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EGYPT

ECONOMIC MONITORING NOTE – FALL 2012

I. OVERVIEW

1. ***Egypt is in a precarious economic situation reflecting a difficult external environment, political uncertainty, and weak economic policies***. International reserves have been declining rapidly to a low level, driven by a sizeable current account deficit and large capital outflows. Large spending increases are driving up the fiscal deficit to unsustainable levels, with high real interest rates and weak growth adding to the mounting debt burden. And weak growth is fueling social pressures. Strong financial support from Arab bilateral donors has been holding the country afloat so far, but the leaking cannot continue much longer and the authorities have been forced to seek support from the IMF and other donors.

2. ***The balance of payments position is highly vulnerable***. International reserves declined to US$15.1 billion by end-August 2012, equivalent to 3.1 months of projected imports of goods and services (down from US$26.4 billion at end-June 2011). The external current account deficit for FY12 amounted to US$7.9 billion (3.1 percent of GDP), driven by high global energy and food prices and falling non-oil exports. Meanwhile, capital outflows amounted to US$3.2 billion. The balance of payments pressures were largely offset through sale of reserves, with very little downward adjustment of the exchange rate. Reserves stabilized over the summer with support mainly from Arab countries. The current account deficit is only expected to improve slightly this year with better prospects for tourism and shipping.

3. ***Large fiscal pressures are persisting.*** The State General Budget deficit in FY12 reached EGP170 billion (11 percent of GDP), much higher than initially budgeted (7.8 percent of GDP). While revenues performed well despite weak growth (to a large extent due to extraordinary increases in grants and property incomes), this was more than offset by large spending increases on salaries, pensions, and subsidies (mainly fuel). Meanwhile, investment spending declined. The initial budget for FY13 targets a decline in the deficit to 7.6 percent of GDP mainly on account of reductions in fuel subsidies (notably through liberalization of electricity tariffs for energy intensive users) while salaries and pensions were being increased further. The deficit is likely to be much higher owing to both overruns in FY12, unrealistic budget assumptions, and further announced spending increases.

4. ***Growth remains subdued.*** Real GDP increased 2.2 percent in FY12, up only marginally from 1.8 percent the year before. The weak growth reflects mainly the ongoing political instability. For FY13, growth is only expected to pick up moderately to 3 percent. Meanwhile, unemployment continues rising, reaching 12.6 percent in March 2012, and social unrest is brewing with frequent strikes and protests. On the positive side, inflation has been receding, with the output gap growing and rapid credit expansion to the government offset by falling reserves. Private sector credit growth remains anemic. The recent acceleration in global food prices and planned fuel subsidy reform will add to inflationary pressures in the period ahead.

5. ***On the political front, the power struggle between President Morsi and the military continued though some temporary truce appears to have been reached***. The military, with support from the Supreme Court, disbanded the lower house of Parliament, and in return, President Morsi sacked the

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September 2012

Minister of Defense and several other high-ranking army officials. The President also assumed legislative powers until a new lower house is elected.

II. POLITICAL AND SOCIAL BACKGROUND

6. ***Twenty months into the revolution, Egypt's transition remains a work in progress.*** The political process since the ouster of President Mubarak in early February 2011 has been characterized by power struggles between Islamists, the military council, supporters of the previous regime, and secular revolutionary activists. There is little trust among these groups and, hence, limited cooperation. The legal framework of the transition remains uncertain as it has been reshaped on multiple occasions by a series of constitutional declarations, laws, decrees, legal challenges, and controversial court rulings. While the democratic election of a new president in June 2012 and the appointment of a new cabinet in August constitute real progress, the country still lacks a full constitution and a sitting parliament.

7. ***The new administration—a largely apolitical cabinet composed mostly of ministers of the previous cabinet and career bureaucrats—has yet to make a mark.*** Egypt's population has suffered in the last weeks from extensive and nationwide power cuts, fuel and water shortages, and the deterioration of public services such as trash collection. Moreover, a series of violent incidents—some of them sectarian—have created a sense that security is deteriorating. The new authorities are perceived by many as having been slow and ineffective in addressing these problems and this is eroding popular goodwill.

8. ***On August 12, President Morsi took a number of bold steps to assert his position.*** He dismissed the top military leaders who governed Egypt during the transition, repealed a controversial constitutional declaration issued by the military just after the presidential election that curbed presidential powers, and assumed legislative powers until a new lower house is elected. While the removal of the top military brass in favor of a younger generation has been hailed by much of the political spectrum, the accumulation of powers by the president is more controversial and may still be challenged in the courts.

9. ***The political transition is likely to remain bumpy***. The remaining steps—drafting and adopting by referendum a new constitution, preparing a new electoral law, and holding repeat elections for the lower house of parliament—are likely to take at least another 6–8 months to be completed, although the authorities are optimistic that this could be achieved earlier. There is some hope that the consolidation of the president's powers and the likely easing of tensions with the military leadership (SCAF) could be a precursor to a new period of compromise and power sharing. Such a scenario would provide a solid platform for undertaking policy reforms going forward. However, it seems at least equally likely that the transition will continue to be non-linear, with setbacks and limited cooperation across the political spectrum, posing challenges for policy implementation in the period ahead.

