



**United Nations Development Programme  
Country: Egypt  
Project Document**

**Project Title: Supporting the Activities  
of Technology Innovation and Entrepreneurship Center**

**UNDAF Outcome(s):**

Outcome 1) By 2011 State's performance and accountability in programming, implementing and coordinating actions that reduce exclusion and vulnerabilities are improved.

Outcome 4: By 2011, women's participation in the workforce, political sphere and in public life is increased and all their human rights are increasingly fulfilled

**Expected CP Outcome(s):**

Outcome 2) National strategies formulated, tested and implemented to facilitate increased access and foster use of ICT to achieve development goals

**Contribution to other UNDP Outcomes:**

Outcome 1) Improved national capacity to design, apply and monitor pro-poor policies while addressing geographical disparities.

Outcome 7) Women empowered to contribute to political, economic, and social change/development.

**Expected Output(s):**

Creating an environment that nurtures talented ICT entrepreneurs with bright ideas, while enhancing Egypt's reputation as a global competitor in high value-added innovation.

**Implementing Partner:**

Ministry of Communication and Information Technology (MCIT)

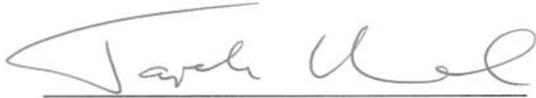
**Responsible Parties:** MCIT, Egypt ICT Trust Fund

**Brief Description:** The main output of the project is to support the Technology Innovation and Entrepreneurship Center (TIEC) in achieving its mission to create an environment that nurtures talented ICT entrepreneurs with bright ideas, while enhancing Egypt's reputation as a global competitor in high value-added innovation. This project will therefore support activities of TIEC in implementing programs to (i) Facilitate the process for ICT companies in order to get established, operate and develop innovative ideas in Egypt, (ii) Assist foreign and local ICT companies to create, enrich and expand innovative jobs, (iii) Build Egypt's external brand in ICT innovation, (iv) Engage Egyptian society in supporting and using ICT related innovations.

Programme Period:	5 years	Total Budget	17,000,000.00 USD
Key Result Area:	Poverty	Total allocated resources	
Atlas Award:	00060612	o MCIT	15,000,000.00 USD
Start date:	2010	o ICT Trust Fund	2,000,000.00 USD
End Date	2015		
PAC Meeting Date:	15 April 2010		
Management Arrangements:	__NEX__		

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Agreed by:



H.E. Dr. Tarek Kamel  
Minister of Communication and Information  
Technology  
Ministry of Communication and Information  
Technology

Date: 17 October 2010

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H.E. Ambassador Bassem Khalil  
Deputy Assistant Foreign Minister  
for International Cooperation for Development  
Ministry of Foreign Affairs

Date: 25 Oct 2010



Mr. Mounir Tabet,  
Country Director  
UNDP

Date: 1 NOV 2010

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**Section I**  
**Part I. Situation Analysis**

The Government for Egypt (GoE) recognizes the importance of the Information and Communication Technology (ICT) sector as a key element of the national economy. During the 1980's, the GoE supported development of the ICT sector by establishing the Information Decision Support Centre (IDSC), the Information Technology Institute (ITI), and Internet Society of Egypt. The support continued throughout the next decade by founding MCIT. By 2000, ICT became a driver of development in Egypt.

The 2000 ICT Master Plan was to guarantee that the benefits of ICT are enjoyed by all citizens as well as enterprises in Egypt. This was further emphasized in the 2007 ICT strategy declaration by MCIT which included ICT sector reform measures including deregulation, modernization of postal services, a focus on driving broadband penetration and adoption, regulatory policies to drive Foreign Direct Investment (FDI), and a re-assessment of tariff structures.

Innovation and ICT Industry Development was one of the three main tracks identified in Egypt's ICT Strategy for 2007-2010. To implement this strategy, many efforts and initiatives have been launched in order to stimulate the emergence of an innovation-enabled ICT sector. Today, Egypt is witnessing several positive results of these initiatives.

As can be depicted from the below table, the contributions of the ICT sector to Egypt's Gross Domestic Product (GDP) was 3.8 percent while the ICT industry employed 180,000 people in 2008-09. This reflects the importance of the ICT as a key driver for social-economic development in Egypt.

Indicator	2006-07	2007-08	2008-09
ICT sector revenues (LE Bn)	30.55	35.95	40.97
ICT sector GDP @ constant price (LE Bn)	23.1	26.3	30.3
Contribution of ICT sector to real GDP (%)	2.4	3.5	3.8
Contribution of ICT to real GDP annual growth rate (%)	-	14.2	14.5
ICT operating companies	2348	2938	3470
Number of people employed in ICT sector ('000s)	162,487 (2007)	175,109 (2008)	181,734 (2009)
Outsourcing revenues (\$ Mn)			850 (2009 annual)

*Sourcw1 : Egypt's ICT Sector in numbers: (MCIT)*

As previously mentioned, the GoE, represented by MCIT, is exerting remarkable effects in analyzing the state of the ICT sector in Egypt and maximizing its benefits. The following overview of the sector's underlying strengths and weaknesses is to provide a better insight into opportunities and threats to its further development.

This Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis was developed as part of the MCIT Innovation and Entrepreneurship Strategy 2011-2020.

