

Connectivity Scorecard 2011

Egypt



Egypt
1.89

	Score	Weight
Consumer Infrastructure	0.26 (0.88)*	0.17
Consumer Usage and Skills	0.40 (0.70)*	0.17
Business Infrastructure	0.12 (0.64)*	0.27
Business Usage and Skills	0.10 (0.71)*	0.34
Public sector Infrastructure	0.23 (0.83)*	0.02
Public sector Usage and Skills	0.20 (0.68)*	0.03

*The score of the leading performer for this component

Table 1: Component Scores & Weights 2011

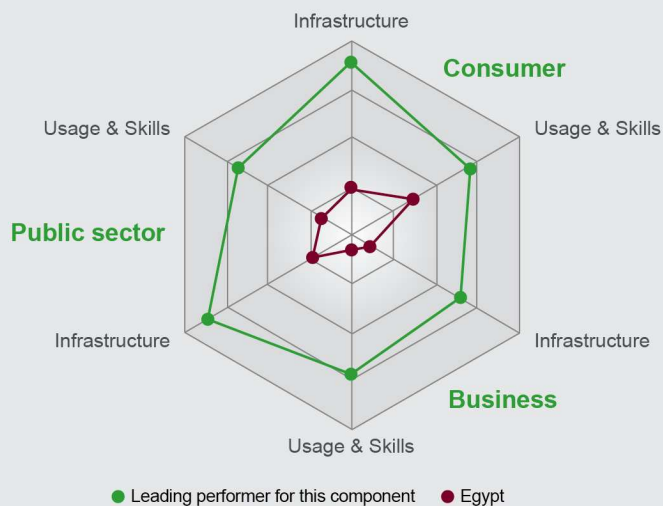


Fig 1: Component Scores 2011

Overview

With a score of 1.89, Egypt once again performs poorly among the resource and efficiency-driven economies¹ of the Connectivity Scorecard 2011. It finishes in 20th position, slipping down two places from last year's 18th position and remains among the bottom 10 performers just behind Syria, Indonesia and Sri Lanka.

The country emerges 4th among its six African counterparts trailing its Maghrebian neighbor, Tunisia in 12th place with a score of 2.79. However, Egypt does perform considerably better than Kenya and Nigeria. Egypt shows the same broad trends as were evident last year – strong mobile growth pulled down by very poor performances in most other components. The low scores, similar to last year, indicate that the potential has not been harnessed and therefore, there is still much room for improvement.

Strengths

Egypt continues its strong performance in two of the public sector metrics, UN e-government online service index and e-participation index.

However, with the lowest weighting among all components in the Connectivity Scorecard, the public sector does not hold much relevance for the country's overall score.

Weaknesses

The business segment is Egypt's biggest weakness followed by the consumer segment. The country's levels of investment in ICT-related hardware, software and knowledge are much lower than its neighboring countries.

¹ As defined by World Economic Forum www.weforum.org

It performs poorly on all measures, earning relative scores below 0.10 on measures such as international internet bandwidth availability and the penetration levels of secure internet servers. The business usage and skills components are also poor despite the country scoring well on secondary school enrolment rates, which stands at 72%. Egypt, therefore, receives a low score of 0.12 compared to a top score of 0.64 for its business infrastructure, and 0.10 for business usage and skills compared to the highest score of 0.71. In the public sector, the country's spending on ICT software, hardware and services shows the same low level as in consumer and business segments.

The consumer segment is bolstered by mobile telephony penetration that stands at 67% - earning the country a relatively good score (close to 0.5, or above 0.5, on a 0 to 1 scale) for mobile network penetration and fixed line and mobile usage (measured in terms of minutes). However, because the country performs poorly on measures of internet and broadband penetration and usage levels, which are equally important indicators, its overall scores in consumer infrastructure and usage and skills (0.26 and 0.40) are quite low compared to the respective top scores of 0.88 and 0.70.

Conclusions

Egypt's mobile market is booming; the entrance of Etisalat in 2007 significantly stimulated the mobile market in Egypt going from a penetration level of around 23% at the end of 2006 to 39% at the end of 2007. At the end of 2009, it was 67%. However, the success of the mobile sector alone does not, and indeed, cannot translate into a strong performance on the Connectivity Scorecard.

For one, regulatory hurdles place numerous constraints on developments in fixed access. Even though Egypt has an independent telecommunications regulator, whose activities are financed through license fees, spectrum auctions and other activities, the International Telecommunication Union (ITU) reports that there is still monopoly control in several sub-sectors of the country's telecom sector. These sub-sectors include fixed voice services (local and long-distance) and leased lines.

