



GAFI *Public Policy on Modern Governance And
Transparency To Improve Investment
Environment In Egypt*

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Public Policy on Modern Governance & Transparency For Investment



- **FDI Inflows (World / MENA Countries/Egypt)**
- **Egypt Overview (Role of government in achieving transparency)**
 - a) **Demographic Data.**
 - b) **Political & Economic Indicators.**
 - c) **Trade & Markets.**
 - d) **General Authority for Investment and Free Zones**
 - **One stop Shop.**
 - **Disputes Settlements.**
 - **Laws Amendments .**
 - e) **Development of promotion role to be proactive for Targeting quality FDI.**
- **Cooperation with International organizations (MIGA/FIAS/UNCTAD/OECD).**



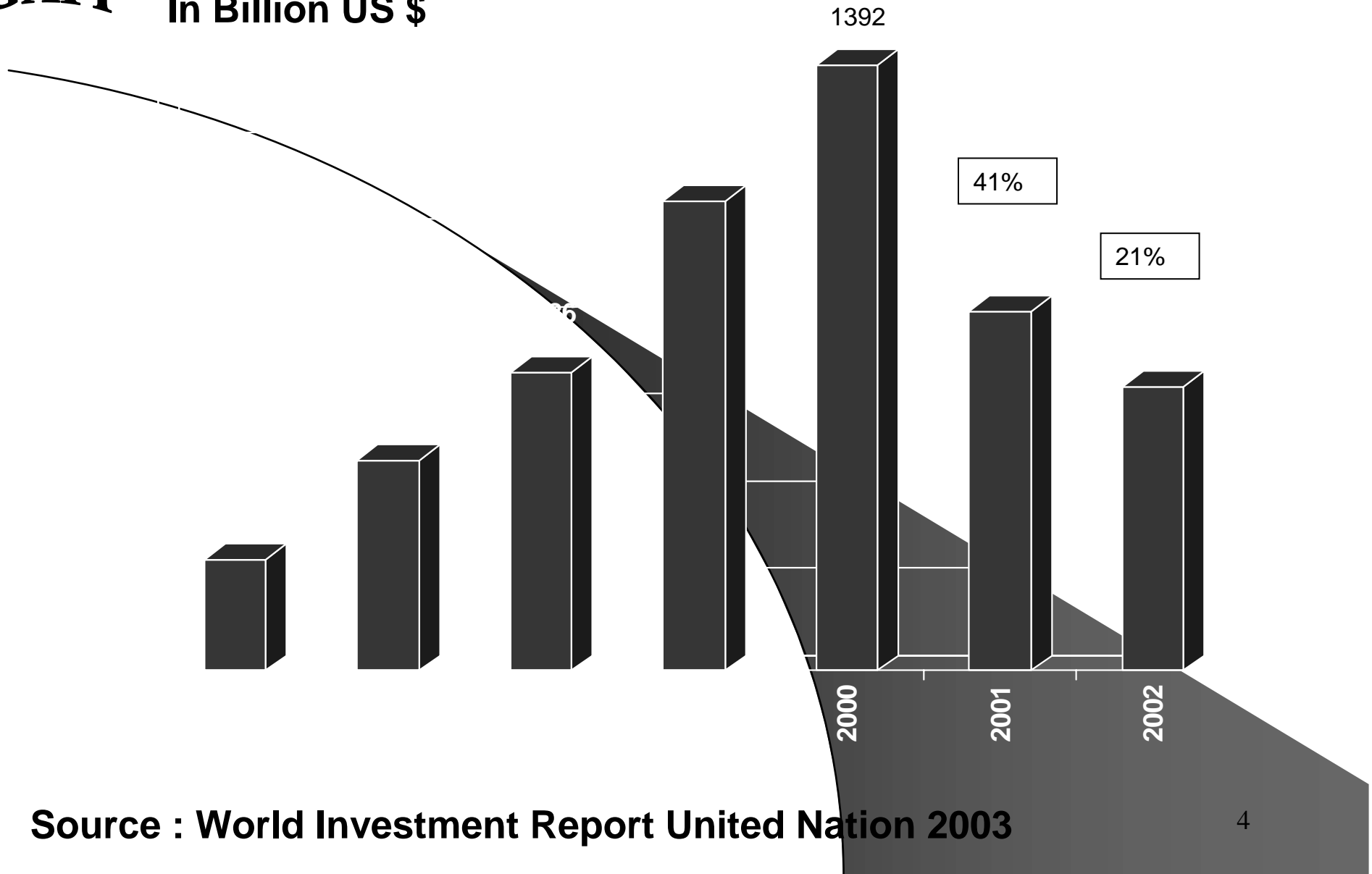
World FDI Inflow



FDI Inflow In The World 2002



In Billion US \$



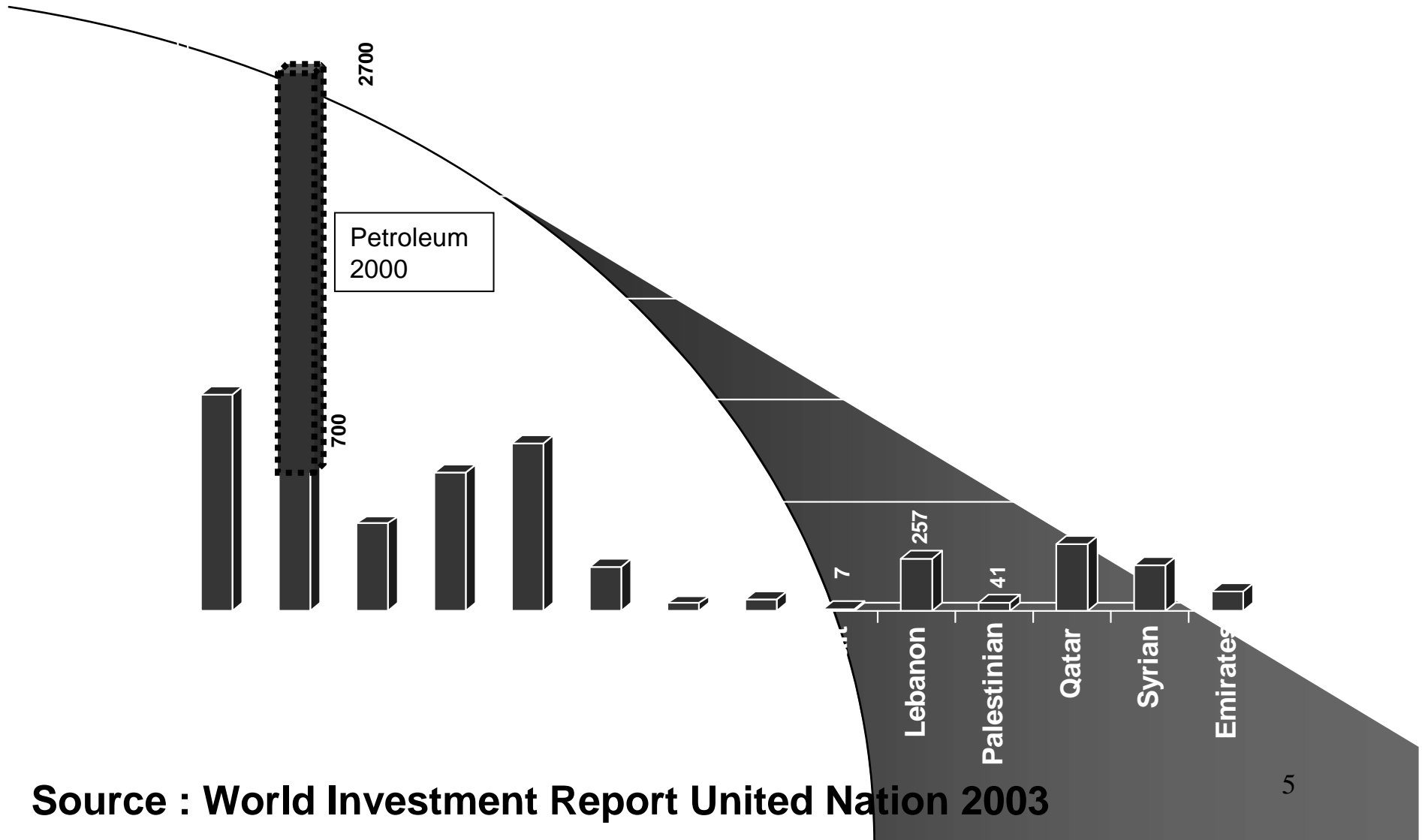
Source : World Investment Report United Nation 2003



GAFI

In Million US \$

FDI Inflow at MENA Countries In 2002



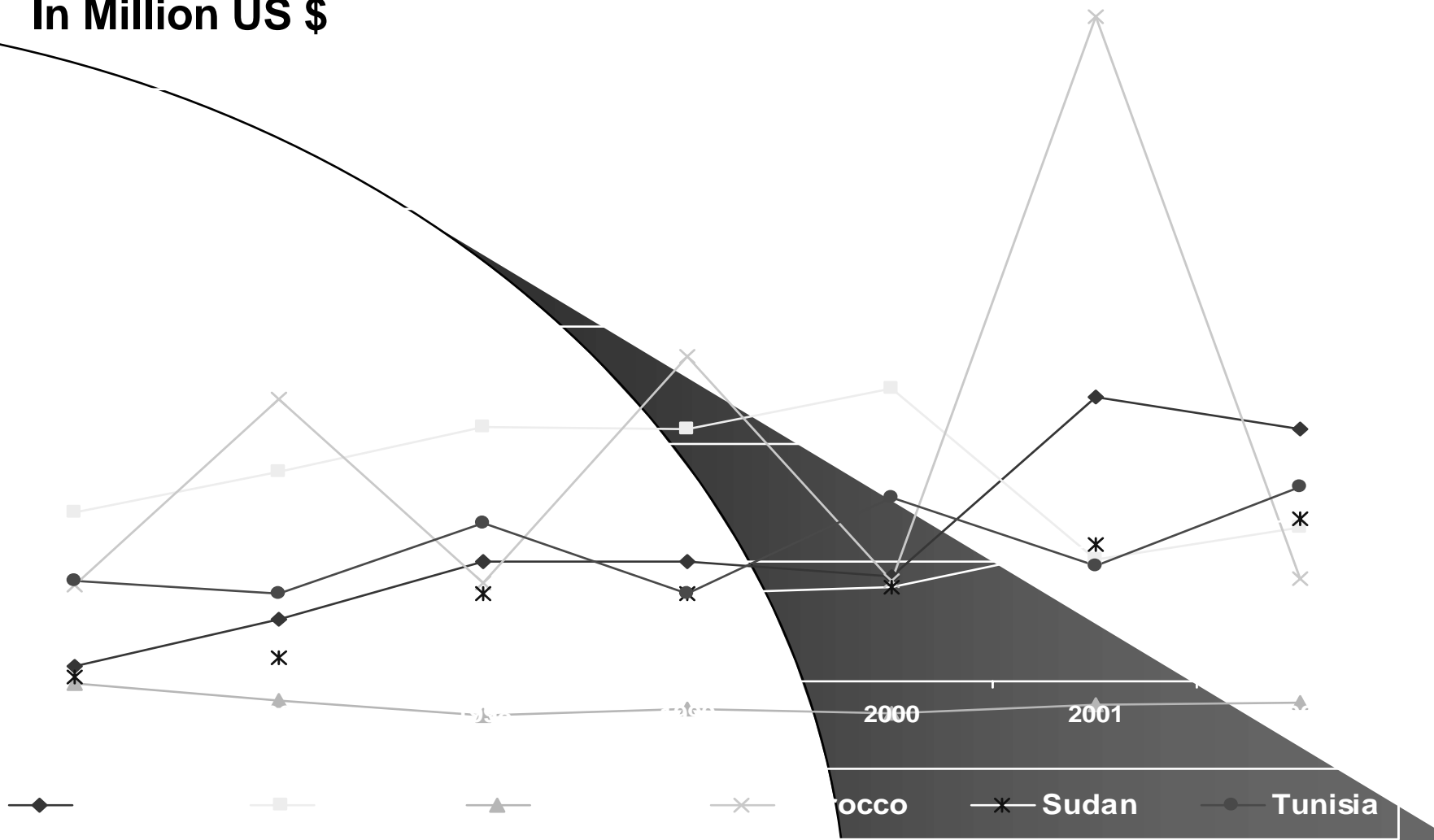
Source : World Investment Report United Nation 2003