#### *Strengths*

The ICT sector in Egypt currently benefits from a 'natural advantage' due to its attractive labor cost base. A large and young population and the political stability that Egypt has enjoyed over the years further strengthen this low labor cost base. Egypt's proximity to Arab and European markets positions it well as a destination for ICT- and ICT-related Foreign Direct Investment (FDI). Furthermore, the English language is widely used amongst many layers of Egyptian ICT professionals. These natural advantages, coupled with the strategic directions provided by Egypt's leadership around ICT and innovation, augur well for the future of the ICT industry in Egypt.

#### *Weaknesses*

From a global and regional markets point of view, growing ICT opportunities will need to be fuelled by a regular supply of quality graduates in relevant fields of study. Structural weaknesses in Egypt's educational system may create a bottleneck for the local ICT industry. Currently, Egypt's Ministry of Higher Education is keenly looking at rebalancing the ratio 'Practical v. Theoretical' in order to meet the requirements of the industry in the future. The ratio of practical to theoretical graduates has fallen from 33 percent to 27 percent in 2003-04 and 2007-08 respectively. Egypt is also evaluating closely the quality of its education system in general, and trying to align it with the requirements of its ICT sector. Elevating the quality of education in the areas of management and professional universities is a priority. Egypt also exhibits a relatively nascent culture of innovation. The country's young population does not seem to be sufficiently attracted to careers in the ICT sector. Balancing the staffing needs of traditional sectors, including Government services, with a steady rise in ICT-related employment will be an important priority in the future. Changing the youth's perceptions on employment will cause evident positive change and generate self-employment opportunities.

#### *Opportunities*

Traditional ICT-based markets like India are coming under increasing productivity pressures, due to the rising costs of labor, and insufficient growth in the supply of talents. This may be good news for countries like Egypt, as this will encourage potential global investors, including some Indian ICT and Information Technology Enabled Services (ITES) companies, to invest in other parts of the world. This trend offers significant opportunities for Egypt to position itself as a destination of choice based on the current state of the ICT sector and outsourcing strengths. To fully benefit from such opportunities, however, Egypt must now firmly establish and brand itself as a hub for ICT innovation. Scanning promising technologies (crowd sourcing, green IT, mobile-based services, cloud computing, social media applications e.g.), identifying potential joint value creation with

international partners, and creating a local culture of innovation will all be critical ingredients in this respect.

#### *Threats*

Developing the capacity and base for innovation in local Egyptian firms is a long term process. Further, it requires knowledgeable leadership. The development of the local ICT industry in conjunction with FDI is necessary to reap the full benefits of innovation. However, “outsourcing as usual” has ceased to be a credible base for revenue creation: global competition has contributed to the rapid diminution of margins (often referred to as ‘commoditization’) of many traditional outsourced products and services. Egypt’s success in outsourcing is to be taken to the next stage through increased knowledge intensity and higher levels of innovation.

Aware of the threats described above, the GoE has outlined a clear strategy into the future. Greater effort in fostering innovation and modernization should help tackle the obstacles that lie ahead.

In response to the success of earlier initiatives and to Egypt’s readiness to move to the next level of global competitiveness, His Excellency Prime Minister Ahmed Nazif announced the creation of the Technology Innovation and Entrepreneurship Center (TIEC) in the Smart Village on January 14, 2010. He hailed it as a place that empowers talented people and small business to turn original ideas into successful enterprises. TIEC is to act as the main execution arm to implement the Innovation and Entrepreneurship Strategy 2011-2020 of the MCIT enabling an environment that nurtures talented ICT entrepreneurs with bright ideas, while enhancing Egypt’s reputation as a global competitor in high value-added innovation. Among the primary objectives of this center are the generation of revenue through Intellectual Property (IP), the creation of high-end jobs and the attraction of FDI, all of which will clearly add great value to the Egyptian economy.

Formed as a catalyst between government, the private sector and academia, in conjunction with the Ministry of Communication and Information Technology (MCIT), the TIEC is to boost the entrepreneurial spirit of Egypt’s youthful workforce with a variety of educational, technological and financial resources.

In order to positively influence Egypt’s development through the growth of a vibrant and innovative ICT sector, the strategic framework that has been adopted by TIEC presents concrete steps to be undertaken to significantly increase the level of innovation in the ICT sector and to build on previous efforts in attracting FDI to Egypt ICT sector.

Concisely, the framework aims at:

- Increasing the value added of the Egyptian economy through innovative activities via
  - Creating advanced jobs that can be filled by Egyptian skilled professionals
  - Generating revenues from sharing IP
  - Attracting FDI

- Using resources and skills developed by the successful adoption of the strategic plan to contribute in solving Egypt's socio-economic problems and enhance societal benefits generated by the ICT.
- Stimulating an innovation-based economy through promoting the innovation and entrepreneurship.
- Building Egypt's reputation as a centre for research and innovation, such that foreign and third-parties recognize the leading position of country in the field, especially within the Arab world.

## Part II. Project and Communication Strategy

Starting 1997, UNDP has maintained a special relationship and close partnership with GoE, represented by its line Ministries including MCIT, that allowed it to play a significant role in transforming several government institutions through supporting them in becoming more effective as public agents of social change and human development.

