

**PRELIMINARY PROPOSAL  
ON  
THE MUBARAK - OBAMA  
EDUCATION, SCIENCE AND TECHNOLOGY FUND  
(MUBARAK - OBAMA ESTF)**

**Background**

The Government of Egypt (GOE) is placing the issue of human resources at the heart of its current development efforts. Human resource development is recognized as a priority component in Egypt's development plan while acknowledging that this resource can only contribute meaningfully to sustainable development if its capabilities and qualities are enhanced. It is the firm belief of the Egyptian Government that human resource development is all about the provision of learning, development and research opportunities in order to improve both human development and economic progress. A marked increase in Egypt's education and technology ability would not only have a positive effect on Egypt but also on the state of education and technology in the rest of the region.

The Government of Egypt has identified the challenges facing Education, Science and Technology and has recently initiated various efforts in order to develop this important sector. The education reform program, which began early in the new millennium and continues, allows boards of trustees made up of parents, teachers, and at-large community members to share in the decision-making process within educational institutions. This was designed to ensure responsiveness of the educational process to genuine community needs. It also seeks to build more schools and improve curricula, testing methods, and teacher performance. The new methods also incorporate critical thinking skills to support democracy and to prepare students for the globalized marketplace. In line with improving the educational system, President Mubarak announced the period 2007-2016 as a Decade for Science and Technology, to clearly extend the commitment of the Government to the development of knowledge and skills and to technological innovations. The Egyptian Government is embarking on a major restructuring effort in Science and Technology to enhance competitiveness of Egyptian industries, organizations and individuals. In order to facilitate the development of this plan, the GOE seeks collaboration with scientifically advanced countries.

The US Government can assist the Egyptian Government in its efforts to reform education and rejuvenate its science and technology activities towards socio-

economic ends by setting up a Bi-national Education, Science and Technology Fund. Both President Mubarak and President Obama are exerting significant efforts to promote reform of the education policies and human resource development. It was heartening to hear President Obama proclaim in Cairo that education and innovation will be the "currency of the 21 century". He emphasized broader engagement and partnership to expand exchange programs and increase scholarships; match promising students with internships in America, invest in online learning for teachers and children; launch a new fund to support technological development; open centers of scientific excellence and appoint new science envoys to collaborate on programs. We therefore propose the creation of the Mubarak - Obama Fund to be a valuable contribution toward strengthening the education, scientific and technological cooperation between Egypt and the US. The Mubarak - Obama ESTF may follow similar approaches to the Bi-national R&D Fund (Israeli, Endowment concept, Egyptian Center for Economic Research, Polish-American Enterprise Fund, and others.)

The creation of the Mubarak - Obama Fund for Education, Science and Technology would be responsible for bankrolling major projects in education, science and technology fields, stimulate American-style entrepreneurship and commercialization of innovation, and offer scholarship and research opportunities for Egyptian students to learn American know-how and standards.

The program would cover the following sectors: chemistry, physics, basic sciences, technology development, nanotechnology, automation and others.

The Mubarak - Obama ESTF would be managed by a Board of Directors and would be launched in 2010 with finance from the US Economic Assistance to Egypt. The Mubarak - Obama ESFT would then be integrated into and under an umbrella Endowment Fund managed by a Foundation that will also be responsible for overseeing several Specific Purpose Funds and Projects, this being one of them. The name of the Foundation shall be The Egyptian - American Friendship Foundation.

### **The Mission of the Mubarak - Obama ESTF**

Upgrade Egypt's human resource and sustainable development by supporting programs for reform of the Egyptian educational system and expanding activities between the scientific and technological communities of both Egypt and the US.

