

IOA — 2019 — ACBR

AFRICA COUNTRY BENCHMARK REPORT



Egypt Profile



A fruit vendor in Cairo displays an array of fruits. Despite pockets of poverty in the population, Egypt, with Africa's second largest economy, has no food security problems.



Image courtesy of Tinou Bao



EGYPT



OVERVIEW ANALYSIS

Still amongst Africa's largest economies, Egypt has seen a return to the authoritarianism of pre-Arab Spring administrations that ruled with an iron fist. The government of President Abdel Fattah el-Sisi, who led a coup d'état against his predecessor President Mohamed Morsi, faces legitimate security concerns. Islamic militants clash with Egyptian forces regularly in the Sinai, with deaths suffered by both Egyptian soldiers and the Islamic terrorists they pursue. Terrorists target Egyptian military and civilian soft spots, most notably Coptic Christian churches. Sisi has used these legitimate security problems as an excuse to shrink the country's democratic space, neuter his political opposition and limit civil liberties. Improving economics scores account for Egypt's five country position rise on ACBR 2019, from 22 last year to 17 at present.

KEY OPPORTUNITIES

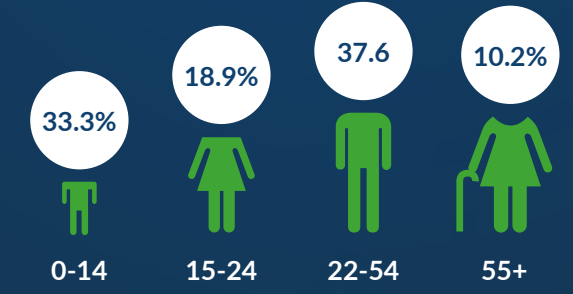
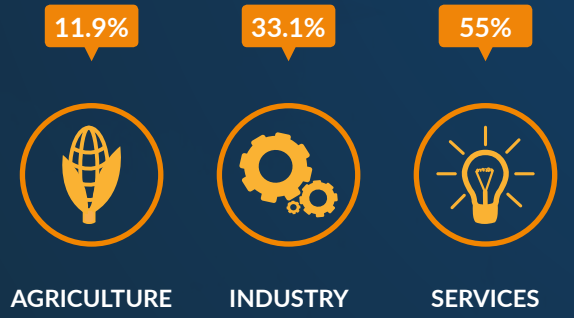
- Egypt is strategically positioned between Europe, the Middle East and the rest of Africa
- Egypt continues to attract 90% of Africa's tourists
- An improving economy is being led by communication technologies

KEY CONCERNS

- The Sisi administration's authoritarian actions are setting back democracy
- Islamic militants continue warfare in the Sinai
- Terrorists continue to target the country's military installations and churches

COUNTRY HIGHLIGHTS

PREDOMINANT RELIGION <p>Islam</p>	PREDOMINANT LANGUAGE <p>Arabic</p>	POPULATION WITHOUT ELECTRICITY <p>0% (#1) ▲¹</p>	LITERACY RATE <p>73.8% (#26) ▼²</p>	PRIMARY ELECTRICITY SOURCE <p>Gas</p>
IMPORT/EXPORT <p>Machinery/ Crude Oil</p>	EXTERNAL DEBT <p>US\$ 76.31 billion (#2) ▲¹</p>	ACTIVE CONFLICT <p>No</p>	LAND SIZE <p>1,001,450 km² (#12)</p>	INTERNET PENETRATION <p>39.2% (#11) ▼¹</p>



Term:
08/06/2014 - current
4 years (2 term limit)

Political Party:
Independent

Recent Electoral Information:
28/03/2018
21 835 387 Votes
97.8%
Voter turnout: 41.05%