Amongst others, UNDP is supporting the GoE in improving the performance and accountability of the State in programming, implementing and coordinating actions that reduce exclusion, vulnerabilities and gender disparities. This is in line with national priorities to improve the standard of living for citizens and upgrading services, and achieving a major boost to the national economy as articulated in the Government's programme (2006). This is being achieved through UNDP support of the integration of ICT into national development programmes and the expansion of citizen access to information and connectivity, while safeguarding against the formation of a 'digital divide' along socio-economic lines.

Through this project, UNDP in collaboration with the MCIT will support the TIEC in achieving its mission to create an environment that nurtures talented ICT entrepreneurs with bright ideas, while enhancing Egypt's reputation as a global competitor in high value-added innovation. The project's objectives are in coherence with UNDP emphasis on reducing unemployment and therefore contributing to the achievement MDG Goal 1 'Eradicate extreme poverty and hunger'. In specific, the project is to positively contributing to the attainment of Target 2 of MDG Goal 1, namely "full and productive employment and decent work for all, including women and young people", as it aims at creating innovative jobs.

Furthermore, this new collaboration between UNDP and MCIT is to empower women to contribute to social change and development via the creation of an all-inclusive creative environment and an enabled knowledge society. Hence, the project will be working towards the achievement of MGD Goal 3 "Promote gender equality and empower women."

The following activities and sub-activities will serve to reach the above stated output:

- 1) *Activity Result 1: Facilitate the process for ICT companies in order to get established, operate and develop innovative ideas in Egypt*

- 1.1. **Create a repository of best practice in ICT innovation and a database of companies, technologies and people working in the ICT sector.** The idea of such a repository is to offer a single-point of access to local and foreign business and entrepreneurs. The dataset base is to contain information on local as well as global innovation-related best practices, tools and support for their innovation activities and processes. Furthermore, it will link Egypt's ICT sector to potential foreign investors.

**1.2. Create an Egyptian Innovation Brand Equity Foundation.**

The foundation is to collate and disseminate accurate, comprehensive and updated country profile and hence promote Egypt as a FDI destination.

**1.3. Organize Egyptian Investment Fairs/Events in conjunction with India Brand Equity Foundation (IBEF)**

This action is to launch a stream of regular Egyptian Investment Fairs/Events throughout the year. Such national and regional events are to bring together key players in the ICT sector and attract FDI.

**1.4. Help Egyptian ICT firms and universities patent their knowledge content and license patents from inside/outside Egypt.**

A group of experts on IP protection is to be formed to give advice on IP protection. Further, the group is to assist firms to successfully prepare, file and maintain patents. Additionally, these experts are to act as a liaison to promote technology transfer between the industry and academia.

Licensing patents and generating economic benefits from such patents constitutes an incentive for knowledge generators and innovators. Economic incentives will in turn boost the competitiveness of Egyptian ICT companies. Therefore, facilitating the process of patent licensing would stimulate innovation in area ICT. An on-line and off-line forum for licensing patent and other IP related activities is to give firms the opportunity to offer and buy licenses in a structured manner.

**1.5. Promote the clustering of thematic communities**

Innovation is a complex and multi-faceted process as requires combining talent (innovators), business and finance (entrepreneurs) and legal competence (IP management). In Egypt, small enterprises may be faced with difficulties in identifying, combining and contracting all of these competences. Promoting the emergence of the relevant communities i.e. combining those basic skills and making them available to local innovative companies, would play a critical role in encouraging IT companies to establish, operate and innovate in Egypt. These communities could be physically present at major clusters or organized around virtual networks. The latter is to include lawyers, financial advisers, head-hunters offering to participate in interactive tele-sessions with interested entrepreneurs. Furthermore, services offered by these communities should not be limited to the area of ICT. The aim is to create an environment where working with the ICT community, start-ups in particular, becomes attractive for the associated communities' business models through the use of legislation to limit liability and short-form audit requirements for new companies.

Finally, ICT innovation clusters are to be thematic. Themes are to include social networking, mobile technologies, on-line Souk/App Store/mobile stores, clean-tech, and cloud computing.

**1.6. Create a network of linked clusters to share concepts at the national level.**

The focus of developing clusters that was advocated earlier is to be

complemented with a wider network of Egypt's clusters in order to share experiences, ideas and visions at the national level. Following the model of Egyptian University Network, an Egyptian inter-cluster network is to be created connecting all clusters using ultra high-speed bandwidths, videoconferencing, and transportation links in addition to regular means of information.

2) *Activity Result 2: Assist foreign and local ICT companies to create, enrich and expand innovative jobs*

**2.1. Develop curriculum of Innovation courses and create education tracks focused on patenting, licensing and intellectual property.** The goal is to increase the number of competent firms and employees in order to boost innovation within the sector. Specialized courses are to be introduced to the curricula of Egyptian university and business schools covering the various aspects of IP regimes and IP management. Moreover, innovation training based is to be offered throughout Egypt. Such training could be based on successful syllabi such as "EduEgypt".

The pursue of a career in ICT is to be promoted amongst the younger generations through heralding role models in the ICT sector and encouraging ICT enterprises to discuss career opportunities with students and graduates.

**2.2. Create mechanisms through Public Private Partnerships (PPP) for investment in new skills development in the ICT sector.** This covers the production of skills required to develop an innovative ICT sector in Egypt. For instance, a common fund for e-skills could be created to finance training and educational development for talented individuals.

