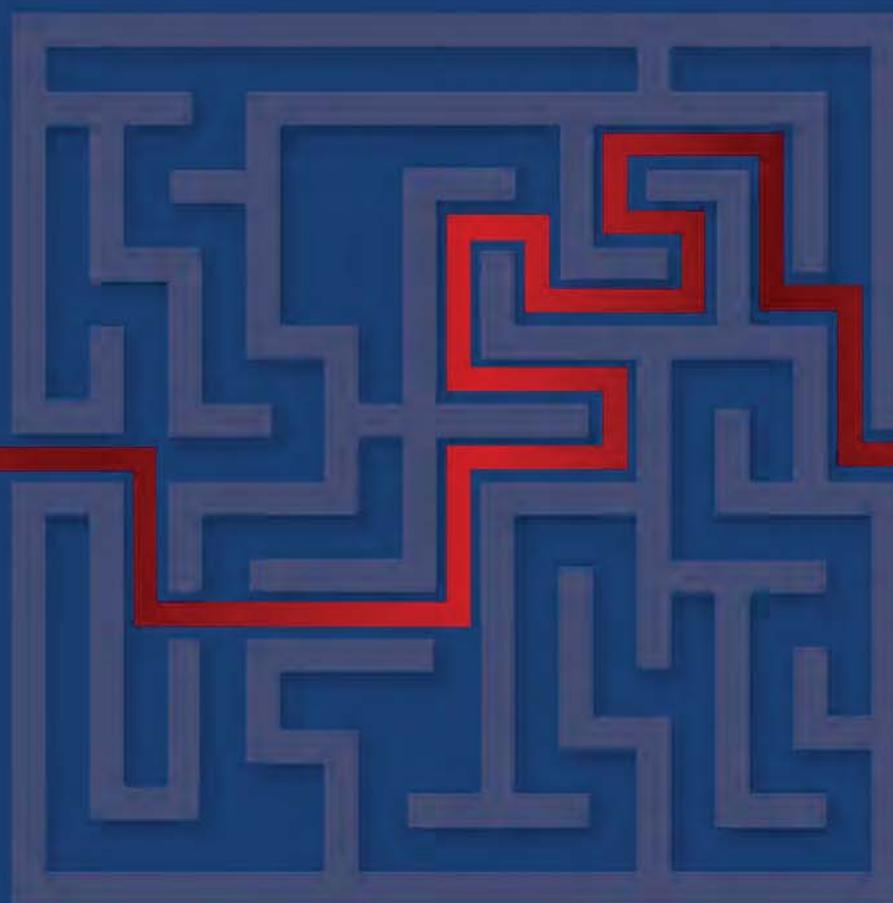


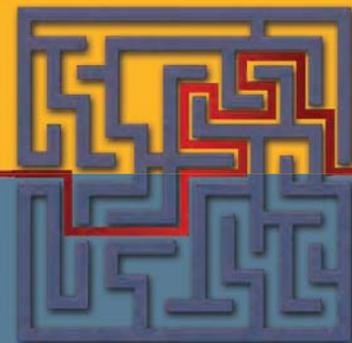


Doing Business in Egypt 2014

Understanding Regulations for Small
and Medium-Size Enterprises



Comparing Business Regulations for Domestic Firms
in 15 Locations and 5 Ports with **188** other Economies



Doing Business in Egypt **2014**

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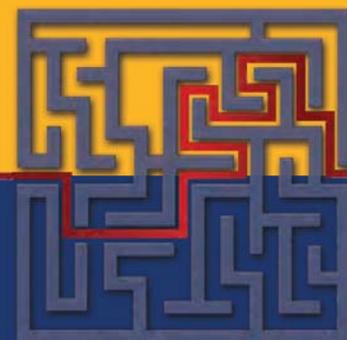
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Contents



Doing Business in Egypt 2014 is a new subnational report of the *Doing Business* series. It measures business regulations and their enforcement across 4 indicators in 15 Egyptian locations and governorates: Alexandria (Alexandria), Assuit (Assuit), Aswan (Aswan), Cairo (Cairo), Damietta (Damietta), Fayoum (Fayoum), Giza (Giza), Ismailia (Ismailia), Kharga (New Valley), Mansoura (Dakahlia), Port Said (Port Said), Sohag (Sohag), Suez (Suez), Tanta (Gharbia), and Zagazig (Sharqia) and the indicator trading across borders in 5 ports: Alexandria (Alexandria), Damietta (Damietta), Port Said East (Port Said), Port Said West (Port Said), and Sokhna (Suez). The locations were selected in collaboration with the General Authority for Investment and Free Zones (GAFI) of the Ministry of Investment and the Ministry of State for Local Development. They can be compared against each other, and with other 188 economies worldwide.

Comparisons with other economies are based on the indicators in *Doing Business 2014, Understanding Regulations for Small and Medium-Size Enterprises*, the eleventh in a series of annual reports published by the World Bank and the International Finance Corporation. The indicators in *Doing Business in Egypt 2014* are also comparable with 355 cities from 55 economies benchmarked in other subnational *Doing Business* studies. All data and reports are available at www.doingbusiness.org/subnational.

Doing Business investigates the regulations that enhance business activity and those that constrain it. Regulations affecting 5 stages of the life of a business are measured at the subnational level in Egypt: starting a business, dealing with construction permits, registering property, trading across borders and enforcing contracts. These indicators were selected because they cover areas of local jurisdiction or practice. The indicators are used to analyze economic outcomes and identify what reforms have worked, where and why. The data in *Doing Business in Egypt 2014* are current as of June 1st, 2013.

This project is the result of collaboration between the Global Indicators Group, Development Economics and the IFC Investment Climate Advisory Services MENA. It was produced with the assistance of the General Authority for Investment and Free Zones (GAFI) of the Ministry of Investment and the Ministry of State for Local Development.

1	Executive summary
8	About <i>Doing Business</i> and <i>Doing Business in Egypt 2014</i>
<hr/>	
16	Starting a business
23	Dealing with construction permits
30	Registering property
35	Enforcing contracts
40	Trading across borders
<hr/>	
46	Data notes
57	City tables
60	Indicator tables
62	List of procedures
63	Starting a business
81	Dealing with construction permits
100	Registering property
109	Indicator details
112	Acknowledgments
<hr/>	
116	Annex: Trade Facilitation in Egypt and the Development of the Suez Canal Corridor Project

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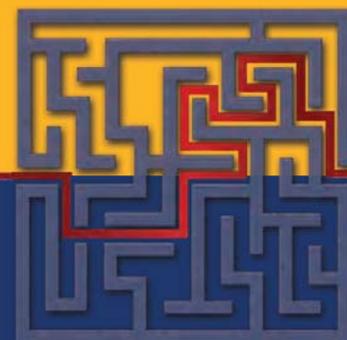
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Business Planet

Interactive map on the ease of doing business

<http://rru.worldbank.org/businessplanet>

Executive summary



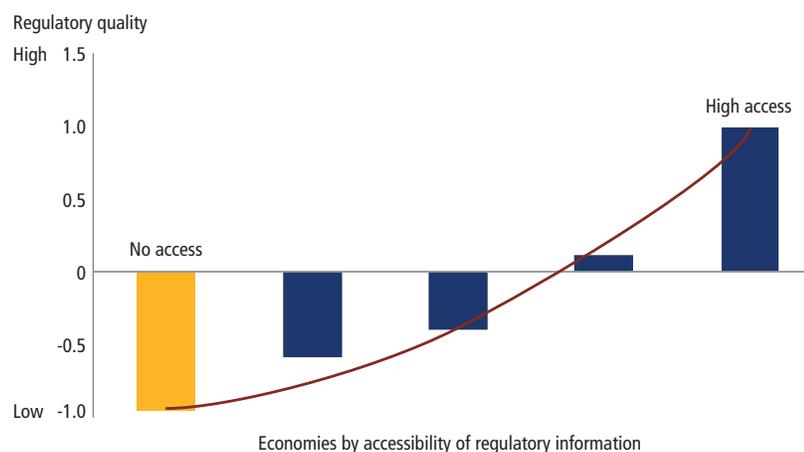
Since the January 25th revolution in 2011, the Arab Republic of Egypt has been undergoing a major political and social transition. At the same time, substantial economic disruptions have adversely affected tourism, retail, trade and banking. More than two years after the revolution, many Egyptians—especially young people, women and the population living in lagging and underserved geographical areas—are still waiting to gain broader access to the economic opportunities of a new era, with its promise of inclusive growth and employment.

Egypt still faces structural challenges that impede private sector activity. A history of government intervention traditionally created limited opportunities for entrepreneurship. According to the World Bank Investment Climate Rapid Survey conducted in 2011, over one-fourth (27%) of the firms operating in Lower Egypt

consider the licenses and permits necessary for formal operation to be a major constraint.¹ Similarly, in a 2012 study carried out by the Alexandria Business Association in 5 governorates, 46% of firms say the requirements to obtain a business license and operate formally are too complex. One of two entrepreneurs perceives them as too time-consuming and believes that formalization will mostly result in more taxes and inspections.²

Moreover, there is a general lack of governance and trust. According to Rapid Assessment surveys conducted by the World Bank Group in 2011 and 2012, business managers rank informal gifts or payments, anticompetitive practices and regulatory policy uncertainty high on their list of constraints.³ At the same time, public officials perceive the private sector as untrustworthy.⁴

FIGURE 1.1 Greater access to regulatory information is associated with greater trust in regulatory quality



Note: The 176 economies in the sample are divided into 5 groups based on the accessibility of information index, and averages are taken for the economies in each group on the Regulatory Quality Index ranking of the Worldwide Governance Indicators for 2009. The Regulatory Quality Index, ranging from -2.5 (weak) to 2.5 (strong), measures public perception of government's ability to formulate and implement sound policies. Relationships are significant at the 5% level after controlling for income per capita.

Source: World Bank, Worldwide Governance Indicators; *Doing Business* database.

While there have been efforts to reform the business environment for local entrepreneurs in the past, their impact has been diluted by a lack of sustained commitment to substantive changes and an unwillingness to risk upsetting the established order. For example, a common perception is that only connected entrepreneurs are successful, suggesting a dual set of rules with preferential treatment for the privileged. This suggests a need for the government to invest in governance structures and improve transparency, including access to basic regulatory information such as fee schedules (box 1.1). Providing greater access to information can increase entrepreneurs' confidence in services provided by the government and is associated with more public trust in government (figure 1.1).

A strong private sector requires good rules—rules that increase the predictability of economic interactions and provide contractual partners with certainty and protection against abuse, rules that establish and clarify property rights and reduce the cost of resolving disputes. These rules must be efficient, clear and accessible to all.

WHAT DOES DOING BUSINESS IN EGYPT 2014 MEASURE?

Doing Business measures business regulations that affect small and medium-size limited liability companies. Small businesses are especially important in Egypt, where 98% of businesses have fewer than 10 employees.⁵ In 2011 the private

sector—predominately in micro, small and medium-size enterprises—employed almost three-quarters of the labor force, accounting for 63% of the country's GDP.⁵

Cairo represents Egypt in the annual *Doing Business* report, which compares regulatory practices in 189 economies around the world (figure 1.2). Of the 5 indicators covered in this subnational report, Egypt outperforms the average rank for the Middle East and North Africa on starting a business and trading across borders. In Cairo, starting a business takes only 7 procedures and 8 days while costing 9.7% of income per capita with no paid-in minimum capital requirement. Trading across borders requires 8 documents, 12 days and US\$625 for exports and 10 documents, 15 days and US\$790 for imports. Meanwhile, in the average Middle Eastern and North African economy, starting a business takes 8 procedures and 19.9 days with a cost of 28.9% of income per capita and a paid-in minimum capital requirement of 45.4% of income per capita. Exports require 6 documents, 20 days and US\$1,127 and imports require 8 documents, 24 days and US\$1,360.

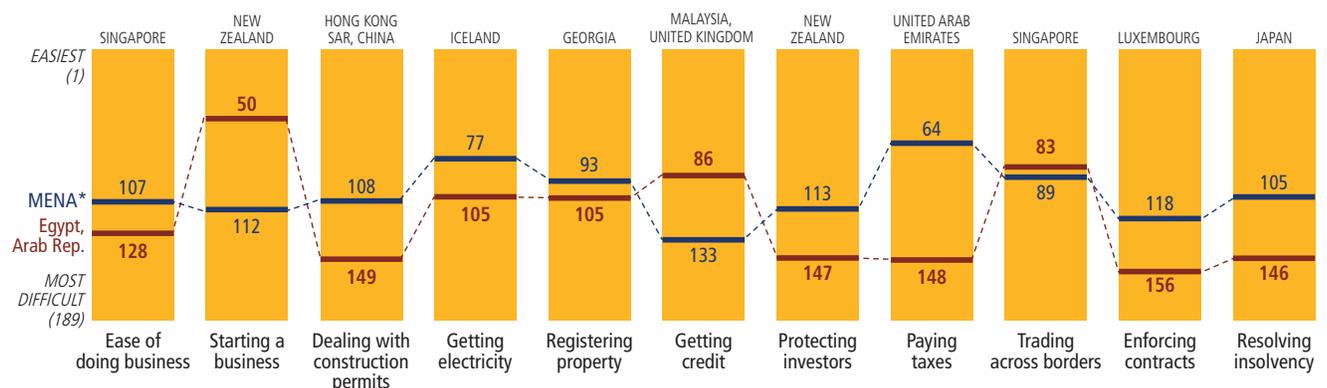
However, with an aggregate ease of doing business ranking of 128, there is much room for making the lives of local businesses easier through clearer and more transparent rules applied more consistently. Such rules would facilitate rather than impede private sector activity in an economy where the state has traditionally had an outsized presence and where the need to encourage entrepreneurship

is thus perhaps even more urgent than in other countries.