President
Abdel Fattah el-Sisi

CONTRIBUTIONS TO GDP BY SECTOR

POPULATION AGE BREAKDOWN

NATIONAL GOVERNANCE

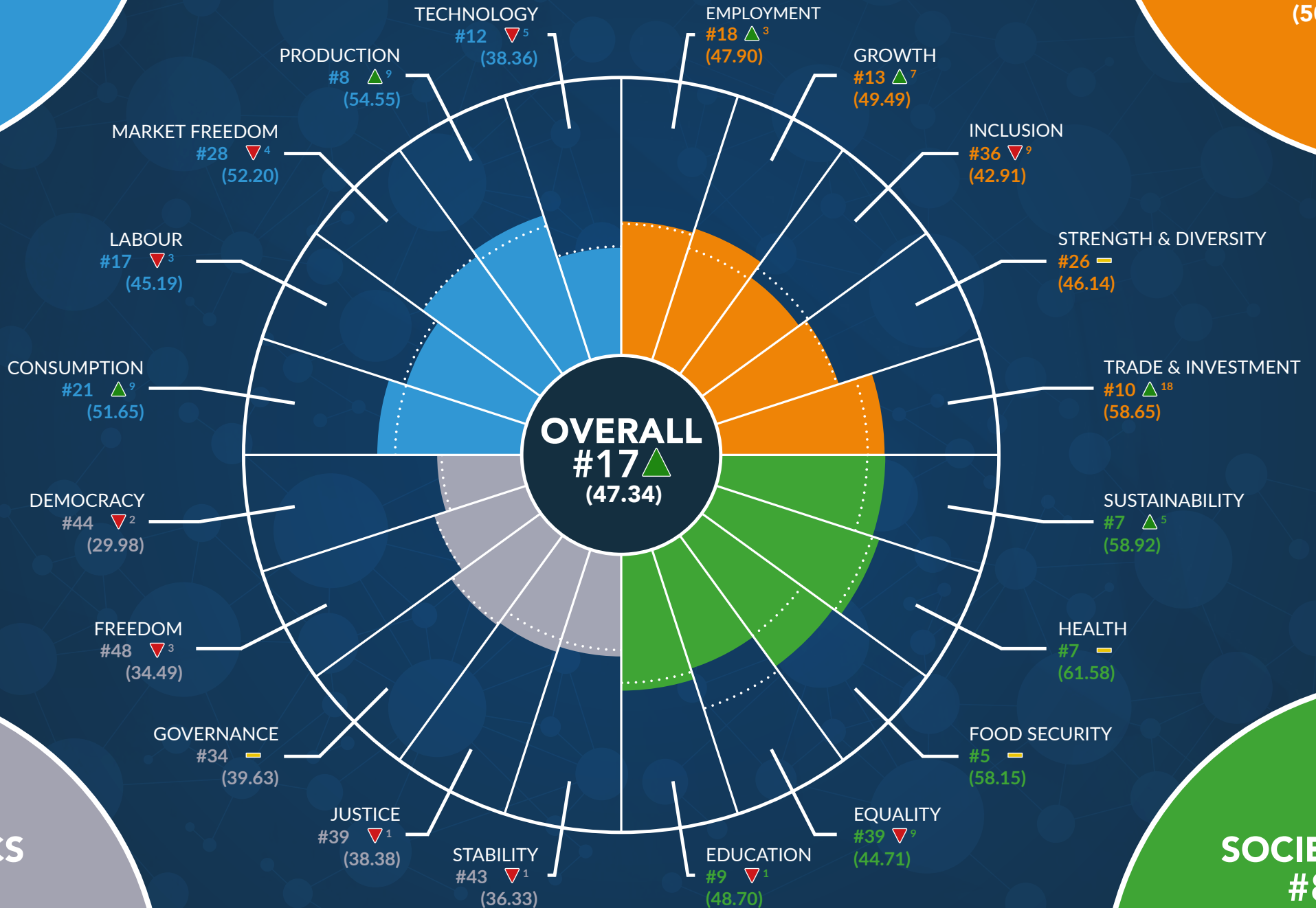
BUSINESS

#15
(48.39)