FDI Inflow at MENA Countries from 1991 to 2002



In Million US \$



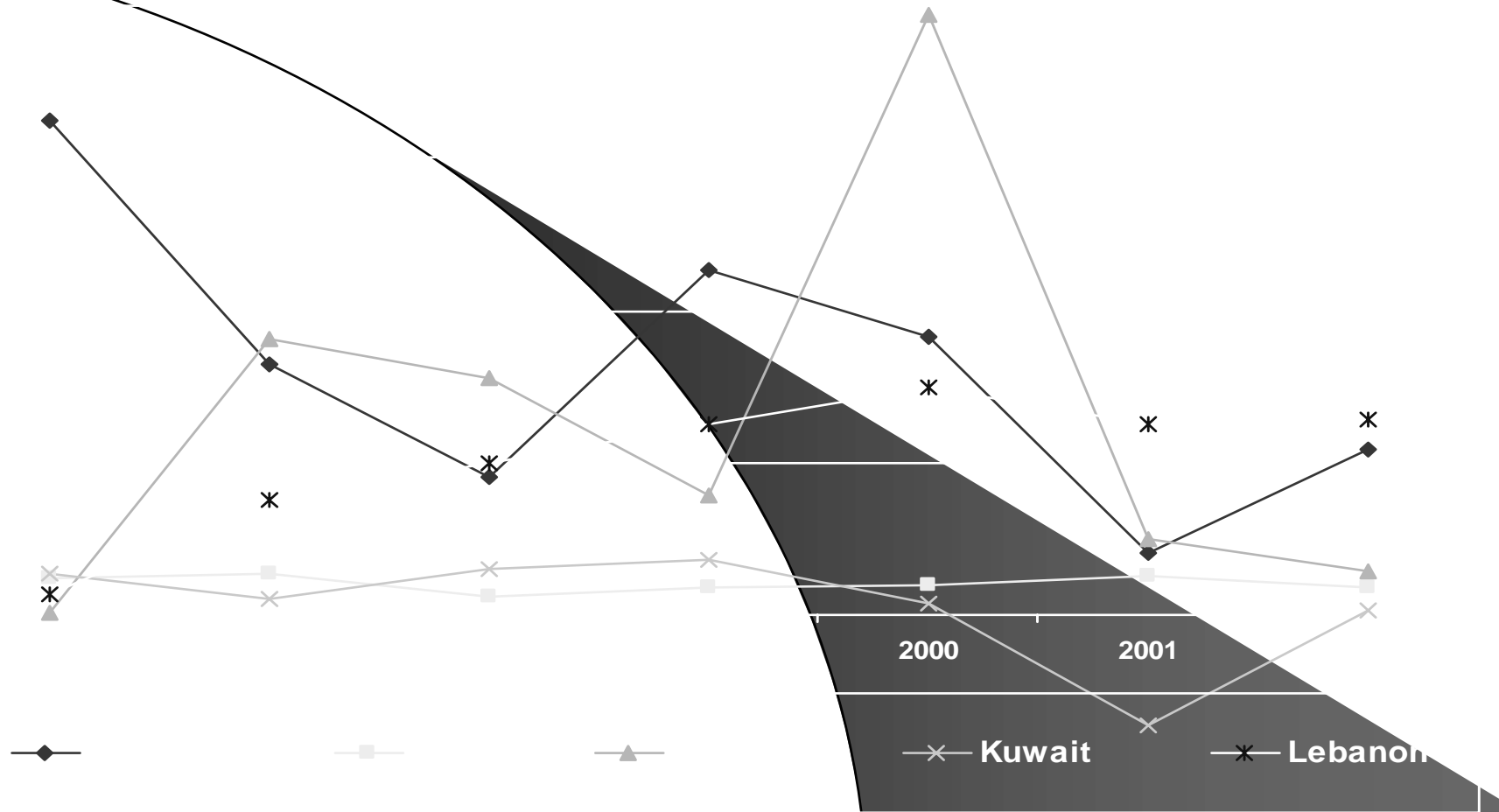
Source : World Investment Report United Nation 2003