Cairo does not tell the whole story. Egypt is characterized by wide disparities between the prosperous north ("Lower Egypt") and the less developed south ("Upper Egypt").⁷ Living standards, access to education, and quality of life differ considerably.⁸ In the northern governorates of Suez and Damietta, poor people represent 3% of the population, while in the southern governorates of Aswan, Sohag, and Assuit they account for 54, 59 and 69% respectively.⁹ The evolution of unemployment also shows noticeable geographical disparity. There are unemployment differentials between governorates, even if they are in close proximity and face a comparable setting; these include Luxor, with a 22% unemployment rate, and Quena, with an 11% rate.¹⁰

As this study shows, Egyptian entrepreneurs face different local practices depending on where they establish their business. In order to give a more complete representation of the business and regulatory environment within the country, this study expands the benchmarking of 4 *Doing Business* topics—starting a business, dealing with construction permits, registering property and enforcing contracts—to 14 additional cities and governorates chosen because they cover areas of local jurisdiction or practice. The project also analyzes the challenges of trading across borders through the 5 strategic ports of Alexandria, Damietta, Port Said East, Port Said West and Sokhna (Suez).

FIGURE 1.2 Egypt's *Doing Business* 2014 ranking



* MENA is the Middle East and North Africa regional average.

Note: Egypt and other economies are represented by their largest business city and their rankings are based on *Doing Business 2014: Understanding Regulations for Small and Medium-Size Enterprises*.

Source: *Doing Business* database.

BOX 1.1 To what extent is basic regulatory information easily accessible to the public?

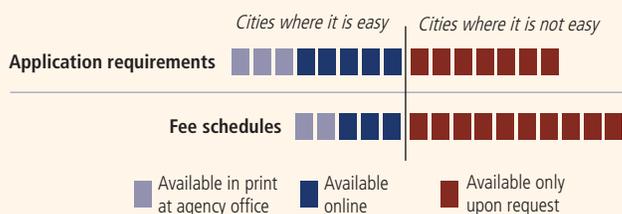
A closer look at the construction permitting process in Egypt

Easy public access to information strengthens governance, fosters accountability and improves transparency. There is evidence that the ready availability of basic regulatory information, such as fee schedules on public billboards or in brochures, is associated with lower costs, better regulatory quality and greater overall regulatory efficiency.^a

It is often difficult for an entrepreneur to find out precisely what is needed to obtain, say, a construction permit, or how much it will cost. The Executive Regulations of the Egyptian Building Law do include useful sample forms—such as a model “site validity” certificate or the building permit application—as well as inspection sheets. However, entrepreneurs across Egypt must also comply with the specific requirements of the location in which they wish to build. In 7 out of 15 benchmarked cities, up-to-date application guidelines are not publicly available, while in 10 cities fee schedules must be personally requested from the government official in charge of the requirement. In Alexandria, Assuit, Aswan, Damietta, Fayoum, Mansoura, and Sohag, neither the application guidelines nor the fee schedules are publicly available. Entrepreneurs have to establish personal contacts with public officials to request such information.

Other cities make an effort to provide easier access. In Kharga and Tanta, both application guidelines and fee schedules are publicly displayed on the premises of the district engineering department. In Giza, Ismailia and Suez, the list of permit requirements and the associated fee schedules are available online. In Port Said and Zagazig, the requirements are online but the website does not include fee schedules. In Ismailia, although it is theoretically possible to submit the building permit application online, this feature seems not to be operational.

Ease of access to information and fee schedules across 15 cities



a. Geginat, Carolin, Adrian Gonzalez and Valentina Saltane. 2012. *Transparency and Access to Information in Business Regulation*. Washington, DC: World Bank Group.

The summary results of the ranked indicators are presented in table 1.1.¹¹

Across Egypt, it is easier to start a business in Alexandria, Cairo, and Giza, deal with construction permits in Suez, register property in Port Said, and enforce a contract in Damietta. It is most burdensome to start a business in Aswan, enforce a contract in Cairo, register property in Damietta and deal with construction permits in Alexandria.

Some observations should be made. First, with the exception of Ismailia—which ranks in the top third for all 4

indicators—no other city or governorate does equally well in all 4 areas. In Damietta, for example, enforcing contracts is easier than elsewhere, but starting a business and registering property are ranked below most other cities. Fayoum ranks near the top on registering property and enforcing contracts, but performs poorly when it comes to dealing with construction permits. These results can guide policy makers to areas where improvements are possible without major legislative changes. Cities can share their experiences and learn from each other.

Second, large urban centers deal with a higher volume of business services, which can lead to delays and more-expensive professional services because of the increased demand. On the other hand, these cities should also benefit from economies of scale and have more resources at their disposal to invest in administrative modernization than their smaller neighbors. Alexandria, for example, lags behind other cities on dealing with construction permits and enforcing contracts, but is doing well on registering property and starting a business. The one-stop shop for business start-up in Cairo proves that high demand for business services can be dealt with efficiently not only for entrepreneurs in the capital, but also for neighboring Giza.

Third, there are specific factors driving each indicator ranking. In starting a business, the one-stop shop (or the proximity to a city with one) is the driving force behind the ranking. In dealing with construction permits, the number of approvals necessary prior to the start of construction marks the difference. In registering property and enforcing contracts, the efficiency of local real estate registries and courts determines how long it takes to enforce a contract or register property.

COMPARING REGULATIONS IN 15 CITIES AND 5 PORTS

Starting a business

Until 2004, entrepreneurs from governorates across Egypt had to travel to the national capital to register and start a business. Today there are one-stop shops in Alexandria, Assuit, Cairo and Ismailia. Now the major determining factor for the amount of time and money it takes for an entrepreneur to open a business is the distance he or she lives from the nearest one-stop shop. That is why in Cairo, Alexandria and Giza it takes just 8 days to register a business, while in Aswan, Kharga and Port Said it takes 11 days. The cost varies from 9.7% of income per capita in Alexandria, Assuit, Cairo, Giza and Ismailia to 10.5% in Aswan. This is because investors in cities without a one-stop shop have to factor in travel costs.¹²

TABLE 1.1 Doing Business in Egypt—where is it easier?

City, Governorate	Ease of starting a business	Ease of dealing with construction permits	Ease of registering property	Ease of enforcing contracts
Alexandria, <i>Alexandria</i>	1	15	4	11
Assuit, <i>Assuit</i>	4	7	10	14
Aswan, <i>Aswan</i>	15	14	12	7
Cairo, <i>Cairo</i>	1	12	13	15
Damietta, <i>Damietta</i>	10	5	15	1
Fayoum, <i>Fayoum</i>	6	13	3	3
Giza, <i>Giza</i>	1	11	7	4
Ismailia, <i>Ismailia</i>	4	3	5	2
Kharga, <i>New Valley</i>	14	4	8	10
Mansoura, <i>Dakahlia</i>	6	2	2	11
Port Said, <i>Port Said</i>	12	10	1	7
Sohag, <i>Sohag</i>	12	9	6	6
Suez, <i>Suez</i>	10	1	8	9
Tanta, <i>Gharbia</i>	8	6	14	5
Zagazig, <i>Sharqia</i>	8	7	11	13

Source: *Doing Business* database.

Thanks to years of reform, registering a business now takes just 7-8 procedures across Egypt, depending on whether the one-stop shops include their own bank branch, so all fees can be paid centrally. This is the case in Cairo and Alexandria (also serving Damietta, Fayoum, Giza, Mansoura, Tanta and Zagazig). However, in Assuit, Aswan, Ismailia, Kharga, Port Said, Sohag and Suez it takes one more procedure because the one-stop shops that cover these cities—located in Assuit and Ismailia—do not have a bank branch on their premises. For investors using the Cairo and Alexandria one-stop shops, the process of registration is complete once they obtain the Notification of Incorporation. But for investors in Assuit and Ismailia, the process only ends once they make an additional stop at the Commercial Registry office in the one-stop shop to register their notifications of incorporation and pay the associated fees.

Dealing with construction permits

Dealing with the formalities required to build a warehouse and connect it to utilities is easier in Suez and Mansoura and more difficult in Alexandria and Aswan. The rankings are driven by differences in requirements and the time it takes to complete them. For instance, there are notable variations in the number of

clearances required before the construction engineer can apply for the building permit at the Municipality. In Suez no clearance is required. The building plans are approved directly by the Municipality that issues the building permit. On the other hand, in Alexandria 5 different authorities must approve the building plans before they are submitted to the Municipality. The number of inspections during construction also varies—from just 1 in Mansoura, Suez and Zagazig to as many as 7 in Cairo, Damietta, Giza and Ismailia.

It takes less than 4 months to deal with construction permits in Ismailia, but more than 7 months in Alexandria, Assuit and Aswan. Obtaining preliminary clearances creates additional delays. For instance, acquiring a clearance from the Civil Aviation Authority takes almost 2 months in Alexandria, Aswan and Kharga. In Aswan and Cairo, the Civil Defense and Fire Fighting Authority takes a month or more to grant clearance. The time to issue the building permit also varies across cities. While the Building Law sets a time limit of 30 days for permit issuance, this legal timeframe is respected only in half of the benchmarked cities.

There are large variations in costs across cities—from 58.9% of income per capita in Suez to 222.3% in Aswan. The

differences mainly stem from the building plan approval fees and utility connection costs.

Registering property

The basic registration requirements are identical across the 15 cities. However, an additional inspection by the Egyptian Surveying Authority is required in Assuit, Aswan, Cairo, Damietta, and Suez. It is easiest to register property in Port Said and most difficult in Damietta.

The time necessary to register property varies considerably. In Sohag, firms can transfer property in 18 days, whereas in Damietta the process takes more than 4 months. Although paper-based records slow processing times across all cities, some variations can be explained by the volume of applications. In Damietta, Ismailia, Tanta and Zagazig, longer processing times are caused by a shortage of professional staff at the Real Estate Registry. The inspection of the Egyptian Surveying Authority—aimed at assessing and documenting property dimensions and features—adds between 11 and 25 days to the overall time to register property.

Egypt is among the 25 economies globally where property registration is least expensive.¹³ The registration fee is capped at EGP2,000 (US\$317) nationwide for properties over 300 square meters.¹⁴ The Lawyers' Syndicate charges a fee to certify that the lawyer who drafted the sale contracts is a member of the syndicate. This fee amounts to 0.5% of the property value (with a cap of EGP5,000 or US\$793) and is the largest component of the total cost.

Enforcing contracts

Although the legal rules and procedures are similar across the country, their administration by the 15 individual courts varies because it is the prerogative of the head of each court. This is why the 42 steps it takes to enforce a contract across Egypt take more or less time and carry different costs, depending on which of the courts is being measured.

Enforcing a contract is less difficult in Damietta, where it takes a little over 2 years (810 days) and costs 18.2% of the

TABLE 1.2 How would good practices found outside Cairo impact Egypt's global ranking?

<i>Doing Business</i> indicator	Best practices within Egypt		Egyptian best practices compared internationally (global rank)	Egypt's performance in <i>Doing Business</i> 2014* (global rank)
Dealing with construction permits	Number of procedures to comply with formalities to build a warehouse	13 procedures (Suez)	39	149
	Days to comply with formalities to build a warehouse	109 days (Ismailia)		
	Cost to comply with formalities to build a warehouse	58.9% of income per capita (Suez)		
Registering property	Number of procedures to register property	7 procedures (Alexandria, Fayoum, Giza, Ismailia, Kharga, Mansoura, Port Said, Sohag, Tanta, Zagazig)	56	105
	Days to register property	18 days (Sohag)		
	Cost to register property	0.7% of property value (Alexandria, Assuit, Aswan, Cairo, Damietta, Fayoum, Giza, Ismailia, Mansoura, Port Said, Suez)		
Enforcing contracts	Number of procedures to enforce a contract	42 procedures (all cities)	103	156
	Days to enforce a contract	706 days (Ismailia)		
	Cost to enforce a contract	18.2% of claim value (Damietta, Fayoum)		
Ease of doing business			104	128

* Represented by Cairo.

Note: Cairo, the city that represents Egypt in *Doing Business* 2014: *Understanding Regulations for Small and Medium-Size Enterprises*, already combines all best practices for starting a business found across Egypt. Because of this, there is no difference between the current ranking of Egypt in starting a business (50) and a hypothetical ranking incorporating all best practices found for the aforesaid indicator.

Source: *Doing Business* database.

claim value. It is most difficult in Cairo, where it takes almost 7 months longer (1,010 days) and costs almost 45% more.

High caseloads—coupled with frequent adjournments, over-booked experts and an insufficient number of judges—contribute to delays that vary from 706 days (in Ismailia) to 1,105 days (in Zagazig). Yet some cities are finding ways to cope more efficiently with the caseload burden. In Tanta, one of the cities with the highest number of commercial cases, an efficient, computerized system allows judges and court registrars to access case information—including trial dates, adjournments, the reasons for adjournment and final judgments—and plan their work accordingly. As a result, the time needed for the judge to conduct the trial and issue the judgment is among the lowest registered in the country (560 days).

Egypt's court fees, at 1.3% of the claim value, are among the lowest in the world. Both court and enforcement fees are regulated nationally. Attorney fees represent the largest cost component, averaging 64.7% of the cost to enforce a contract, and explain the variations in cost across cities.