Educational institutions, including public and private universities, vocational schools as well as firms aiming to create apprenticeships may then apply for such funding. They may also receive training at the IP Exchange or the Innovation Repository.

**2.3. Allocate awards and prizes to encourage innovation.** To raise awareness of ICT and its positive benefits for the country, a series of awards are to be allocated to acknowledge those firms and entrepreneurs that contributed most the sector's development. Such awards could include Innovation of the Year, Innovator of the Year, Entrepreneur of the Year, and Lifetime Achievement. Further, the establishment of Innovation Prizes is to encourage entrepreneurs to submit ideas that can trigger positive change. Throughout the world, awards and prizes have been used as a cost-effective way to detect new ideas and stimulate innovation. They also attract popular attention to innovation, therefore contributing to the creation of a local culture of innovation among entrepreneurs and the business community.

**2.4. Encourage the creation of venture funds within large local firms to fund innovative ideas and create platforms catalyzing entrepreneurial activity.**

The structure of Egyptian firms is to allow for creating the firm's own internal Venture Capital (VC) mechanisms to provide initial support for their employee's innovative ideas and help their spinning off. The aim of this action is to focus on local firms capitalizing on their own, internally generated ideas as candidates for venture funding. A platform is to be created to allow all contributors to innovation including entrepreneurs, VCs, universities, and IP experts to share experiences and identify new solutions. This would be an efficient way to catalyze and stimulate serendipity across Egypt's clusters and innovation centers.

**2.5. Create a technology observatory to scan and identify key future technologies for Egypt's ICT industry development.** Following up on the latest developments in technologies, customers' demands and business models is a strategic ingredient of successful innovation. In many instances, large firms have a competitive advantage in scanning relevant information, and obtaining it ahead of their respective competitors. Egypt can generate its own capacity in this domain by collecting information at the national level and providing this information to Egyptian enterprises and innovators. Therefore, the objective of this observatory body is to keep abreast of the latest global technology trends, and match them with the ICT sector's competencies and Egypt's long-term aspirations.

3) *Activity Result 3: Build Egypt's external brand in ICT innovation*

**3.1. Brand Egypt's ICT Innovation strategy using the ICT Innovation Repository and publish white papers on "Innovation success stories".** The Repository offers distinct possibilities to coordinate marketing and diplomatic approaches towards foreign investors and potential partners. This is to be achieved through keeping track of government and business missions abroad, visits by foreign officials and potential investors, international conferences and ICT conventions. Additionally, the repository is to offer a visible platform for the posting and dissemination of information to potential partners. Further, the repository is support the creation of a favorable environment for FDI and Multinational Corporations (MNC) in Egypt.

**3.2. Publicize the IP Exchange database and marketplace for Egypt and Arab region. Highlight Egypt's competence in patenting and IP management to external ICT partners and investors.** Such a database would be regarded by Egyptian enterprises as a 'library of useful Intellectual Property'. In taking the lead to create such an IP exchange, Egypt would position itself as a regional leader of ICT innovation. As a marketing tool, this unique concept would be an excellent addition to the other previously described measures. Further, it will highlight the country's commitment to continuously improving the opportunities for ICT firms both local and international. Efforts made by Egypt to improve IP management should be publicized and shared with external ICT partners and investors. This would result in two sets of positive effects; (i) the

relationship with partners and investors would be strengthened as they would feel that IP is respected, protected and valued in Egypt, and (ii) partners and investors are likely to 'spread the word' on Egypt's commitment and practices vis-à-vis intellectual property. On the regional level, enhanced recognition of Egypt's competence in ICT area will strengthen the country's legitimacy as an 'innovation hub' in the Middle East. This is to be accompanied with organizing Innovation Fairs to showcase Egypt's achievements in ICT sector and its facilitative role in encouraging the development of infrastructure for innovation.

**3.3. Create a brand strategy for each cluster.** The focus identified for each Egyptian cluster should be translated into a distinct brand strategy. Obtaining regional and global recognition as an innovation hub for a particular product or technology should be an explicit goal assigned to each cluster. If successful, such efforts would significantly contribute to Egypt's overall branding and its recognition as a regional or global hub for ICT innovation.

4) *Activity Result 4: Engage the Egyptian society in supporting and using ICT related innovations*

**4.1. Seed Innovation/Entrepreneurship courses at university level using lessons earned.** The Repository is to provide Egyptian universities and vocational training institutions with educational material as well as briefs on lessons learnt in dealing with potential partners investors. Consequently, courses on innovation and entrepreneurship would be more relevant and up-to-date and will become more appealing to students.

**4.2. Orchestrate a campaign to showcase the success of innovative Egyptians as ICT role models.** The different media tools such as newspaper, magazines, TV, radio and Internet, are to be effectively utilized to promote the emergence of local role models for ICT and innovation. This could be done in connection with the awarding of innovation prizes or at the occasion of major achievements and benchmarks realization. The use of media is instrumental in generating interest in ICT sector and in fostering innovation among younger generations.

