Egyptian Cabinet's
Information and Decision
Support Center (IDSC)

Insights on the Path to Development

Mechanisms Stimulating Foreign Direct Investment into Egypt during COVID-19 Pandemic

August 2021
Issued by the Cabinet's Information and Decision Support Center (IDSC)

Mechanisms Stimulating Foreign Direct Investment into Egypt during COVID-19 Pandemic

About IDSC

Since its inception in 1985, the Information and Decision Support Center (IDSC) affiliated to the Egyptian Cabinet has witnessed several transformations. In order to keep pace with the changes exposed by the Egyptian society, IDSC's first phase (1985 - 1999) was featured by the development of the information infrastructure in Egypt. Afterwards, the establishment of the Ministry of Communications and Information Technology in (1999) was a major turning point in its course; for performing its role as institution of Think Tank supporting different areas of development.

Since then, IDSC has adopted a vision to be the most distinguished in the field of decision-making support in comprehensive development issues, establishing a constructive community dialogue, and strengthening channels of communication with the Egyptian citizen, as being the ultimate goal of development to be qualified playing a greater role in making public policy, enhancing the efficiency and effectiveness of development efforts, and consolidating the knowledge society.

Insights on the Path to Development

Insights on the Path to Development is a non-periodic series characterized by an applied research nature in order to contribute to achieving IDSC's mission in supporting decision-makers, through the integration of research efforts among specialized experts and researchers at IDSC in all economic, political and social fields, thus enriching the efforts of the Egyptian state in various aspects in addition to aiming to reach constructive integrated work strategies based on innovative work mechanisms that can be implemented by various state institutions.

Table of Contents

Executive Summary 7

Brief Messages 9

First Section: Current Situation of Investment Flows in Egypt 11

- Foreign Direct Investment in Egypt 15
- Egypt's Relative Share of Foreign Investments and their Structure 16
- Extent of Achieving the Necessary Prerequisites for Investment in Egypt 17
- Extent of Achieving the Sufficient Prerequisites for Investment in Egypt 19

Second Section: Most Important Drivers of Foreign Direct Investment Decisions from Investors' Point of View 23

Third Section: Challenges Facing Foreign Direct Investments in Light of pandemic 27

Fourth Section: Mechanisms for Attracting Foreign Direct Investments to Egypt and Necessary Conditions 31

Report Team

Prepared by

Prof. Anwar Mahmoud Al-Naqeeb

Assistant Professor of Economics at Sadat Academy of Administrative Sciences andConsultant of Monetary and Investment Policies

IDSC Team Members

Dr. Mai Mohsen
Executive Director of Economic Issues Department.

Ms. Yasmine Magdy
Economic Researcher
Technical Office Department.

Graphic Designing

Eng. Ayman El Sharif
Mr. Marco Magdy

Revision

Dr. Asaad Sadiq
Director of Quality Department

Mr. Ahmed Kamal Heiba
Technical Reviewer

Mrs. Samar Faisal
Linguistic Reviewer

Executive Summary

The policy brief reviews the most important results of the COVID-19 pandemic on the movement of Foreign Direct Investment (FDI) and the challenges imposed on the world and the Egyptian State, as COVID-19 directly affected the slow movement of investment expansions globally, which makes the process of attracting FDI more difficult. This represents a challenge especially for the developing countries including Egypt, which needs improvement and support in the investment environment and investment climate. Data shows a decline in global FDI flows by 49% in H1 2020 compared to the same period in 2019, due to the economic repercussions caused by the COVID-19. Moreover, data indicates decrease in FDI flows to Egypt during the first six months of 2020, as those flows decreased by about 38% over the period compared with 2019.

The summary shows that Egypt has the necessary prerequisites to attract FDI, which are summarized in the presence of investment opportunities and investors desiring to invest at the international level. Although Egypt has the most important prerequisites sufficient for investment, which are the construction and building of a competitive infrastructure that attracts and supports investment, it still needs to provide the remaining sufficient prerequisites for investment, represented mainly in the supportive investment environment. During the previous years for the indicators of evaluating the investment environment; especially the Doing Business Report issued by the World Bank, as well as, the International Competitiveness Report issued by the World Economy Forum, Egypt still needs to continue working on achieving more progress in these indicators on a systematic and tight basis.

The summary ended with outlining the basics of attracting FDI to Egypt, the prerequisites on the short term; emphasizing that without completing the remaining sufficient prerequisites for investment, Egypt will not be able to attract FDI matching with the volume of public spending on infrastructure. The mechanisms for attracting FDI are apparent in moving in two parallel and complementary routes: the crisis route and the traditional route.