FDI Inflow at MENA Countries from 1991 to 2002



In Million US \$



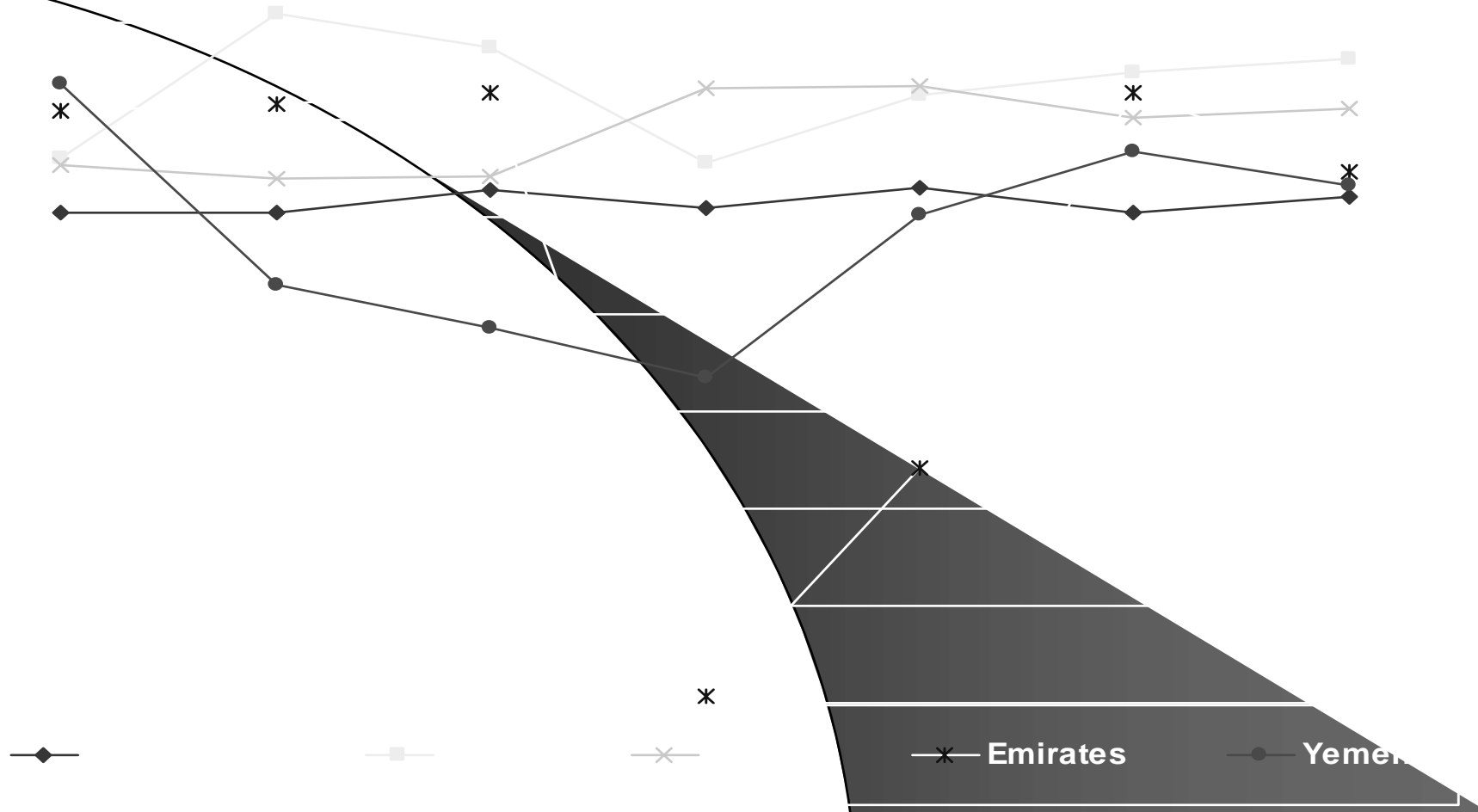
Source : World Investment Report United Nation 2003



FDI Inflow at MENA Countries from 1991 to 2002



In Million US \$



Source : World Investment Report United Nation 2003



Factors Affecting FDI Inflow



GAFI

- ✦ **Political & Economic Stability**
 - ✦ **Market access .**
 - ✦ **Cost of doing business .**
 - **Utilities (water , Electricity , Gas , Telecommunication ,).**
 - **Other Resources.**
 - ✦ **Availability of world class infrastructure.**
 - ✦ **Availability of well trained , productive & low cost work force.**
- ✦ **Transparency.**
 - ✦ **Availability of information.**
 - ✦ **Sustainable investment laws .**
 - ✦ **Investor awareness and participation in regulatory changes.**
 - ✦ **Regular meeting between investors and policy markers.**
 - ✦ **Investor facilitation startup “ from red tape to red carpet “ and reducing of administrative burdens .**



Role Of Egyptian Government In Achieving Transparency



Geographical Location



- ✦ **A unique strategic location at the crossroads between Africa, Europe & Asia.**
- ✦ **Total area is one Million km².**
- ✦ **Major transshipment destination:**
 - **Suez Canal .**
 - **Red Sea and Mediterranean ports.**
 - **International airports.**
- ✦ **Availability of low cost utilities (water / electricity / gas) and raw material.**

