



### IDSC IN BRIEF

Acting as the Egyptian Cabinet's Think Tank...Our mission is to impartially support the government decisions through proposing best policy scenario mix and preparing analytical research to improve the socio-economic well-being of the Egyptian society.

Since Egypt has embarked on an ambitious reform process, the climate surrounding such process has increasingly become more complex and interconnected. It has become evident that public policy design demands a variety of professional policy options.

IDSC derives its success from being a multidisciplinary institution which is capable of meeting these outstanding demands. Moreover, operating at the heart of the decision-making process in Egypt, IDSC encourages public debate on its research findings, which are openly available to all members of the society.

Being a progressive organization, IDSC works to establish cooperation linkages with international counterparts. The main purpose is to share knowledge and integrate best practices into its operations. We appreciate our existing partnerships and we look forward to developing new ones hoping that through cooperation in mutual areas of interest, we will have a significant impact on developing the decision-making process in Egypt.

### Inside this issue

- IDSC in Brief* .....1
- Announcements*.....2
- Reports*.....3
- Studies*.....6
- Figures to Remember*.....8
- Other Figures*.....9
- Crisis bservatory*..... 10
- Up-coming Events* .....11

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# ANNOUNCEMENTS

## Sir Magdi Yacoub delivers a speech at IDSC

### *In Search of Excellence*

In an intriguing and at times Socratic lecture, Sir Magdi Yacoub talked about issues varying from Greek Philosophy to Pharaohs' beliefs to the future of cardiac surgery.

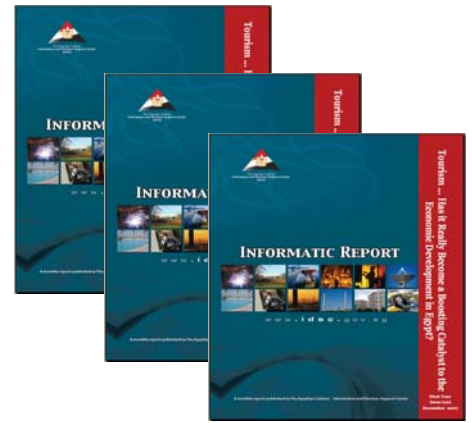
Sir Yacoub started his lecture asking about the meaning of excellence and by inferring from the fact that science is governed by rules and laws; he concluded that excellence is science, which in his opinion is the search for truth. Sir Yacoub's believes that although truth is absolute, it is unattainable. He noted that since the time of the Pharaohs, truth was believed to be unattainable. Sir Yacoub then raised a crucial question; if truth is unattainable, are science and excellence a mere waste of time? He humbly answered that stepping just one step on the road to truth is what

he aims for. Sir Yacoub then referred to an encounter he had with the philosopher and biologist Sir Peter Medawwar, who is believed to be the father of transplantation biology. Sir Medawwar's belief is that creativity is "to produce out of ostensibly nothing; something of beauty, order or significance." Regarding cardiac surgery, Sir Yacoub mentioned that 50 to 60 years ago it was considered as taboo; by some as fantasy and by others as an unethical practice. He asserted that cardiac surgery has turned out to be the 20<sup>th</sup> century's success story. It is uncertain whether or not he meant it is always useful to break free from society's taboos; what is certain, however, is that he himself is a true success story.

## Reports:

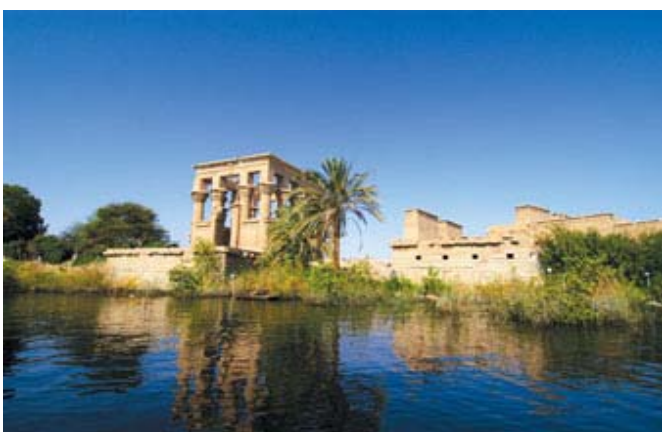
THE INFORMATION AND DECISION SUPPORT CENTER RELEASES A SERIES OF INFORMATION REPORTS ABOUT DIVERSE ISSUES OF INTEREST TO THE PUBLIC AND DECISION-MAKERS.