10. ***Egypt's economy has suffered from heightened policy uncertainty in the aftermath of the revolution.*** The impact of this shock has been more persistent than initially anticipated because of the protracted political transition, and has been compounded by existing vulnerabilities—notably a bloated public sector financed partly by short-term capital inflows, an underdeveloped private sector with limited productivity and export capacity, and deeply entrenched social problems. Political and institutional uncertainty, a perception of rising insecurity, and sporadic unrest have dented confidence and led to a sharp reversal in capital flows and declines in investment and tourism. The resulting drop in economic activity has increased already large budget deficits and fiscal financing needs, which in turn has raised domestic borrowing costs. With little foreign financing, the government has been unable to fully meet its needs in the domestic market, and instead drawn on its overdraft at the central bank while the central bank has intervened heavily to hold the exchange rate steady against depreciation pressures. As a result,

reserves have dropped by more than 60 percent since the start of the revolution and are now below 3 months of import cover.

11. ***Agreement on an IMF-supported program has remained elusive***. Over the past 20 months, three rounds of negotiations took place with three different finance ministers, in addition to several technical assistance missions. A prospective 12-month Stand-By Arrangement of $3 billion was announced in June 2011, only to be struck down by the military council weary of increasing foreign indebtedness. Discussions resumed in October but were interrupted by the fall of the government following deadly street protests. The last round of negotiations on an 18-month $3.2 billion SBA was initiated in December, but the authorities suspended talks after the 2012 Spring Meetings because they felt that they could not obtain assurances of broad-based political buy-in before the presidential elections. In August, the new government requested a loan of $4.8 billion and is hoping this could be approved before end-2012.

III. REAL SECTOR

12. ***Economic activity has remained weak and unemployment has continued to rise.*** Overall, in FY12 real GDP growth was only 2.2 percent, up from 1.8 percent the year before (Figure 1). This is mainly due to higher consumption while investment continued declining. Manufacturing, tourism, construction, and communications contributed most to this technical rebound (Figure 2). The output gap is estimated to have reached 3 percent of GDP, despite a deceleration of potential growth as a result of the disruptions following the revolution.

Figure 1: Contribution to Growth Rates

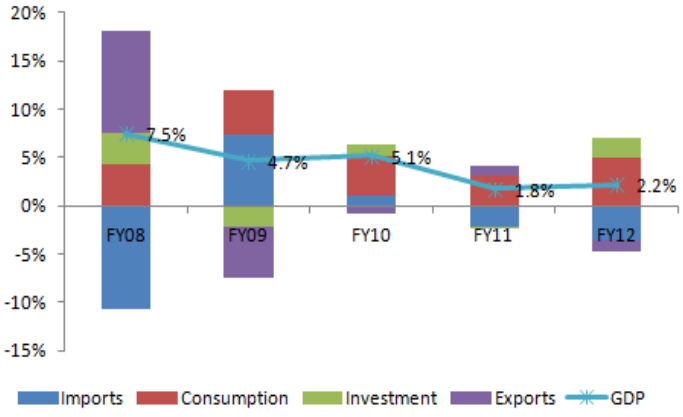
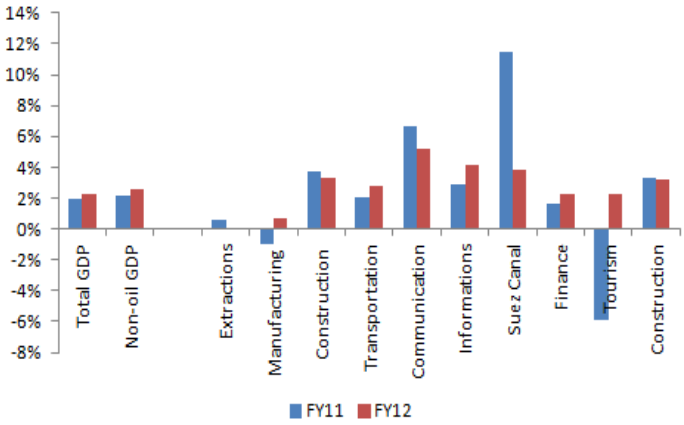


Figure 2: Sectoral Growth Rates FY11 and FY12



13. ***Unemployment reached 12.6 percent in June 2012, up almost four percentage points from pre-revolution levels***. The total number of unemployed Egyptians currently stands at 3.4 million, more than a quarter of who have recently lost their jobs. The unemployment rate for women (24.1 percent) is almost triple that for men (9.2 percent). Unemployment in urban areas stands at 16.2 percent and in rural areas (where agriculture and fishing – the main economic activities – absorb almost one third of the total labor force) at 9.8 percent. Youth unemployment hit a record in the second quarter of 2012, reaching 41.4 percent for those between 20 and 24 and 25.3 percent for those between 25 and 29. Meanwhile, poverty increased to 25.2 percent in 2011, up from 22 percent in 2009. Escalating unemployment and poverty are

fueling social tensions and putting pressure on the government to deliver on the social protection and employment fronts.

14. ***On the positive side, price pressures have abated in recent months reflecting weak domestic demand and a widening output gap.*** Producer prices have been decelerating since February 2012, reaching 2.8 percent in May 2012. Core inflation decelerated to 5.3 percent in August from 6.3 percent in July. Meanwhile, headline CPI inflation increased slightly to 6.5 percent in August driven by a renewed increase in food prices that were 8.2 percent higher than the year before (Figures 3 and 4).