Trading across borders

Dealing with paperwork is the biggest hurdle for Egyptian businesses planning to export their products abroad or import from other countries. They need to submit 8 documents to export and 10 to import—as opposed to France, for example, where only 2 documents are needed both for imports and exports.¹⁴ Even the regional average is lower at 6 documents for exports and 8 for imports. In Egypt, traders must submit multiple forms to the same agency; for instance, importers need to submit 3 different documents for

customs purposes. As a result, dealing with paperwork represents two-thirds of the total time it takes traders to export and half of the time needed to import.

The time requirements for export and import vary from port to port. Exporting a 20-foot container takes 10 days in Damietta but 12 days in Sokhna; importing a container takes 14 days in Alexandria, Damietta and Port Said West but 16 days in Sokhna. These differences are partly due to the customs clearance process in each port. As a result of increased unrest during the past two years, port authorities have heightened safety measures, but some port authorities are stricter than others. In the case of Sokhna, all containers now go through X-ray scanner checks, which take time. Another source of variation is related to port and terminal handling. Some terminals carry out inspections in the import yard, whereas others move the container to a separate

inspection yard, which is aligned to international standards but adds delays.

Trading across borders in Egypt is inexpensive by international standards, but again there are significant differences between ports. Export costs vary from US\$532 to US\$694, and import costs vary from US\$780 to US\$1,047 depending on the port. One of the differences is related to port and terminal handling fees. Publicly operated ports charge lower fees than privately operated ports do. This is because they must adhere to terminal and handling fees set by ministerial decree, including, for example, a 50% discount for Egyptian-made exports. Inland transportation costs also vary depending on the port, which seems to be linked to the competition in the trucking industry servicing each area.

LEARNING FROM EACH OTHER

Publishing comparable data on the relative ease of doing business in different economies inspires governments to act. They uncover bottlenecks and identify where policy makers can look for good practices. Comparisons between cities in the same country are even stronger drivers for reform, because it is more difficult for local governments and policy makers to justify why doing business in their city or region is more burdensome than in neighboring locations.

In Egypt, most of the business of government has traditionally been conducted by the central government. Sectoral ministries have local offices, but are mainly accountable to their superiors in Cairo. Although the governors oversee the local administrations, they have limited direct influence. Redefining institutional roles and processes while coordinating across sectors and institutions can make governments more responsive to local needs. One possible alternative is to delegate more power from administrative units in the national capital to administrative units of the same ministry in the governorate capital. This streamlines policy implementation and enhances accountability.

As this study shows, cities and governorates can learn from each other. Cairo represents Egypt in *Doing Business 2014*

and—together with Alexandria and Giza—leads the way on reducing the procedures, time and money required to start a business thanks to the most advanced one-stop shop in the country. Good practices in other areas can be found outside Cairo (table 1.2).

If the policy makers of a hypothetical Egyptian city were to combine the streamlined inspections and approval processes as well as lower costs in Suez (13 procedures, 58.9% of income per capita) with the speed of Ismailia (109 days), the city would rank 39th out of 189 economies in terms of dealing with construction permits—ahead of France. Similarly, with regard to registering property, reducing the requirements to 7 as is the case in 10 of the 15 cities,¹⁶ the time to 18 days as in Sohag, and the cost to 0.7% of property value as in 11 cities¹⁷ would allow this hypothetical city to rank 56th globally—ahead of Germany and Kuwait. Finally, if this city were to adopt the speed to enforce a contract of Ismailia (706 days) and the low cost of Damietta and Fayoum (18.2% of claim value), it would climb 53 positions to rank 103 globally. As a result, a hypothetical city combining all the good practices found in Egypt would rank 104 out of 189 economies—24 positions ahead of Egypt's ranking according to *Doing Business 2014*.

The good news is that there is no need to reinvent the wheel: tangible improvements can be achieved by introducing measures already successfully implemented in other cities across Egypt. Sharing the same national legal and regulatory framework facilitates the replication of good local practices. Peer-to-peer events can facilitate knowledge sharing and allow local authorities to bring their concerns to the attention of the national government, thus pushing the reform agenda for the country as a whole.

In Mexico, the Federal Commission for Regulatory Improvement organizes a regulatory conference twice a year where every state shares its experience with regulatory improvements. Peer learning also takes place when local policy makers visit neighboring states and cities. For example, policy makers of the state of Colima recently paid a visit to Sinaloa, where they learned about issuing

land-use authorizations electronically. Soon Colima set up a similar system on its own website.

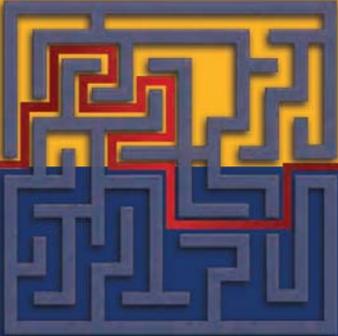
Although there is no blueprint for how to grow and prosper, one common factor is creating an investment climate conducive to starting and running a business, where complying with regulations brings more benefits than costs. In a time of tight budgets and high unemployment, reforms making it easier to do business make more sense than ever. They help create jobs and boost growth at relatively little cost to governments.

Egypt's current political and social transition represents a unique opportunity for policy makers to address, substantively and sustainably, many of the obstacles in the way of today's Egyptian entrepreneurs. Moving to a system of more transparent and sensible rules—rules that respond to the needs of the business community while narrowing the gap between the law as written and the law as practiced—will go a long way toward creating the conditions for more equitable economic growth and a faster pace of job creation, not only in Cairo but across the country.

NOTES

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 11. No ranking was constructed for the category of trading across borders. A detailed analysis, together with reform recommendations, is available in Chapter 7.
 12. Travel costs have been calculated assuming one round trip train ticket to the nearest (or most frequently used) one-stop shop. Where a train is not available (for example, from Kharga to Assuit), the cost of a round-trip bus ticket was considered. All costs for train tickets are from the national rail service website: <https://enr.gov.eg/ticketing/public/smartSearch.jsf>. All costs for bus tickets are based on cost estimates from private sector respondents.
 13. In July 2013 the Egyptian government announced a new property tax law, the effects of which are not yet captured in the data.
 14. As per Law 83 of 2006, the registration fee is based on the size of the property, with a maximum fee of EGP2,000. The fee schedule is as follows:
 - a. Up to and including 100 square meters: EGP500;
 - b. Above this, up to and including 200 square meters: EGP1,000;
 - c. Above this, up to and including 300 square meters: EGP1,500;
 - d. More than 300 square meters: EGP2,000.
 15. France requires 2 documents to export (bill of landing and customs export declaration) and 2 documents to import (bill of landing and customs import declaration).
 16. Alexandria, Fayoum, Giza, Ismailia, Kharga, Mansoura, Port Said, Sohag, Tanta and Zagazig.
 17. Alexandria, Assuit, Aswan, Cairo, Damietta, Fayoum, Giza, Ismailia, Mansoura, Port Said, and Suez.



About *Doing Business* and *Doing Business in Egypt 2014*

Sound business regulations are important for a thriving private sector—and a thriving private sector is important for overall development. In the developing world the private sector is the largest employer, providing an estimated 90% of jobs.¹ Having the right business regulations and related institutions is therefore essential for the health of an economy.²

This year the 11th *Doing Business* report was published. Before the first report was produced, in 2003, few measures of business regulations existed, and even fewer that were globally comparable. Earlier efforts from the 1980s and 1990s drew on perceptions data. These expert or business surveys focused on broad aspects of the business environment and often captured the experiences of businesses. These surveys often lacked the specificity and cross-country comparability that *Doing Business* provides—by focusing on well-defined transactions, laws and institutions rather than generic, perceptions-based questions on the business environment.

Doing Business measures business regulations for local firms. The project focuses on small and medium-size companies operating in the largest business city of an economy. Based on standardized case studies, it presents quantitative indicators on the regulations that apply to firms at different stages of their life cycle. The results for each economy can be benchmarked to those for 188 other economies and over time.

De jure rules, such as those that are the focus of *Doing Business*, can be measured in a standardized way and are directly amenable to policy reforms. But these measures may not reflect the de facto experiences of firms. Data collected

through firm-level surveys can better measure actual experiences. Over the years the choice of indicators for *Doing Business* has therefore been guided by economic research and firm-level data, in particular from the World Bank Enterprise Surveys. These surveys provide data highlighting the main obstacles to business activity as reported by entrepreneurs in more than 120 economies. Among the factors that the surveys have identified as important to businesses have been access to finance and electricity—inspiring the design of the *Doing Business* indicators on getting credit and getting electricity.

The design of the *Doing Business* indicators has also drawn on theoretical insights gleaned from extensive research literature. One early inspiration was a background paper for the World Bank's *World Development Report 2002: Building Institutions for Markets*, which created an index measuring the efficiency of judicial systems.³ This paper contributed to a new stream of research literature in law and economics. The background papers developing the methodology for each of the *Doing Business* indicator sets are part of this research stream.⁴ These papers established the importance of the rules and regulations that *Doing Business* measures for such economic outcomes as trade volumes, foreign direct investment, market capitalization in stock exchanges and private credit as a percentage of GDP.

Rules and regulations are under the direct control of policy makers—and policy makers intending to change the set of incentives under which businesses operate will often start by changing rules and regulations that have an impact on firm behavior. *Doing Business* goes beyond identifying an existing problem in the

regulatory framework and points to specific regulations or regulatory procedures that may lend themselves to regulatory reform. And its quantitative measures of business regulations enable research on how specific regulations affect firm behavior and economic outcomes.

The first *Doing Business* report covered 5 topics and 133 economies. This year's report covers 11 topics and 189 economies. Ten topics are included in both the aggregate ranking on the ease of doing business and the distance to frontier measure.⁵ The *Doing Business* methodology makes it possible to update the indicators in a relatively inexpensive and replicable way.

The project has benefited from feedback from governments, academics, practitioners and independent reviewers—most recently an independent panel appointed by the president of the World Bank Group. The panel's recommendations came too late for significant changes to this year's report, but the project will explore options for improvement in coming editions. To this end, operational oversight for the project will be moved to the Development Economics Vice Presidency of the World Bank Group, to strengthen synergies between *Doing Business* and other World Bank Group flagship reports. The initial goal remains: to provide an objective basis for understanding and improving the regulatory environment for business.

WHAT DOING BUSINESS IN EGYPT 2014 COVERS

Doing Business in Egypt 2014 is a *Subnational Doing Business* report (box 2.1) and as such captures several important dimensions of the regulatory environment as it applies to local firms in 15 cities and 5 ports in Egypt. It provides quantitative measures of regulations for 5 *Doing Business* indicators: starting a business, dealing with construction permits, registering property, enforcing contracts, and trading across borders (table 2.1).

An emphasis on smart regulations

Doing Business is not about eliminating the role of the state from private sector development. On the contrary, *Doing*

BOX 2.1 Comparing regulations at the local level: *Subnational Doing Business*

Subnational Doing Business expands the *Doing Business* analysis beyond the largest business city of an economy. It captures differences in regulations or in the implementation of national laws across locations within an economy (as in India) or a region (as in South East Europe). Projects are undertaken at the request of governments.

Subnational Doing Business produces disaggregated data on business regulations in locations where information has been nonexistent or where national data are insufficient to fully assess the regulatory environment. But it is more than a data collection exercise. *Subnational Doing Business* has proved to be a strong motivator for regulatory reform:

- *Subnational Doing Business* involves multiple interactions with government partners at national, regional and municipal levels, resulting in local ownership and capacity building.
- The data produced are comparable across locations within the economy and internationally, enabling locations to benchmark their results both locally and globally. Comparisons of locations that are within the same economy and therefore share the same legal and regulatory framework can be revealing: local officials find it hard to explain why doing business is more difficult in their jurisdiction than in a neighboring one.
- Pointing out good practices that exist in some locations but not others in an economy helps policy makers recognize the potential for achieving a regulatory performance far better than that suggested by the ranking captured in the global *Doing Business* report. This can prompt discussions of regulatory reform across different levels of government, providing opportunities for local governments and agencies to learn from one another.
- *Subnational Doing Business* indicators are actionable, because most of the areas measured are within governments' mandate. In addition, the reports provide policy recommendations and examples of good practice that are easy to replicate because of the shared legal traditions and institutions.

Since 2005 subnational reports have covered 355 cities in 55 economies, including Brazil, China, India, Kenya, Morocco, Pakistan and the Philippines.^a In 2013 subnational studies were completed in Colombia and Italy, and a report covering one data set was produced for Hargeisa (Somaliland). Studies are ongoing in 31 states and the Federal District in Mexico and in 36 states and the Federal Capital Territory in Nigeria. In addition, 2 regional reports were published this year:

- *Doing Business in the g7+*, comparing business regulations in economies of the g7+ group—Afghanistan, Burundi, the Central African Republic, Chad, the Comoros, the Democratic Republic of Congo, Côte d'Ivoire, Guinea, Guinea-Bissau, Haiti, Liberia, Papua New Guinea, Sierra Leone, the Solomon Islands, South Sudan, Timor-Leste and Togo.^b The g7+ group is a country-owned and country-led global mechanism established in April 2010 to monitor, report and draw attention to the unique challenges faced by fragile states.
- *Doing Business in the East African Community*, covering Burundi, Kenya, Rwanda, Tanzania and Uganda.

a. Subnational reports are available on the *Doing Business* website at <http://www.doingbusiness.org/subnational>.

b. *Doing Business* does not collect data for Somalia, also a member of the g7+ group.

Business recognizes that the state has a fundamental role in private sector development. A key premise of *Doing Business* is that vital economic activity requires good rules. These include rules that establish and clarify property rights, reduce the cost of resolving disputes, increase the predictability of economic interactions and provide contractual partners with core protections against abuse. The objective is to have regulations designed to be efficient, accessible to all who use them and simple in their implementation.

