

Setting up a University in Egypt

Engy Elkady

e.elkady@tamimi.com - Cairo, Egypt

Moreover, it is widely noted that the pre-university education level does not provide students with the skills necessary for the labour market. Consequently, graduates find it hard to earn a living, which drives the demand for university education. In addition, the positive social image of higher education graduates is another factor that has affected the demand for higher education.

The Egyptian government is initiating a range of reforms to improve the regulatory framework of higher education and attract investments to this sector. However, the market still remains open for further investment to cover the shortage.

In Egypt, private universities are under the supervision of the Ministry of Higher Education ('Ministry') and the Supreme Council of Universities ('Council') and are subject to the rules and provisions set out under Law No. 12 of 2009 for Private and Civil Universities and its Executive Regulations ('Universities Law').

Egyptian law does not set any restrictions with regard to the number of founders of a private university; however, the law does require that the majority should be of Egyptian nationality, and all of the founders should not be academic staff members in Egyptian public universities.

In order to commence establishing the university, the founders must deposit, with an Egyptian bank, the required capital, in addition to providing the necessary facilities for the university's operation.

Private universities are incorporated upon promulgation of a presidential decree incorporating the university, which confers rights to the founders to receive profits, to be represented in the management, to set the initial internal regulations of the university, among other rights.

With respect to funding, a university may accept contributions and donations, subject to certain restrictions, whether from local or foreign sources. A private university's main purpose cannot be the gain of profit; however, operating for profit is not conceptually prohibited. The university should have an annual budget determining its revenues and expenses, including the distribution of the net profit and surplus resulting from its activity. However, it must primarily allocate sufficient funds to the reserves of the university and improvement of the services provided by the university. The university may subsequently distribute the remainder as dividends.

Colleges are not recognised as separate entities, rather as integral parts of the university. Therefore, the institutional licence is granted to the university, as the entity having legal personality. Further, prior to establishment, the founders must confirm the colleges and faculties that they intend to launch upon establishment of the university.

Upon issuance of a presidential decree establishing the university, the university becomes an independent juristic person, separate from its founders and managed by is the university's board of trustees ('BoT'). The BoT sets the internal regulations, which include the mechanism of the distribution of net profits. Typically, the BoT also has the right to manage the assets of the university and set its initial tuition fees. However, it is worth noting that annual increases in tuition fees may not be decided at the BoT's discretion; the Ministry, after collaborating with the Council, issues annual decrees determining the maximum annual increase for all tuition fees in both the public and private sectors.

Egypt has a very extensive intellectual property protection law (Law No. 82 of 2002 on the Protection of Intellectual Property Rights) ('IP Law'). This law is extremely important as the university may be in collaboration with a foreign university, which in turn would grant the Egyptian university the use of its

name and curriculum. The IP Law will protect the foreign university's name if it has been registered and protected locally. However, the curriculum, even if the collaboration has ended, may not be withdrawn from the Egyptian university with immediate effect as this would create a disruption for the enrolled students. Consequently, most collaboration agreements contain a period of a few years following termination of the contract where the Egyptian university is allowed to use the curriculum upon paying an agreed licence fee.

As the government and the parliament are seeking to convince investors to make long-term investments in Egypt, they have collaborated in changing old policies by implementing and ratifying new laws with the purpose of protecting investors and facilitating investment procedures. Given that the education market has not been fully explored, it is foreseeable that further investments will come into the country and target this market.