Figure 3: Headline and Core Inflation

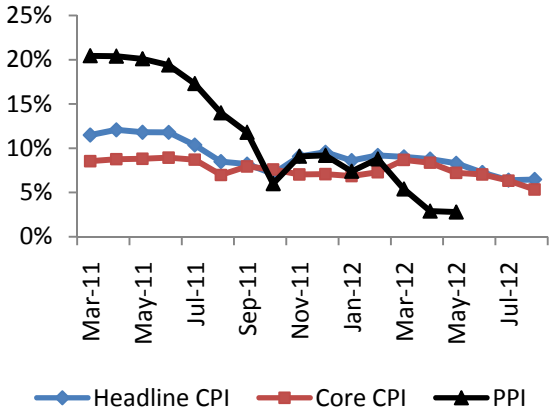
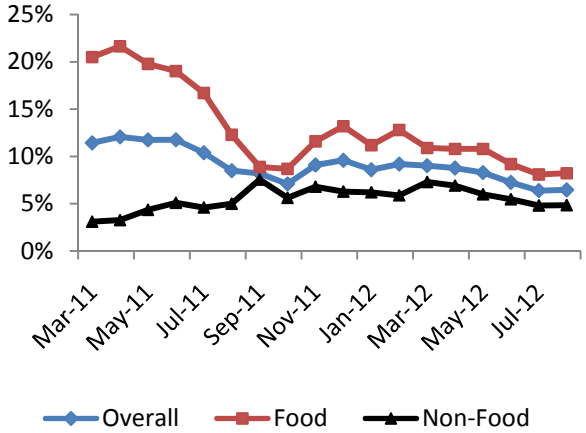


Figure 4: Food vs. Non-Food Inflation



IV. PUBLIC FINANCE

15. ***Public finances deteriorated sharply in the fiscal year 2011/12 that just ended.*** The overall budget deficit in FY12 reached 11.1 percent of GDP, compared to an original budget target of 7.9 percent of GDP (Table 1), pushing up the general government's debt close to 80 percent of GDP. The underperformance is explained mainly by lower-than-projected non-tax revenues and transfers from the public oil company EGPC, as well as higher spending on wages, subsidies (mainly fuel), and interest. At the same time, investment spending declined.

16. ***The fiscal situation will worsen further in 2012/13 in the absence of corrective measures***. The original budget for 2012/13 (endorsed by SCAF) envisaged a decline in the deficit to 7.6 percent of GDP, mainly on account of a large reduction in fuel subsidies (from EGP95 to EGP 70 billion). While part of the saving in fuel subsidies has been realized by liberalizing tariffs for energy intensive sectors, it remains unclear how the majority of the assumed savings would be achieved.[1] Further, President Morsi has instated further increases in salaries and pensions as well as conversion of temporary to permanent staff.[2] Combined with the deficit overrun in 2011/12, rather than declining, the deficit would continue increasing to some 13 percent of GDP in 2012/13 in the absence of corrective measures.

[1] Energy-intensive industries include petrochemicals, aluminum, ceramic, and steel. These account for some 80 percent and 15 percent of total fuel oil and natural gas consumption, respectively, with these two sources of energy accounting for about 25 percent of total energy subsidies.
[2] As a result, public sector salaries would increase some 50 percent over the 2011/13 period.

Table 1. Summary of Fiscal Operations (in percentage of GDP)

	FY10	FY11	FY12 bud.	FY12 rev.	FY12 proj.	FY13 draft
Revenues-RHS	**22.2%**	**19.3%**	**22.3%**	**22.9%**	**18.8%**	**22.1%**
Taxes	14.1%	14.0%	14.8%	15.2%	12.9%	15.0%
Grants	0.4%	0.2%	0.6%	0.7%	0.1%	0.5%
Other Revenues	7.7%	5.2%	6.8%	7.0%	5.8%	6.6%
Expenditures	**30.3%**	**29.3%**	**31.2%**	**31.1%**	**29.9%**	**30.0%**
Compensation of employees	7.1%	7.0%	7.5%	7.2%	7.9%	7.7%
Purchases of Goods And Services	2.3%	1.9%	1.9%	1.9%	1.5%	1.6%
Interests	6.0%	6.2%	6.8%	6.9%	7.1%	7.5%
Subsidies, and Social Benefits	8.5%	9.0%	10.1%	10.1%	9.7%	8.2%
Other Expenditures	2.4%	2.3%	2.0%	2.0%	1.9%	1.9%
Investment	4.0%	2.9%	3.0%	3.0%	1.8%	3.1%
Net Acquisition of Financial Assets	**0.0%**	**-0.2%**	**-0.4%**	**-0.4%**	**-0.1%**	**-0.3%**
Cash Deficit / (Surplus)	**-8.1%**	**-10.0%**	**9.0%**	**8.3%**	**-11.2%**	**7.9%**
Overall fiscal balance	**-8.1%**	**-9.8%**	**8.6%**	**7.9%**	**-11.1%**	**7.6%**

V. MONEY AND BANKING

17. ***Financing the large fiscal deficit has been expensive and has strained the lending capacity of banks.*** The budget deficit continues to be financed largely by domestic T-bills and bonds, and overdraft borrowing from the central bank—the latter sterilized by the drawdown of foreign reserves. While yields on T-bills dropped by 30-50 bps after the presidential election, they remain unsustainably high at just under 16 percent for 12-months maturities. In response to the decline in bank liquidity, the central bank lowered gradually the reserve requirement from 14 to 10 percent in the first half of 2012 and allowed the government to run large overdrafts. Still, the large government financing needs leave little room for banks to finance the private sector.