## **Objectives**

1. Improve the Egyptian educational infrastructure, equipment and human resources, including girls education
2. Improve infrastructure and environment for scientific research and innovation
3. Provide post-graduate scholarships for Egyptian students
4. Promote cooperation in various science and technology fields of mutual interest to Egypt and the US
5. Build on the joint US - Egypt Science and Technology Cooperation Agreement first signed in 1995, and then renewed in 2001 and 2005 by the US and Egypt
6. Encourage application and commercialization of new technologies
7. Recognize excellence and outstanding achievements in research and education through awards and prizes
8. Broaden and expand relations between the education, scientific and technical communities
9. Strengthen education, scientific, technological and cultural exchange between Egypt and the US

## **Overview of the Mubarak - Obama ESTF**

Egypt and the US would each contribute to start a demand driven autonomous Education, Science and Technology Fund with the purpose of funding and managing education and scholarship programs, scientific research and development to support business and industry, within the framework of the national plan approved by the Higher Council for Science and Technology, and in synergy with the activities of the newly established Science and Technology Development Fund. The goal would be to reach enhanced competitive qualitative and quantitative levels of relevant Science and Technology R&D production by Egyptian researchers in various sectors.

## **Funding Sources for the Mubarak - Obama ESTF**

The Mubarak - Obama ESTF will be launched in 2010 with at least fifty percent of the US Economic Assistance to Egypt of that year. In subsequent years, the rest of the finance would follow from the Endowment Fund of the Egyptian - American Friendship Foundation that would be created in 2011.

Additional contributions are anticipated to be added from private sources.

## **Beneficiaries**

- Public universities in Egypt
- Public and private research institutes
- Industrial ventures
- Individual scientists, researchers, and others

## **Activities**

1. **Financing projects and programs for capacity building and reform within the Egyptian educational system.** The Mubarak - Obama ESTF seeks to support reform in education to address the infrastructural needs of a growing population through building more schools, providing teachers' training, improving educational system and opportunities
2. **Fostering R&D and scientific exchange programs between universities and higher institutes of education.** Such collaboration is intended to establish a mutually beneficial interaction and partnerships between Egyptian universities and higher institutes of education with their counterparts in the US on topics of mutual interest and benefit. The Mubarak - Obama ESTF contribution to the creation of an internationally renowned center of excellence for advanced science and technology for the region in Egypt is an important objective
3. **Offering scholarship opportunities to study in the US.** The Mubarak - Obama ESTF seeks to expand the accessibility of US higher education to graduate students from Egypt for both short term and long term activities. Our goal is to reach at least 1000 scholarships annually
4. **Supporting individual scientific researches.** The aim is to encourage entrepreneurship in scientific research, as well as to provide support for the personnel and material costs of basic research projects that have a

high potential to generate outstanding results in collaboration between Egyptian and US scientists