THE FOLLOWING INTRODUCES ONE OF THESE REPORTS.



### Nubians...Uniqueness and Egyptian Authenticity:

The Nuba's location on Egypt's Southern border makes it act as a buffer between Egypt and Sudan. According to the Center Periphery Theory, the peripheral parts of a nation are more marginalized and weaker than the central parts. The geopolitical situation of the Nuba, according to the report, necessitates more attention from the Egyptian government.



ISIS (Fyala) Temple Nuba.

The report asserts that multiculturalism is a healthy phenomenon and that Egypt has three main cultural areas: The Valley

and Delta culture, the Bedouin culture in Sinai and the Nubian culture in Southern Egypt which is analyzed in the report.

#### *The Nubian Culture: An Overview*

The Nubian society is divided into three cultural groups; Al-Konouz, Al-Arab and the Nubians. Members of every cultural group feel more affiliated to their group than to their villages. In dealing with any of the other two cultural groups, the Nubians act as a single harmonized entity. Each of the cultural groups speaks its own language; Al-Konouz speak Matokian, Al-Arabs speak Arabic and the Nubians speak Fadigan. Neither the Matokian nor the Fadigan languages have letters of their own. Attempts have been made, therefore, to write these languages in Arabic letters in order to preserve them.

Marriage is a holy bond for the Nubians; they break this bond only when it is absolutely impossible for the married couple to live together.



*A Nubian wedding*

Nubian males view marrying one of their family members as an ethical obligation he owes his family. The Nubian society is characterized by **tolerance** and **non-violence** where crimes such as murder or rape rarely occur in the Nuba.

## Effects of Constructing the High Dam on the Nubians

Constructing the high dam was a great national goal which the whole country strived to accomplish; however, it had its negative implications on the Nubians.



*The High Dam*

They had to leave their villages due to the flood, on one hand, and the pieces of land allocated to them were considered, from their cultural point of view and way of living as inappropriate, on the other. The land was confined between mountains which hinder agricultural expansion, which was considered the Nubians main economic activity. The distribution of land among The Nubians also led to dismantling the family's ties as

these ties were not put into consideration when dividing and allocating the plots of land. Attempts were made to switch The Nuba's economy from being a subsistence economy to a market economy; however, these attempts failed as the land allocated to each family are not large enough for agricultural trade. Before migration from their villages The Nubians were represented in the Parliament; however, after their migration and being scattered in different Egyptian election regions, they are no longer represented.

### **The Government's Efforts to Develop the Nuba and Integrate it into the Egyptian Society**

The government has implemented many projects to develop the Nuba's infrastructure and to physically link it to other Egyptian areas. Potable water, electricity, as well as sanitation networks

were established in The New Nuba. Railways were also constructed to link it to other areas in Egypt and roads were built for internal linkages between villages. The government's efforts also reached the education and health sectors in the Nuba. There are 164 schools in The Nuba in 2009, compared to 46 schools in 1964. With regards to the health development, the number of Nubians benefiting from health insurance in New Nuba reached 45 thousand persons; 50 % of them are school students, 40 % are workers and 10 % are retired senior citizens.

Finally, the report asserts that the Nubians are part and parcel of the Egyptian society and, therefore, need to be represented in the Parliament. The report recommends a number of policy options which can be adopted to guarantee this representation. Either to form a constituency in the New Nuba or to choose a Nubian in the 10 Parliament representatives selected by the President.