18. ***While lending mostly to government, the banking system has fared relatively well so far but is now bracing for deterioration in loan quality.*** Banks are facing pressures from tighter liquidity conditions, high (and rising) exposure to government securities, and weak economic activity. In this context, non-performing loans are expected to increase going forward and banks are preparing for this by increasing their provisions. Official soundness indicators point to the system's resilience. However, the non-publication of detailed bank-by-bank data and the lack of clarity on the de facto implementation and impact of restrictions on deposits transfers make it difficult to fully assess the underlying health of the financial system. While deposits have continued to grow—albeit at a slower pace—and dollarization remains low, this could reverse quickly with a change in market sentiment.

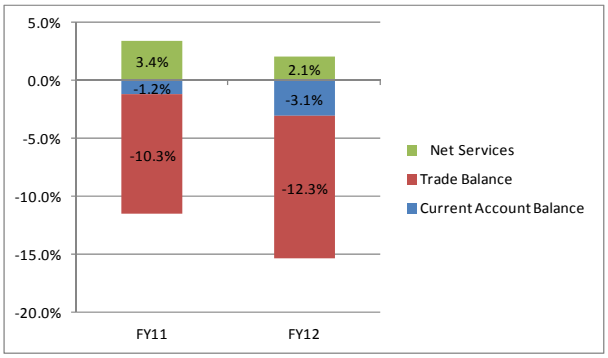
VI. EXTERNAL POSITION

19. ***Since the revolution, the CBE has lost almost $30 billion of foreign reserves in defending the currency.*** The balance of payments has been under pressure from a widening current account deficit (led by a growing trade deficit and a drop in tourism, partly compensated by higher remittances) and a large, albeit moderating, capital account deficit. During this period, the CBE broadly kept the exchange rate stable against the dollar, with a view to providing a measure of stability with a nominal anchor. However, with still high inflation, this led to real effective appreciation of about 7 percent, coming on top of a large cumulative real appreciation since the pound was heavily devalued in 2003. Fund staff estimates a real exchange rate overvaluation of about 7-21 percent.

20. ***More recently, foreign reserves have been broadly stable reflecting exceptional inflows.*** Since April, the balance of payments benefitted from several one-off inflows (including $1.5 billion from Saudi Arabia, $500 million from Qatar, and the acquisition of a local cell phone company by France Telecom) and the authorities continued issuing dollar-denominated T-bills, which local banks purchased by repatriating funds held abroad. These inflows were sufficient to cover the current account deficit (about $2–2.5 billion on a quarterly basis) and capital outflows, keeping reserves at $15.1 billion as of end-August.

21. ***The current account deficit increased to $7.9 billion (3.1 percent of GDP) in FY12***. This reflected mainly a soaring trade deficit (which reached over 12 percent of GDP) on account of much higher petroleum imports, as well as higher interest payments (Figure 5).

Figure 5: External Balance



VII. OUTLOOK

22. ***The near-term outlook for the economy remains very challenging.*** Demand will likely pick up only slowly, as domestic and foreign investors remain on the sidelines until greater political and institutional clarity is assured. Moreover, the Egyptian economy will be negatively affected by a deteriorating external environment, particularly in Europe which is the main trading partner and an important source of tourists.[3] Growth is therefore projected to accelerate only mildly to about 3 percent in 2012/13 and 4.5 percent in 2013/14, with risks tilted to the downside. Inflation will temporarily rise into the low double digits over the next two years on account of expected supply shocks such as energy price hikes associated with subsidy reforms, and some pass-through from higher food prices, before resuming a declining trend.

[3] Exports to Europe amount to about 45 percent of total exports (about 5 percent of GDP) and European tourists account for about 70 percent of all tourist arrivals.

23. ***External financing gaps are projected to remain substantial and foreign reserves could reach dangerously low levels—one month of imports excluding gold—by early 2013 absent exceptional financing***. While the external current account may improve somewhat driven by a gradual recovery of tourism and FDI as the domestic situation stabilizes, large exceptional financing—in the magnitude of $10-15 billion—would likely be needed to stabilize reserves.

24. ***Structural constraints and the high public debt exacerbate vulnerabilities and limit the room for policy maneuver.*** Non-oil tax revenues represent only 11 percent of GDP, which is low by international standards, and public expenditure is dominated by largely pre-determined wages, subsidies, and interest payments (over three-quarters of budget spending), leaving little room for investment and social spending. Private sector credit is crowded out by high government financing needs, thereby offering little support for the recovery. Inflation remains a threat—also in view of surging global food prices—and has eroded competitiveness under an inflexible exchange rate.