Accordingly, some *Doing Business* indicators give a higher score for better and more developed regulation, as the protecting investors indicators (not included in the *Doing Business in Egypt 2014* report) do for stricter disclosure requirements for related-party transactions. Other indicators, such as those on dealing with construction permits, automatically assign the lowest score to economies that have no regulations in the area measured or do not apply their regulations (considered “no practice” economies), penalizing them for lacking appropriate regulation. Still others give a higher score for a simplified way of applying regulation with lower compliance costs for firms—as the starting a business indicators do, for example, if firms can comply with business start-up formalities in a one-stop shop or through a single online filing portal. And finally, some indicators recognize economies that apply a risk-based approach to regulation as a way to address environmental and social concerns—that is, by imposing greater regulatory requirements on activities that pose a higher risk to the population and lesser regulatory requirements on lower-risk activities.

Among the 30 economies ranking highest on the ease of doing business, a substantial number—Canada, Denmark, Germany, Japan, the Republic of Korea, New Zealand, Norway, Sweden—come from a tradition of the government having quite a prominent presence in the economy, including through setting out rules to regulate different aspects of private sector activity. Yet all these economies perform well not only on the *Doing Business* indicators but also in other international data sets capturing dimensions of

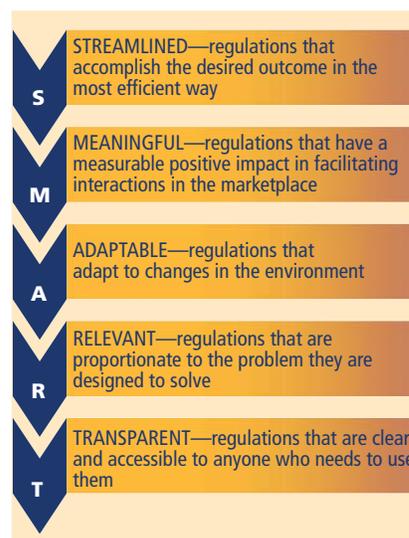
competitiveness. The economies performing best in the *Doing Business* rankings therefore are not those with no regulation but those whose governments have managed to create rules that facilitate interactions in the marketplace without needlessly hindering the development of the private sector. Ultimately, *Doing Business* is about smart regulations, and these can be provided only by a well-functioning state (figure 2.1).

Two types of data

In constructing the indicators the *Doing Business* project uses 2 types of data. The first come from readings of laws and regulations in each economy. The *Doing Business* team, in collaboration with local expert respondents, examines the company law to find, for example, requirements for company incorporation. It reads the civil law to find the number of procedures necessary to resolve a commercial sale dispute through local courts. And it plumbs other legal instruments for other key pieces of data used in the indicators, several of which have a large legal dimension. Indeed, about three-quarters of the data used in *Doing Business* are of this type and are easily verifiable against the law. The local expert respondents play a vital role in corroborating the *Doing Business* team’s understanding and interpretation of rules and laws.

Data of the second type serve as inputs into indicators on the complexity and cost of regulatory processes. These indicators measure the efficiency in achieving a regulatory goal, such as the number of procedures to obtain a building permit or the time taken to grant legal identity to a business. In this group of indicators cost estimates are recorded from official fee schedules where applicable. Time estimates often involve an element of judgment by respondents who routinely administer the relevant regulations or undertake the relevant transactions.⁶ To construct the time indicators, a regulatory process such as starting a business is broken down into clearly defined steps and procedures (for more details, see the discussion on methodology in this chapter). In constructing the starting a business indicator, *Doing Business* builds on Hernando de Soto’s pioneering work in applying the time-and-motion approach

FIGURE 2.1 How does *Doing Business* define SMART business regulations?



in the 1980s to show the obstacles to setting up a garment factory on the outskirts of Lima.⁷

In developing the data of this second type, the *Doing Business* team conducts several rounds of interaction with the expert respondents—through conference calls, written correspondence and visits by the team—until there is convergence on the final answer. For data of the first type, because they are based on the law, there is less need for convergence and for a larger sample of experts to ensure accuracy.

WHAT DOING BUSINESS IN EGYPT 2014 DOES NOT COVER

The *Doing Business in Egypt 2014* data have key limitations that should be kept in mind by those who use them.

Limited in scope

The *Doing Business in Egypt 2014* indicators are limited in scope. In particular:

- *Doing Business in Egypt 2014* does not measure all 11 indicators covered in the global *Doing Business* report. The report covers only 5 areas of business regulation that are either the provenance of the local governments or where local differences exist—starting a business, dealing with construc-

TABLE 2.1 *Doing Business in Egypt 2014*—benchmarking 5 areas of business regulation

Starting a business	Procedures, time, cost and paid-in minimum capital requirement
Dealing with construction permits	Procedures, time and cost
Registering property	Procedures, time and cost
Enforcing contracts	Procedures, time and cost to resolve a commercial dispute
Trading across borders	Documents, time and cost

tion permits, registering property, trading across borders, and enforcing contracts (table 2.1).

- *Doing Business in Egypt 2014* does not measure the full range of factors, policies and institutions that affect the quality of the business environment in an economy or its national competitiveness. It does not, for example, capture aspects of security, the prevalence of bribery and corruption, market size, macroeconomic stability (including whether the government manages its public finances in a sustainable way), the state of the financial system, the state of the rental or resale property market or the level of training and skills of the labor force.
- Even within the relatively small set of indicators included in *Doing Business in Egypt 2014*, the focus is deliberately narrow. The starting a business indicator, for example, does not cover all aspects of commercial legislation. It only focuses on the legislation regulating registration of one type of small to medium size firms. Through these indicators *Doing Business* thus provides a narrow perspective on the range of infrastructure challenges that firms face, particularly in the developing world.
- *Doing Business* does not attempt to measure all costs and benefits of a particular law or regulation to society as a whole. The indicators do not measure, nor are they intended to measure, the benefits of the social and economic programs funded through tax revenues. Measuring business laws and regulations provides one input into the debate on the regulatory burden associated with achieving regulatory objectives. Those objectives can differ across economies. *Doing Business* provides a starting point for this discussion.

Limited to standardized case scenarios

A key consideration for the *Doing Business* indicators is that they should ensure comparability of the data across a global set of economies. The indicators are therefore developed around standardized case scenarios with specific assumptions. *Doing Business* recognizes the limitations of the standardized case scenarios and assumptions. But while such assumptions come at the expense of generality, they also help ensure the comparability of data. For this reason it is common to see limiting assumptions of this kind in economic indicators. Inflation statistics, for example, are often based on prices of a set of consumer goods in a few urban areas, since collecting nationally representative price data at high frequencies would be prohibitively costly in many countries. Some *Doing Business* topics include complex areas, and so it is important that the standardized cases are carefully defined. For example, the standardized case scenario usually involves a limited liability company or its legal equivalent. The considerations in defining this assumption are twofold. First, private limited liability companies are, empirically, the most prevalent business form for firms with more than one owner in many economies around the world. Second, this choice reflects the focus of *Doing Business* on expanding opportunities for entrepreneurship: investors are encouraged to venture into business when potential losses are limited to their capital participation.

Limited to the formal sector

The *Doing Business* indicators assume that entrepreneurs have knowledge of and comply with applicable regulations. In practice, entrepreneurs may not know what needs to be done or how to comply, and may lose considerable time in trying to find out. Or they may deliberately avoid

compliance altogether—by not registering for social security, for example. Where regulation is particularly onerous, levels of informality tend to be higher.⁸ Compared with their formal sector counterparts, firms in the informal sector typically grow more slowly, have poorer access to credit and employ fewer workers—and these workers remain outside the protections of labor law.⁹ Firms in the informal sector are also less likely to pay taxes.

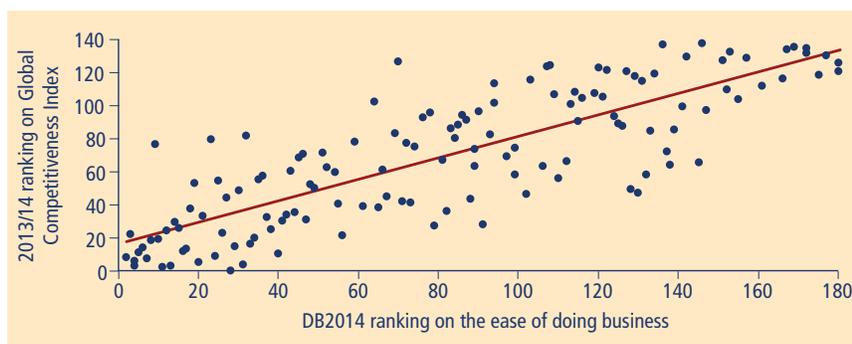
Doing Business measures one set of factors that help explain the occurrence of informality and give policy makers insights into potential areas of regulatory reform. Gaining a fuller understanding of the broader business environment, and a broader perspective on policy challenges, requires combining insights from *Doing Business* with data from other sources, such as the World Bank Enterprise Surveys.¹⁰

WHY THIS FOCUS?

Why does *Doing Business* focus on the regulatory environment for small and medium-size enterprises? These enterprises are key drivers of competition, growth and job creation, particularly in developing economies. But in these economies up to 65% of output is produced in the informal sector, often because of excessive bureaucracy and regulation—and in the informal sector firms lack access to the opportunities and protections that the law provides. Even firms operating in the formal sector might not all have equal access to these opportunities and protections.

Where regulation is burdensome and competition limited, success tends to depend on whom one knows. But where regulation is transparent, efficient and implemented in a simple way, it becomes easier for aspiring entrepreneurs to compete on an equal footing and to innovate and expand. In this sense *Doing Business* values good rules as a key to social inclusion. Enabling growth—and ensuring that all people, regardless of income level, can participate in its benefits—requires an environment where new entrants with drive and good ideas can get started in business and where good firms can invest and grow, thereby creating more jobs.

FIGURE 2.2 A strong correlation between *Doing Business* rankings and World Economic Forum rankings on global competitiveness



Note: Relationships are significant at the 1% level after controlling for income per capita.

Source: *Doing Business* database; WEF 2013.

Doing Business functions as a barometer of the regulatory environment for domestic businesses. To use a medical analogy, *Doing Business* is similar to a cholesterol test. A cholesterol test does not tell us everything about our health. But our cholesterol level is easier to measure than our overall health, and the test provides us with important information, warning us when we need to adjust our behavior. Similarly, *Doing Business* does not tell us everything we need to know about the regulatory environment for domestic businesses. But its indicators cover aspects that are more easily measured than the entire regulatory environment, and they provide important information about where change is needed.

To test whether *Doing Business* serves as a proxy for the broader business environment and for competitiveness, one approach is to look at correlations between the *Doing Business* rankings and other major economic benchmarks. Closest to *Doing Business* in what it measures is the set of indicators on product market regulation compiled by the Organisation for Economic Co-operation and Development (OECD). These indicators are designed to help assess the extent to which the regulatory environment promotes or inhibits competition. They include measures of the extent of price controls, the licensing and permit system, the degree of simplification of rules and procedures, the administrative burdens and legal and regulatory barriers, the prevalence of discriminatory procedures and the degree of government control over business enterprises.¹¹ These indicators—for the

39 countries that are covered, several of them large emerging markets—are correlated with the *Doing Business* rankings (the correlation here is 0.53).

There is a high correlation (0.83) between the *Doing Business* rankings and the rankings on the World Economic Forum's Global Competitiveness Index, a much broader measure capturing such factors as macroeconomic stability, aspects of human capital, the soundness of public institutions and the sophistication of the business community (figure 2.2).¹² For several of these factors the Global Competitiveness Index uses data collected by other organizations. For others it uses primary data, collected through surveys of the business community's perceptions of the business environment.¹³ Self-reported experiences with business regulations, such as those captured by the Global Competitiveness Index, often vary much more within economies (across respondents in the same economy) than across economies, suggesting that different firms experience the same regulatory environment in very different ways.¹⁴

DOING BUSINESS AS A BENCHMARKING EXERCISE

By capturing key dimensions of regulatory regimes, *Doing Business in Egypt 2014* provides a rich opportunity for benchmarking. Such a benchmarking exercise is necessarily incomplete, just as the *Doing Business* data are limited in scope. It is useful when it aids judgment, but not when it supplants judgment.

Reviewing the *Doing Business* rankings in isolation may reveal unexpected results. Some cities may rank unexpectedly high on some topics. And some cities that have had rapid growth or attracted a great deal of investment may rank lower than others that appear to be less dynamic. For reform-minded governments, how much the regulatory environment for local entrepreneurs improves in an absolute sense matters far more than their economy's ranking relative to other economies. As cities develop, they tend to streamline existing regulations and prune outdated ones. One finding of *Doing Business* is that dynamic and growing economies continually reform and update their business regulations and the implementation of those regulations, while many poor economies still work with regulatory systems dating to the late 1800s.

HOW GOVERNMENTS USE DOING BUSINESS

Doing Business offers policy makers a benchmarking tool useful in stimulating policy debate, both by exposing potential challenges and by identifying good practices and lessons learned. Despite the narrow focus of the indicators, the initial debate in an economy on the results they highlight typically turns into a deeper discussion on their relevance to the economy and on areas where business regulatory reform is needed, including areas well beyond those measured by *Doing Business*.