**4.3. Fostering a culture of respect for IP as a part of a national campaign on innovative ICT for Egyptian citizens.** Fostering a culture of respect for IP should be a strategic objective shared by public and private authorities in Egypt, and pursued through a joint media campaign on innovative ICT. In particular, the Internet through its collaborative tools peer-to-peer, Web 2.0 and social networks should be regarded as an effective medium in reaching out to Egypt's young adults. Despite that noticeable progress that Egypt has realized in reducing the level of piracy, further improvement is required in this regards. Media campaigns are to reinforce and foster a common understanding and socially responsible attitude vis-à-vis IP rights.

- 4.4. Provide vehicles for Egyptian citizens to invest in innovative ICT for SMEs.** Boosting the performance of research and innovation in Egypt will receive a significant impetus if the general public is given the opportunity to invest their savings indirectly in ‘innovation funds’ or directly in local innovative SMEs.
- 4.5. Create social and project based interaction between clusters and local communities.** Clusters have the power to generate local interest and attention to innovation. Therefore, efforts should be made to enhance interactions between local communities, the general public, companies working in individual clusters and smart villages. Social events could be organized to that effect, possibly around specific projects. The idea is to illustrate the positive impacts on local communities achieved through innovation.
- 4.6. Engage Egyptian society in contributing to innovative ideas through web 2.0 platforms.** Throughout the world, crowd-sourcing is playing an increasingly important role in all aspects of innovation. Egyptian youth is an avid user of social networks. It would then be beneficial and possible to organize the rapid launch of Web 2.0 platforms to allow all Egyptian citizens to contribute to innovative ideas.
- 4.7. Complement universal broadband access with appropriate safeguards for security, privacy, and content.** Security and privacy guarantees, including legal, regulatory, and technical guarantees need to be provided and publicized. Further, instruments allowing users, especially children, to be protected from potentially harmful content are to be guaranteed.

### **Communication Strategy**

Based on the important role of the communication in creating an enabling environment for ICT entrepreneurs, the project’s communication strategy has been incorporated to the previously illustrated project strategy. The above actions include the communication aspects for each activity result. Furthermore, the budget for this integrated communication strategy is incorporated in the total budget for each activity.

## Project Strategic Outputs and Activities Framework

UNDP Focus Area

Poverty Reduction

CPAP Outcome

National strategies formulated, tested and implemented to facilitate increased access and foster use of ICT to achieve development goals

Project output

Creating an environment that nurtures talented ICT entrepreneurs with bright ideas, while enhancing Egypt's reputation as a global competitor in high value-added innovation.

Activity results

**Activity Result A**  
Facilitate the process for ICT companies in order to get established, operate and innovate in Egypt

A1-Create a repository of best practice in ICT innovation & a database of companies, technologies and people working in the ICT  
 A2- Create an Egyptian Innovation Brand Equity Foundation  
 A3-Organize Egyptian Investment Fairs/Events  
 A4-Help Egyptian ICT firms and universities to patent their knowledge creations and license patents from inside/outside Egypt  
 A5-Promote the clustering of thematic communities  
 A6- Create a network of linked clusters to share concepts at the national level

**Activity Result B**  
Assist foreign and local ICT companies to create, enrich and expand innovative jobs

B1-Create curriculum of Innovation courses and Create education tracks focused on patenting, licensing and intellectual property  
 B2-Create mechanisms through PPPs for investment in new skills development in the ICT sector  
 B3-Allocate awards and prizes to encourage innovation  
 B4-Encourage the creation of venture funds within local (large) firms to fund innovative ideas and spin-offs from own employees and Provide platforms to bring together diverse groups (entrepreneurs, VCs, academics, etc.) to discuss and catalyze entrepreneurial activity  
 B5-Create a technology observatory to scan and identify key future technologies for Egypt's ICT industry's developments

**Activity Result C**  
Build Egypt's external brand in ICT innovation

C1-Brand Egypt's ICT Innovation strategy using the ICT Innovation Repository and publish white papers on "Innovation success stories"  
 C2-Publicize the IP Exchange database and marketplace for Egypt and the region. Highlight Egypt's competence in patenting and IP management in external ICT partners and investors  
 C3-Create a brand strategy for each cluster

**Activity Result C**  
Engaging Egyptian society in supporting and using ICT related innovations

D1-SeedInnovation/Entrepreneurship courses at university level using lessons learned  
 D2-Orchestrate a campaign to showcase the success of innovative Egyptians as ICT role models  
 D3- Fostering a culture of respect for IP within a national campaign on innovative ICT.  
 D4-Provide vehicles for Egyptian citizens to invest in innovative ICT SMEs  
 D5-Create social and project based interaction between clusters and local communities  
 D6-Engage Egyptian society in contributing to innovative ideas through Web 2.0 platforms  
 D7- Complement universal broadband access with appropriate safeguards for security, privacy, content etc.

### **Part III. Management Arrangements**

The project will be nationally executed by the ICT Trust Fund (ICT TF) and will recruit a Project Manager to oversee sub-projects that are going to be initiated from the main project and act as the contact point between the Innovation Center and UNDP. He/She will be responsible for the overall management and day-to-day operations and will prepare and update the sub-projects work plan, develop action plans, and report progress to be submitted to UNDP. He/She will be responsible for following up the progress in all sub-projects, identifying bottlenecks and suggesting corrective measures when necessary. He/she will also be coordinating, networking and soliciting the participation of all concerned parties.

ICT TF will also recruit a Financial Manager who is going to be responsible for financial aspects of the project.