25. ***Against this background, immediate crisis risks are clearly elevated.*** The presidential election in June and subsequent events consolidating civilian leadership have created some positive momentum in financial markets, but the market sentiment remains fragile as risk perceptions measured by CDs spreads and the forward exchange rate remain elevated. Deposit dollarization has held steady so far—after a hike right after the revolution—but the reserve coverage of domestic deposits is low. Addressing the projected financing gap to avoid disorderly exchange rate depreciation and maintain domestic depositor confidence is therefore critical to averting a crisis.

26. ***The medium-term outlook is uncertain, given still undefined government policies.*** The authorities hope that a return of normal capital inflows following the completion of the political transition would allow financing of external and fiscal deficits in the medium term, and would boost growth without the need for much policy adjustment. However, continued real appreciation, loose fiscal policies, and slow progress on structural reforms would likely dampen growth prospects and FDI inflows, and widen external imbalances. Moreover, fiscal policies would, on current trends, lead to ever rising public debt, even if growth gradually returns to the estimated potential of about 5–6 percent, and external debt would resume its upward trend.

27. ***Steps to address perennial social grievances may nonetheless be taken to avoid a popular backlash against the revolution***. The population is expecting a social dividend from the revolution in the form of greater economic opportunities and better social protection. One of the many social pressure points is the steady stream of new labor market entrants (about 750,000 annually) of which only one-third are expected to be absorbed given sluggish growth. Improving the coverage and quality of health and education services, and protecting the most vulnerable through effective social safety nets are high on the agenda, while recent power outages suggest a need to step up infrastructure investment, restructure the energy sector, and adjust tariffs. Delivering on these and other aspirations will take time and require articulation and implementation of a comprehensive medium-term vision, as well as immediate actions that achieve quick wins that help ease the social pressure.

ANNEX I: EGYPT KEY MACROECONOMIC INDICATORS

Real Sector

GDP								
	FY09	FY10	FY11	FY12	FY12			
					Q1	Q2	Q3	Q4
Annual Percentage Change								
Real GDP at Market Price	4.7	5.1	1.8	2.2	0.2	0.4	5.2	3.3
Consumption	5.7	5.0	3.8	6.0	6.3	5.3	7.3	8.8
Investment	-9.1	4.2	-0.9	10.5	-11.4	6.1	25.1	23.4
Exports	-14.5	-3.0	3.7	-4.6	-2.9	-6.5	7.0	-15.1
Imports	-17.9	-3.2	7.5	11.2	7.8	7.6	22.0	10.2
In percent of GDP								
Agriculture	13.7	14.0	13.3	13.4	16.0	12.5	13.3	11.6
Industry*	22.0	22.4	22.7	22.5	21.2	22.6	22.0	24.2
Oil GDP	15.6	15.1	13.9	13.5	13.0	13.3	14.3	13.4
Services	48.7	48.5	50.6	50.7	49.9	51.6	50.4	50.7

** Includes: manufacturing, mining, construction and electricity, gas and water.*

Prices						
Prices (Period Average)	FY07	FY08	FY09	FY10	FY11	FY12
Percent (unless otherwise stated)						
CPI inflation	11.0	11.7	16.5	11.7	11.0	8.7
PPI inflation		17.6	3.8	5.8	16.4	8.4
Exchange rate (LE/US$)	5.71	5.50	5.51	5.51	5.81	6.10
Deposit interest rate	6.0	6.1	7.0	6.0	6.5	8.1
Lending interest rate	12.6	12.2	12.4	11.3	10.8	11.8
TB interest rate	8.7	7.0	11.3	9.8	10.1	13.1
Deposit policy rate (eop)	8.75	10.50	8.50	8.25	8.25	9.25
Lending policy rate (eop)	10.75	12.50	10.00	9.75	9.75	10.25
Discount rate (eop)	9.0	10.0	8.5	8.5	8.5	9.5

External sector					
	FY08	**FY09**	**FY10**	**FY11**	**FY12**
In $US bn					
Merchandise Exports	29.4	25.2	23.8	26.9	26.9
of which non-oil	14.9	14.2	13.6	14.8	13.8
Merchandise Imports	52.8	50.3	48.9	50.7	58.6
Percent of GDP					
Trade balance	-14.4	-13.4	-11.5	-10.3	12.3
Remittances	5.3	4	4.5	-	-
Current account balance	0.5	-2.3	-2	-1.2	3.1
FDI	8.2	4.3	3.1	0.9	0.8
Overall Balance	3.3	-1.8	1.5	-4.2	-4.4
External debt	21.3	16.4	15.6	13.2	-

	FY08	**FY09**	**FY10**	**FY11**	**FY12**
Net International Reserves (US$ bill)	48.4	31.7	40.7	26.9	15.5
months of imports	*11*	*7.5*	*9.9*	*6.3*	*3.1*

Monetary Indicators					
	FY08	**FY09**	**FY10**	**FY11**	**FY12**
M2	15.7	8.4	10.4	10	8.4
Money Base (End of Period)	26.7	3.1	16	23.6	5
Bank Credit	7.5	21.8	11.5	15.1	20
to government (excl public sector)	-2.4	57	19.4	36.5	35.5
to private sector (including HH)	12.6	5.1	7.7	0.8	7
Net foreign assets of banking system (LE bill)	303.7	254.1	282.4	253.5	157.6