Part of a broad approach to policy reform

Many of the *Doing Business* indicators can be considered "actionable." For example, governments have direct control over the minimum capital requirement for new firms. They can invest in company and property registries to increase the efficiency of these public agencies. And they can undertake court reforms to shorten delays in the enforcement of contracts. Many of these indicators are actionable at different levels of government. For instance, while building codes are set at a national level, it is often municipal building authorities that are in charge of local implementation and undertake enforcement. Depending on the economy, performance in the some areas measured by

Doing Business can be influenced by local government implementation of national laws, and the design of their own local regulation, in areas such as commercial licensing, local taxation and building permitting. But some *Doing Business* indicators capture procedures, time and costs that involve private sector participants, such as lawyers, notaries, architects or freight forwarders. Governments may have little influence in the short run over the fees these professions charge, though much can be achieved by strengthening professional licensing regimes and preventing anticompetitive behavior. And governments have no control over the geographic location of their city, a factor that can adversely affect businesses.

While *Doing Business* indicators are actionable, this does not necessarily mean that they are all “action-worthy” in a particular context. Business regulatory reforms are one element of a strategy aimed at improving competitiveness and establishing a solid foundation for sustainable economic growth. There are many other important goals to pursue—such as effective management of public finances, adequate attention to education and training, adoption of the latest technologies to boost economic productivity and the quality of public services, and appropriate regard for air and water quality to safeguard people’s health. Governments have to decide what set of priorities best fits the needs they face. To say that governments should work toward a sensible set of rules for private sector activity (as embodied, for example, in the *Doing Business* indicators) does not suggest that doing so should come at the expense of other worthy policy goals.

There is no evidence that *Doing Business* reforms are crowding out reforms in other areas, such as in fiscal policy or in health and education. Indeed, governments are increasingly recognizing that improving competitiveness and creating a better climate for private sector activity requires actions across a broad front, addressing factors and policies that extend well beyond those captured by the *Doing Business* indicators.

Over several years of engaging with authorities in a large number of economies, the *Doing Business* team has never seen

a case where the binding constraint to, say, contract enforcement was the feverish pace of reforms in other policy areas. Increasingly, the opposite seems to be the case, with governments recognizing the synergies of multifaceted reforms across a broad range of areas. Moreover, because the areas measured by *Doing Business* indicators encompass many government departments—typically including the ministries of justice, commerce, industry, finance, trade, energy, and local governments, to name just a few—the administrative burden of regulatory reforms is more equitably shared.

Another factor has also helped sustain the interest of policy makers in the *Doing Business* data. Implementing coherent economic policies in the face of a rapidly changing global economy and an uncertain economic outlook is a great challenge. Many of the factors shaping the environment in which economic policies are formulated lie well outside the control of most policy makers, especially those in the developing world. But the rules and regulations that governments put in place to underpin private sector activity are largely homemade. Whether these rules are sensible or excessively burdensome, whether they create perverse incentives or help establish a level playing field, whether they safeguard transparency and encourage adequate competition—all this is largely within the control of governments.

Insights into good practices

As governments over the past decade have increasingly understood the importance of business regulation as a driving force of competitiveness, they have turned to *Doing Business* as a repository of actionable, objective data providing unique insights into good practices worldwide. Reform-minded governments seeking success stories in business regulation find examples in *Doing Business* (box 2.2). Saudi Arabia, for example, used the company law of France as a model for revising its own law. Many African governments may look to Mauritius—the region’s strongest performer on *Doing Business* indicators—as a source of good practices to inspire regulatory reforms in their own countries. Governments shared knowledge of business regulations before

the *Doing Business* project began. But *Doing Business* made it easier by creating a common language comparing business regulations around the world.

Over the past decade governments worldwide have been actively improving the regulatory environment for domestic companies. Most reforms relating to *Doing Business* topics have been nested in broader reform programs aimed at enhancing economic competitiveness, as in Colombia, Kenya, Liberia and the Russian Federation. In structuring reform programs for the business environment, governments use multiple data sources and indicators. This recognizes the reality that the *Doing Business* data on their own provide an incomplete roadmap for successful business regulatory reforms.¹⁵ It also reflects the need to respond to many stakeholders who bring important issues and concerns to the reform debate.

When the World Bank Group engages with governments on the subject of improving the investment climate, the dialogue aims to encourage the critical use of the *Doing Business* data—to sharpen judgment and promote broad-based reforms that enhance the investment climate rather than a narrow focus on improving the *Doing Business* rankings. The World Bank Group uses a vast range of indicators and analytics in this policy dialogue, including its Global Poverty Monitoring Indicators, World Development Indicators, Logistics Performance Indicators and many others. The open data initiative has made data for many such indicators conveniently available to the public at <http://data.worldbank.org>.

METHODOLOGY AND DATA

The *Doing Business in Egypt 2014* covers 15 cities and 5 ports. The data are based on domestic laws and regulations as well as administrative requirements (For a detailed explanation of the *Doing Business* methodology, see the data notes.). The report uses several sources of information: *Doing Business in Egypt 2014* respondents, the relevant laws and regulations, and government and public agencies operating at the central and/or local level.

BOX 2.2 How economies have used *Doing Business* in regulatory reform programs

To ensure the coordination of efforts across agencies, such economies as Brunei Darussalam, Colombia and Rwanda have formed regulatory reform committees, reporting directly to the president. These committees use the *Doing Business* indicators as one input to inform their programs for improving the business environment. More than 45 other economies have formed such committees at the interministerial level. In East and South Asia they include the Republic of Korea; Malaysia; the Philippines; Taiwan, China; and Vietnam. In the Middle East and North Africa: Morocco, Saudi Arabia and the United Arab Emirates. In Europe and Central Asia: Croatia, Georgia, Kazakhstan, Kosovo, the Kyrgyz Republic, the former Yugoslav Republic of Macedonia, Moldova, Montenegro, Poland, the Russian Federation, Tajikistan, Ukraine and Uzbekistan. In Sub-Saharan Africa: Botswana, Burundi, the Central African Republic, the Comoros, the Democratic Republic of Congo, the Republic of Congo, Côte d'Ivoire, Guinea, Kenya, Liberia, Malawi, Mali, Nigeria, Sierra Leone, Togo and Zambia. And in Latin America: Chile, Costa Rica, the Dominican Republic, Guatemala, Mexico, Panama and Peru.

Since 2003 governments have reported more than 530 regulatory reforms that have been informed by *Doing Business*.^a Within a single country or region, Subnational *Doing Business* reports have motivated over 350 reforms in 142 cities across 17 economies. Many economies share knowledge on the regulatory reform process related to the areas measured by *Doing Business*. Among the most common venues for this knowledge sharing are peer-to-peer learning events—workshops where officials from different governments across a region or even across the globe meet to discuss the challenges of regulatory reform and to share their experiences. In recent years such events have taken place in Panama and Colombia (for Latin America and the Caribbean), in South Africa (for Sub-Saharan Africa), in Georgia (for Europe and Central Asia), in Malaysia (for East Asia and the Pacific) and in Morocco (for the Middle East and North Africa).

a. These are reforms for which *Doing Business* is aware that information provided by the *Doing Business* report was used in shaping the reform agenda.

Doing Business in Egypt 2014 respondents

Doing Business in Egypt 2014 draws on the inputs of over 100 private sector professionals in 15 Egyptian cities and 5 ports. The *Subnational Doing Business* website and the acknowledgment section of this report list the names and credentials of respondents for each city. Respondents are professionals who routinely administer or advise on the legal and regulatory requirements covered in each *Doing Business* topic measured in this report. They were selected on the basis of their expertise in the specific areas covered by *Doing Business in Egypt 2014*. Because of the focus on legal and regulatory arrangements, most of the respondents were legal professionals, such as incorporation or litigation lawyers. Freight forwarders, custom brokers, architects, engineers and other professionals answered the

questionnaires related to trading across borders and construction permits. In some cases, public officials (such as municipal officers working on the issuance of building permits) also provided populated surveys that were incorporated into the indicators.

Doing Business does not survey firms for 2 main reasons. The first relates to the frequency with which firms engage in the transactions captured by the indicators, which is generally low. For example, a firm goes through the start-up process once in its existence, while an incorporation lawyer may carry out several dozen such transactions in a year. The incorporation lawyers and other experts providing information to *Doing Business* are therefore better able to assess the process of starting a business than are individual firms. The second reason is that the *Doing*

Business questionnaires mostly gather legal information, which firms are unlikely to be fully familiar with. For example, few firms will know about all the many legal procedures involved in resolving a commercial dispute through the courts, even if they have gone through the process themselves. But a litigation lawyer would have no difficulty in identifying all the necessary steps.

Relevant laws and regulations

Doing Business in Egypt 2014 indicators are based on laws, regulations and local practices. *Doing Business in Egypt 2014* respondents both filled out written questionnaires and provided references to the relevant laws, regulations and fee schedules, which were collected and analyzed by the *Subnational Doing Business* team.

Central and local level governments

After the analysis of laws and regulations and after conducting follow-up interviews with *Doing Business in Egypt 2014* respondents, the *Subnational Doing Business* team shared the preliminary findings of the report with governments and public agencies operating both at the central and local level. Through this process government authorities had the opportunity to comment on the preliminary data, both through meetings with World Bank Group staff and in writing.

Improvements to the methodology

The methodology has undergone continual improvement over the years. For enforcing contracts, for example, the amount of the disputed claim in the case study was increased from 50% of income per capita to 200% after the first year of data collection, as it became clear that smaller claims were unlikely to go to court. Another change related to starting a business. The minimum capital requirement can be an obstacle for potential entrepreneurs. *Doing Business* measured the required minimum capital regardless of whether it had to be paid up front or not. In many economies only part of the minimum capital has to be paid up front. To reflect the relevant barrier to entry, the paid-in minimum capital has been used rather than the required minimum capital.

This year's report includes an update in the methodology for the trading across borders indicator. Documents that are required purely for purposes of preferential treatment are no longer included in the list of documents (for example, a certificate of origin if the use is only to qualify for a preferential tariff rate under trade agreements).

In addition, the rule establishing that each procedure must take at least 1 day was removed for procedures that can be fully completed online in just a few hours.

When the indicators were first developed in 2002, online procedures were not widespread globally. In the ensuing years there has been an impressive acceleration in the adoption by governments and the private sector of the latest information and communication technologies for the provision of various services. While at the time *Doing Business* did not see the need to create a separate rule to account for online procedures, the widespread use of the new technologies today suggests that such distinction is now justified and the *Doing Business* methodology was changed this year to reflect the practice. This change affects the time indicator for starting a business, dealing with construction permits, getting electricity and registering property¹⁶. For procedures that can be fully completed online, the duration is now set at half a day rather than a full day.

NOTES

1. World Bank 2005; Stampini and others 2011.
2. See, for example, Alesina and others (2005); Perotti and Volpin (2005); Fisman and Sarría-Allende (2010); Antunes and Cavalcanti (2007); Barseghyan (2008); Klapper, Lewin and Quesada Delgado (2009); Freund and Bolaky (2008); Chang, Kaltani and Loayza (2009); Helpman, Melitz and Rubinstein (2008); Klapper, Laeven and Rajan (2006); World Bank (2005); and Ardagna and Lusardi (2010).
3. Djankov, Simeon, Rafael La Porta, Florencio López-de-Silanes and Andrei Shleifer. 2001. "Legal Structure and Judicial Efficiency: The Lex Mundi Project." Harvard University, Cambridge, MA.
4. These papers include Djankov and others (2002); Djankov, McLiesh and Shleifer (2007); Djankov, La Porta and others

- (2008); Djankov, Freund and Pham (2010); Djankov and others (2003); Djankov, Hart and others (2008); Botero and others (2004); and Djankov, Ganser and others (2010).
5. For more details on how the aggregate ranking is created, see *Doing Business 2014: Understanding Regulations for Small and Medium-Size Enterprises*.
6. Questionnaires are administered annually to local experts in 189 economies to collect and update the data. The local experts for each economy are listed on the *Doing Business* website (<http://www.doingbusiness.org>) and in the acknowledgments at the end of this report.
7. De Soto 2000.
8. Kaplan, Piedra and Seira 2007; Cuñat and Melitz 2007; Micco and Pagés 2006; Cardenas and Roza 2009; Dulleck, Frijters and Winter-Ebmer 2006; Ciccone and Papaioannou 2007; Klapper, Lewin and Quesada Delgado 2009; Branstetter and others 2010; Bruhn 2011, 2012; Sharma 2009.
9. Schneider 2005; La Porta and Shleifer 2008.
10. <http://www.enterprisesurveys.org>.
11. OECD, "Indicators of Product Market Regulation," <http://www.oecd.org/>. The measures are aggregated into 3 broad families that capture state control, barriers to entrepreneurship and barriers to international trade and investment. The 39 countries included in the OECD market regulation indicators are Australia, Austria, Belgium, Brazil, Canada, Chile, China, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, India, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Russia, the Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States.

12. The World Economic Forum's *Global Competitiveness Report* uses *Doing Business* data sets on starting a business, employing workers, protecting investors and getting credit (legal rights), representing 7 of a total of 113 different indicators (or 6.19%).
13. The World Economic Forum constructs much of the Global Competitiveness Index mainly from secondary data. For example, it uses macroeconomic data from the International Monetary Fund's World Economic Outlook database, penetration rates for various technologies from the International Telecommunication Union, school enrollment rates and public health indicators from the World Bank's World Development Indicators database and indicators from other such sources, including *Doing Business*. It also supplements the secondary data by some primary data, collected from relatively small-sample opinion surveys of enterprise managers (Executive Opinion Surveys), for

components accounting for 64% of the indicators captured in the index. By contrast, the *Doing Business* indicators are based entirely on primary data.