340
320
300
280
260
240
220
200
N
W
SW

Paper Insights

message 1

"

FDI volume in Egypt amounted to about USD 9 billion in 2019, which is the highest level of flows since 2010. It should be noted that flows increased by about 40.6% compared to 2010, and by 11% compared to 2018.

"

message 2

"

COVID-19 Pandemic has posed many challenges to the economy of all countries of the world including Egypt. Furthermore, the global economic stagnation resulting from the Pandemic, the challenge for the Egyptian economy is increasing in working to attract FDI and raise the competitiveness of the Egyptian market.

"

message 3

"

Promising investment opportunities are available in Egypt, which is the first necessary prerequisite, for abundance of the ingredients for production, as well as, the availability of the second necessary prerequisite, which is the presence of a desire to invest whereas the volume of international FDI flows reached about USD 1.54 trillion in 2019

"

message 4

"

Improvement in the infrastructure and investment infrastructure must be reflected in attraction and settlement of private investment; especially FDI in order to maximize the developmental impact of those public investments.

"

message 5

”In regard to sufficient prerequisites for investment in Egypt, it is represented in the investment climate, while the current situation of Egypt refers to the development of infrastructure and the establishment of a high-quality structure.“

message 6

”In addition to reforming the factors affecting the investment environment, one of the most important inputs accompanying this is the investment promotion strategy, which is an integral part of the prerequisites to be fulfilled to attract investment to any country.“

message 7

”The investment climate has seen a significant improvement through implementation of the largest number of reforms to the investment climate to increase the competitiveness of the economy and attract investment; as Egypt advanced 6 ranks in the Doing Business Report 2020“

message 8

”Work must be done to improve prerequisites sufficient for investment to improve the competitive status in Egypt.“

Introduction

The exposure of economies to economic problems and crises is one of the most important foundations on which economic thought and practice are based, but what distinguishes one country from another is the dynamism used to deal with which these problems and the ability to transform risks into opportunities; or at least neutralize those risks. At the beginning of 2020, COVID-19 has been one of the most important crises that all world economies are facing. This virus, which is a health problem, led to the emergence of many economic problems and crises especially those resulted from lockdowns on the movements of individuals and families and the closure of economic activities. Moreover, the dominant feature of global economic expectations about the effects of COVID-19 is uncertainty, and inability to predict and build future plans, as well as, the pandemic has shocked FDI in terms of supply, demand and policies.

Also, the closure measures have slowed down existing investment projects. The possibility of a severe recession urged multi-national institutions to re-evaluate new projects. Consequently, types of FDI, represented in research for the market, the search for efficiency, and the search for natural resources are negatively affected. UNCTAD expected a decrease in global FDI flows (inflows) by up to 40% in 2020 compared to its value of USD 1.54 trillion in 2019; then, FDI would decline to less than USD one trillion for the first time since 2005. FDI is also expected to decline by an additional 5-10% in 2021. The International Monetary Fund (IMF) also predicted that the global economy would witness a sharp contraction of -4.9 percent in 2009, which is much worse than the consequences of the global financial crisis in 2008.

There is one clear main routing to recovery from the effects of the COVID-19 crisis, through that the developing economies seek restoring and increasing capital flows, especially in the form of FDI. The Egyptian situation is not much different from other countries; especially developing ones, in terms of the slowdown of economic activity due to the pandemic, countering the same challenge of attracting more FDI to compensate for the losses resulting from the pandemic.

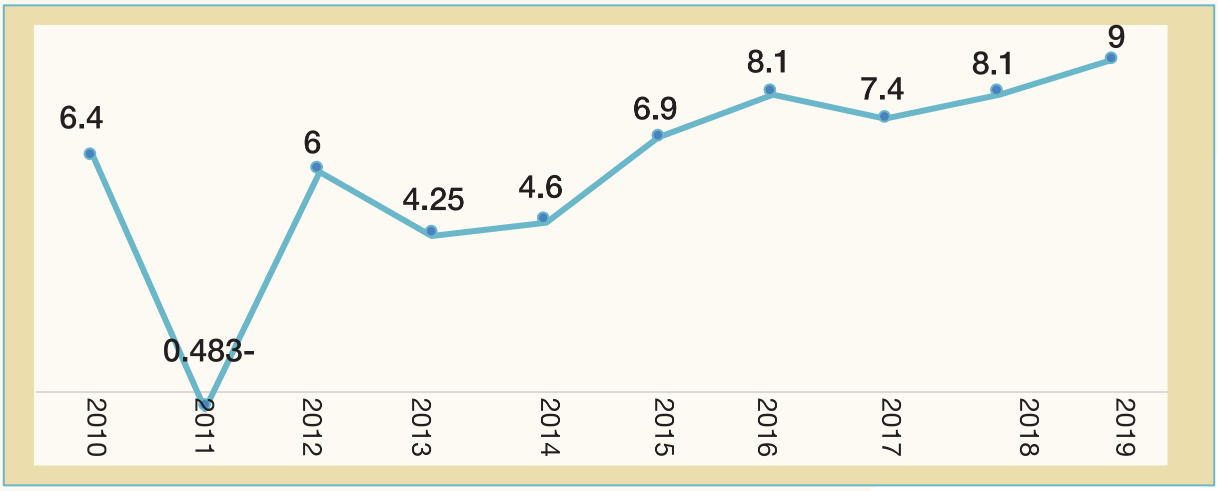
On the other hand, Egypt is in a better position than many competing countries, as a competitive and attractive infrastructure has been established and built, in addition to many reforms related to the investment climate, and the current brief of policy aims to determine whether Egypt is able to attract foreign investments, and identify the mechanisms supporting them. This can be achieved through two parallel routes: the route predicts a crisis and dealt with by crisis mechanisms, and the traditional route that deals with the appropriate mechanisms.