## Studies:

IDSC has recently published a study titled "The Business Environment for Micro, Small and Medium Sized Enterprises in Egypt: Current Situation, Challenges and Opportunities". The study was partly presented in the last issue by giving a brief introduction about micro, small, and, medium sized enterprises, as well as conveying their importance.

Despite this sector's great economic significance, it was noted that it contributed a mere 7.5% of Egypt's total exports in 2001. In this issue of the newsletter, the main players which should positively affect MSMEs' performance will be presented.

### **The, Business Environment for MSMEs in Egypt: Current Situation, Challenges and Opportunities.**

**The government's** role in developing this sector lies in its ability to create a suitable environment for it to flourish. Through actions which benefit the whole Egyptian business environment, such as enhancing the infrastructure and issuing promotional business laws, the government could help transfer more MSMEs from the informal to the formal sector. The government has issued law no. 141 of 2004 to develop micro, small and medium sized enterprises (MSMEs). The law defined MSMEs as the enterprises with a total capital between L.E. 1,000 and L.E 5 mn. and emphasized the role played by

the Social Fund for Development (SFD) as the main coordinator and strategic planner responsible for developing the sector.

**The Social Fund for Development** was established in 1991, when the structural adjustment program was underway in Egypt. Its purpose is to create a social safety net to support the segments which would be harmed by the program. In 1999 a unit was formed in the SFD to develop small enterprises. The fund, in this context, receives discounted loans from international organizations and therefore is able to offer small investors loans which are still below the market

interest rates. The Fund's role is not limited to providing funds. SFD also provides technical assistance in the form of feasibility studies and marketing information.

**Financial Institutions (FIs)** are another important actor which could aid the sector and lead to its development. The FIs can architect special loan requirements suitable for small and medium sized enterprises. Financial institutions can also design special loan collaterals which are more appropriate for MSMEs.

**Non-Governmental Organizations (NGOs)** also play a vital role due to their socially driven agenda. NGOs often act as buffers between the SFD and MSMEs by transferring funds, especially to micro enterprises. One of the success stories worth mentioning is the Alexandria Business Association which succeeded in helping more than 200,000 micro, small and medium sized enterprises, providing them with 622,000 loans valuing more than US\$212 million. It is also worth noting that the loan recovery rate was 99.2 percent.

**The Private Sector's** ethical and social responsibility may lead it to aid MSMEs

as well. However; besides the ethical nature of the private sector's assistance, it can act from a profit maximizing perspective. The large private scale enterprises may lack the linkages they need in the local market. They can utilize MSMEs to provide them with the raw material they need for production. They can also utilize MSMEs as a link to suppliers they may lack access to.

**International Organizations'** interest in promoting MSMEs has increased over the past decade as a means to fight poverty. The Canadian Agency for International Development, The German Agency for Technical Cooperation, The Japanese Agency, and The US Agency for International Development are examples of organizations which have exerted great efforts to aid MSMEs.

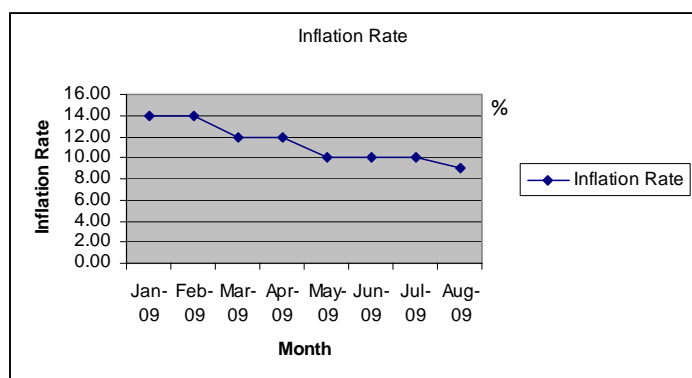
**Micro, Small and Medium Sized Enterprises** themselves can play an important role in self-development. By creating cooperation networks and acting as a unified body, MSMEs can effectively lobby the government to reach their goals.