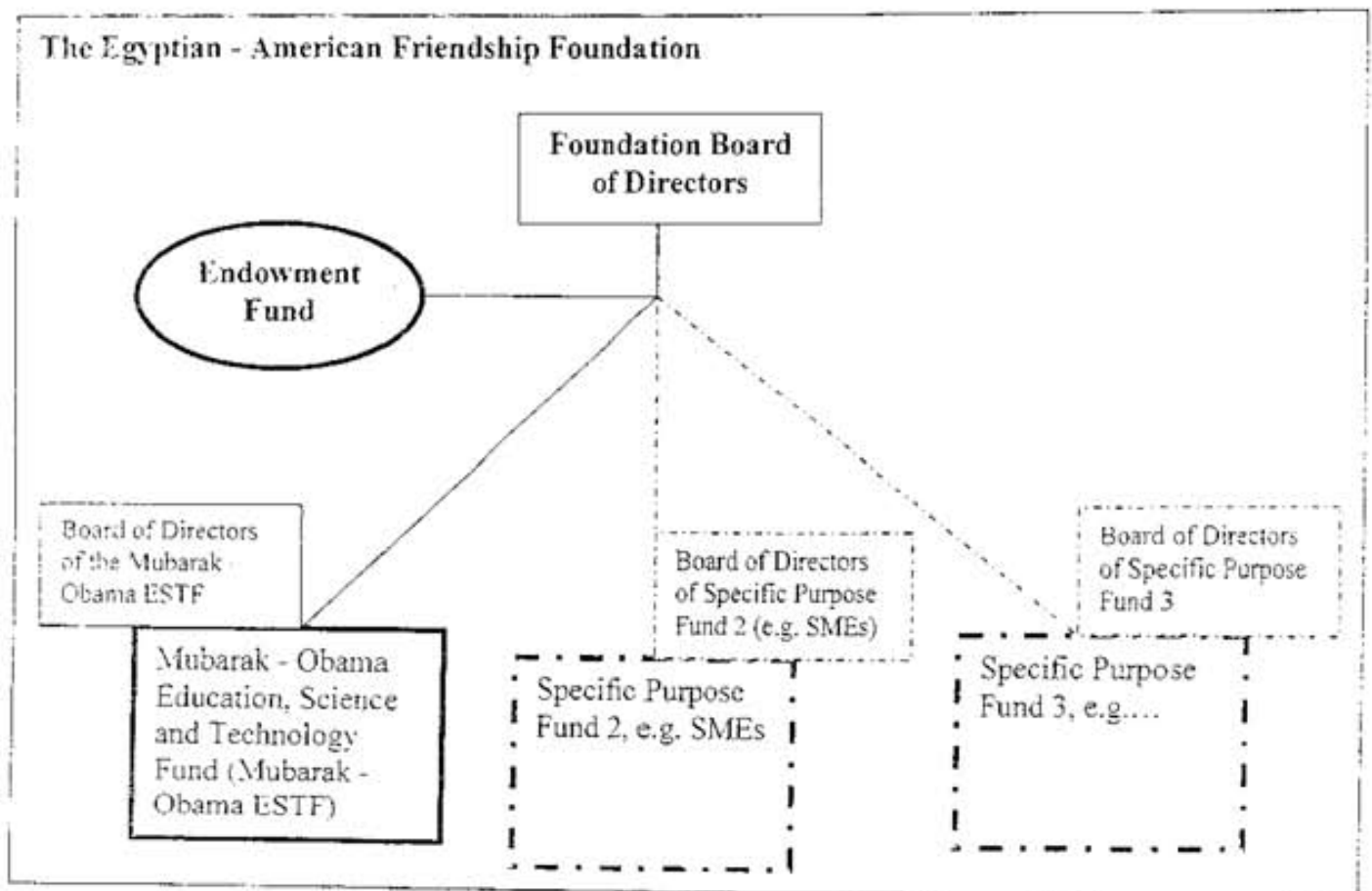
5. **Supporting the industry and marketing of new technology projects by sharing the costs and risks of new developments.** The Mubarak - Obama ESTF would work with the Egyptian industry to advance Egypt's economic competitiveness by helping to fund the development of promising new technologies that underlie a broad spectrum of potential new applications, commercial products and services
6. **Match-making services between Egyptian and American companies in the field of R&D.** The Mubarak - Obama ESTF can help companies find strategic partners, whether technological or marketing
7. **Supporting joint ventures and strategic alliances between businesses in the field of R&D in both countries.** Any pair of companies, one Egyptian and one US-based, may apply jointly for funding so long as they can demonstrate the combined capabilities and infrastructure to define, develop, manufacture, sell and support an innovative product based on industrial R&D
8. **Supporting US Chairs of Excellence at Egyptian Institutions,** particularly for selected centers of excellence
9. **Establishing Prizes/Awards** to recognize and honor excellence and outstanding achievements in research and education. The aim is to offer worthwhile incentive to special contributions within the various disciplines while ensuring that the mechanism for selection is of high integrity

## Financial Support

- Grant covering joint scientific researchers
- Grant up to 50% of the project budget related to specific criteria such as specific areas of highly needed research, etc
- Cost-share joint developments by extending revolving loans covering part of the project budget
- Repayment rate:
  - 5% of each dollar of reported sales revenue to end buyers
  - 30% from extending licensing rights to the technology
  - 50% from the outright sale of the technology to any investor

## Structure of the Mubarak - Obama ESTF

The Mubarak - Obama ESTF would be established in 2010 and managed by a Board of Directors appointed by the Governments of Egypt and the US. The Mubarak - Obama ESTF would then be integrated into the Egyptian - American Friendship Foundation that would be established in 2011 and would be responsible for managing the Endowment Fund and oversight over several Specific Purpose Funds, the Mubarak - Obama Education, Science and Technology Fund being one of them.