14. Hallward-Driemeier, Khun-Jush and Pritchett (2010), analyzing data from World Bank Enterprise Surveys for Sub-Saharan Africa, show that de jure measures such as *Doing Business* indicators are virtually uncorrelated with ex post firm-level responses, providing evidence that deals rather than rules prevail in Africa. The authors find that the gap between de jure and de facto conditions grows with the formal regulatory burden. The evidence also shows that more burdensome processes open up more space for making deals and that firms may not incur the official costs of compliance but still pay to avoid them.
15. One recent study using *Doing Business* indicators illustrates the difficulties in using highly disaggregated indicators to identify reform priorities (Kraay and Tawara 2013).
16. For getting electricity the rule that each procedure must take a minimum of 1 day still applies because in practice there are no cases in which procedures can be fully completed online in less than a day. For example, even though in some cases it is possible to apply for an electricity connection online, additional requirements mean that the process cannot be completed in less than 1 day.



Starting a business

Rising unemployment is at the forefront of Egypt's economic and social challenges. Overall unemployment now stands at 13% and the rates for youth and women are almost twice that.¹ In a scenario where two-thirds of the population is younger than 30, the pressure to create good-quality formal jobs and support formal businesses is rising fast.

Yet unemployment statistics only tell part of the story because they ignore the informal sector, which is estimated to be 30-40% of GDP.² Workers in the informal sector cannot claim pension benefits or protections provided by the law. Informal businesses do not have access to services and institutions (such as courts, bank credit and markets) that can aid them in both expansion and innovation. Moreover, government cannot collect much-needed revenue through taxation.

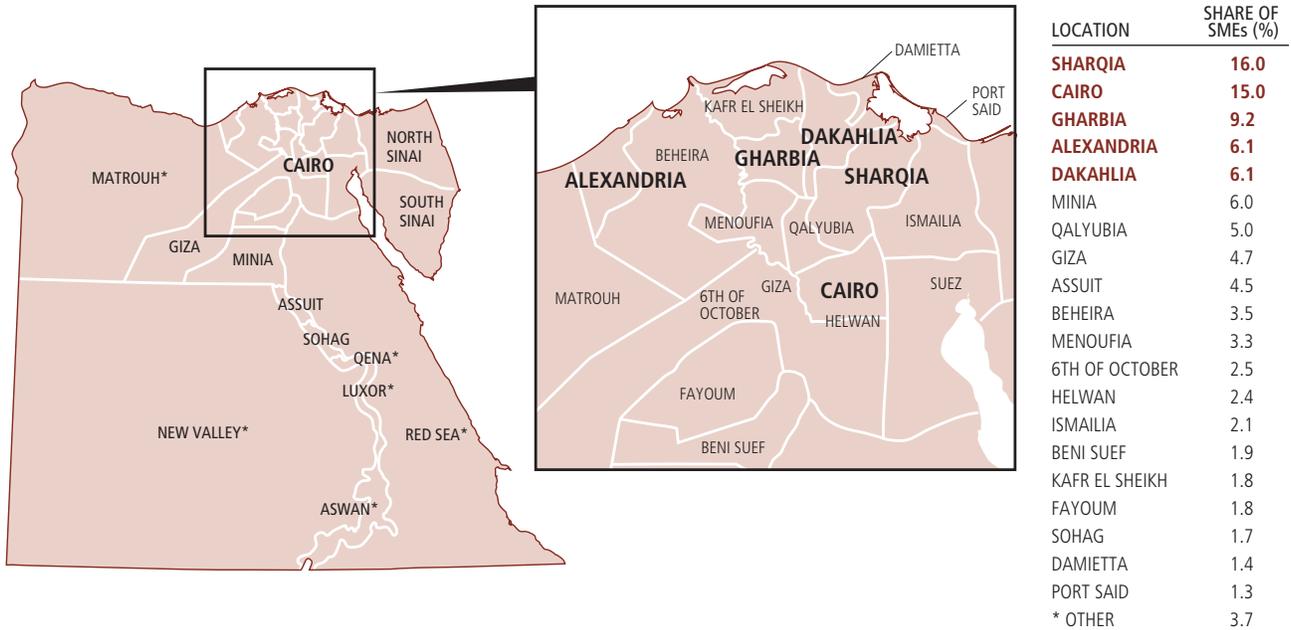
A high level of informality also makes the playing field more uneven. Enterprise survey data from Egypt show that 61.7% of 1,530 formal firms surveyed identified practices of informal competitors as a major constraint to doing business.³ On the other end of the spectrum, a recent survey of informal employers and employees in the low-income neighborhood of Manshiyet Nasser found that 29% of employers felt that complex and costly government processes were a deterrent to formalization.⁴ Half of the informal employers surveyed said that the government would need to act more transparently and simplify the regulatory and administrative process for registration to incentivize them to formalize their businesses.⁵

Small and medium-size enterprises are the backbone of the Egyptian economy.⁶ A recent Central Bank census found that more than 50% of small and medium-size firms are concentrated in just 5 governorates in the north of the country, while all the southern governorates combined account for less than 20% (figure 3.1).⁷

Regulatory reforms in the area of business start-up can contribute to a larger jobs agenda. A growing body of empirical research is exploring the links between business-entry regulation and social and economic outcomes. Using data collected from company registries in 100 economies over 8 years, a recent study found that simple business start-up is critical for fostering formal entrepreneurship.⁸ Conversely, cumbersome regulations and administrative procedures for starting a business were found to be associated with a smaller number of registered firms, greater informality, a smaller tax base and more opportunities for corruption.

Although business start-up reforms can help, they are not likely to lead to a sustained increase in formalization unless they fundamentally alter the cost-benefit calculation of formalization. Business entry reforms have a greater impact when combined with other reforms tackling issues such as labor market flexibility, taxation and access to finance. For example, a 2008 study found that following entry reforms, Indian states with more flexible labor regulations had real output gains 17.8% larger than those in states with less flexible labor regulations.⁹ Limited access to finance is another factor that can hinder formalization. Research suggests that improving legal and financial institutions helps all firms grow and has an even greater impact on small and medium-size firms.¹⁰

FIGURE 3.1 More than half of small and medium-size enterprises (SMEs) are concentrated in 5 northern governorates



Sources: Central Bank of Egypt; Egyptian Banking Institute, Small and Medium Enterprise Census data.

WHY DOES STARTING A BUSINESS MATTER?

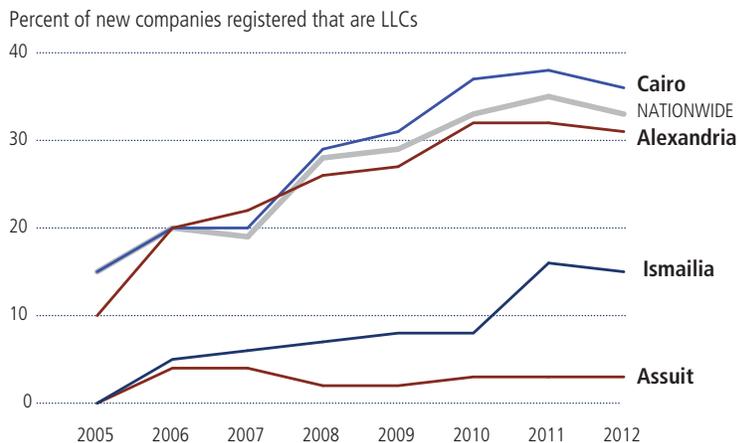
Formal incorporation has many benefits. Legal entities outlive their founders. Resources are pooled as shareholders join forces. The legal form under which a company is registered also matters. Limited liability companies—the type of company that *Doing Business* covers—cap the financial liability of company owners, giving

them more freedom to innovate because their personal assets are not put at risk.

Evidence from Egypt suggests that making business incorporation easier has helped increase the number of businesses registered, including limited liability companies. In 2005 the General Authority for Investment and Free Zones (GAFI) registered 5,807 new companies. In 2012 the number of new businesses registered rose to 7,832—a 35% increase.

Whereas 15% of new companies registered at the one-stop shop were limited liability companies in 2005, they now represent 33% nationwide. In Cairo limited liability companies have overtaken sole proprietorships and joint stock companies as the most popular company type (figure 3.2). One reason for this shift is the reduction and eventual elimination of the minimum capital requirement. In 2007 the requirement was reduced from EGP50,000 (US\$8,865; 694.7% of income per capita) to EGP1,000 (US\$177.3; 12.9% of income per capita). In 2009 it was eliminated altogether.¹¹

FIGURE 3.2 Years of consecutive reforms have led to more company registrations with limited liability companies making up a higher percentage of new companies



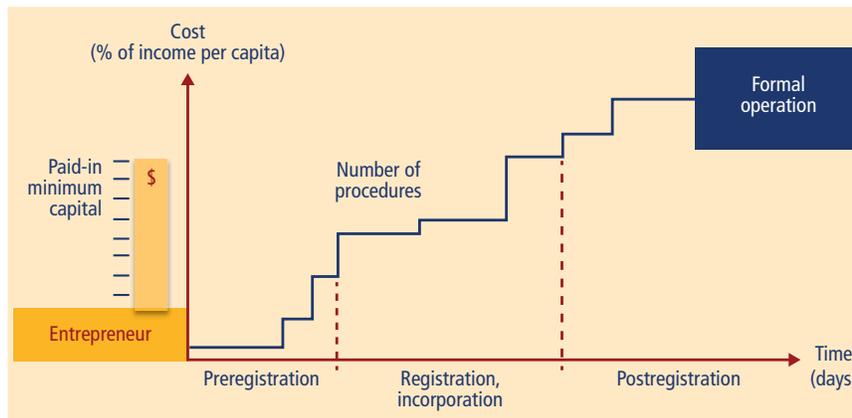
Source: *Doing Business* database.

WHAT DOES STARTING A BUSINESS MEASURE?

Doing Business records all procedures that are required to start up and formally operate an industrial or commercial small or medium-size business. These include obtaining necessary licenses and permits and filing required notifications, verifications and registrations for the company and its employees with the relevant authorities (figure 3.3).

To make the data comparable across 189 economies, *Doing Business* uses a hypothetical, standardized business that is

FIGURE 3.3 What are the time, cost, paid-in minimum capital and number of procedures to get a local limited liability company up and running?



100% domestically owned, has a start-up capital equivalent to 10 times income per capita, engages in general industrial or commercial activities and employs between 10 and 50 nationals.

HOW DOES STARTING A BUSINESS WORK IN EGYPT?

In the late 1990s labyrinthine bureaucracies, corruption and mismanagement were the hallmark of business registration and licensing across the country.¹² The first steps towards change came from the bustling Nile Delta governorate of Dakahlia.

Spurred by repeated complaints from the business community, the Governor of Dakahlia helped launch the first licensing one-stop shop in Mansoura in 1999.¹³ Although this one-stop shop suffered many setbacks, it signaled a critical re-orientation of government agencies towards a more streamlined customer-service approach to promoting private sector investment.¹⁴ A few years later, this targeted local solution was elevated to the national level when Presidential Decree 79/2002 established a one-stop shop under GAFI to provide “all investment related services.”

This first iteration of the GAFI one-stop shop faced several challenges. Leadership and responsibility for GAFI and the one-stop shop moved around between various ministries.¹⁵ In addition, GAFI had the authority to service only those companies applying for investment incentives

set out by Law 8 of 1997; the Companies Authority continued to service all other companies. And finally, GAFI neither had the “know-how” to manage the 349 investor-related services under its domain nor the authority over the 78 government agencies and 22 ministries involved in the various investment-related processes.¹⁶

This all changed when Law 14 of 2004 effectively replaced the maze of business registration regulations with a single system and agency. GAFI became the one government agency with the mandate to regulate companies set up under both Law 159 of 1981 and Law 8 of 1997.¹⁷ This law gave GAFI the mandate to undertake the serious work of streamlining processes, thereby changing the way government and the private sector did business.

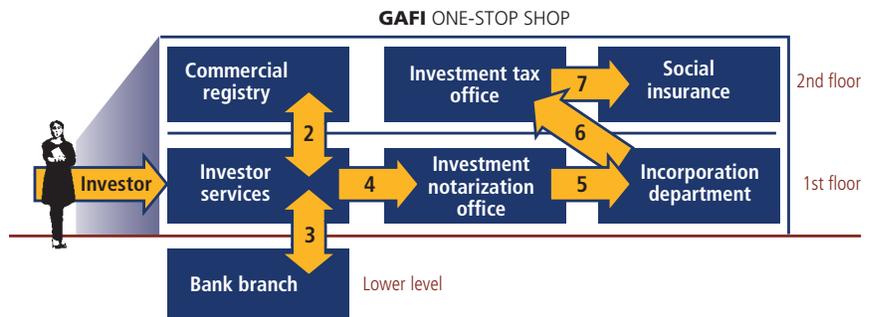
Between 2004 and 2005, GAFI began setting up one-stop shops in Cairo, Alexandria, Assuit and Ismailia. The Cairo one-stop shops began operating in late

December 2004, and moved into permanent headquarters in January 2005. The one-stop shops in Alexandria, Assuit and Ismailia followed later that year.¹⁸ GAFI added a fifth one-stop shop in Tenth of Ramadan City in 2013 to primarily serve the Sharqia governorate.¹⁹ Currently, the one-stop shop in Cairo is the central hub that serves the entire country (including Dakahlia, Damietta, Fayoum, Giza, Gharbia and Sharqia), and therefore has the highest volume of registrations. Like in Cairo, the one-stop shop in Alexandria has its own building that services investors in the city and the northern coastal governorates. Meanwhile, the one-stop shop in Assuit occupies a single floor in the governorate building and covers the southern governorates (including Aswan, Sohag and the New Valley). Finally, Ismailia deals with the canal governorates (Port Said and Suez).