Relations and co-ordination with other government, private bodies and others will be the responsibility of the Trust Fund of Egypt, its manager and its steering committee.

#### **Project Board:**

A project board will be established to take executive management decisions and to provide guidance to the Project Manager, including approval of project revisions and of the project's annual work plan. The project board will provide overall guidance and policy direction to review progress, discuss and amend work plans according to the evolving needs. Project assurance reviews by this group are conducted at designated decision points during the running of a project, or as necessary when raised by the Project Manager. The group will meet periodically and will be composed of three main roles: senior beneficiaries, the executive, and the senior suppliers. Meetings will be documented and the minutes of the meeting will be circulated prior to the next meeting where they will be approved during the next meeting or corrected and the agreed minutes will be included in the records of the project activities.

#### **Project Assurance:**

The Project Assurance role will support the project by carrying out objective and independent project oversight and monitoring functions. This role of the Project Assurance ensures appropriate project management milestones are managed and completed. UNDP is responsible for designating a Programme Officer to provide this oversight, which is mandatory for all projects.

## **Part IV. Monitoring and Evaluation**

The Programme Manager will ensure regular monitoring of programme activities against criteria and milestones established in the Inception Report and developed for the Annual Work Plans. Monitoring will be assisted by the Results Based Management Unit (RBM) unit at UNDP and documented in quarterly and annual programme implementation reports.

A team of specialised experts familiar with the project design may undertake yearly supervision missions. These missions will allow fine-tuning and redirecting Programme orientation in the course of implementation.

The Midterm Evaluation will offer lessons learned and recommendations to improve Programme performance or national policy during the remaining part of its life.

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the project will be monitored through the following:

### Within the annual cycle

- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in UNDP Quality Management tables (to be completed following the signing of the project document).
- An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
- Based on the initial risk analysis submitted, a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information recorded in Atlas, a Quarterly Progress Reports (QPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
- a project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project
- A Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events

### Annually

- **Annual Review Report.** An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board and the Outcome Board. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information

for each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.

- **Annual Project Review.** Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.
- A **Final Project Review** shall be conducted during the fourth quarter of the last year of the project by the Project Board as basis for assessing performance, contribution to related outcomes, and determining lessons for broader application. Using the final Project Review Report, the Lessons Learned Report and other documentation as appropriate, the Project Board should assess in this meeting the performance and success of the project, and its contribution to related outcomes.
  
- **Monitoring and Evaluation Resources:** Appropriate financial resources must be allocated to ensure that the above proper project monitoring and review/evaluation is carried out. Therefore, 5 percent of the project budget will be allocated to monitoring and evaluation activities.

## **Part V. Financial Arrangements**

### **The schedule of payments and UNDP bank account details**

The value of the payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform the Government with a view to determining whether any further financing could be provided by the Government. Should such further financing not be available, the assistance to be provided to the project may be reduced, suspended or terminated by UNDP.

The above schedule of payments takes into account the requirement that the payments shall be made in advance of the implementation of planned activities. It may be amended to be consistent with the progress of project delivery.

UNDP shall receive and administer the payment in accordance with the regulations, rules and directives of UNDP.

All financial accounts and statements shall be expressed in United States dollars.

If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNDP shall submit to the government on a timely basis a supplementary estimate showing the further financing that will be necessary. The Government shall use its best endeavors to obtain the additional funds required.

If the payments referred above are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph [ ]above is not forthcoming from the Government or other sources, the assistance to be provided to the project under this Agreement may be reduced, suspended or terminated by UNDP.

Any interest income attributable to the contribution shall be credited to UNDP Account and shall be utilized in accordance with established UNDP procedures.

In accordance with the decisions and directives of UNDP's Executive Board:

The contribution from MCIT shall be charged:

- (a) [ 3 percent] of the top cost recovery for the provision of general management support (GMS) o by UNDP headquarters and country offices
- (b) [ 2 percent]Direct cost for implementation support services (ISS) provided by UNDP and/or an executing entity/implementing partner.

The contribution from ICT-TF shall be charged:

- (a) [ 7 percent] of the top cost recovery for the provision of general management support (GMS) by UNDP headquarters and country offices
- (b) [ 2 percent] direct cost for implementation support services (ISS) provided by UNDP and/or an executing entity/implementing partner.

Ownership of equipment, supplies and other properties financed from the contribution shall vest in UNDP. Matters relating to the transfer of ownership by UNDP shall be determined in accordance with the relevant policies and procedures of UNDP.

The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP.”

### **Audit Arrangements**

The overarching objective of the audit exercise is to provide UNDP with assurance as to whether the resources are being properly used. The UNDP Financial Regulations and Rules includes the requirement that each UNDP programme activity is audited "at least once in its lifetime". UNDP programme activities carried out by executing entities, or under the harmonized operational modalities, implementing partners, other than organizations within the United Nations system, are to be audited annually based on the results of applying the risk based methodology. Country offices are ranked by risk category and the risk ranking determines the threshold of expenditure for projects to be audited in a given year.

Random audit exercises will be conducted to ensure project’s compliance with NEX rules and regulations. It is worth noting that audit exercises are accounted for in the Project budget.