Government finance								
	FY06	FY07	FY08	FY09	FY10	FY11	May-11	May-12
Percent of GDP								
Fiscal sector (budget sector) (1)								
Revenue (including grants)	24.5	24.2	24.7	27.2	22.2	19.3	14.6	16.5
Tax Revenue	15.8	15.4	15.3	15.7	14.1	14.0	11.2	11.4
Direct	8.0	8.1	7.7	8.1	7.0	6.5	5.6	5.1
Indirect	7.8	7.3	7.6	7.6	7.1	7.5	5.6	6.3
Non-Tax Revenue (2)	8.7	8.8	9.4	11.5	8.1	5.3	3.6	5.1
of which Property income	5.9	6.1	5.9	5.1	4.5	3	2.3	3.4
Total expenditure	33.6	29.8	31.5	33.8	30.3	29.3	22.9	25.3
Interest	6.0	6.4	5.6	5.1	6.0	6.2	5.3	6.5
Subsidies	8.8	7.2	9.4	9.2	8.5	9.0	6.5	5.3
Investment	3.4	3.4	3.8	3.9	4.0	2.9	2.1	0.6
Net financial acquisition	-1.0	1.7	0.0	0.3	0.0	-0.2	-0.1	0.0
Other	16.4	11.0	12.6	15.3	11.8	11.4	9.1	13.5
Cash deficit (3)	9.2	5.6	6.8	6.6	8.1	10	-8.3	-8.7
Overall deficit	8.2	7.3	6.8	6.9	8.1	9.8	-8.2	-8.7
Primary deficit	2.2	0.9	1.2	1.8	2.1	3.6	-2.9	-2.6
Domestic debt profile								
	FY06	FY07	FY08	FY09	FY10	FY11	Q3-FY11	Q3-FY12
Budget Sector debt	72.0	64.2	53.5	54.1	55.0	58.9	56.8	59.8
General Government debt	53.8	49.6	42.7	45.0	47.6	52.7	49.8	54.5
Gross Domestic Public debt	76.1	66.3	60.0	61.8	63.8	64.8	61.8	65.6

(1) Includes central administration, local government and public service authorities

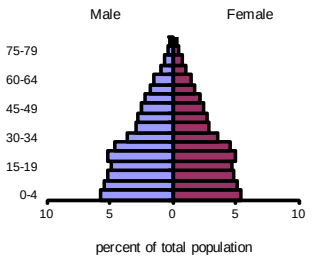
(2) Includes grants

(3) The cash deficit is the difference between revenues and expenditures excluding net financial acquisition.

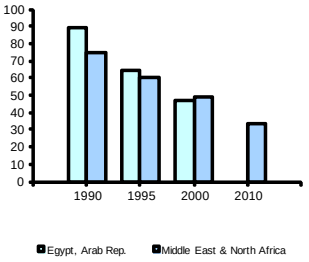
Egypt, Arab Rep. at a glance

Key Development Indicators	Egypt	M. East & North Africa	Lower middle income
(2011)			
Population, mid-year (millions)	84.5	331	2,519
Surface area (thousand sq. km)	*1,001*	8,775	23,579
Population growth (%)	0.0	1.7	1.5
Urban population (% of total population)	*43*	58	39
GNI (Atlas method, US$ billions)	216.0	1,283	4,078
GNI per capita (Atlas method, US$)	2,560	3,874	1,619
GNI per capita (PPP, international $)	*6,060*	*8,068*	3,632
GDP growth (%)	1.8	4.3	6.9
GDP per capita growth (%)	1.8	2.5	5.3
(most recent estimate, 2005–2011)			
Poverty headcount ratio at $1.25 a day (PPP, %)	<2	3	..
Poverty headcount ratio at $2.00 a day (PPP, %)	1.5	1.4	..
Life expectancy at birth (years)	70	72	65
Infant mortality (per 1,000 live births)	20	27	50
Child malnutrition (% of children under 5)	7	8	25
Adult literacy, male (% of ages 15 and older)	75	82	80
Adult literacy, female (% of ages 15 and older)	58	66	62
Gross primary enrollment, male (% of age group)	102	106	110
Gross primary enrollment, female (% of age group)	97	98	104
Access to an improved water source (% of population)	98	89	87
Access to improved sanitation facilities (% of population)	66	88	47

Age distribution, 2010

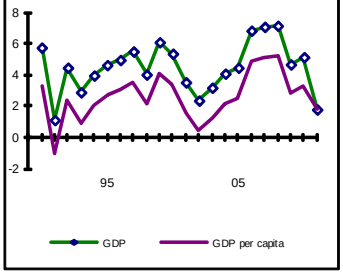


Under-5 mortality rate (per 1,000)



Net Aid Flows	1980	1990	2000	2011 [a]
(US$ millions)				
Net ODA and official aid	1,383	6,065	1,371	594
Top 3 donors (in 2010):				
France	33	140	242	140
European Union Institutions	32	48	73	137
Germany	107	347	65	104
Aid (% of GNI)	5.9	10.0	1.4	0.3
Aid per capita (US$)	31	105	20	7

Growth of GDP and GDP per capita (%)