EGYPT PERFORMANCE OVERVIEW

ECONOMICS

#12
(50.85)



▲ Increase from 2017

▼ Decrease from 2017

— No change

..... 2017 Score

POLITICS

#43
(35.76)

SOCIETY

#8
(54.36)

EGYPT BUSINESS ANALYSIS



BUSINESS OVERVIEW

A strategic Middle East ally for the West and with a large, educated and healthy population, Egypt provides a thriving domestic market. Egypt possesses the key to West-to-East shipping with its recently-expanded Suez Canal waterway, resulting in a robust shipping and transportation sector. Tourism continues to thrive, as international visitors are drawn to Egypt's antiquities of which more and more are discovered every year, keeping the excitement high.

While greater ICT growth is a factor in Egypt's good economic record in recent years, investing in the media is problematic under a Sisi administration that censors the media. Other concerns to the business community, particularly in the agriculture

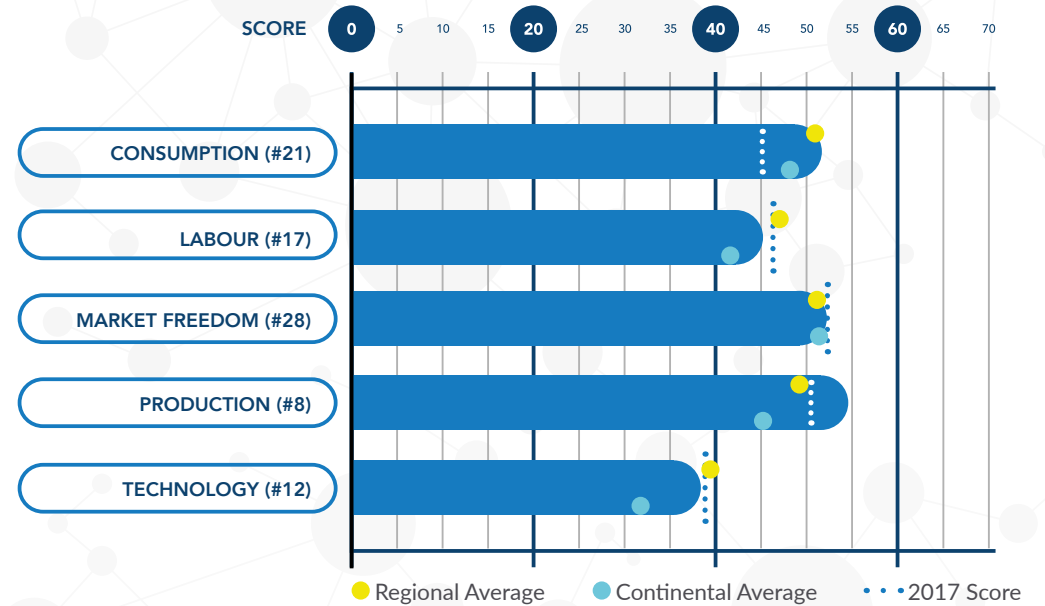
sector, are availability of Nile River waters once Ethiopia's Grand Renaissance Dam is completed and climate change also affects river flow. Egypt is the world's largest exporters of dates, and with cotton and rice also major exports, the agricultural sector contributes more to GDP (26%) than this sector does in most African economies. Textiles and food processing are Egypt's leading industries.

In a year when Egypt surpassed South Africa as Africa's second largest economy, business conditions have reflected this growth. Consequently, Egypt advances two country positions in ACBR 2019's Business quadrant, to 15 from 17 last year.