Demographic Data

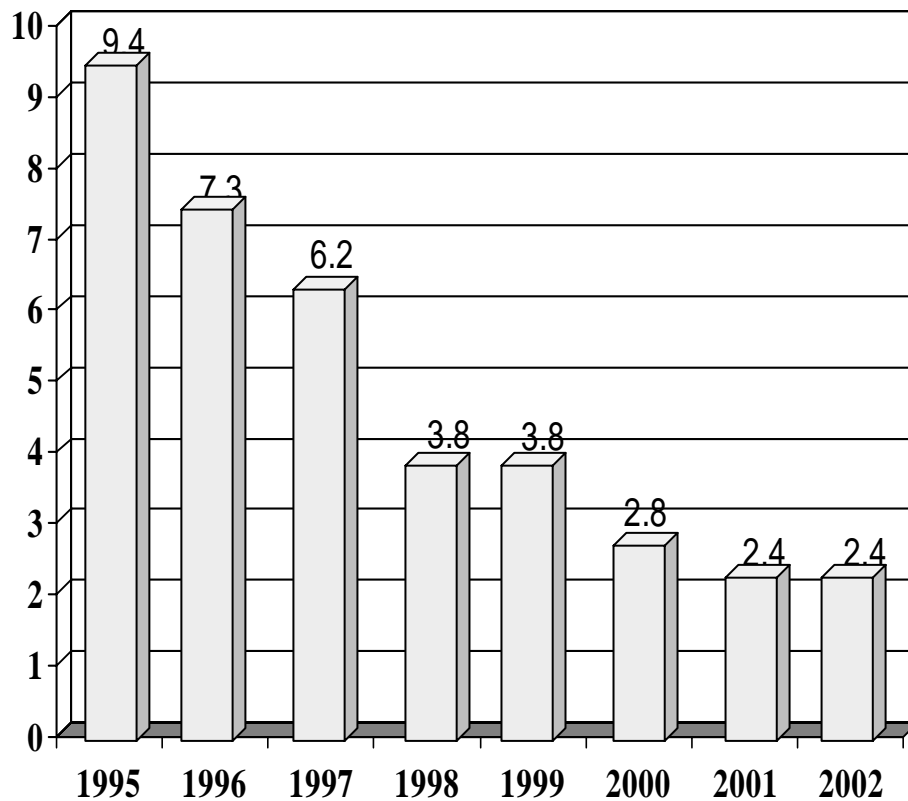


- ✦ **Population 71.2 millions.**
- ✦ **Population growth rate 2.1% (2001/ 2002).**
- ✦ **Sustainable growth rates , 3.2% of GDP on average.**
- ✦ **Egypt's inflation has consistently declined to reach 2.4 %.**
- ✦ **Total foreign debt is \$ 28.7 billion.**

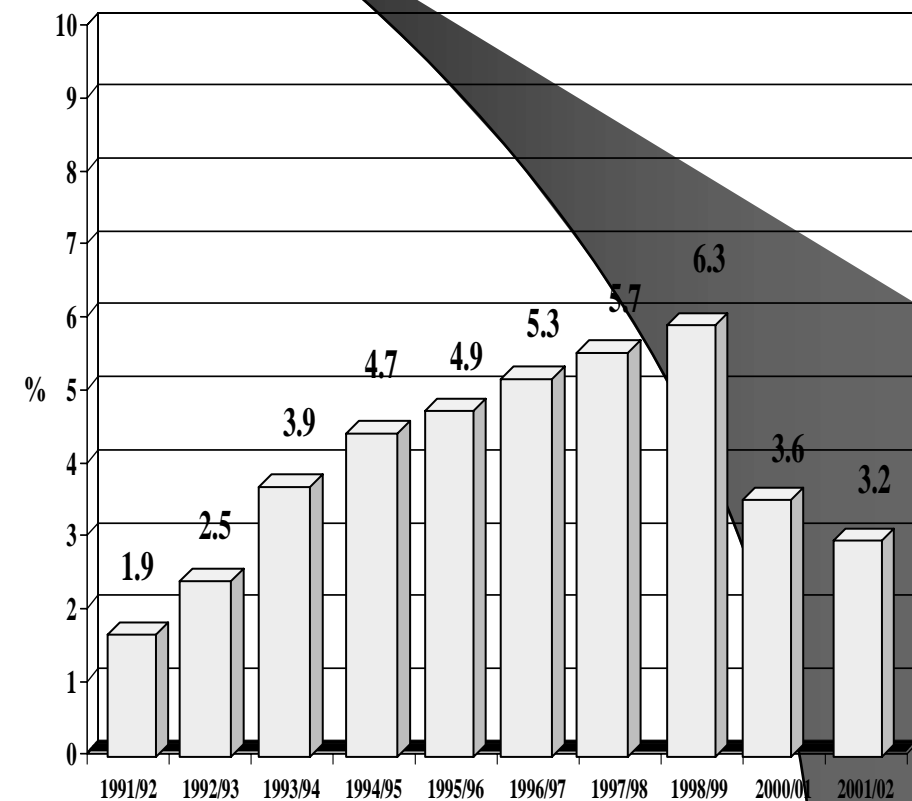


Inflation Rate in Egypt (%)

1995 - 2002



Real GDP Growth Rate %



Source : Ministry of foreign Trade



Political & Economic Indicators



Foreign Exchange System

- **Since January 29, 2003 Egypt adopted a “Free Float FX System”.**
- **Rates are to be determined by banks (55 banks).**

