home Initiative**
- **IT Clubs**
- **Broadband Initiative**

- **Basic and Professional Training Programs**
 - **More than 130 thousand trainees till May 2005**
- **E-heritage center (CULTNAT)**

A look ahead...

E-Learning

**Competence Center in cooperation with *Cisco*
A regional initiative supported by the WEF**

Nile University

**A graduate-level, research-oriented university
specialized in technology and management**

R&D Centers of Excellence

**Virtual centers comprising academia, local industry,
and multinational companies**

Incubators for Startup Companies

**Developmental incubators inside the Smart Village
A technology development VC fund (EGP 50million)**

Business Environment & Investment Opportunities

- **ICT growth**
- **US companies in Egypt**
- **Business Opportunities**

ICT Growth

- ❖ Investments of ICT Companies in Egypt exceeded EGP 30 billion in the past 7 years**
- ❖ Increase in number of ICT companies to 1571 (a 700% increase in 7 years)**
- ❖ Current number of employees of ICT companies exceeds 35,000**

US companies in Egypt

Company	Regional and Global Support Services
IBM	SW Development Center of 400+ skilled IT developers
Mentor Graphics	Design center of 170+ engineers
Intel	Regional Platform Definition Centre Regional SW Enablement Lab
HP	Imaging and Printing Technology Center
Oracle	Global Support Center
Microsoft	Developer Support Center for regional software developers SW Innovation Center
Cisco	Core Competency e-Learning Institute

Future Business Opportunities

- **3G Mobile Network**
- **Contact Centers**
- **Certification Service Providers**
- **CDMA Wireless Local Loop Deployment**
- **Egypt Post Outsourcing of IT operations and Outlet Franchising**

Egypt...the Cradle of Civilization

**Is becoming the Center for IT and Telecommunications
in the Middle East and North Africa**