

Egypt-US partnership in ICT

By DR TAREK KAMEL

MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY, EGYPT



TAREK KAMEL acted as Senior Advisor to the Minister of Communications and Information Technology for five years prior to his appointment as Minister. During this time, he spearheaded a number of national initiatives to boost ICT tools amongst segments of Egyptian society. Dr Kamel chairs the National Telecom Regulatory Authority (NTRA) and led efforts to establish the Information Technology Industry Development Agency (ITIDA), which plays a pivotal role in the development of the ICT sector. He also chairs the National Telecommunication Institute (NTI) and the Information Technology Institute (ITI).

Egypt's ICT strategy consolidates and builds on the progress made to date by the Government in partnership with the private sector. For Egypt, with its unique location at the crossroads of Europe, Africa, and the Middle East, and with a young population gifted with diverse skills, ICT is one of the key drivers of economic growth.

Therefore, this country's main priorities are to continue to develop state-of-the-art ICT infrastructure. To do this, we are creating a vibrant and export-oriented ICT industry based on leveraging public-private partnerships, and by working with multinational companies and foreign investors. The reform measures undertaken by the Government of Egypt have played a key role in improving the outlook for local and foreign investment, as well as instigating and sustaining high levels of growth and employment creation.

The Egyptian Government has worked hard to improve the investment climate through its reform programme. These include WTO agreements that slashed trade barriers for ICT products and services, along with a new investment regime that allows full repatriation of profits, unrestricted ownership of investment and capital, elimination of price controls, and reduced taxes. Special Investment zones have also been set up to provide further incentives for ICT companies, including low-cost real estate, tax breaks, and other benefits.

Egypt's pro-active ICT investment policies include financial and non-financial incentives. The establishment of an institutional and legal framework that protects intellectual property rights has enabled the government to attract more FDI over recent years. The Government's approach to ICT development is based on facilitating the establishment of effective and strategic partnerships in three key areas:

- Inter and intra-industry partnerships to promote better linkages, alliances, networking, and the formation of ICT industry clusters;
- Partnerships between the education sector and the ICT industry to meet industry needs for expertise and to increase capacity for innovation and research;
- Collaboration between the Government and multinationals to promote greater cooperation in the planning and funding of ICT industry development and infrastructure initiatives.

New infrastructure requirements are now fully funded by the private sector. Regional and international investors

are partnering with Egypt's ICT sector on the B2B as well as the G2B levels to expand the market yet further.

ICT: Powering growth

Our goal is for ICT to continue to be one of Egypt's major pillars of GDP growth. This involves increasing the value-add of the Egyptian economy through innovative activities by:

- Creating advanced jobs that can be filled by Egyptian skilled professionals
- Attracting high-end multi-national foreign direct investment; improving Egypt's hi-tech image and its competitiveness
- Addressing Egypt's socio-economic problems using highly-skilled resources

The Ministry of Communications and Information Technology (MCIT) and its affiliates understand that the ICT industry in Egypt needs to be innovative, resourceful, skilled, and business-focused. Skilled individuals are fundamental to developing the innovative and competitive capacity of local ICT companies and building world-class research and innovation activities. This requires top-level human resources with technical, as well as business skills. Accordingly, the Ministry places a high priority on ensuring that the education sector provides graduates with the technical and business skills required.

A key objective is to leverage the capacity of Egyptian businesses to enhance their global competitiveness. This involves increasing the number of innovative start-up companies, while creating a new cycle for innovation. We will also need to sustain the supply of skilled individuals for the growing ICT sector.

Raising the level of innovation in the Egyptian economy will require better transfer of knowledge from universities and research centres to enterprises, as well as a significant increase in the number of innovative, technology-based companies. To attain this goal, a new entrepreneurial culture and the necessary instruments to encourage the transfer of knowledge and technology from universities and research centres to companies must be put in place.

Through the MCIT, multinational companies operating in the Egyptian market are encouraged to invest in research and innovation activities. Additionally, the MCIT focuses on augmenting the innovation capacity of businesses in Egypt.

Many of the world's leading ICT companies have invested in Egypt's future by locating branch offices ►

We are now confident that Egypt's ICT sector has gained recognition as an effective peer in the international ICT community

◀ and Middle East headquarters in Cairo. Egypt also has many homegrown success stories that show the strength of its ICT industry.