# Figures to Remember:

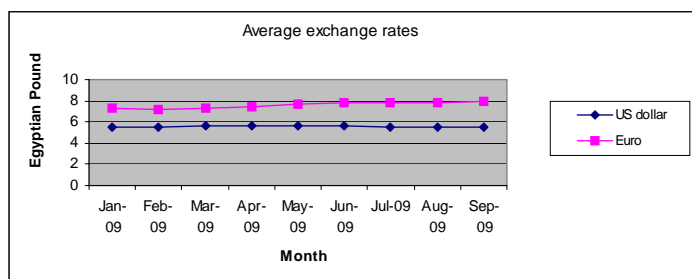
*The IDSC Economic and Social Indicators Bulletin is a monthly summarized record of the most important facts about the financial, real, and social aspects of the Egyptian economy. The newsletter presents a number of these vital figures and indicators that provide you with a quick snap shot on the Egyptian economy.*

## Financial Indicators :

- **Inflation Rate:** The Egyptian economy enjoyed a decrease in its inflation rate from 14.3 % in January 2009 to 9 % in August 2009



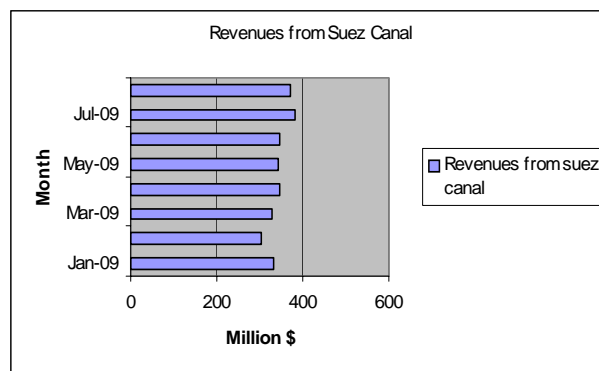
- **Exchange Rate:** The exchange rate of the Egyptian pound can be described as stable since the beginning of 2009.



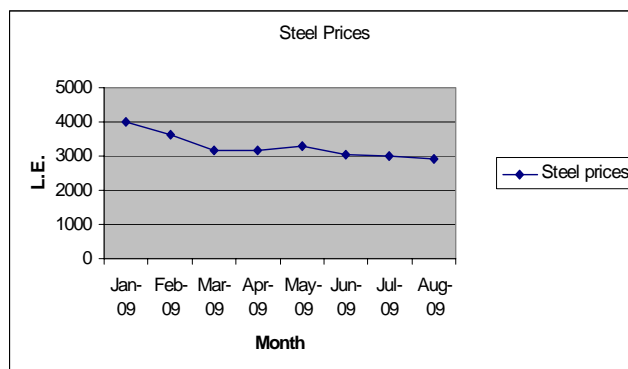
Average exchange rate (Sept.09):  
 USD1:L.E.5.51.      EUR1: L.E.7.98

## Real Economy's indicators:

- **Revenues from Suez Canal:** Suez Canal revenues witnessed minor fluctuations since January 2009.



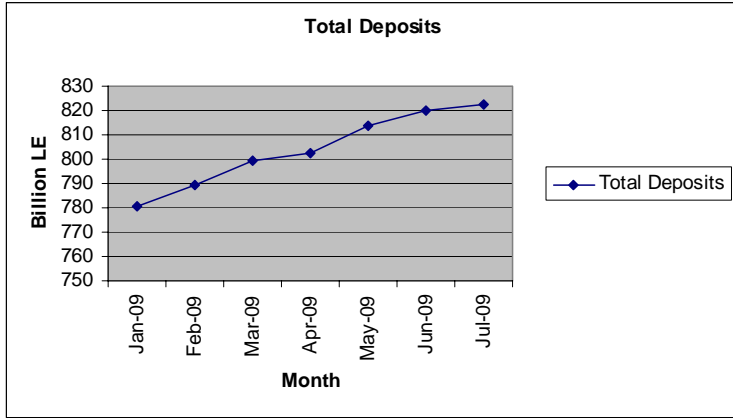
- **Average Steel Prices:** Steel prices have decreased through the first 3 quarters of 2009 from L.E. 3981 in January to L.E. 2920 in September 2009.