BUSINESS DATA COMMENTARY

<p>Egypt data availability 100%</p>	<p>REGIONAL AVERAGE 87.69%</p>	<p>AFRICAN AVERAGE 77.78%</p>	<p>CONTINENTAL RANK #24</p>
	<p>Along with 9 other countries, Egypt is one of the few on the continent to achieve a perfect business data availability score of 100%. This stands far above both the regional average for Northern Africa, currently at 87.69%, as well as the continental average of 77.78%. Following years of political instability, great emphasis is currently being placed on fiscal and commercial reform, thus resulting in highly robust data from local government and international multilateral institutions.</p>		

BUSINESS SCORES & RANKINGS



BUSINESS STATISTICS

<p>% POPULATION IN URBAN CENTRES</p> <p>42.7% (#29)</p>	<p>LABOUR FORCE IN MILLIONS</p> <p>29.95 million (#4)</p>	<p>INDUSTRIAL PRODUCTION GROWTH</p> <p>3.5% (#27)</p>	<p>PRIME LENDING RATE</p> <p>19.5% (#43)</p>
<p>% ADULTS WITH A BANK ACCOUNT</p> <p>32.78% (#30)</p>	<p>ANNUAL AIR PASSENGERS</p> <p>12.02million (#2)</p>	<p>MOBILE SUBSCRIPTIONS</p> <p>102.2 per 100 (#18)</p>	<p>NATIONAL 3G COVERAGE</p> <p>98.7% (#2)</p>

EGYPT ECONOMIC ANALYSIS



ECONOMIC OVERVIEW

The finance ministry's 2016 decision to devalue the national currency, the Egyptian pound, began an economic boom that continued in 2018, primarily by boosting industrial growth by facilitating exports. The International Monetary Fund bestowed a US\$ 12 billion loan – a record amount from the IMF to a North African or Middle Eastern country – as a reward for Egypt's monetary policy. On one hand, the policy saw a huge influx of foreign buyers of Egyptian treasury bills. On the other hand, the currency devaluation sparked an inflation rise that was the worst in decades, hitting 30% in 2017 before declining to 13% in April 2019. Inflation has added to the economic woes of the average Egyptian, and put pressure on government to ease the economic burden

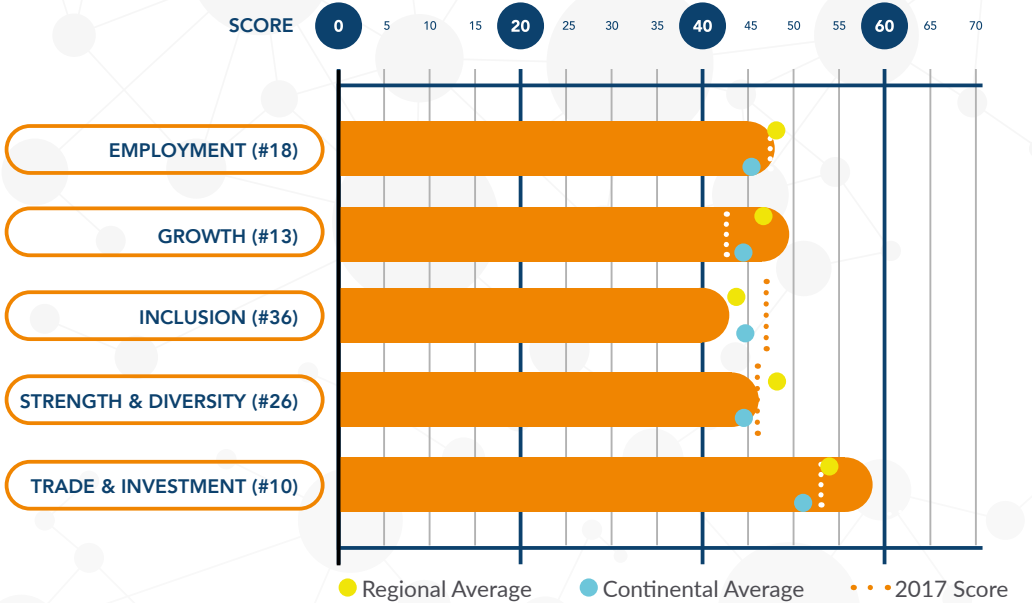
of the masses. Government is also under pressure from the business community to enact business reforms on a host of issues from enforcing contracts to easing licensing and taxation burdens, which for decades have inhibited foreign investment in the country.