Source : Central Bank Of Egypt

Political & Economic Indicators



Privatization

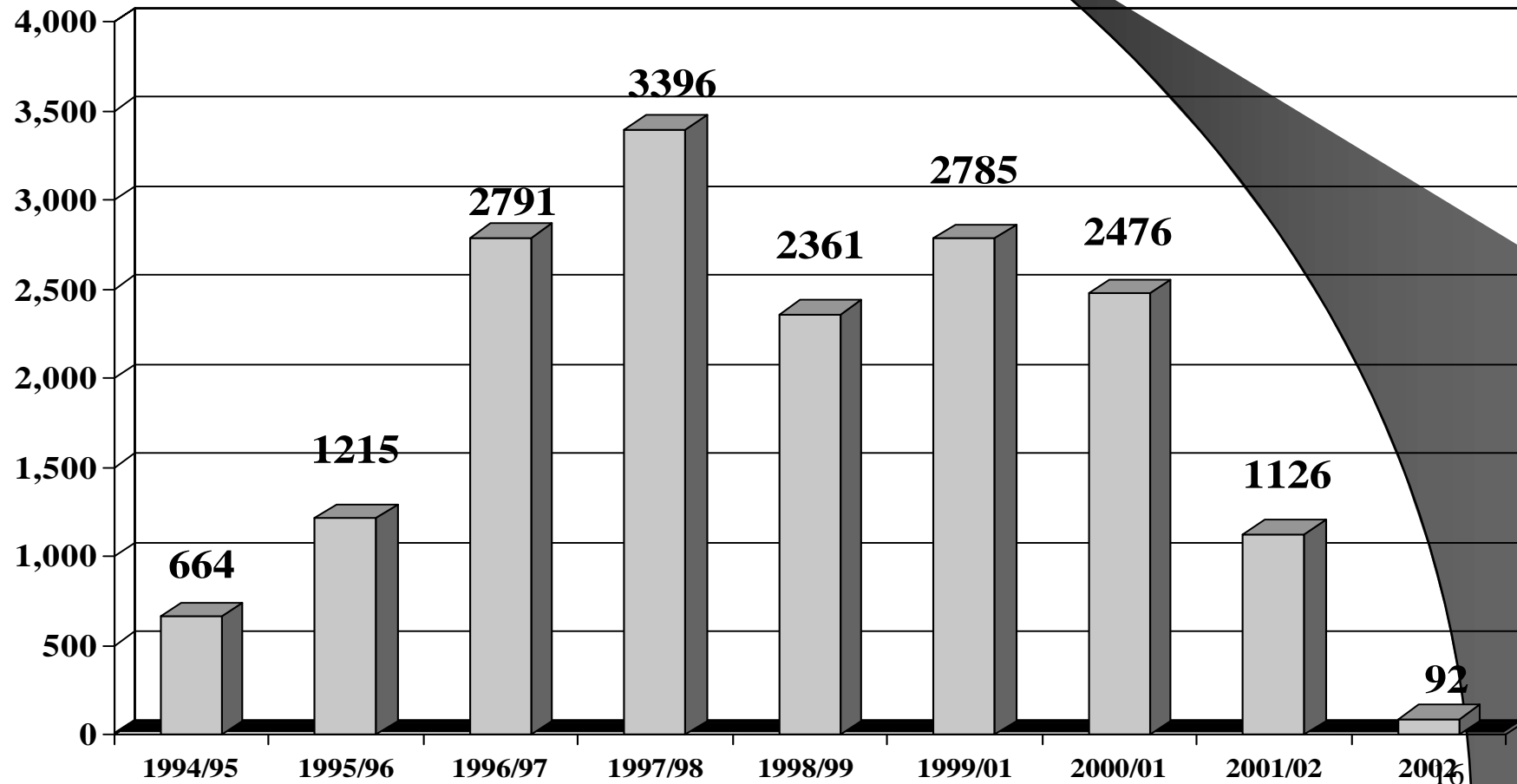
- + Private Sector Leadership for generating Growth (74%).**
- + 192 companies have been privatized out of (314) companies with total value of L.E 16.9 billion equivalent to (4.4 %) of GDP.**



Political & Economic Indicators



Privatization Proceeds (L.E. Millions) 1994- End June, 2002



Egypt's Advantages versus other Economies in the Region



The Outcome of the Competitive Benchmarking Indicates that Egypt Presents a number of Advantages Versus other Economies in the Region

	Egypt	Turkey	Israel	Jordan	Tunisia	Saudi
Local Market	3	3	1	1	2	3
Utility Prices	4	3	1	2	2	4
Raw Material Availability	4	4	1	1	4	4
Trade Openness	2	2	3	2	2	2
Government Role	3	3	3	3	3	3
Finance	2	2	2	2	2	2
Labor	4	3	2	2	2	2

Competitive Edge

4 Highly Competitive

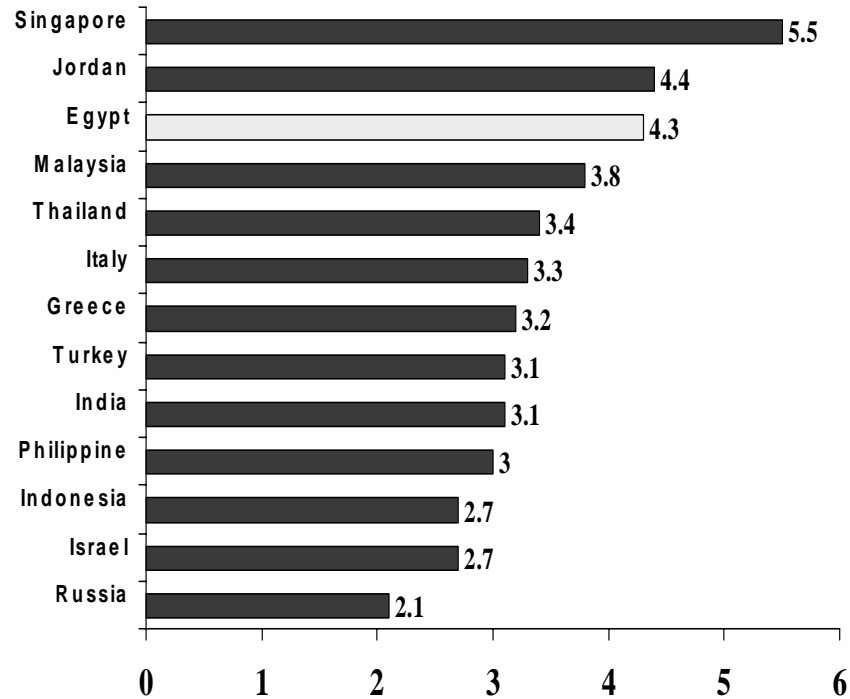
0 Limited Potential



The Egyptian Government's Economic Policies Are Well Perceived And Executed, As Evidenced By The Relatively Low Inflation Among Selected Economies