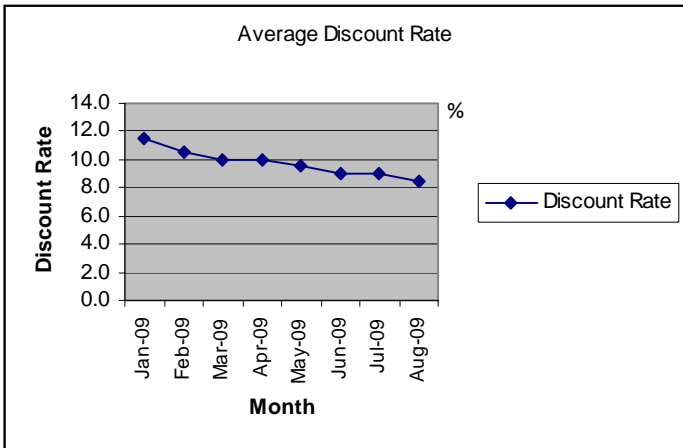
# Other Figures:

## Banking Indicators :

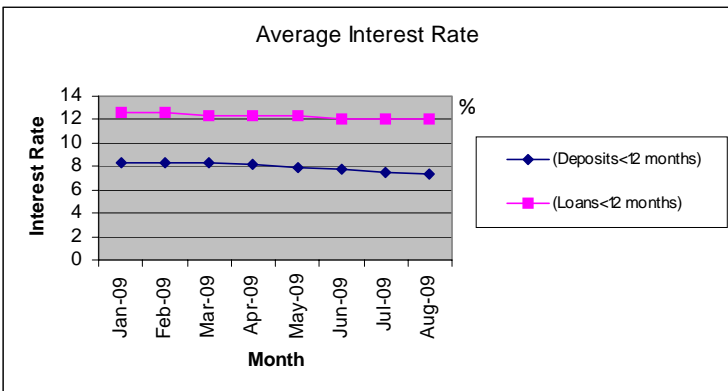
- Total amount of deposits: Total deposits have witnessed an increasing trend through 2009 from L.E.780.5 bn in Jan. to L.E. 822.57 bn in July 2009.



- Average discount rates: Noticeable decrease in average central bank discount rate through 2009.

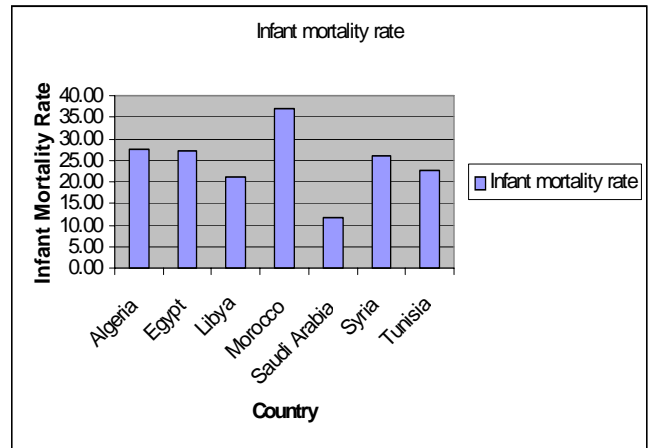


- Interest Rates: As a consequent result to the decrease in Central Bank's discount rate, average interest rate on deposits is decreasing by larger rates than that for loans through the past three months.