## Schedule of Payment

Year		Amount	
		EGP	USD
2010- 2011	1-Nov	3,444,000.00	600,000.00
	1-Dec	3,444,000.00	600,000.00
	1-Mar	3,444,000.00	600,000.00
	1-Apr	3,444,000.00	600,000.00
<b>Subtotal</b>		<b>13,776,000.00</b>	<b>2,400,000.00</b>
2011- 2012	1-Jul	3,444,000.00	600,000.00
	1-Sep	3,444,000.00	600,000.00
	1-Oct	3,444,000.00	600,000.00
	1-Dec	3,444,000.00	600,000.00
	1-Jan	3,444,000.00	600,000.00
	1-Apr	3,444,000.00	600,000.00
<b>Subtotal</b>		<b>20,664,000.00</b>	<b>3,600,000.00</b>
2012-2013	1-Jul	3,444,000.00	600,000.00
	1-Oct	3,444,000.00	600,000.00
	1-Dec	3,444,000.00	600,000.00
	1-Jan	3,444,000.00	600,000.00
	1-Apr	3,444,000.00	600,000.00
<b>Subtotal</b>		<b>17,220,000.00</b>	<b>3,000,000.00</b>
2013-2014	1-Jul	3,444,000.00	600,000.00
	1-Oct	3,444,000.00	600,000.00
	1-Dec	3,444,000.00	600,000.00
	1-Jan	3,444,000.00	600,000.00
	1-Apr	3,444,000.00	600,000.00
<b>Subtotal</b>		<b>17,220,000.00</b>	<b>3,000,000.00</b>
2014-2015	1-Jul	3,444,000.00	600,000.00
	1-Oct	3,444,000.00	600,000.00
	1-Dec	3,444,000.00	600,000.00
	1-Jan	3,444,000.00	600,000.00
	1-Apr	3,444,000.00	600,000.00
<b>Subtotal</b>		<b>17,220,000.00</b>	<b>3,000,000.00</b>
<b>TOTAL</b>		<b>86,100,000.00</b>	<b>15,000,000.00</b>

\* The payments are calculated at the present exchange rate of \$ 1 = LE 5.74

## **Part VI. Legal context**

This document together with the CPAP signed by the Government and UNDP which is incorporated by reference constitute together a Project Document as referred to in the SBAA [or other appropriate governing agreement] and all CPAP provisions apply to this document.

Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the implementing partner and its personnel and property, and of UNDP's property in the implementing partner's custody, rests with the implementing partner.

The implementing partner shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- b) Assume all risks and liabilities related to the implementing partner's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

The implementing partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document".

## Section II: Results and Resources Framework

<p><b>Intended Outcome as stated in the Country Programme Action Plan (CPAP):</b> Outcome 2) National strategies formulated, tested and implemented to facilitate increased access and foster use of ICT to achieve development goals</p> <p><b>Outcome indicators as stated in the Country Programme Action Plan (CPAP) Results and Resources Framework, including baseline and targets:</b></p> <p>a) <b>Indicator:</b> ICT sector revenue <b>Baseline:</b> 40.97 LE Bn</p> <p>b) <b>ICT sector GDP at constant rate price</b> <b>Baseline:</b> ICT sector GDP at constant rate price is 30.3 LE Bn</p> <p>c) <b>Indicator:</b> contribution of ICT sector to real GDP <b>Baseline:</b> contribution of ICT sector to real GDP is 3.8 %</p> <p>d) <b>Indicator:</b> Contribution of ICT to real GDP <b>Baseline:</b> Contribution of ICT to real GDP annual growth rate is 14.5 %</p> <p>e) <b>Indicator:</b> Number of ICT operating companies <b>Baseline:</b> Number of ICT operating companies is 3470</p> <p>f) <b>Indicator:</b> Number of people employed in the ICT sector <b>Baseline:</b> Number of people employed in the ICT sector ('000s) is 181.734 in 2009</p> <p>g) <b>Indicator:</b> Egypt's rank within the Global Competitiveness Index <b>Baseline:</b> Egypt is ranked 70<sup>th</sup> with a score of 3.67 according 2009-10 the Global Competitiveness Index</p> <p><b>Applicable Strategic Plan Focus Area:</b> Poverty Reeducation; UNDP's work on poverty reduction is governed by several internationally agreed frameworks such as the Millennium Declaration, the MDGs, and the International Development Goals. UNDP core services focus on three main areas: Strategies and Policies for Poverty Reduction, Inclusive Globalization, and Support for MDG-Aligned National Development Strategies.</p> <p><b>Partnership Strategy:</b></p>				
<p><b>Project title and ID (ATLAS Award ID):</b> Supporting TIEC Activities <b>Award ID:</b> 00060612</p>				
INTENDED OUTPUTS	ACTIVITY RESULTS	ACTIONS	RESPONSIBLE PARTIES	INPUTS
<p>Supporting Innovation in Egypt's ICT sector by creating an environment that nurtures talented ICT entrepreneurs with bright ideas, while enhancing Egypt's reputation as a global competitor in high value-added innovation.</p> <p>Baseline: Egypt's ICT environment insufficiently prone to innovation</p>	<p>1) Facilitate the process for ICT companies in order to get established, operate and innovate in Egypt</p>	<p>1.1) Create a repository of best practice in ICT innovation &amp; a database of companies, technologies and people working in the ICT</p> <p>1.2) Create an Egyptian Brand Equity Foundation</p> <p>1.3) Organize Egyptian Investment Fairs/Events</p> <p>1.4) Help Egyptian ICT firms and universities to patent their knowledge creations and license patents from inside/outside Egypt</p>	<p>Technology Innovation and Entrepreneurship Center will be the main responsible party for all project activities</p>	<p>\$ 5,072,000</p>