Section One:
Current Situation of Investment Flows in Egypt

• FDI's Volume in Egypt

Volume of FDI in Egypt amounted to about USD 9 billion in 2019, which is the highest level of flows since 2010. It should be noted that inflows increased by about 40.6% compared to 2010 and by 11% compared to 2018, representing about 20% of the total volume of FDI in the African Continent, which amounted to about USD 45.4 billion in 2019. Regarding FDI balances in Egypt, it recorded USD 126.6 billion in 2019, compared to USD 73.1 billion in 2010 and USD 20 billion in 2000. The proportion of profits reinvested by multinational companies from FDI flows in Egypt reached 41%, and FDI flows to North Africa decreased by 11%, to reach USD 14 billion, with Egypt remaining the only country to which inflows increased.

Figure No (1): Evolution of FDI Volume to Egypt - (Value in USD Billion)



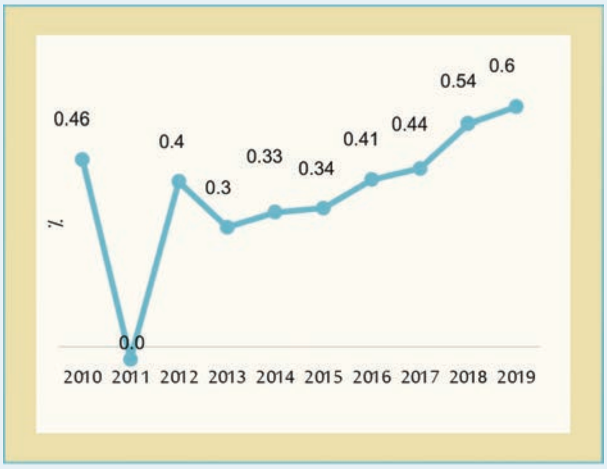
Source: United Nations Conference on Trade and Development (UNCTAD) database

Egypt acquired flow of FDI to the Middle East and Africa by 11.9% in 2019, compared to 8.4% in 2018, and ranked 15th globally in terms of FDI inflows in 2019, compared to 23rd rank in 2018, while the number of new FDI projects increased in Egypt by 60%, to rank 2nd in this regard in the Middle East and Africa region in 2019, with number of 136 projects, compared to the third rank in 2018, with 85 projects.

• Egypt's Relative Share of Foreign Investments and their Structure

Egypt’s share of total FDI flows globally ranges between about 0.3% and 0.6% during the period from 2010 to 2019, with the exception of 2011. Despite the successive improvement in contribution rates starting from 2014, it was a very limited improvement, as Egypt's highest contribution reached in 2019 was only about 0.6%, equivalent to about USD 9 billion of the total global flows amounting to USD 1.54 trillion for the same year.

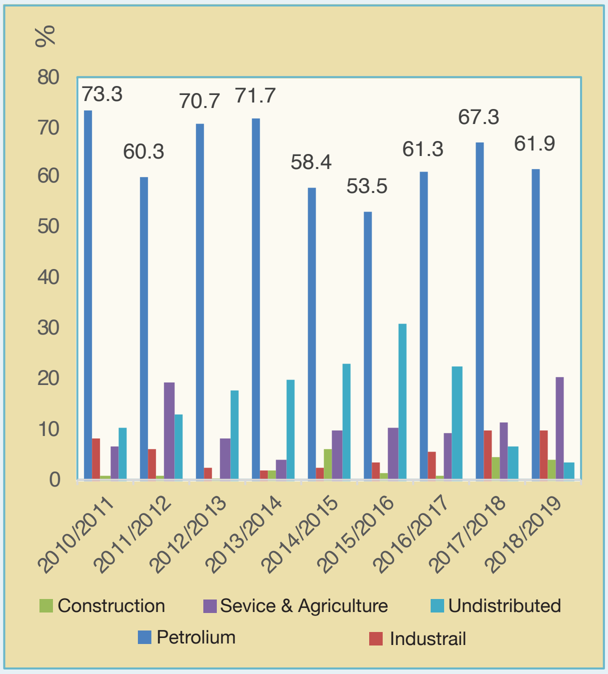
Figure (2):
Egypt’s share of total FDI flows globally during the period (2010-2019)