Egypt also needs to strengthen African trade ties. Of the seven trade partners who purchase Egypt's exports and from whom Egypt imports its needs – Saudi Arabia, Italy, Turkey, UAE, the US, the UK and India – none are African. Egypt achieves its best quadrant scores in Economics, which propelled the country up ten positions in the ACBR 2019 rankings, from 22 last year to 12 currently.

ECONOMIC DATA COMMENTARY

<p>Egypt data availability 99.15%</p>	<p>REGIONAL AVERAGE 88.38%</p>	<p>AFRICAN AVERAGE 77.78%</p>	<p>CONTINENTAL RANK #24</p>
	<p>Following close on the heels of the previous quadrant, economic data availability in Egypt stands at a virtually complete 99.15%, thus ranking 7th continentally. Due to its regional positioning, Egypt serves as a node of global trade in North Africa, thus resulting in widespread economic data collection. Currently, the Central Agency for Public Mobilization and Statistics functions as a comprehensive national statistics repository along with global multilateral institutions such as the World Bank and IMF.</p>		

ECONOMIC SCORES & RANKINGS



ECONOMIC STATISTICS

<p>GDP PER CAPITA</p> <p>US\$ 13,000 (#8)</p>	<p>UNEMPLOYMENT RATE</p> <p>12.1% (#43)</p>	<p>TRADE BLOC MEMBERSHIP</p> <p>AFTZ, COMESA</p>	<p>INFLATION RATE</p> <p>23.5% (#49)</p>
<p>GDP AT PPP</p> <p>US\$ 1.201 billion (#1)</p>	<p>CURRENCY AND GOLD RESERVES</p> <p>US\$ 37.2 billion (#4)</p>	<p>FDI NET INFLOWS</p> <p>US\$ 7,392 million (#1)</p>	<p>BUDGET SURPLUS (+) OR DEFICIT (-)</p> <p>-10.8% (#51)</p>

EGYPT POLITICAL ANALYSIS



POLITICAL OVERVIEW

The military mentality of President Sisi, a former general, has characterised his administration over a civilian population whose democratic rights he has consistently shrunk in the name of national security. International human rights groups see these actions against freedom of speech, assembly and the press as thinly-veiled moves to stifle a political opposition. Some of Sisi's political opposition is anti-democratic too, and how Egypt's struggle with the achievement of popular government against a tendency toward autocratic regimes will be the country's political theme into the foreseeable future. The Israel-Palestinian conflict is being fought in Egypt's Sinai Peninsula, where Egyptian soldiers are also regularly attacked and killed by Islamic militants.

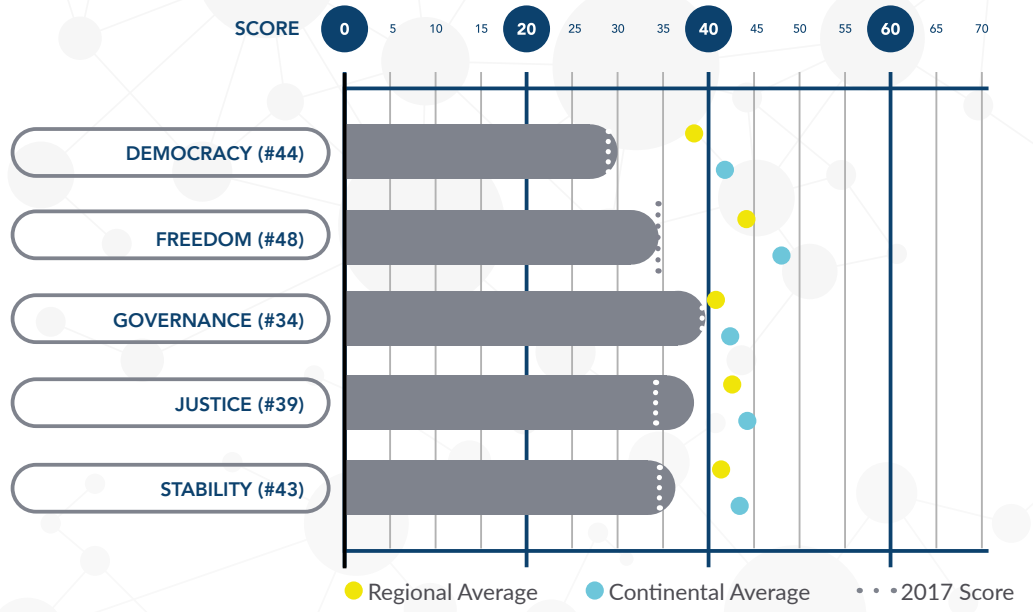
The Islamic State is also targeting Egypt's Coptic Christians, with attacks on churches yielding high casualties.