With guidance from an inter-ministerial committee, GAFI took leadership of the start-up reform efforts in Egypt. It streamlined procedures, cut costs, eliminated the minimum capital requirement and re-organized the one-stop shops several times to make the process of incorporation faster, cheaper and easier. Reforms included integrating more agencies, such as the tax authority, into the one-stop shop; introducing a flat fee structure; and eliminating the bar association fees.

In 2004, registering a business in Cairo took 13 procedures and 37 days and cost 65.6% of income per capita. In addition, entrepreneurs were subject to a minimum capital requirement equivalent to 855.4% of income per capita—one of the highest in the world. Today, to set up a business

FIGURE 3.4 The GAFI one-stop shop in Cairo—designed for smooth progression between floors and agencies



Source: Doing Business database.

in Cairo, there is no minimum capital requirement, there are 7 procedures requiring 8 days to complete, and it costs the equivalent of 9.7% of income per capita. The one-stop shop in Cairo is designed to enable a smooth progression from floor to floor and between agencies (figure 3.4). However, because much of the system is still manual, the investor continues to shuttle back and forth between the various departments and agencies.

In all one-stop shops, the first point of contact is the Incorporation Department, which checks the legality of the proposed company name. Once cleared, the entrepreneur goes to the Commercial Registry office to pay the fees and reserve the company name. This procedure can be done on the spot in Cairo, but the other one-stop shops do not have direct access to the central database. They must send a fax to the central Commercial Registry office in Cairo and wait several hours to receive a response.

The Internal Trade Development Authority's Administrative Decree 25 of 2013 introduced a new fee of EGP25 (US\$3.57) to reserve a company name (known as the certificate of "non-confusion"). Prior to the introduction of this decree, there was no fee and the name reservation was handled as part of the company incorporation process. The addition of this fee effectively resulted in an additional procedure because now a separate payment has to be made to the Commercial Registry.

After reserving the company name, the investor obtains a bank certificate and opens a bank account.²⁰ Then the entrepreneur submits all required documents to the Department of Companies and obtains an invoice to pay the accrued fees at the bank. In Cairo and Alexandria there is a bank branch located within the one-stop shop premises. In accordance with international good practice, investors in these two cities can make one lump-sum payment covering all the fees associated with registration and notarization directly at the bank branch. This minimizes the opportunities for informal payments or gifts and allows GAFI to have better oversight of the funds it receives.

Once the fees are paid, the Investment Notarization office notarizes the documents. After their review, the Incorporation Department issues the Notification of Incorporation within 24 hours. The company assumes legal responsibility and judicial "personality" from the date of registration. However, prior to becoming fully operational, the company must obtain a tax ID from the Investment Tax office located in the one-stop shop. Finally, the company representative registers all employees with the National Authority for Social Insurance (NASI). The one-stop shops in Cairo and Alexandria include a NASI office. Investors in other governorates have to visit the local NASI office to register their employees, which sometimes results in longer delays. In almost all cities registering employees takes 2 days. However, in Tanta, Port Said and Zagazig, the process takes an average of 3 days.

Unlike in Cairo and Alexandria, the one-stop shops in Assuit and Ismailia do not house a bank branch. Here investors pay the agencies directly. First, investors pay the fees to reserve the company name at the Commercial Registry. Then they pay the registration fees, commercial syndicate fees, gazette publication fees, chamber of commerce fees and operation certificate fees at the Incorporation Department. Third, investors pay the notarization fees to the Investment Notarization office. Fourth, investors must complete an extra procedure at the Commercial

TABLE 3.1 The ease of starting a business across 15 Egyptian locations

RANK	City	RANK	City
1	Alexandria	8	Tanta
1	Cairo	8	Zagazig
1	Giza	10	Damietta
4	Assuit	10	Suez
4	Ismailia	12	Port Said
6	Fayoum	12	Sohag
6	Mansoura	14	Kharga
		15	Aswan

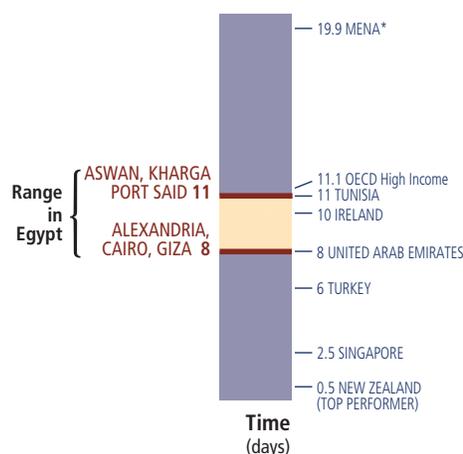
Note: Rankings are based on the average city percentile rankings on the procedures, time, cost and paid-in minimum capital to start a business. See Data notes for details.

Source: *Doing Business* database.

Registry office in the one-stop shop to register the Notification of Incorporation and pay the commercial registry fee.

GAFI recently launched an e-registration system to complete part of the registration process online, but the system has several inefficiencies. First, investors must still visit the one-stop shop to reserve the company name and obtain a bank certificate, because neither of these processes is online. Second, registration fees cannot be paid online and processed on the same day because the e-signature laws are underdeveloped. Third, the system does not allow users to register for taxes or social insurance. As a result of these hindrances, the e-registration system is not widely used.²¹

FIGURE 3.5 Starting a business across Egyptian cities—as fast as OECD High Income economies



Source: *Doing Business* database.

The reforms initiated in the one-stop shop in Cairo spread to the other one-stop shops in Alexandria, Assuit and Ismailia with positive results. Today, the governorates of Alexandria, Cairo and Giza have the best combination of low professional costs and fast response times (table 3.1).

In the 15 Egyptian cities benchmarked, starting a business requires 7 or 8 procedures that take from 8 to 11 days (figure 3.5). The distance from a city to the nearest one-stop shop and the time to register employees with social security are the main sources of variation across cities. For example, because traveling from Aswan to Assuit by train takes up to 8 hours, entrepreneurs from Aswan must factor in 2 additional days of travel time for a roundtrip. As a result, it takes entrepreneurs in Aswan a total of 11 days to register their businesses, whereas in Assuit it takes only 9 days. In addition to the time it takes to travel to the nearest one-stop shop, 3 cities have additional delays resulting from the registration with the local NASI office. In Tanta, Zagazig and Port Said, entrepreneurs must factor in 3 rather than 2 days to complete this process.

Starting a business is relatively expensive in Egypt. Costs across locations are more than twice the OECD High Income average and more than 30 times higher than global top-performers like Ireland, New Zealand and South Africa. The administrative costs to start a business are the same across the country. Investors in all cities must pay EGP25 (US\$4) to reserve the company name; approximately EGP400 (US\$63) to obtain a bank certificate and open a bank account; EGP473 (US\$75) to notarize the articles of association and other documents; EGP189 (US\$30) to register the company with GAFI; EGP125 (US\$20) to register with the commercial syndicate, EGP150 (US\$24) to publish notice of the company registration in the official gazette; EGP378 (US\$60) to register with the Chamber of Commerce; EGP56 (US\$9) to register the Certificate of Incorporation with the Commercial Registry and EGP29 (US\$5) to obtain an Operation Certificate.

However, there are logistical costs that make starting a business more expensive

in cities that do not have a one-stop shop. Entrepreneurs have to factor in the cost of transportation to the nearest city with a one-stop shop. Because public transportation by bus or train is relatively cheap, the cost difference between cities is small.²² In practice, however, costs and delays add up—especially if an entrepreneur must make multiple trips to the one-stop shop because of bureaucratic hurdles such as missing documentation.

WHAT TO REFORM?

Enable on-the-spot name reservation

According to a 2011 World Bank survey of 34 company registries around the world that implemented technology solutions (26 in low or middle income countries and 8 in high income economies), nearly all systems allowed for online name search and back-office processing of registration applications.²³

Efforts to link and automate the Commercial Registry to enable instantaneous name reservation across the country have been ongoing for several years, albeit without success. Currently, a representative at the local one-stop shop provisionally reserves a name, but needs to send a fax to the head office in Cairo for approval. Connecting the one-stop shops via unified and automated commercial registry would improve legal certainty, while speeding up the process of reserving a company name. The next step then would be to allow investors to reserve the company name directly on the GAFI online portal without having to pay a personal visit to the nearest one-stop shop.

Merge notarization with the registration process or make notaries optional for simple start-ups

After submitting the company documents to the Department of Companies, investors must pay a separate visit to the Investment Notarization Office to notarize the articles of association and other documents as needed. Instead GAFI could consider having documents notarized at the moment of submitting them.

Almost half of the economies measured by *Doing Business* do not require the involvement of a notary to incorporate a limited liability company. With online registration and digital signature, the need to verify personal identification becomes obsolete. Singapore's registrar, for example, simply assumes that businesses do not aim to go through fraudulent registration. In the few cases where people are listed as company founders without their consent, the registry office uses post-registration verification and informs them that a company has been created with their names listed as a founder. In this way registry officials focus their time and attention on the minority of fraudulent cases instead of verifying every application.

The cost of starting a business would drop if standardized articles of association were sufficiently flexible to accommodate the majority of simple businesses, thus allowing entrepreneurs to draft and file deeds of incorporation directly.

Review whether certain requirements are necessary for small and medium-size businesses or consider lowering the associated fees

Currently an entrepreneur setting up a small or medium-size company in Egypt must comply with certain requirements no longer mandatory in other countries. These include, for example, the registration of the company with the commercial syndicate, the publication of a notice of company creation in the official gazette and the registration of the firm with the chamber of commerce. All together, removing these requirements would save investors almost EGP600 (US\$95.20) and reduce the total cost from an average of 9.8% of income per capita to approximately 6.5%.

Set up new one-stop shops in other cities

The experience of establishing one-stop shops has shown that the authority to process business registration can be successfully delegated to governorates outside Cairo. Now the question arises whether Egypt should follow

the examples of other countries such as Mexico and Colombia and open one-stop shops in additional locations. In Colombia, for example, the first one-stop shops for business registration (known as CAEs) were opened in 2001. Currently, CAEs operate across Colombia. After the introduction of CAEs in 6 cities, new firm registration increased by 5.2% over the projected historic trend.²⁴

Building and operating one-stop shops is expensive.²⁵ GAFI planned to open one-stop shops in the governorates of Dakahlia and Sixth of October but desisted due to budgetary constraints. On the other hand, setting up one-stop shops in more governorates could help further the decentralization of government services over the medium term.

Automate one-stop shops and improve the existing e-registration system

GAFI could increasingly apply information and communication solutions to minimize the number of physical interactions between entrepreneurs and the various offices in the one-stop shop. One way to do this is to introduce an automated workflow management system to enhance the communication channels between the various offices within the one-stop shop system and encourage speedier processing and transmission of documents.

Another approach involves enhancing the e-registration system so that most procedures can be completed online. Today 110 economies use information and communication technology for services ranging from name search to full online business registration. More than 40 offer electronic registration services.²⁶ In line with these global trends, Egyptian entrepreneurs could save time and money by completing pre- and post-incorporation procedures online without personally visiting the one-stop shop to obtain documents or pay fees. An online registration system might also result in cost-savings for government. After Slovenia introduced its e-Vem automated system, administrative costs fell by 71.3%. The savings amount to €10.2 million a year, according to Slovenia's Ministry of Public Administration.²⁷

Implementing an e-registration system would require the amendment of existing legislation and/or enactment of new laws to allow for secure same-day processing of e-payments. The Electronic Signatures Law 15 of 2004 introduced the concepts of electronic transactions, electronic documents and digital signatures. Under the law, a secure electronic signature attached to an electronic document may comply with statutory signature, writing, and evidentiary admissibility requirements. While the law is an important step forward, it does not address the security of e-payment systems. Developing better e-signature and e-payment capabilities is one of the strategic pillars of the National Information and Communications Technology Strategy for 2012-2017 and GAFI could use this national objective to propel this reform forward.

NOTES

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2. Estimates vary depending on the methods used for calculations. See: Abd El-Fattah, Mohamed. 2012. *A survey-based Exploration of Satisfaction and Profitability in Egypt's Informal Sector*, Egyptian Center for Economic Studies, Working Paper 169; Schneider, Friedrich and Andreas Buehn. 2009. *Corruption and the Shadow Economy: A Structural Equation Model Approach*, Institute for the Study of Labor (IZA) Discussion Paper 4182; Schneider, Friedrich and Robert Klinglmaier. 2004. *Shadow Economies Around the World: What Do We Know?*, Center for Research in Economics Management and the Arts, Department of Economics, Johannes Kepler University, Working Paper 0403.
3. World Bank Group. 2008. *Enterprise Survey*. <http://www.enterprisesurveys.org/Data/ExploreEconomies/2008/egypt#informality>
4. Abd El-Fattah, Mohamed. 2012. *A survey-based Exploration of Satisfaction and Profitability in Egypt's Informal Sector*, Egyptian Center for Economic Studies, Working Paper 169.
5. Ibid.
6. The definition of an SME in Egypt according to the Law on Development of Small Enterprises is as follows: "Article 1: In the context of application of the provisions hereof, by a small enterprise shall be meant every company or sole proprietorship practicing an economic activity, whether productive, service-rendering or commercial in which the

paid-up capital shall not be less than 50,000 L.E. and shall not exceed 1 Million. L.E. and in which the number of employees shall not be more than 50 employees."