A new era with the United States

President Obama's call to the Muslim world in general and to Egypt in particular has been warmly welcomed and appreciated. It signifies a new era of partnership.

The ICT sector of Egypt responded enthusiastically to the initiatives of the entrepreneurship summit held in April and are working very closely with the US Department of State and its affiliates to promote the cooperation in the ICT sector between both countries. The Egypt-US Partnership in ICT functions at two levels: business to business; and government to government; the aim is innovation and entrepreneurship.

Our vision for international cooperation has three main components: to enhance the political positioning of Egypt's ICT sector; to increase opportunities for knowledge sharing and exchange of technical expertise; and to maintain channels for policy level dialogue.

Egypt works closely with the US Government. An ICT High-Level Working Group was formed last year between the US Department of State and MCIT. The group is headed by Ambassador Phil Veveer from the US side and myself from the Egyptian side. The group handles high-level policy issues and venues of cooperation in areas of mutual interest including innovation and entrepreneurship, venture capital, cyber security, child online safety, broadband, green technology, and internet governance issues.

Speaking at the Washington Summit on Entrepreneurship in April 2010 set up by President Barack Obama to deepen ties between business leaders, foundations, and social entrepreneurs in the United States and Muslim communities around the world, Secretary of State Hillary Clinton noted: "First, we are launching the Global Entrepreneurship Programme. That's an initiative that will provide concrete support to new entrepreneurs, starting in Muslim-majority communities and eventually expanding to others worldwide. I'm pleased to announce the launch of the Global Entrepreneurship Programme's first pilot programme, in Egypt."

She then went on to say: "Second, we have established partnerships with two Silicon Valley-based organisations: the Global Technology and Innovation Partners, and the Innovators Fund. Both partnerships will launch in Egypt, Jordan, Lebanon, Turkey, and Malaysia, and will then expand from there." The State Department will help facilitate this effort by connecting these funds with local partners and institutions".

Egypt's key role in this regard is reflected in its being chosen as the pilot nation in the US Government's Global Entrepreneurship Programme. Egypt is also a member of the Global Technology and Innovation Partners (GTIP)

project. This is a Silicon-Valley based incubator and venture capital fund focused on promoting innovation and entrepreneurial development in Egypt, Jordan, Lebanon, Turkey and Malaysia. GTIP is led by a team of accomplished business leaders, including the founder and CEO of Plug and Play Tech Centre ("PnP"), one of the most respected incubators in Silicon Valley. Other GTIP partners include seasoned venture capitalists with more than 100 combined years of operational and investment expertise from Silicon Valley and around the world.

International recognition

Egypt has already won international recognition for its achievements in establishing a strong ICT sector. It was awarded the outsourcing destination of the year by the UK's National Outsourcing Association, in 2008, and was ranked as the number one outsourcing destination in Africa by the Commonwealth Business Council and CyberMedia in 2009.

A.T. Kearney Global Services Locations Index for 2009 noted: "IBM and HP have had operations in Egypt for some time, but now companies like Wipro and others are aggressively expanding into Cairo, taking advantage of the availability of low-cost, qualified people." The Yankee Group Report for 2008, notes: "Egypt is by far the Middle Eastern country currently best positioned to take advantage of the boom in outsourcing. It has a relatively young population, a multilingual workforce, a large and burgeoning talent pool and strong government support for outsourcing."

Egypt's ICT success story

Egypt's ICT sector is a success story, with sustained double digit growth of 15 per cent. With a qualified human resource base of 250,000 university graduates annually, along with the ratification of telecommunication legislation, together with a solid, modern, ICT infrastructure at the crossroads of major global submarine cables, the foundations for Egypt's ICT are in place. In addition, ICT reform and deregulation are leading to higher FDI in the ICT sector. Systematic multi-stakeholder consultations and international expert research, enhanced by a coherent institutional framework, have identified niche areas where Egypt's competitive edge can be best exploited. Examples include natural language applications, business process outsourcing, and knowledge process outsourcing, among many others. Public private partnerships have proved to be the most effective means to achieve success in the MCIT's initiatives.

Egypt is engaged in global policy dialogues and initiatives such as the Internet Governance Forum, which we hosted in 2009, along with the Global Alliance for ICT and Development. We are now confident that Egypt's ICT sector has gained recognition as an effective peer in the international ICT community. ■