Egypt's complex political situation is reflected in the country's declining scores and country positions within ACBR 2019's Politics quadrant. Overall, Egypt remained stable with a country position of 43 in the quadrant, unchanged from the previous year. This low score contrasts with Egypt's impressive positions in the other quadrants. Individual indicators show Egypt declining three country positions in Freedom and two positions in Democracy, showing the deleterious impact of a quasi-military government on civil liberties. Egypt also dropped one country position in both the Justice and Stability indicators, and remained unchanged in Governance.

POLITICAL DATA COMMENTARY

<p>Egypt data availability 100%</p>	<p>REGIONAL AVERAGE 92.34%</p>	<p>AFRICAN AVERAGE 82.86%</p>	<p>CONTINENTAL RANK #26</p>
	<p>Following the Arab Spring, there has been great interest in ensuring robust political data collection capable of highlighting key Egyptian trends and dynamics. This is reflected in the perfect score of 100% for political data availability in Egypt, thus ranking 1st continentally. Needless to say, this far exceeds the respective regional and continental averages of 92.34% and 87.10%. In addition to government statistics, ample data may be sourced from local and international political watchdog organizations.</p>		

POLITICAL SCORES & RANKINGS



POLITICAL STATISTICS

<p>NUMBER OF POLITICAL PARTIES</p> <p>20 (#8)</p>	<p>MILITARY EXP AS % OF GDP</p> <p>1.4% (#23)</p>	<p>REFUGEE INFLOW</p> <p>291,524 (#24)</p>	<p>NUMBER OF RIGHTS</p> <p>65 (#8)</p>
<p>DATE OF INDEPENDENCE</p> <p>18/06/1953</p>	<p>NET OFFICIAL DEVELOPMENT ASSISTANCE</p> <p>US\$ 2,130 million (#5)</p>	<p>WOMEN IN PARLIAMENT</p> <p>14.9% (#35)</p>	<p>CAPITAL PUNISHMENT</p> <p>Permitted</p>

EGYPT SOCIETAL ANALYSIS



SOCIETAL OVERVIEW

Egyptians enjoy an established, technologically and economically well-developed society that has brought them, relative to the rest of Africa, long life expectancies. The average Egyptian lives 73 years. Education levels are also high. While 95% of Egyptians live within 20 km of the Nile River, including Egypt's major cities, a prominent social concern is internal migration from rural to urban areas, where 43% of Egyptians now reside. Traffic congestion and air pollution are severe. Despite Egypt's economic prosperity, poverty is a problem. As the national population approaches 100 million, the 28% of Egyptians who live below the poverty line represent a substantial demographic of the economically dispossessed. Assisting the poor is a good health infrastructure.