<p>Indicators:</p> <p>1.1) Establishment of Repository and Brand Equity Foundation</p> <p>1.2) Number of Fairs/Events organized, number of visitors attending these events</p> <p>1.3) Number of patent licenses requested and purchased</p> <p>2.1) Number of curriculums developed</p> <p>2.2) Number of awards issued</p> <p>2.3) Number of established Venture Funds within firms.</p> <p>2.4) Establishment of the technology observatory</p> <p>3.1) Number of "White Papers" published</p> <p>3.2) Establishment of the IP Exchange database and marketplace</p>	<p>2) Assist foreign and local ICT companies to create, enrich and expand innovative jobs</p> <p>3) Build Egypt's external brand in ICT innovation</p>	<p>1.5) Promote the clustering of thematic communities</p> <p>1.6) Create a network of linked clusters to share concepts at the national level</p> <p>2.1) Create a curriculum of Innovation courses and create education tracks focused on patenting, licensing and intellectual property</p> <p>2.2) Create mechanisms through PPP's (Private and Public Partnerships) for investment in new skills development in the ICT sector</p> <p>2.3) Allocate awards and prize to encourage innovation</p> <p>2.4) Encourage the creation of venture funds within local (large) firms to fund innovative ideas and spinoffs from own employees and provide platforms to bring together diverse groups (entrepreneurs, VCs, academics, etc.) to discuss and catalyze entrepreneurial activity</p> <p>2.5) Create a technology observatory to scan and identify key future technologies for Egypt's ICT industry development</p> <p>3.1) Brand Egypt's ICT Innovation strategy using the ICT Innovation Repository and publish white papers on "Innovation success stories"</p> <p>3.2) Publicize the IP Exchange database and marketplace for Egypt and the region &amp; highlight Egypt's competence in patenting and IP management to</p>	<p>\$ 3,682,500</p> <p>\$ 3,507,500</p>
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<p>4.1) Number of success stories of innovative Egyptian as ICT role models</p> <p>4.2) Establishment of mechanisms for Egyptian citizens to invest in innovative ICT for SMEs</p> <p>4.3) Number of individuals sharing ideas through web 2.0 platforms.</p> <p>4.4) Number of developed web 2.0 platforms.</p>	<p>4) Engage Egyptian society in supporting and using ICT related innovations</p>	<p>external ICT partners and investors</p> <p>3.3) Create a brand strategy for each cluster</p> <p>4.1) Seed Innovation/Entrepreneurship courses at university level using lessons earned</p> <p>4.2) Orchestrate a campaign to showcase the success of innovative Egyptians as ICT role models</p> <p>4.3) Enhance culture of respect for IP as a part of a national campaign on innovative ICT for Egyptian citizens</p> <p>4.4) Provide vehicles for Egyptian citizens to invest in innovative ICT for SMEs</p> <p>4.5) Create social and project based interaction between clusters and local communities</p> <p>4.6) Engage Egyptian society in contributing to innovative ideas through web 2.0 platforms</p> <p>4.7) Complement universal broadband access with appropriate safeguards for security, privacy, content etc.</p>	<p>\$ 2,737,500</p>
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It is worth noting that the Results Based Management framework will be further developed with the project's team after the signing the project document

## Annex A

### OFFLINE RISK LOG

**Project Title: Supporting TIEC Activities**      **Award ID: 000 600**      **Date: September 28, 2010**

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
	Typically there is a positive correlation between GDPs and the rise of Innovation. Egypt is a middle income country where the per capita GDP is affecting the state of innovation instability/	14 Sep 2010	Financial	A decrease in the Egyptian GDP could affect the level of innovation, and this could have a negative impact on the outputs of the project.  P = 4 I = 4	Close monitoring of Egyptian GDP and its fluctuations in order to take appropriate counter measures.	MCIT UNDP			
1	Egypt education system is not yet fully aligned with the requirements of its ICT sector.	14 Sep 2010	Political Strategic	Advanced jobs cannot be created to required standards.  P = 4 I = 4	Join team between the Ministry of Education & Ministry of Higher Education & MCIT needs to be established to work on urgent interaction points that need to be settled until policies are fully developed and released.	MCIT UNDP			
2	Egypt is in the process of developing both The Science & Technology and IP policies.	14 Sep 2010	Environmental Political Regulatory Strategic	The absence of supporting policies will not insure integration of plans on the national level and might cause duplication of efforts and losing FDI opportunities due lack of supporting environment.  P = 4 I = 4	Join team between the Ministry of Higher Education and Scientific Research & MCIT needs to be established to work on urgent interaction points that need to be settled until policies are fully developed and released.	MCIT UNDP			
3	The development of incentives for innovation and more easier processes to invest in innovation needs to be done by other ministries	14 Sep 2010	Political Regulatory Strategic	Some of the project activities will not be able to achieve its targets due to not having adequate Political And regulatory support.	Very close coordination need to be established with relevant ministries from day one to develop a work plan with clear objectives, MCIT UNDP targets and	MCIT UNDP			