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“ Egypt could naturally be the sort of Arabic content and software development hub in the region, like it has always been for other industries, such as the movie or TV industries.”

—*Egyptian government IT official*

“ You can finish high school without seeing a computer. You could very well finish college without seeing a computer: that’s the education problem. The students are not going to be citizens of the world if they don’t know how to use new, world order machines.”

—*Independent consultant, Egypt*

Notwithstanding its recent efforts, Egypt continues to struggle with Networked Readiness, as reflected by its overall sixtieth ranking in the Networked Readiness Index. Issues such as education, poverty, and intermittent instability due to attacks on tourists in the past years present challenges to overall development and to ICT-related success.

ICT development in Egypt has been driven within the government by the Cabinet of Ministers Information Decision and Support Center (Ranking in Effectiveness of Government ICT Programs: 4). This entity played a key role in institutionalizing the ICT industry and encouraged use of the Internet through provision of free Internet accounts to commercial companies in the early 1990s.¹

A new regulatory framework for telecommunications was put in place in 1998, which established the Telecommunications Regulatory Authority (TRA) and corporatized Telecom Egypt (TE), the state telecommunications monopoly. In a transitional phase, the TRA is not yet fully independent. TE is the largest incumbent telecommunications operator in the Arab region; it maintains a monopoly over all fixed and international telephony (Ranking in Effect of Telecommunications Competition: 43).

A new Ministry of Communications & Information Technology (MCIT), created in September 1999, proposed a National ICT Plan that focused on human resource development, development of the information and communications infrastructure, and building local demand for ICT. MCIT’s strategy concentrates on building partnerships with the private sector via working groups to produce new initiatives and projects for the ICT market.

The overall user base in the ICT sectors is expected to continue to grow in 2002,

with the introduction of free Internet and the emergence of a third mobile provider. Egypt also leads the Arab region in mobile banking applications.²

There are several major projects in the making, such as the Smart Village project, which aims to create an “Egyptian Silicon Valley” to attract foreign and local investment, and the Egypt Cyber Center, the first data center in the Middle East. Nonetheless, the private sector faces continuous challenges, particularly because of a lack of a predictable legal framework around consumer rights and electronic transactions.

To address the issue of limited human resource ICT capacity within Egypt, partly due to many well-educated Egyptians leaving the country for employment (Ranking in IT Brain Drain: 36), MCIT has launched several training projects in coordination with multinational ICT companies.

On the e-commerce front, the electronic marketplace continues to evolve on an experimental basis, due mainly to the lack of a financial and logistical infrastructure. Citizen-to-administration efforts have been hindered thus far by overlap among government bodies, yet there has been greater success on the B2B e-commerce side. (Ranking in e-Government micro-index: 51).

Egypt is emerging as a regional software content hub, with 80 percent of its software exported to the Arab world.³ Although software offerings in Arabic are generally still limited, many feel that Egypt is in a strong position to capitalize on its role as the entertainment capital of the Arab world.

Key Facts

Population	63,500,000
Rural population (% of total population) 1999	54.96 %
GDP per capita (PPP)	US\$3,602
Global Competitiveness Index Ranking, 2001–2002	51
UNDP Human Development Index Ranking, 2001 (adjusted to GTR sample)	67
Main telephone lines per 100 inhabitants	8.63
Telephone faults per 100 main telephone lines	6.87
Internet hosts per 10,000 inhabitants	0.35
Personal computers per 100 inhabitants	2.21
Piracy rate	56.00 %
Percent of PCs connected to Internet	0.16 %
Internet users per host	200.89
Internet users per 100 inhabitants	0.71
Cell phone subscribers per 100 inhabitants	2.14
Average monthly cost for 20 hours of Internet access	US\$12.91

RANK

Networked Readiness Index **60**

Network Use component index **69**

Enabling Factors component index **52**

■ Network Access **50**

Information Infrastructure 48

Hardware, Software, and Support 52

■ Network Policy **47**

Business and Economic Environment 54

ICT Policy 39

■ Networked Society **57**

Networked Learning 61

ICT Opportunities 37

Social Capital 74

■ Networked Economy **46**

e-Commerce 45

e-Government 51

General Infrastructure 42