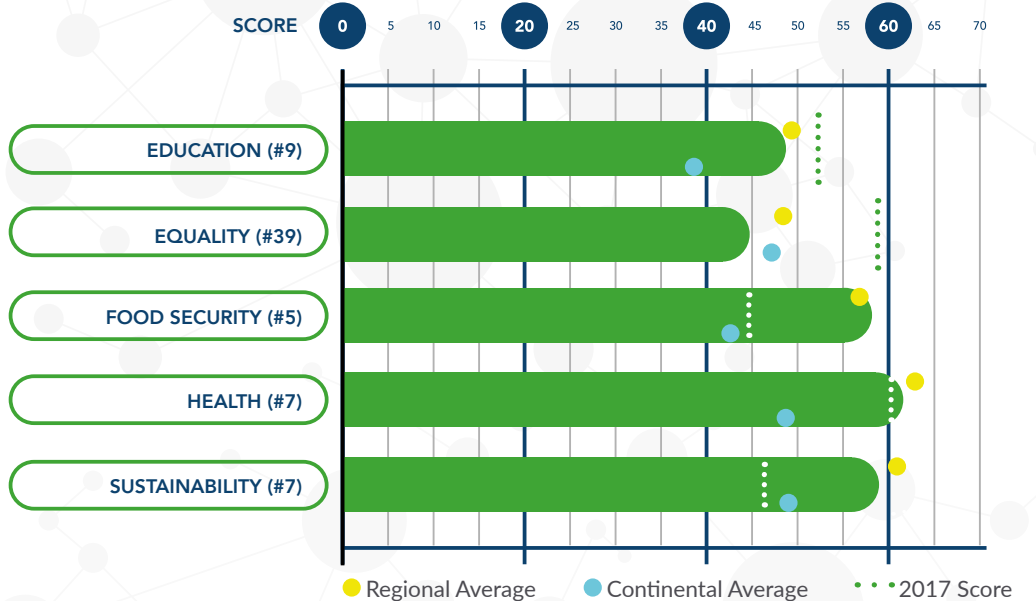
Credit must be given to local and national governments for assuring that 100% of Egyptians have access to clean drinking water and nearly all (97%) enjoy improved sanitation facilities. Obesity, the disease of prosperity, is a growing public health concern. One-third of Egyptians are obese, while an unacceptable 7% of children under the age of five are underweight, the result of poverty.

In fact, economic inequality has led to Egypt's largest drop in the ACBR 2019 Societal quadrant, by nine country positions in the Equality indicator from 30 last year to 39 currently. Due to the aforementioned favourable societal conditions, Egypt's overall country ranking in the quadrant remained unchanged, at a high country position of eight.

SOCIETAL DATA COMMENTARY

<p>Egypt data availability 98.98%</p>	<p>REGIONAL AVERAGE 84.08%</p>	<p>AFRICAN AVERAGE 75.28%</p>	<p>CONTINENTAL RANK #29</p>
	<p>As with the previous quadrants, Egypt maintains a consistently high score for societal data availability, which currently stands at 98.98% and has a corresponding continental rank of 7th. This too scores high above the regional and continental averages of 84.08% and 75.28%. Not only the Central Agency for Mobilization and Public Statistics, but also the Egypt Data Portal sponsored by the African Development bank, provide excellent sources of societal data, along with agencies like UNICEF.</p>		

SOCIETAL SCORES & RANKINGS



SOCIETAL STATISTICS

<p>POPULATION SIZE AND GROWTH RATE</p> <p>97,041,072 at 2.5% p.a. (#3)</p>	<p>LIFE EXPECTANCY</p> <p>73 years (#7)</p>	<p>HIV PREVALENCE</p> <p>0.1% (#46)</p>	<p>SEXUALITY TOLERANCE</p> <p>Illegal</p>
<p>ACCESS TO DRINKING WATER</p> <p>99.4% (#2)</p>	<p>HEALTH EXPENDITURE (% OF GDP)</p> <p>4.17% (#41)</p>	<p>PRIMARY EXPENDITURE (% OF EDU. TOTAL)</p> <p>N/A (#N/A)</p>	<p>SOCIAL MEDIA PENETRATION</p> <p>37% (#7)</p>

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