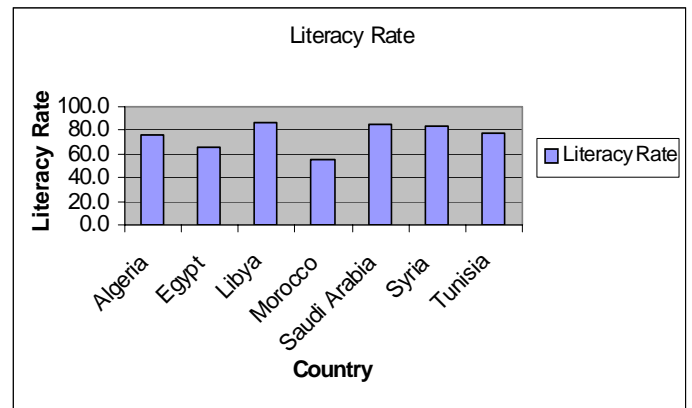


## Social Indicators:

- Population (2008/2009): 74.4 million.
- Population growth rate (2008/2009): 1.9%.
- Infant mortality rate (2009): 27.26 deaths/1000 lives.



- Life Expectancy rate (2009): 72.12 years.
- Adult literacy rate (2007): 66.4%.
- Gross enrollment ratio (2007): 76.4%.



# Economic Observatory Report:

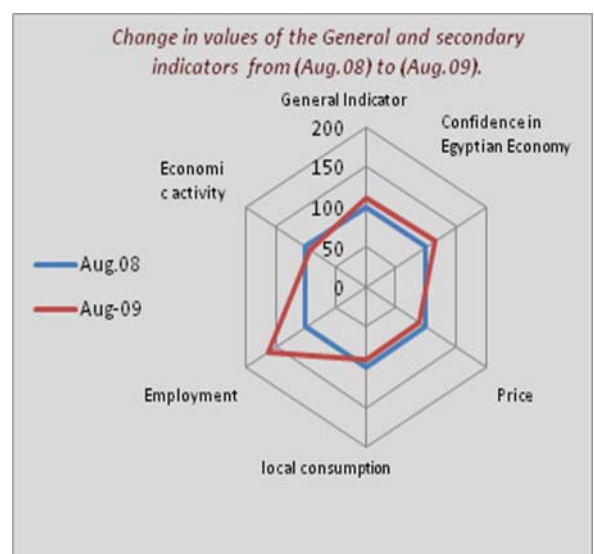
## Assessment to the global financial crisis effects on the Egyptian economy:

The global financial crisis has affected most of the world's economies; as Egypt is becoming more integrated into the world economy, it was not guarded from the repercussions of the crisis. A need therefore, has risen for measuring the effect of the financial crisis on the Egyptian economy and for identifying the time when Egypt's economy will recover from these effects. This will help develop the policies necessary to avoid negative implications on economic growth and standard of living. The Information and Decision Support Center has published an economic observatory report for this purpose.

Indicator	Jun-09	Jul-09	Aug-09	Change between June & July	Change between July and august	August compared to situation before the crisis
General Indicator	101.7	99.1	110.3	▼	▲	●
Economic Activity	96.9	96.6	93.2	▼	▼	●
Employment	96.3	106.1	163.4	▲	▲	●
Local consumption	106.5	92.5	91.3	▼	▼	●
Prices	91.9	88.2	88.2	▼	■	●
Confidence in Egyptian economy	116.7	111.9	115.3	▼	▲	●

- ▲ Improving
- No change
- Recovered
- ▼ Diminishing
- Not Recovered

The bulletin is comprised of a main index in which the economic performance is measured from Zero to 100 points; zero reflecting lowest performance and 100 reflecting the return of the indicators to the pre-crisis situation; and scoring more than 100 means the situation has improved compared to that before the crisis. The major index is divided into sub-indices, which measure the performance of the economy's different sectors.



## Up-coming Events



### The Second Cairo International Conference on Public Opinion

Opinion Polls in a Changing Society

November 8-10, 2009

Marriott Hotel, Zamalek, Cairo



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