

# IMPLEMENTATION & ENFORCEMENT OF INDUSTRIAL LICENSING LAW

## RESPONSIBLE ENTITIES:

- » The Industrial Development Authority (IDA)
- » Ministry of Trade and Industry
- » The Cabinet



CHALLENGE	RECOMMENDATION	STATUS/NOTES
<p>To date, the decree establishing a new board of directors for IDA, pursuant to Law No. 95 of 2018, “The Industrial Development Authority Law”, has not yet been issued. More so, the executive regulations of the new law are yet to be issued.</p>	<p>Promptly establish IDA’s new board of directors, in accordance with the new law.</p> <p>Expedite the issuance of the executive regulations of Law No. 95 of 2018, “The Industrial Development Authority Law”.</p> <p>Enact a new law to regulate the administration of industrial zones. The new law should clearly define the responsibilities and relationships between all the parties concerned (similar to the case of the free zones and zones that are run by independent operators, mostly from the private sector).</p> <p>Take into consideration including FEI on the board of IDA; the relevant provision in the law currently in force mandates the representation of those with expertise, alongside government, without specifying FEI.</p> <p>The Ministry of Local Development must be represented on the IDA’s board since it is among the entities that have the responsibility for issuing licenses for establishments operating within the boundaries of residential areas.</p> <p>Ensure the full implementation and enforcement of the law; contrary to the applicable law, the New Urban Communities Authority continues to directly offer industrial land for sale.</p> <p>Review all existing decrees, which pertain to licensing and industrial registry to ensure that they comply with the relevant laws.</p> <p>Introduce a mechanism by which FEI and its member industrial chambers are able to assess the performance of IDA with regard to licensing, industrial registry, and land allocation, as well as identify all the implementation challenges, particularly those related to industrial land.</p>	

*The limited capacity of IDA is reflected in a number of areas, including:*

- Inadequate staffing levels in IDA governorate-level offices render these offices ineffective.
- Staff in the governorate-level offices do not have real authority to make decisions without consulting with headquarters in Cairo.
- Some staff members are not well qualified; the majority do not have adequate understanding and knowledge of the procedures, and many lack the skills and abilities to engage effectively with the public.
- IDA issued 16,000 licenses, however, it does not have the manpower to monitor and review these licenses.
- Poor communication and interaction between IDA and investors; the majority of investors are not aware of No. 15 of 2017.
- IDA's website requires further improvements and upgrading to serve as the prime platform for interaction with investors.

In the short run, provide IDA with financial resources to strengthen its human and technical capacity, and enable it to establish an effective and efficient presence in all governorates.

Provide IDA staff with intensive training to enhance their capacity and enable them to engage with investors in a professional, impartial, and ethical manner.

Restructure IDA to ensure the full implementation of Law No. 95 of 2018.

So far, partial progress has been made in updating IDA's website and populating it with much of the information needed by investors. However, online services are not yet operational, and no action has been taken to raise the capacity of IDA's employees or increase its funding allocation.

<p>Law No. 15 of 2017 is not fully implemented; contrary to Law No. 15 of 2017 that gave IDA a clear and comprehensive mandate over industrial activities, overlapping jurisdiction between IDA and other government entities persist.</p> <p>The multiplicity of oversight and inspection agencies, and the prevailing practice of imposing fines and shutting down enterprises by these agencies, including the Ministry Finance, the Ministry of Environment, the National Authority for Social Insurance, the Civil Defense Department, and local administration units.</p> <p>Industrial licensing procedures are rendered complex and difficult to identify and decipher by the endless paperwork and cumbersome bureaucracy.</p>	<p>Ensure the effective implementation of Law No. 15 of 2017 and enable IDA to play its role effectively by preventing other entities from interposing into the industrial licensing process.</p> <p>Simplify the “Real Property Proof of Possession” handbook, and codify it; Clause 1 under Article 2 of the Executive Regulations of Law No. 15 of 2017 stipulates that “When issuing industrial licenses, it is essential that completing all procedures and abiding by the set timeframes must be observed, such that businesses do not endure additional burdens”; the situation on the ground is in sharp contrast to what the Executive Regulations call for.</p> <p>Before deciding to shut down any industrial enterprise, government entities must consult with IDA.</p> <p>Activate the government portal, which was created to facilitate the procedures for economic activities; the portal aims at simplifying all procedures related to licensing by:</p> <ul style="list-style-type: none"> <li>-Providing industrial investors with information regarding the required procedures.</li> <li>-Providing a central platform through which the competent administrative body and the industrial investors can interact and discuss issues.</li> <li>-Making available studies and analyses related to industrial development in Egypt.</li> </ul>	
<p>The license processing time continues to be long; banks refuse to finance industrial activities before the issuance of the operating license and the start of operations.</p>	<p>Set a target to meet the industrial licensing waiting time frames stipulated in the law by 2020: 7 days for licenses issued under the notification license system, and 3 months for licenses issued under the pre-licensing system.</p>	
<p>The limited availability or lack of accreditation offices that are designed to speed up the licensing process.</p>	<p>Authorize governorate-level offices to grant licenses after completing the required procedures without having to secure the approval of the center.</p>	<p>Even though 8 new accreditation offices were approved, however, licensing delays persist; more offices are needed to reduce the burden placed upon government entities.</p>
<p>The service fees imposed by IDA are excessive and eat up the capital of the investors.</p>	<p>Reconsider the fees imposed by IDA to reduce the burden on investors.</p>	<p>IDA issued Decree No. 239 of 2019 reducing some of the prescribed service fees; most of the fees were lowered, particularly those related to SMEs. That said, it did not reduce the prescribed fines.</p>