

Newton-Mosharafa Fund – Project Brief

1. Background to the Newton Fund

On 5 December, 2013, the UK Chancellor announced the creation of an Emerging Powers Research and Innovation Fund of £375 million over 5 years to support science and innovation partnerships with emerging powers. Called the Newton Fund, it forms part of the UK's Official Development Assistance (ODA) commitment and its primary focus is to develop partner countries research and innovation capacity for long-term sustainable growth. £75 million will be spent each year from 2014/15 for five years and the intention is that UK funding is matched either by partner countries or by private foundations, multi-lateral organisations or corporate partners.

The Newton Fund is running in 15 of the biggest emerging powers around the world. Egypt is the only Middle Eastern/North African country to be taking part in the Fund.

2. Overview of the Newton-Mosharafa Fund

In Egypt, the Fund is called the Newton-Mosharafa Fund, named after Isaac Newton and eminent Egyptian physicist Ali Moustafa Mosharafa.

Collective funding for Newton-Mosharafa is £4 million a year in Egypt, with the UK contributing £2 million and the Egyptian side providing £2 million in matched funding. The funding on the UK side comes from the Department of Business, Innovation and Skills. The fund is managed jointly by the British Council and the British Embassy in Egypt.

The Fund will cover three broad categories of activity: (i) People: capacity building, people exchange and joint centres; (ii) Programmes: research collaboration on development topics; and (iii) Translation: innovation partnerships. It will support activities through priority themes as suggested by the Egyptian government:

- Sustainable water management
- Renewable energy
- Sustainable food production
- Archaeology and cultural heritage

- Affordable and inclusive healthcare

A Memorandum of Understanding concerning the Newton-Mosharafa Fund is being signed by the UK and Egyptian governments in London on 12th September.

The Fund will officially be launched by the British Ambassador to Egypt and the Egyptian Ministers of Scientific Research and Higher Education in Cairo on 22nd September.

3. Objectives of the Newton-Mosharafa Fund

- Foster economic development and social welfare in Egypt through jointly developed new solutions to challenges in energy, health, water, food production and cultural heritage..
- Improve the capacity of the Egyptian science and innovation sector.
- Increase the amount of quality scientific research and innovation being carried out in Egypt.
- Establish and maintain sustainable, long term and mutual beneficial partnerships between the British and Egyptian science and innovation sectors.
- Position the UK as Egypt's partner of choice for science and innovation partnership, opening the door for future

4. Activities under Newton-Mosharafa

1. **PhD/ MSc/ MPhil Scholarship Programme: Scholarships for Egyptians to study in the UK**, either on full PhD programmes or yearlong placements.
2. **Researcher Mobility Programme:** Early career researchers will spend three to six months in the partner country working on joint research projects. Capacity building workshops will also be held to improve researchers' abilities in research skills and international collaboration.
3. **Professional Development Programme:** Seminars and training will be conducted to improve Egyptian researchers' abilities in English language, communication skills, knowledge exchange and research management.
4. **Technical Support Programme:** The UK will work to assist Egypt as it develops an infrastructure for research centres.

5. **Capacity Building Programme:** Training and workshops to build capacity in Egyptian organisations responsible for funding, research and innovation.
6. **Strategy Development Programme:** UK support on the development and delivery of a national strategy for research and innovation.
7. **Research and Innovation Bridges Programme:** Institutional partnerships between British and Egyptian organisations. Partnerships would involve exchange of staff and students at post-doctoral level, joint workshops, and so on.
8. **Innovation to Industry Knowledge Transfer Programme:** Build capacity to transfer knowledge from academia to industry, to ensure that scientific research has economic benefit.

5. Education Context in Egypt

- 3.7% GDP spent on Education
- Largest education system in the Middle East and North Africa
- 137th place on World Economic Forum rankings of quality in primary education
- 90% of schools fail to meet the country's own national standards

Source: EIU and Euromonitor

- Consumer spending on education in 2012 was \$6.8 billion
- Proliferation and growth of private education
- 60% of the population is under 30
- By 2050 Egypt will have a population of c140 million people

Source: Euromonitor

- 23 public and 17 private universities
- 60 new universities planned by 2023
- In 2010, 2.65 million people in tertiary education
- More than 400,000 graduates every year.

Source: UNESCO

- In 2010 almost 12,000 Egyptians studying overseas

- Post-2011 revolution those numbers are declining
- Only 1400 are coming to the UK
- US is number 1 with over 2,000. Germany is set to overtake the UK

6. Political and Economic Context in Egypt

1. Since the January 2011 revolution, Egypt has seen four heads of state, six governments, two new constitutions, the first Muslim Brotherhood (MB) government in a major country and its overthrow. The current Government is led by President, and former Field Marshal, Abdel Al-Fattah Al-Sisi. These turbulent three years have damaged economic prosperity, led to significant loss of life and political divisions. Few of the challenges that drove the revolution (economic and political exclusion and youth disempowerment) have been resolved.
2. President Al-Sisi was elected in June 2014 with 96.9% of the vote on a 47.5% turnout. He has appointed a largely technocratic government but bitter divisions remain. The Government continues its crackdown against the Muslim Brotherhood and other dissenting voices. Protests continue across the country but are usually small in number and disperse quickly. The country also faces a significant terrorist threat in Sinai and along the border with Libya.
3. The final step in Al-Sisi's political roadmap is parliamentary elections towards the end of the year or the beginning of next year.
4. The UK seeks a stable, democratic and prosperous Egypt. We are working with the Government in a number of areas, including the Newton Fund, economic reform and regional issues. Recent visits by the Foreign Secretary and FCO Minister for the Middle East stressed the UK desire to see Egypt succeed but also raised the concerns about some recent developments.
5. Egypt faces a range of structural and acute economic challenges. 700,000 new workers enter the labour market each year, requiring GDP growth of 8-10% just to keep pace. Currently growth is languishing at around 2%. The turbulence has deterred new investors and tourism has suffered. The fiscal deficit stands at 12% and unemployment is at a 15 year high. Most public spending goes on salaries, subsidies and servicing debt.

6. Despite this Egypt remains an attractive market. The UK remains the largest bilateral investor (35% of the total FDI in FY 12/13), with major interests in oil and gas, telecoms, finance and banking and other sectors. The young and rapidly growing population and the proximity to Europe give significant medium to long term potential.
7. President Sisi has sought to revive the economy by some bold austerity moves (particularly raising fuel prices by 60%) and grand megaprojects such as a new Suez canal and new cities. Egypt has had substantial economic support from the Gulf, around \$20bn since July 2014. This is expected to continue in the short term, staving off financial crisis and allowing significant public investments.