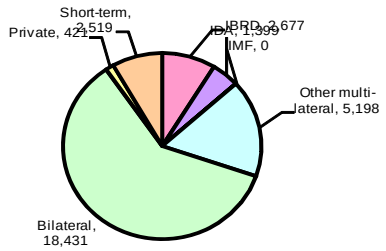
Long-Term Economic Trends	1980	1990	2000	2011	1980–90	1990–2000	2000–11
					(average annual growth %)		
Consumer prices (annual % change)	..	21.2	2.8	11.6			
GDP implicit deflator (annual % change)	18.0	17.6	4.9	11.2			
Exchange rate (annual average, local per US$)	0.7	1.5	3.5	6.0			
Terms of trade index (2000 = 100)	..	108	100	90			
Population, mid-year (millions)	44.4	57.8	70.2	84.5	2.6	1.9	1.7
GDP (US$ millions)	23,568	61,807	96,824	229,531	5.6	4.4	5.0
		(% of GDP)					
Agriculture	18.3	19.4	16.7	13.9	2.9	3.1	3.3
Industry	36.8	28.7	33.1	36.7	5.8	4.5	5.4
Manufacturing	12.2	17.8	19.4	15.2	*8.4*	4.1	4.7
Services	45.0	51.9	50.1	49.3	6.6	4.4	5.0
Household final consumption expenditure	69.2	71.9	75.9	72.2	4.0	3.8	3.5
General gov't final consumption expenditure	15.7	11.4	11.2	15.0	2.5	4.6	4.4
Gross capital formation	27.5	28.9	19.6	19.7	1.8	5.8	7.0
Exports of goods and services	30.5	20.4	16.2	23.3	4.3	3.5	13.6
Imports of goods and services	42.9	32.6	22.8	30.2	-1.1	3.1	11.9
Gross savings	25.7	21.3	18.7	18.5			

Note: Figures in italics are for years other than those specified. 2011 data are preliminary. .. indicates data are not available.
a. Aid data are for 2010.

Development Economics, Development Data Group (DECDG).

Balance of Payments and Trade	**2000**	**2011**
(US$ millions)		
Total merchandise exports (fob)	6,388	26,993
Total merchandise imports (cif)	17,860	50,777
Net trade in goods and services	-6,774	-23,784
Current account balance	-1,163	-2,759
as a % of GDP	-1.2	-1.2
Workers' remittances and compensation of employees (receipts)	2,852	*7,725*
Reserves, including gold	13,629	29,657
Central Government Finance		
(% of GDP)		
Current revenue (including grants)	21.6	21.2
Tax revenue	14.6	14.6
Current expenditure	20.5	23.9
Overall surplus/deficit	-3.9	-9.6
Highest marginal tax rate (%)		
Individual	*34*	*20*
Corporate	..	*20*
External Debt and Resource Flows		
(US$ millions)		
Total debt outstanding and disbursed	29,016	30,645
Total debt service	1,832	*3,714*
Debt relief (HIPC, MDRI)	–	–
Total debt (% of GDP)	30.0	-
Total debt service (% of exports)	8.8	*6.5*
Foreign direct investment (net inflows)	1,235	*6,712*
Portfolio equity (net inflows)	269	*393*

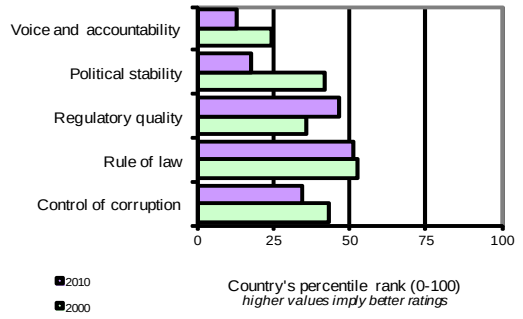
Composition of total external debt, 2011



US$ millions

Private Sector Development	**2000**	**2011**
Time required to start a business (days)	–	7
Cost to start a business (% of GNI per capita)	–	6.3
Time required to register property (days)	–	72
Ranked as a major constraint to business (% of managers surveyed who agreed)	**2000**	**2010**
Tax rates	..	*80.0*
Economic and regulatory policy uncertainty	..	*63.8*
Stock market capitalization (% of GDP)	29.7	37.5
Bank capital to asset ratio (%)	5.6	6.2

Governance indicators, 2000 and 2010



Source: Worldwide Governance Indicators (www.govindicators.org)

Technology and Infrastructure	**2000**	**2010**
Paved roads (% of total)	78.1	*89.4*
Fixed line and mobile phone subscribers (per 100 people)	10	99
High technology exports (% of manufactured exports)	0.3	0.9
Environment		
Agricultural land (% of land area)	3	*4*
Forest area (% of land area)	0.1	*0.1*
Terrestrial protected areas (% of land area)	4.3	5.9
Freshwater resources per capita (cu. meters)	*26*	*23*
Freshwater withdrawal (billion cubic meters)	..	..
CO2 emissions per capita (mt)	2.1	*2.7*
GDP per unit of energy use (2005 PPP $ per kg of oil equivalent)	6.2	*5.9*
Energy use per capita (kg of oil equivalent)	668	*903*