Source: World investment report, UNCTAD

Foreign investments coming into Egypt are also characterized by low sector diversity and investment sources, while foreign investments are mainly concentrated in the petroleum sector, representing the largest share of FDI flows, which accounted for 62% in 2018/2019 of total flows, indicating that the share of sectors productivity from foreign investment flows is weak. Also, the European Union represents more than half of the sources of inflow FDI in Egypt with 53%, followed by the Arab countries with 22%. It is noted that inflows from the United States are roughly equivalent to inflows from the rest of the world with a percentage of 13% and 12%, respectively, as stated by (Central Bank of Egypt, 2020)

Figure (3): The structure of FDI to Egypt



Source: Central Bank of Egypt - Various versions

• Extent of Achieving the Necessary Prerequisites for Investment in Egypt

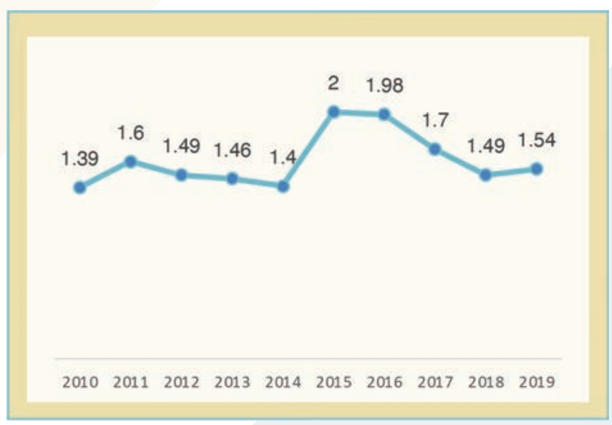
There are promising investment opportunities in Egypt. Thanks to availability of production factors and raw materials or production elements (Resources Based Opportunities). Egypt has huge economic resources whether natural or in climate, in addition to, the economic demand on products (Demand Based Opportunities) where the Egyptian market has a large consumer capacity (100 million people), allowing access to the economic size of the project, and achieving financial and investment feasibility. That being said, it is clear that the first necessary prerequisite for attracting foreign investments is available, i.e., availability of investment opportunity.

Investment in any economy depends on the availability of two necessary and sufficient prerequisites, as representing the presence of an investment opportunity with feasible incentives (Demand Side) and the presence of an investor willing and able to invest (Supply Side) representing the two necessary prerequisites, while sufficient prerequisites (Catalyst Factors) are:

Lack of sufficient prerequisites represents a difficult to maximize the benefit from availability of the necessary prerequisites

Volume of FDI flows in the world also indicates availability of the second necessary prerequisite, which is the presence of a desire to invest, as the volume of international direct investment flows amounted to about USD 1.54 trillion in 2019. Over the previous ten years, FDI inflows (inward) reached its peak in 2015 at about USD 2 trillion, but despite its consecutive decline during the period from 2016 to 2018, it increased again in 2019.

Figure No (4): FDI flows (inward) globally



Source: World investment report, UNCTAD

Japan pioneered in FDI exporting countries in 2019, but USA declined to the second rank in the world after occupying the first rank for several years. China fluctuated in importance between fifth and fourth ranks compared to 2010 and 2019, while USA maintaining the global prominence in receiving FDI, China stabilized in second rank in 2019 and Hong Kong declined to the seventh rank, but Singapore advanced significantly from the ninth to seventh to the third rank in 2010, 2015 and 2019 respectively.

Table No. (1) FDI Exporting Countries

Countries	2010	Countries	2019
America	329	Japan	227
Germany	105	America	125
France	84	Netherlands	125
Hong Kong	76	China	117
China	68	Germany	99
Switzerland	558	Canada	77
Japan	52	France	39
Canada	39	South Korea	36
Belgium	38	UK	33

Table No. (2) FDI receiving Countries

Countries	2010	Countries	2019
America	228	America	246
China	106	China	141
Hong Kong	69	Singapore	92
Belgium	62	Netherlands	84
Brazil	48	Ireland	78
Germany	46	Brazil	72
Russia	41	UK	59
Singapore	39	India	51
France	34	Canada	50

Source: UNCTAD World Investment Report, different years

• Extent of Achieving the Sufficient Prerequisites for Investment in Egypt

As for the prerequisites sufficient for investment in Egypt, which are represented in the investment climate, they mainly rely on hard infrastructure, policies, legislation and investment-related institutions (Soft Infrastructure). Moreover, the current situation of Egypt refers to the development of infrastructure and the establishment of a high-quality structure, according to the highest international standards, as the Egyptian State has, over the past years, developed infrastructure; especially the construction of roads, bridges and provision of modern technology, while the official statements indicate that the Egyptian Government has spent about EGP 4 trillion (USD 248.7 billion) on infrastructure projects during the period (2014-2019).