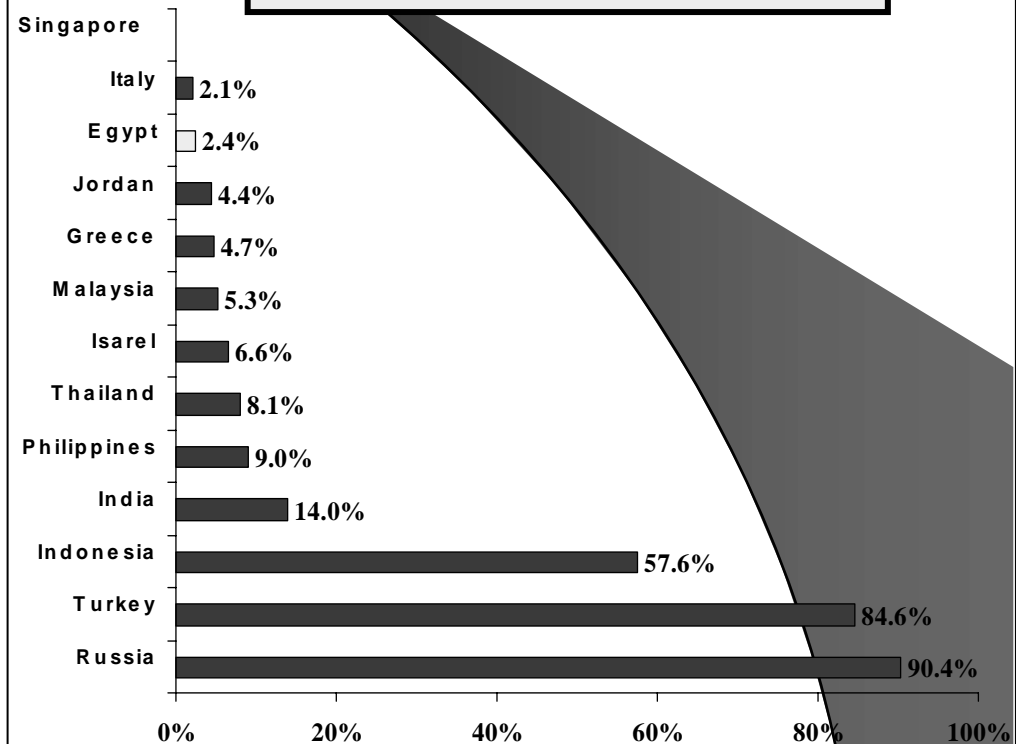


Government Economic Policy Independence Rating



Average Score ,From 0 to 6 Highest rank

Inflation Percentages



Source: The Global Competitiveness Report



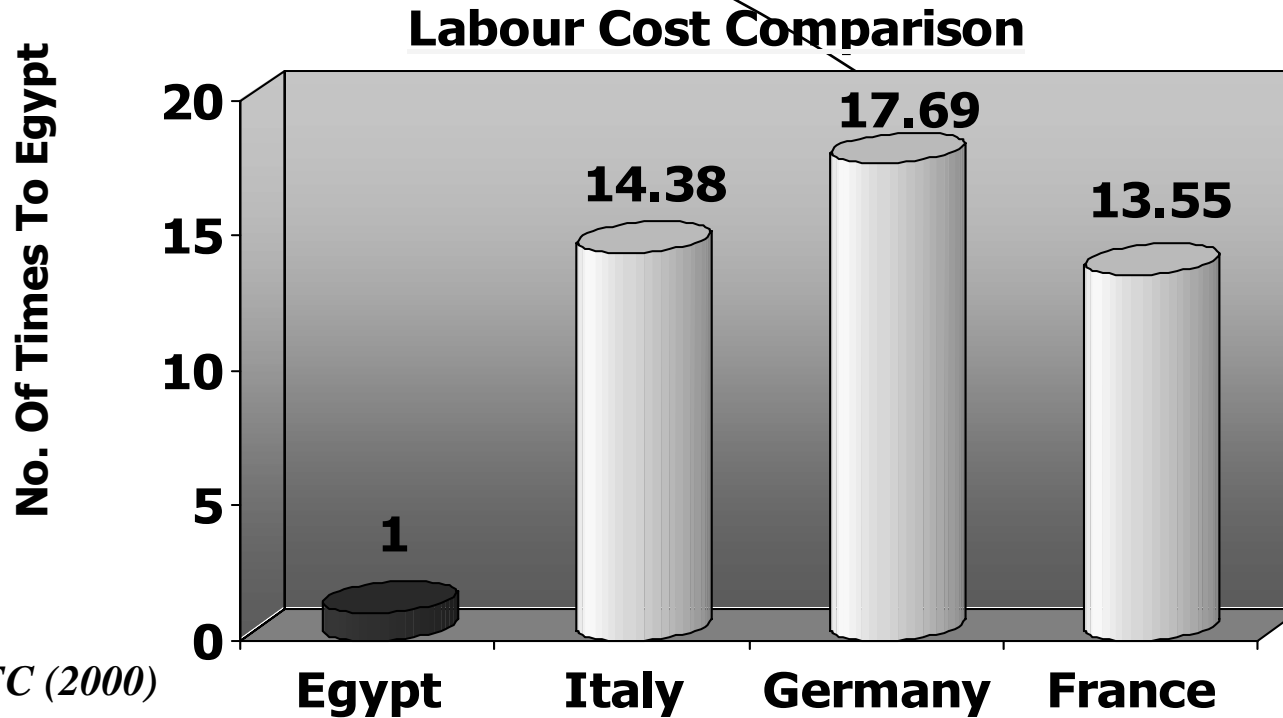
Man Power



A country of 71.2 million people

- + **Work force is 20 Million.**
- + **Number of universities is 18.**
- + **Ranking 17th worldwide in number of yearly graduates**
 - **270,000 high school graduates year 2002 .**
 - **248,451 colleague graduates year 2001.**