World Bank Group portfolio	**2000**	**2010**
(US$ millions)		
IBRD		
Total debt outstanding and disbursed	639	2,092
Disbursements	6	327
Principal repayments	87	85
Interest payments	41	29
IDA		
Total debt outstanding and disbursed	1,266	1,348
Disbursements	49	7
Total debt service	32	68
IFC *(fiscal year)*		
Total disbursed and outstanding portfolio	163	432
of which IFC own account	163	432
Disbursements for IFC own account	25	63
Portfolio sales, prepayments and repayments for IFC own account	14	58
MIGA		
Gross exposure	–	*0*
New guarantees	0	*0*

Note: Figures in italics are for years other than those specified. 2011 data are preliminary.
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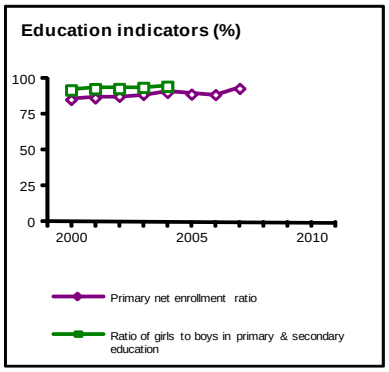
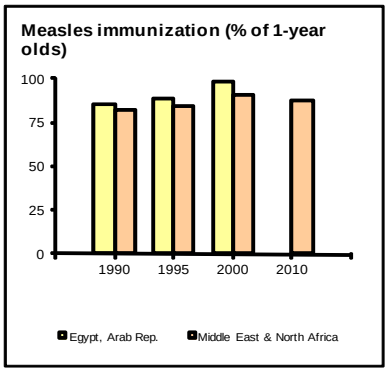
Millennium Development Goals

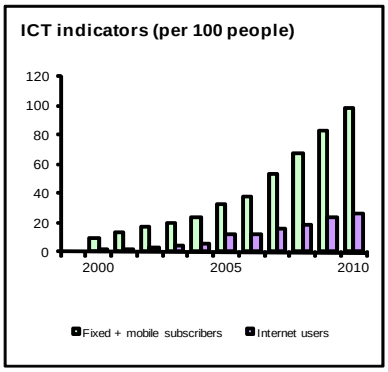
Egypt, Arab Rep.

With selected targets to achieve between 1990 and 2015
(estimate closest to date shown, +/- 2 years)

	Egypt, Arab Rep.			
Goal 1: halve the rates for extreme poverty and malnutrition	**1990**	**1995**	**2000**	**2010**
Poverty headcount ratio at $1.25 a day (PPP, % of population)	*4.5*	*2.5*	<2	*<2*
Poverty headcount ratio at national poverty line (% of population)	..	*22.9*	16.7	..
Share of income or consumption to the poorest quintile (%)	*8.6*	*9.5*	9.0	*9.0*
Prevalence of malnutrition (% of children under 5)	*11.6*	*10.8*	4.3	*6.8*
Goal 2: ensure that children are able to complete primary schooling				
Primary school enrollment (net, %)	*81*	..	86	*94*
Primary completion rate (% of relevant age group)	..	*84*	94	*98*
Secondary school enrollment (gross, %)	69	*71*	83	..
Youth literacy rate (% of people ages 15-24)	..	*73*	..	*85*
Goal 3: eliminate gender disparity in education and empower women				
Ratio of girls to boys in primary and secondary education (%)	*81*	..	93	..
Women employed in the nonagricultural sector (% of nonagricultural employment)	21	19	19	*18*
Proportion of seats held by women in national parliament (%)	4	*2*	2	*2*
Goal 4: reduce under-5 mortality by two-thirds				
Under-5 mortality rate (per 1,000)	90	65	47	*23*
Infant mortality rate (per 1,000 live births)	66	50	38	*20*
Measles immunization (proportion of one-year olds immunized, %)	86	89	98	*92*
Goal 5: reduce maternal mortality by three-fourths				
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	..	*130*
Births attended by skilled health staff (% of total)	*37*	46	61	*79*
Contraceptive prevalence (% of women ages 15-49)	*47*	48	56	*60*
Goal 6: halt and begin to reverse the spread of HIV/AIDS and other major diseases				
Prevalence of HIV (% of population ages 15-49)	0.1	0.1	0.1	*0.1*
Incidence of tuberculosis (per 100,000 people)	37	34	27	*20*
Tuberculosis case detection rate (%, all forms)	11	57	62	64
Goal 7: halve the proportion of people without sustainable access to basic needs				
Access to an improved water source (% of population)	94	96	97	*98*
Access to improved sanitation facilities (% of population)	50	55	61	*66*
Forest area (% of land area)	0.0	0.1	0.1	*0.1*
Terrestrial protected areas (% of land area)	1.9	2.0	4.3	5.9
CO2 emissions (metric tons per capita)	1.3	1.5	2.1	*2.7*
GDP per unit of energy use (constant 2005 PPP $ per kg of oil equivalent)	5.8	6.2	6.2	*5.9*
Goal 8: develop a global partnership for development				
Telephone mainlines (per 100 people)	2.8	4.4	8.1	11.9
Mobile phone subscribers (per 100 people)	0.0	0.0	2.0	87.1
Internet users (per 100 people)	0.0	0.0	0.6	26.7
Computer users (per 100 people)	..	..	..	*2.16*







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