Despite the important contributions of the Egyptian Government to reforming the investment environment, Egypt was progressed 6 ranks from 120th to 114th globally in the Ease of Doing Business Index report, compared to the previous two years. Moreover, many efforts that can be made because the investment climate in Egypt suffers from several problems. Egypt ranked 171th among 190 economies in 2019 in "Trade Across Borders, meaning that, there are about 170 countries better than Egypt in this indicator, while Egypt ranked 166th in ease of "Enforcement of the Contracts", 104th in Ease of "Resolving Insolvency Cases", 130th in ease of "Recording Loans", and 90th in ease of "Starting a Business". Egypt also ranked 77th in "Ease of Getting Electricity", 74th in "Dealing with Building Licenses", 67th in ease of "Obtaining Credit" as per (World Bank, 126 ,(2020th in "Efficiency of the Labor Market",106th in "Information and Communications Technology Accreditation", and 95th in the sub-index "Business Development" (WEF, WEF, 2020).

The aforementioned indicated that non-achieving the sufficient prerequisites for investment, which is the competitive investment environment.

With regard to the investment climate, it has witnessed a significant improvement through the implementation of a number of reforms to the investment climate to increase the economy competitiveness and investment attraction. Egypt advanced 6 ranks as per the Doing Business report 2020, issued by the World Bank, which monitored the Egyptian Government's implementation of many reforms to improve the investment climate and improve the procedures offered to investors in service centers at the level of the Republic. The report monitored Egypt's advancement with 19 ranks in the companies establishment index that monitor the procedures and time required for incorporation. Regarding the indicator of protection of small investors, Egypt advanced about 15 ranks from the 72nd to the 57th rank. The report stated that Egypt was among the top 25th countries in the world in terms of reforms in the current year's report 2020, confirming the Government's commitment to improving the investment climate and simplifying procedures for investors.

The second phase of the priority structural reforms program for the Egyptian economy, launched by the state in November 2016, targets for the first time the real sector with serious and targeted structural reforms. It included 6 axes of structural reforms and their objectives, including two main axes: the development of the business environment and role of the private sector. Furthermore, the program covers restructuring the Egyptian economy by focusing on the real economy sectors, in addition to 4 complementary axes: labor market flexibility, increasing the efficiency of vocational training, developing human capital, achieving financial comprehension and providing financing, as well as, increasing the efficiency of public institutions and achieving governance.

Regarding the business environment axis and developing role of the private sector, this axis aims at developing the executive framework, facilitating investment procedures, creating a supportive environment for competition, regulating the private sector partnership and activating its role, in addition to facilitating and developing trade movement and removing obstructing restrictions. Moreover, the Government has developed an executive work plan for the structural reforms program starting in November 2019 until September 2020. The ministries and relevant authorities implementing these targets have been identified through procedures to be carried out by each party, but on the other hand, assigning the investment file to the Prime Minister in 2019 aims to advance the process of improving the investment climate and give importance to this vital file.

Based on the reforms in the investment climate, the Organization for Economic Cooperation and Development (OECD) raised Egypt’s ranking in the country risk classification index from 6 to 5 as an attractive destination for investments. Egypt came as the best country to invest in 2020 in Africa for the third consecutive year according to the Rand Merchant Bank report: "Where to Invest in Africa 2020", which is based on an assessment of 6 main sectors of the most attractive investment destinations, namely: resources; especially mining and retail resources, finance, information and communication technology, industry, and the construction and building sector. The report states that Egypt is characterized by a large market associated with the presence of an advanced business sector compared with other countries; this makes Egypt the most attractive investment destination in Africa.


INTERNATIONAL MONETARY FUND

Second Section:
Most Important Drivers of Foreign Direct Investment Decisions from Investors' Point of View

There is a need to identify the most catalyst factors affecting the investment decisions of foreign investors. The new international database established by the World Bank to measure regulatory risks can be relied upon, which includes about 14,000 parent companies with investments in nearly 28,000 new projects and expansions of FDI projects in 168 host countries, whose analytical framework focuses on the three elements that investors have linked with lower regulatory risk: transparency, legal protections for investors, and investor access to grievance mechanisms. Investment competitiveness and rational governance were important indicators of progress developing countries long before emergence of the crisis, and the pandemic has increased the need for both.