Further, the country faces significant developmental challenges, resulting in a somewhat inconsistent performance on other metrics. Simply put Egypt's overall ICT development calls for dedicated access and guaranteed bandwidth availability that cannot be met by the mobile telecommunications sector alone.

Rank [2010]	Country	Connectivity Score
1 [1]	Malaysia	6.61
2 [3]	Chile	6.21
3 [5]	Russia	5.68
4 [7]	Turkey	5.51
5 [4]	Argentina	5.46
6 [6]	Brazil	5.14
7 [8]	Mexico	4.87
8 [10]	Ukraine	4.81
9 [2]	South Africa	4.68
10 [9]	Colombia	4.06
11 [12]	Thailand	3.68
12 [13]	Tunisia	2.79
13 [15]	Vietnam	2.73
14 [17]	China	2.72
15 [14]	Iran	2.41
16 [19]	Philippines	2.15
17 [n/a]	Syria	2.11
18 [20]	Indonesia	2.01
19 [16]	Sri Lanka	2.01
20 [18]	Egypt	1.89
21 [21]	India	1.25
22 [25]	Pakistan	1.14
23 [23]	Nigeria	1.09
24 [22]	Kenya	0.95
25 [24]	Bangladesh	0.90

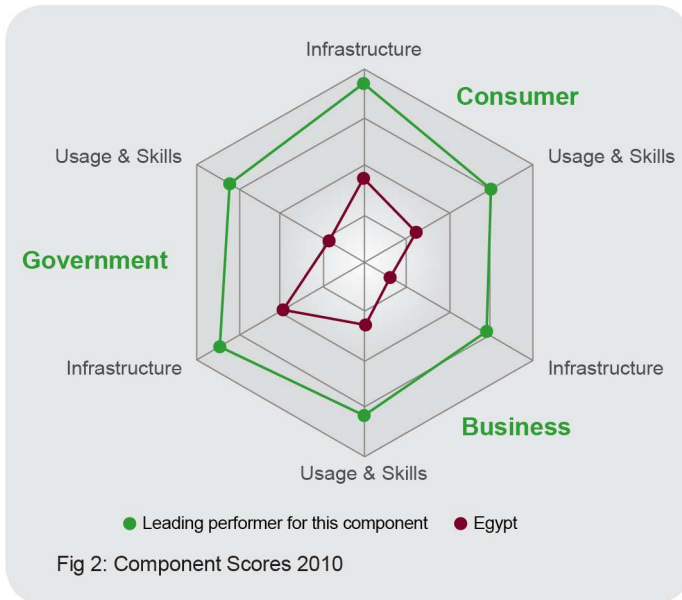
*last year's rank in parenthesis

Table 2: Connectivity Scorecard 2011 Results – Resource & Efficiency-driven Economies

2011 vs. 2010

Egypt scores 1.89 and ranks 20th this year, slipping two places from last year's 18th place and score of 2.97. For the resource and efficiency-driven economies, two major factors drive the difference in scores and rankings this year.² First, there is the use of new weights that have a particular effect on the split between "infrastructure" and "usage and skills" in the business and public sector components of the Connectivity Scorecard. Using Conference Board data we are able to obtain weights specifically for the relative contributions of ICT capital and labour force improvements to economic growth, from which the split between infrastructure (capital) and usage and skills is derived. In general, this change has resulted in more weight put on the "business infrastructure" component than in previous versions of the Connectivity

² For more information download the Connectivity Scorecard 2011 Report from www.connectivityscorecard.org



Scorecard. Further, the inclusion of new indicators has made a significant difference to countries' relative performance on the business components of the Connectivity Scorecard. This has been discussed in detail above.

The Connectivity Scorecard is based on comparative scores between countries, and, therefore, each country's performance is measured in relation to the best performing nation in each component at a given point of time. As with other indices of relative rankings, it is therefore hard to interpret the Connectivity Scorecard in terms of absolute "improvements" or "deteriorations" and to make comparisons of scores over time.

About Connectivity Scorecard

The Connectivity Scorecard is a global ICT index which, unlike other available research, is the first of its kind to rank countries in terms of "useful connectivity". That is, not only on the deployment of ICT infrastructure but also to measure the extent to which consumers, businesses and the public sector "make use" of connectivity technologies to enhance social and economic prosperity. This "useful connectivity" is defined as the bundle of

infrastructure, complementary skills, software and informed usage that makes ICT the key driver of productivity and economic growth.

Commissioned by Nokia Siemens Networks, the study was created by Professor Leonard Waverman, Dean, Haskayne School of Business, University of Calgary, and Fellow, London Business School. The study was conducted by the consulting firms Berkeley Research Group and Communicea.

For more information on the Connectivity Scorecard, visit www.connectivityscorecard.org

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