Skilled Manpower at Competitive Cost



Source: IFC (2000)

- ✓ **Skilled productive & low cost reliable workforce.**
- ✓ **Labor Cost in Europe is almost 15 times higher as compared to Egypt.**
- ✓ **Average labor cost in Egypt is US \$ 65 – 215 / month.**

Trade & Markets



Trade Agreements

Greater Arab Free Trade Area (GAFTA)

Inhabitants 300 Million

Common Market for Eastern and southern Africa (COMESA)

Inhabitants 380 Million

World Trade Organization (WTO)

Egypt

Europe – Mediterranean Partnership

Inhabitants 728 Million

Other Agreements

‡Local market 71.2 million consumer & Regional market 1.4 billion consumer .



Who we are ?



- † **General Authority for Investment and Free Zones (GAFI) Sole governmental agency responsible for investment affairs.**
- † **Private sector oriented organization.**
- † **Headed by board of directors formed by members from governmental agencies and private sector equally.**
- † **Reports directly to the Prime Minister.**



GAFI's Role



One Stop Shop

- ✦ Encompasses delegates from different governmental agencies dealing with investors.
- ✦ Comprises Following Divisions.

A) The Advisory Unit

- ➔ Focuses on investor facilitation, business support service.
- ➔ Respond to investor's inquiries.
- ➔ Optimize and streamline incorporation procedures.
- ➔ Investment Facilitation Services offered to investor before, during & after incorporation, such as :
 - ✦ Providing needed data and information to investors.
 - ✦ Providing Utilities & Land prices.
 - ✦ Assist investors to select proper Locations for their projects.
 - ✦ Supply investors with Investment opportunities.



GAFI's Role



One Stop Shop

B) The Current awareness unit:

- ✦ **Receiving documents related to the legal incorporations of companies.**
- ✦ **Act on behalf of investors to obtain company license .**
- ✦ **Electronic registration of companies.**
- ✦ **Registration approvals & licensing of companies.**
- ✦ **Issue & Renew of Work Permits for foreigners.**
- ✦ **Airport entry permits for company representatives.**



GAFI's Role



One Stop Shop

C) Disputes Settlements

- A permanent ministerial committee for investment affairs has been formed, presided by the deputy Prime Minister, competent ministries and GAFI Chairman, so as to solve investment disputes amicably outside court channels.
- A minor permanent committee is also formed with Ministry of finance to study and take action to solve Taxes & Custom problems ; ministerial committee will take the lead for unsolved cases.
- Out of (274) case discuss during (15 ministerial meetings), (217) have been solves and (14) decree became as general rule.



Amendments of Laws



GAFI advice the government for investment regulatory changes in order to :

- + Setting laws and decrees , so as to improve investment environment**
- + Outcome from investment disputes solved by Ministerial committee is used to amend laws.**
- + Discussions of regulatory changes with investors in done before issuance of laws**
- + New laws have been issued during 2002-2003 as follows :-**
 - Intellectual property law**
 - Mortgage Law**
 - Banking Law**
 - Labor law**
 - Antimony laundry Law**
 - Export Development Law**
 - Special Economic zones law**



Amendments of Laws



Other New Laws will be issued soon, which are

- **Custom Law**

- **Tax Law**

- **Addition of New chapter in investment law to acquire GAFI's decisions the power of the law and to be final and binding for all governmental agencies**



GAFI's role in proactive Investment Targeting



- ➔ Prioritizing potential sectors for development.**
- ➔ Defining Egypt's sector competitive location**
- ➔ Analyses potential markets, trade flow and FDI flow affecting such sectors.**
- ➔ Performing assessment studies; SWOT analysis, Bench Marking, competitiveness for sectors and regions targeted for development, in order to issue vision strategies & policies**



GAFI's role in proactive Investment Targeting



- ➔ Compile the output of such studies in a proactive promotion plan.**
- ➔ Formation of Joints desk with foreign Embassies at Egypt to solve any problems facing foreign investors, As well as, coordinating for business affairs, Visits, Forums, according to agreed up annual plans**



MIGA – FIAS - UNCTAD - OECD Future Cooperation Program with Egypt



Cooperation with international organization MIGA, FIAS, UNCTAD & OECD



MIGA Program

Development and implementation :

- Investment Promotion Strategy
- promotional materials
- Information & CRM systems program
- Sector Targeting Program
- Market Intelligence Program
- National & International Public Relations and Communications Campaign



**Cooperation with international
organization MIGA, FIAS, UNCTAD &
OECD**



MIGA Program

- ➔ **International Country Branding Campaign**
- ➔ **Policy Advocacy Program**
- ➔ **Investor Facilitation & Servicing Program**
- ➔ **Investor Aftercare Program**
- ➔ **General Monitoring and Evaluation Program**
- ➔ **Human Resources and Staffing Program**
- ➔ **Monitoring and Project Supervision Program**



Cooperation with international organization MIGA, FIAS, UNCTAD & OECD



FIAS Program

Investment & Business environment improvement program

- ➔ Diagnostic review of the Direct Investment & Business Environment in Egypt
- ➔ Administrative Barriers to Investment
- ➔ Assistance Program for the Implementation of the finding of the Administrative Barriers to Investment
- ➔ Competition Policy Environment for FDI
- ➔ Promoting the Development of Companies in selected sectors through FDI spillovers



Cooperation with international organization MIGA, FIAS, UNCTAD & OECD



UNCTAD
Review of the Investment Environment

OECD
Review of the Investment Environment

Both studies were to be published internationally



Thanks for your concern

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