Transparencies, legal protections for investors, investor access to grievance mechanisms, investment competitiveness, rational governance, political and economic stability as well as a predictable legal and regulatory environment are the most important factors affecting investment decisions in any country.

The World Bank also highlighted requirements to increase FDI flows, noting that 2,400 CEOs participated in survey in 10 of the largest emerging market countries reported that lower taxes, lower labor costs, and access to natural resources are issues less important to their investment decisions than political and economic stability, and a predictable legal and regulatory environment.


16.04
-21.37
revaluation

Third Section:
Challenges Facing Foreign Direct Investments in Light of pandemic

COVID-19 has posed many challenges to the economy of all countries of the world, including Egypt, and with the global economic recession resulting from the COVID-19 pandemic, the challenge is increasing for the Egyptian economy to work for attracting of the foreign investments and increasing the competitive capacity of the Egyptian Market. According to the latest events, global FDI flows declined by 49% in the first half of 2020 compared to the same period in 2019, due to the economic repercussions of COVID-19.

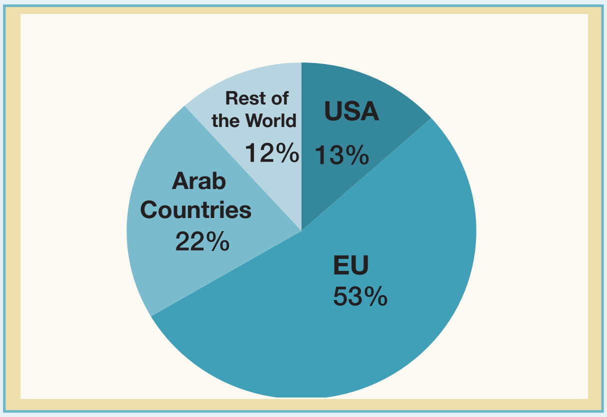
The COVID-19 pandemic posed many challenges to the Egyptian economy with regard to foreign investments, in addition to the familiar challenges, as these challenges are represented in (a) attracting more foreign investments in light of the decrease in foreign investments as a result of the pandemic; (b) increasing the sector diversification of foreign investments, i.e., increasing the foreign investment share of other sectors other than the Petroleum sector; (c) diversifying geographical sources of FDI.

UNCTAD’s latest report on Global Investment Directions issued on 27th October reveals that advanced economies witnessed the largest decline in the first six months of 2020, with a decrease of 75% compared to 2019, and FDI flows to North America decreased by 56%. Meanwhile, the decline with 16% in FDI flows to developing economies was less than expected, which is due to investment resilience in China. Flows decreased only with 12% in Asia, but were 28% lower than 2019 in Africa, and 25% less in Latin America and the Caribbean in the six months till June 2020.

The developing countries in Asia accounted for more than half of global FDI while flows to transition economies decreased by 81%, due to the strong decline in the Russian Federation. Also, many investors have globally reported disruptions in supply chains; then, the production as a result of covid-19 pandemic.

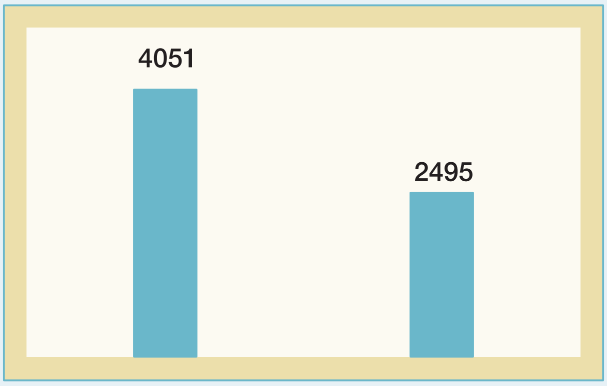
With regard to the Egyptian economy, FDI flows to Egypt witnessed a sharp decline during the first six months of 2020 as a result of impact of the COVID-19 pandemic, whereas these flows decreased by about 38% from than the comparative period of 2019 (investment flows during the first half of 2019 amounted to about USD 4.1 billion, compared to about USD 2.5 billion during the same period in 2020) (Fig. 6)