## The Egyptian - American Friendship Foundation

To manage the Endowment Fund, the Egyptian Government proposes the creation of the Egyptian - American Friendship Foundation in 2011 as an independent foundation.

The Foundation would have the ultimate authority over and control of all property in the Endowment Fund. The Foundation would use proceeds from the Endowment Fund to support the Mubarak - Obama Education, Science and

Technology Fund as well as the other Specific Purpose Funds to be created and implementation of agreed upon projects.

The Foundation would have tax-exempt status.

The role of the Board of Directors of the Foundation would be to manage the investment of monies in the Endowment Fund and to allocate the appropriate portion for each of the Specific Purpose Funds in line with the objectives of both the Government of Egypt and the Government of the US. The Board of Directors of the Foundation would set general guidelines for the utilization of the monies in each Specific Purpose Fund. The Board of Directors of each Specific Purpose Fund would then be responsible for developing and implementing the executive rules of each Fund within the guidelines set by the Foundation's Board of Directors.

### **Funding Sources for the Endowment Fund of the Egyptian - American Friendship Foundation**

The Proposal developed by the Egyptian government for the US Economic Assistance Program to Egypt FY 2011 and beyond includes the funding structure and sources for the Endowment Fund of the Egyptian - American Friendship Foundation (Table 6). As obvious from the tables developed in the Proposal, for every US Dollar the US government grants to the Endowment Fund, the Egyptian government would contribute one Egyptian Pound. Further, it is proposed that amounts from various MOUs in previous years that were not allocated due to non-alignment with benchmarks shall be reprogrammed into the Endowment Fund.

### **Board of Directors of the Egyptian - American Friendship Foundation**

A Board of Directors would be appointed by the US Department of State and the Government of Egypt to manage the Endowment Fund in line with the objectives set by both Governments. It would be composed of representatives from the civil society organizations, government and industry (private sector). Constituents of the Egyptian side may include members from the Ministry of International Cooperation, Ministry of Foreign Affairs, Ministry of Education, Ministry of Higher Education, Ministry of Trade and Industry in addition to academicians and the private sector. The American side may include...

Each Specific Purpose Fund would also have a Board of Directors chosen in a similar way to monitor implementation at the level of each Specific Purpose Fund.

## **Administration of the Endowment Fund**

### *Staffing*

The Foundation would ensure that it has appropriate staffing to manage and administer the Endowment Fund, including an executive director.

### *Governance*

The financial management would fall under the responsibility of the Foundation's staff and its Board of Directors.

The Board of Directors would exercise supervision and oversight of the Endowment Fund's operation and investment decisions. This would be done through regular financial reports.

## **Investment of Assets**

The Board of Directors is responsible for establishing the investment policy that would guide the investment of the Endowment Fund. The investment policy recognizes the long term nature of the Endowment Fund and seeks to balance present and future inputs and outputs.

Investment managers are appointed by the Board of Directors to execute the policy and would invest the Endowment Fund assets in accordance with established policy, but would apply their own judgment concerning relative investment values.

## **Termination of the Endowment Fund**

In the event that the Fund is no longer deemed necessary or appropriate to fulfill the mission of the Foundation, the Board of Directors may authorize the termination of the Fund.

In the event that the Foundation ceases to function as an entity capable of managing a Fund, the principal, income and appreciation of the Endowment

Fund then held by the Foundation shall be transferred to another organization similar in mission (or its successor entity) to be used in a manner consistent with the Foundation's mission.

### **Administration of Each Specific Purpose Fund**

The Board of Directors of each Specific Purpose Fund would ensure that it has appropriate staffing to manage the day-to-day activities of the Specific Purpose Fund.

The Board of Directors would develop, implement and monitor appropriate executive rules in line with the guidelines of the Egyptian - American Friendship Foundation.