Figure No (5): The geographical structure of FDI flows to Egypt in 2018/2019



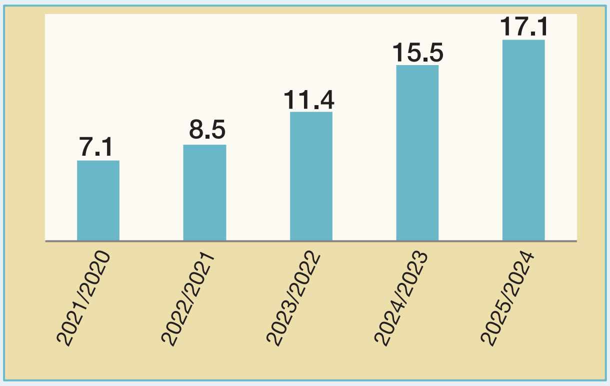
Source: Central Bank of Egypt, 2020

Figure (6): The initial impact of COVID19- on FDI flows to Egypt (in USD billions)



Source: Central Bank of Egypt, 2020, Monthly Bulletin - No. 283, October, pp. 75 - 76

Figure (7): Forecasts of FDI flows to Egypt until 2025 (in USD billions)



Source: IMF, Country Report, No 271/20 , May, P. 13 .

Fourth Section:
Mechanisms for Attracting Foreign Direct Investments to Egypt and Necessary Conditions

The initial impact of the pandemic on foreign investment in Egypt during the first half of 2020 indicates that impact of the pandemic may be significant. It requires the need to develop special mechanisms to attract and settle foreign investments, especially in light of expectations of IMF, which indicate that foreign investment flows until 2022 will not be at the level of flows in 2019.

Improvement in the basic-structure and infrastructure of investment must be reflected in attracting and settling private investment; specially the foreign investments, in order to maximize the developmental impact of those public investments.

In order to determine dealing mechanisms to attract foreign investments to the Egyptian economy, we must first determine whether we are facing an economic crisis or disaster under COVID19- circumstances? The answer is yes; then it should not be dealt with traditionally, but it must be dealt with thought of the crisis and in an unconventional way. Also, does the Egyptian economy suffer from weak prerequisites for investment? The answer is yes; then, we must work on improving these prerequisites to enhance the competitive situation in Egypt. We must deal on the basis of two parallel axes, because each supports the other. **Based on the aforementioned, the proposed mechanisms for the crisis routes are as follows:**

First: the crisis route

1.Establishing a Temporary Task Force Committee to be directly supported by the President of the Republic to deal with investors, whether they are potential or current investors. It also works on a quick solution for problems of current investors, and the committee term is for one year to be extendable according to efficiency of its completion, provided to raise the technical and administrative efficiency for the permanent institutional entities dealing with investors. The work of the committee is terminated upon ensuring the efficiency of these institutions.

2.Preparing an investment Portfolio/Package file for all investment opportunities available in the Investment Authority, to be ready for the investor, including the reasons for choosing the project as an investment opportunity in this site, i.e., the project site, the project land, the mechanism of dealing with the land, whether by usufruct, rent or ownership, value of the project land, situation of the facilities, and their distance from the project land.., etc.

3.Introducing mechanism of Investment Promotion for all, and getting investors in return for a percentage of the investment value, according to local categories, for example, less than USD 1 million gets 2%, USD 1-5 million gets 1.75%, USD 10-5 million gets 1.5%, and more than USD 10 million gets 1%. Whoever attracts those investments (people or institutions / Egyptian or foreign) gets this incentive proportionally to the actual injection of investments, not just establishing the company. Moreover, the company's period is for one year to be renewal, depending on the effectiveness of the achievement. Also, an investment fund can be established for this purpose, to be financed by the Long Live Egypt (Tahya Misr) Fund or from revenues of the free zones.

4.Introducing a Distinguished Investor Mechanism, whereby a foreign or local investor who can attract a foreign investor to partner in his project to be honored or given a moral or material incentive; for example, who attracts an investor with a value of USD one million is to be given an honor gift from the concerned ministry, USD 1 - 5 million is to receive an honor gift and 1% tax exemption for a period of three years, and from USD 5 - 10 million is to be received an honor gift and a 2% tax exemption for five years.

5.Relying on private international promotion companies to promote investments in Egypt. The return is a percentage of the investments that have been attracted (to be agreed upon in light of the international market conditions in this field).

Second, the traditional route

1.Develop and design a national project supported and monitored by the President of the Republic (promotion and implementation) for the next five years to make Egypt one of the 50 most important economies in the world attracting for investment. This can be achieved through the Doing Business Index, where the goal is set that Egypt’s position will improve to precede 15 countries from 2021 until 2023, and 10 countries during the period (2024-2025). This is to be a national goal to be basis for a national campaign under the leadership of the Presidency of the Republic, and the slogan in H2 of the second decade of the second millennium (2015-2020) will be "creating and establishing a competitive infrastructure” which has already been performed, and by extension for such, the slogan for the next five years (2021-2025) will be the prosperity stage “creating a competitive investment environment”.

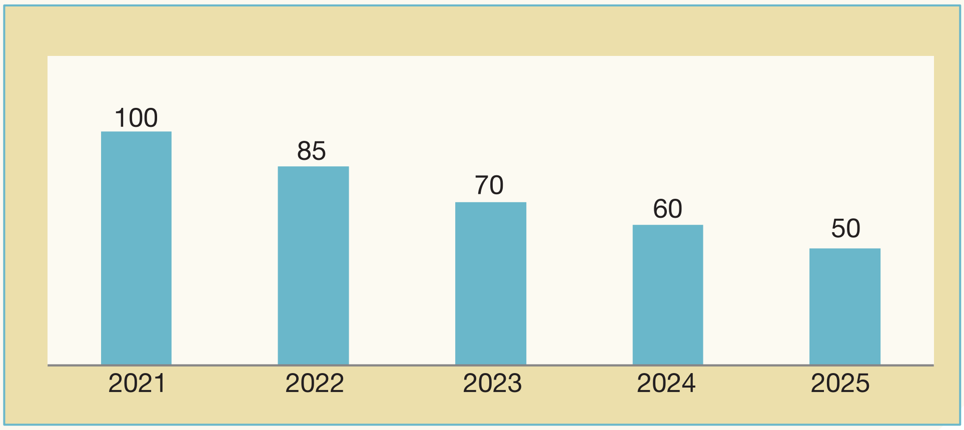
Proposed slogan

"Launch Phase: creating and establishing a competitive infrastructure 2015-2020

Prosperity Phase: Creating a Competitive Investment Environment 2021-2025"

Improving the investment climate is not very difficult, because of being a set of procedures simplified and implemented professionally without requiring large public investments to be improved; then, it is possible to improve that climate by focusing on considering their improvement as a national project.

Figure (8): Objectives of ranking Egypt in the Doing Business index in Launch Phase 2021-2025



2.The promotion strategy as a supportive mechanism for implementation: In addition to reforming the factors affecting the investment climate and setting it, one of the most important inputs accompanying this is the investment promotion strategy, which is an integral part of the prerequisites that must be met for attracting investment to any country. Therefore, investment promotion efforts must be united by developing a systematic and comprehensive strategy to promote Egypt as an investment destination to facilitate measuring and evaluating the promotion process and defining a unified message and information for the foreign investor required to put Egypt on their investment map, as well as, measuring the extent of being affected by that message; therefore it is necessary at the present time to have a clear framework and plan to promote Egypt as an investment-flourishing destination, which is developed and implemented by a specific entity responsible for promoting investment, in order to undertake a number of the main tasks necessary for the promotion process (those tasks, even some of them are implemented, are not currently taking place within the framework of a comprehensive plan), which are:

•Setting the national policy to promote Egypt as an investment-flourishing destination.

•Developing the promotional strategy for each sector.

•Building a mental image of the investment climate in Egypt.

•Finding a location on the investment map of the foreign investor.

•Searching for investment opportunities that can be promoted, in addition to creating awareness and attention to investment in Egypt.

•Providing service and care for the investor before and after the start of the investment.

•Determining Egypt's competitive position

•Handling conflicting information directed to the investor.

•Answering investor inquiries as soon as possible.

•Monitoring and evaluation as a regular and continuous mechanism of the promotion strategy and its implementation process

Other procedures

•Dealing with the investor with a professional mentality and not with a government employee's mentality.

•Implementing Governance Principles at all levels.

•Reducing investor risks and increasing policy predictability - rebuilding investor confidence.

•Establishing a control mechanism to ensure transparency and implementation of procedures in accordance with the specified cost and timing.

•Clarify the roles assigned to all government institutions involved in dealing with investors.

•Investment-related institutions adopt an effective system for managing relations with investors based on a developed electronic system, including all contact data of foreign investors, in order to ensure good communication with them to receive complaints and meet their needs within a specific time frame.

•Improving aftercare services – following establishment of the project - to help investors complete the operational procedures, such as: obtaining building permits and access to local suppliers, in order to ensure continuation and expansion of their projects.

•Activating intellectual property protection procedures, reviewing patent registration procedures, and taking all measures to protect intellectual property rights.

•Establishing a database and information on all sectors of the state, including procedures and agreements concluded by the State, to be updated and available to citizens on an ongoing basis; in order to enable the public and audit institutions to hold the Government accountable, in a manner to enhance citizens’ confidence in their government and understanding of its prerequisites and principles

EFQM

Egyptian Cabinet's
Information and Decision
Support Center (IDSC)

1 Majlis Al-Shaab Street - Qasr Al-Aini - Cairo

Postal No: 11582 PO Box: 191 People's Assembly

Tel: (202) 27929292 Fax: (202) 27929222

www.idsc.gov.eg info@idsc.net.eg

www.idsc.gov.eg