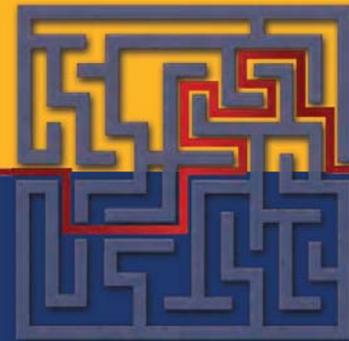
The full text can be found at <http://www.sfdegypt.org/law.asp>

7. El-Said, Hala, Mahmoud Al-Said, Mahmoud and Chahir Zaki, Chahir. 2012. "Small and Medium Enterprises in Egypt: New Facts from a New Dataset", The Egyptian Banking Institute, available on <http://www.sme-egypt.org/Pages/smedb.aspx>
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12. Fahmy, Salama and James Brown. 2006. *One-Stop Shop: A Case Study*. Washington, DC: World Bank, Private Sector Development Forum. http://rru.worldbank.org/Documents/PSDForum/2006/background/oss_case_study.pdf. This case study describes the licensing situation in the late 90s as follows: "Companies wanting to obtain a business license in Egypt can expect to wait up to one year while wading through a mountain of paperwork. Entire files are often lost and companies have to make special arrangements including under the table payments of up to EGP5,000 to obtain a license."
13. Ibid.
14. Ibid.
15. Sometimes GAFI and the one-stop shops reported to the prime minister or the presidency and at other times to the Ministry of Economy. In 2004 the Ministry of Economy was eliminated and a new Ministry of Investment took over a broader range of functions that included GAFI and the one-stop shops.
16. Stone, Andrew. 2006. "Establishing a Successful One Stop Shop: The case of Egypt." Paper presented at IMF/AMF High-Level Seminar on Institutions and Economic Growth in the Arab Countries, Abu Dhabi (December 19-20, 2006).
17. Ibid. Law 159 of 1981 is the non-incentive company law. Law 8 of 1997 is intended to encourage domestic and foreign investment in targeted economic sectors and to promote decentralization of industry from the Nile Valley area. The law, together with

its executive regulations and amendments, provides over 20 investment incentives. Companies (foreign or domestic) established under this law benefit from tax holidays, reduced custom duties, guarantees against expropriation and sequestration, and guarantees regarding foreign exchange and repatriation of capital and profit. It also regulates the regime of the Free Zones (public and private).

18. Ibid.
19. The one-stop shop in Tenth of Ramadan registered its first company on April 7, 2013. As of June 19, 2013, the one-stop shop had registered 51 new companies. Fahmy, Hassan. Personal interview with Dana Omran. Cairo, June 20, 2013.
20. Although this procedure can be completed at any authorized bank, investors in Cairo will likely use the Bank of Alexandria branch that is located in the one-stop shop.
21. *Doing Business* does not consider the e-registration system for starting a business in its calculations because of low usage rates.
22. Most entrepreneurs would take a car to the city where they will register their business. For the sake of comparability, however, *Doing Business* considers the cost of a round trip train or bus ticket as part of the travel costs to and from the one-stop shop.
23. Wille, John, Karim Ouled Belayachi, Numa De Magalhaes and Frederic Meunier. 2011. "Leveraging Technology to Support Business Registration Reform," Investment Climate In Practice, Note 17, Investment Climate Advisory Services. Washington, DC: World Bank Group.
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Dealing with construction permits



The world's population is expected to reach 9 billion in 2050. The construction industry, which already provides 112 million jobs, is forecasted to increase by 70% to US\$12 trillion by 2020.¹ In Egypt, the events of the past 2 years have negatively impacted the growth of the construction sector. However, given that Egypt's population has grown at an average rate of 1.7% over the last 8 years,² the construction sector should eventually pick up to accommodate the increasing demand for urban development. Building and planning authorities will need to make complex decisions to ensure that urban areas expand in accordance with construction and safety regulations.

On January 16, 2013, an 8-floor building collapsed in Alexandria, causing 28 deaths.³ Authorities reported that the property had been built 5 years before, without a legal building permit. Only a few days later a building in Cairo caved in, killing 3 people. Episodes like these have become more frequent all over the country. Reducing such occurrences will require both efficient regulation and proper enforcement. Denmark, Georgia, New Zealand and Thailand are examples of countries that manage to regulate the construction permitting process with relatively few requirements, yet their regulations are considered prudent and buildings safe.⁴

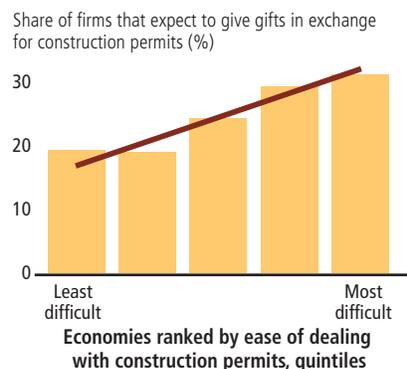
WHY DOES DEALING WITH CONSTRUCTION PERMITS MATTER?

It is not easy to find the right balance between safety and efficiency in construction regulations. They need to be both clear and adaptable to economic and technological change. Complex, costly

and discretionary building procedures are associated with higher levels of informality.⁵ In developing countries, informality in construction ranges between 60 and 80%.⁶ Not only does this mean a loss of revenues for governments, but it jeopardizes the safety of the public and constrains the use of real estate as collateral for access to finance.

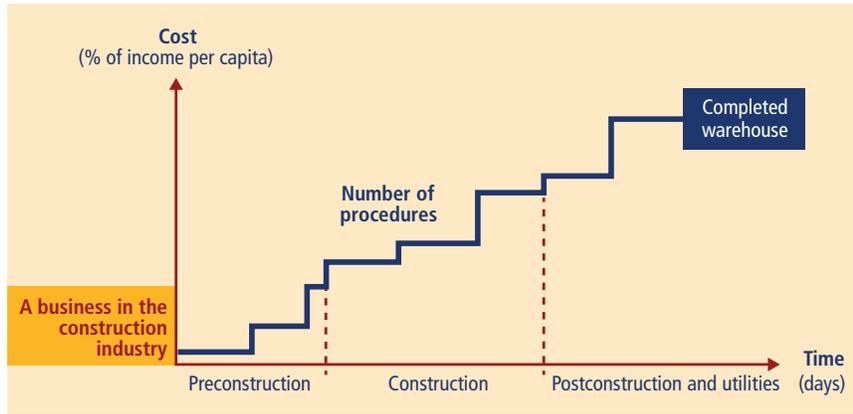
Research shows that construction permitting is a regulatory area particularly prone to corruption.⁷ Where the construction permitting process is less cumbersome, the level of corruption drops (figure 4.1). Small and medium-size businesses with no power or influence are more vulnerable. In Algeria, 57% of firms consider that regulations are skewed in favor of the interests of elite and incumbent firms. This rate is 60% in Morocco and 66% in Lebanon.⁸ In Egypt, 85% of firms identify corruption as a serious problem.⁹

FIGURE 4.1 Less cumbersome requirements in dealing with construction permits are associated with lower levels of corruption



Note: Relationships are significant at the 1% level and remain significant when controlling for income per capita.
Source: *Doing Business* database; World Bank Enterprise Survey database.

FIGURE 4.2 What are the time, cost and number of procedures to comply with formalities to build a warehouse?



Reforms making it easier to deal with construction permits help the growth of the construction industry. Consequently, more construction workers are employed, construction-related materials and services are purchased from local suppliers, and local jobs are created. For every 10 jobs directly related to a construction project, 8 other jobs may be created in the local economy.¹⁰

WHAT DOES DEALING WITH CONSTRUCTION PERMITS MEASURE?

Doing Business records the procedures, time and cost required for a small to medium-size business to obtain all the necessary approvals to build a simple commercial warehouse and connect it to water, sewerage and a fixed telephone line (figure 4.2). The case study includes all types of inspections and certificates needed before, during and after construction of the warehouse. To make the data comparable across 189 economies, the case study assumes that the warehouse is located in the periurban area of the largest business city, is not in a special economic or industrial zone and will be used for general storage activities.

HOW DOES CONSTRUCTION PERMITTING WORK IN EGYPT?

Across Egypt, dealing with construction permits requires on average 18 procedures that take 163.5 days at a cost of 109.4%

of income per capita (EGP20,683). This is significantly cheaper than the average of the Middle East and North Africa (283.3% of income per capita), but slightly slower and more burdensome (figure 4.3). In Hong Kong SAR, China, the best-performing economy in the *Doing Business 2014* global ranking, dealing with construction permits requires just 6 procedures that last 71 days and cost 15.4% of income per capita.

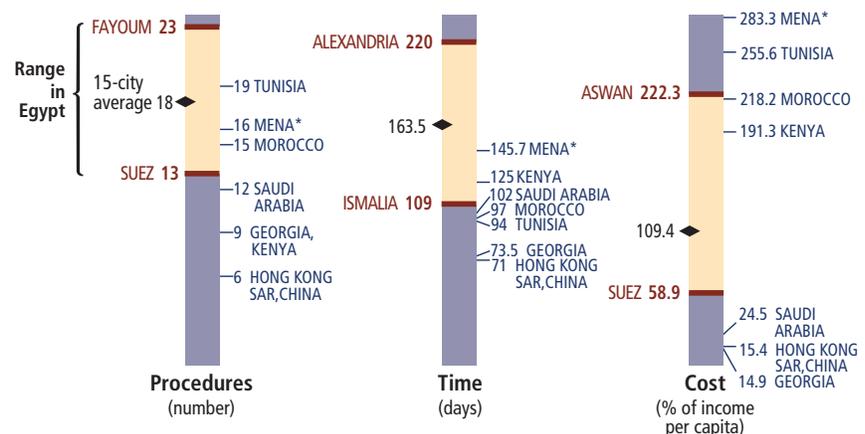
It is easier to comply with the formalities to build a warehouse and connect it to utilities in Suez, Mansoura and Ismailia and more difficult in Alexandria and Aswan (table 4.1). Suez, Egypt’s best performing city, requires 13 procedures, 144 days, and 58.9% of income per capita. Compared globally, Suez would rank 62 among 189 economies measured by

Doing Business on the ease of dealing with construction permits—ahead of Morocco (83) and Tunisia (122), but behind Saudi Arabia (17). Egypt, as currently represented by Cairo, ranks 149.

The Unified Building Law (Law 119 of 2008) and its Executive Regulations (2009) comprise the regulatory and legal framework of the construction-permitting process across Egypt. Typically, the process includes obtaining the Site Validity Certificate and the building permit from the municipal authority, obtaining the “Execution Supervision Certificate” from the Syndicate of Engineers stating that the supervising engineer is licensed, informing the municipal authority of the start of construction works, passing inspections during construction, submitting the Construction Conformity Certificate and passing the final inspection, registering the building with the Real Estate Registry, and connecting the building to utilities (figure 4.4).

There are significant local differences in the implementation of construction regulations across Egyptian cities. The number of procedures varies from 13 in Suez to 23 in Fayoum (figure 4.5). In Assuit, Damietta, Giza, Ismailia, Suez and Tanta, for example, the Site Validity Certificate is the only approval required before applying for the construction permit. In Alexandria and Aswan, where the process is most burdensome, a developer must first obtain separate clearances from the Civil Aviation Authority, the

FIGURE 4.3 Dealing with construction permits in Egypt compared globally



* MENA is the Middle East and North Africa regional average. Source: *Doing Business* database.

TABLE 4.1 The ease of dealing with construction permits across 15 Egyptian locations

RANK	City	RANK	City
1	Suez	9	Sohag
2	Mansoura	10	Port Said
3	Ismailia	11	Giza
4	Kharga	12	Cairo
5	Damietta	13	Fayoum
6	Tanta	14	Aswan
7	Assuit	15	Alexandria
7	Zagazig		

Note: Rankings are based on the average city percentile rankings on the procedures, time, and cost to deal with construction permits. See *Data notes* for details.
Source: *Doing Business* database.

Electricity Company and the Agriculture Department. In addition, in Alexandria, a clearance from the Antiquities Authority and the Improvements Department is mandatory, while in Aswan an additional clearance from the Civil Defense and Fire Fighting Authority is necessary before submitting the building permit application to the municipal authority. Each one of these requirements involves a personal visit to the respective agency.

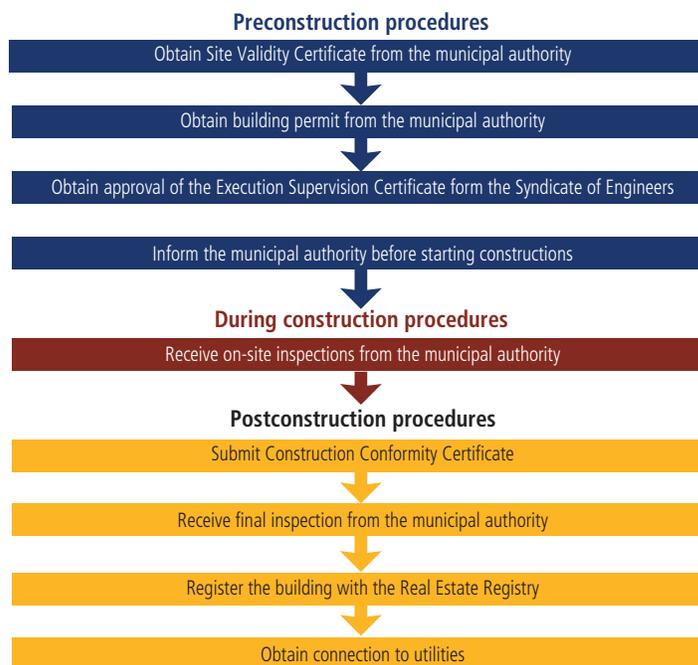
The 2008 Building Law does not set the number of inspections during construction. Their frequency remains under the discretion of municipal engineering departments. Anecdotal evidence suggests these building inspections continue to be a source of informal income for overseeing officials.¹¹ In Assuit, Aswan and Port Said, the building site is inspected at specific critical stages of construction, such as after the building foundation and the laying of each additional floor. However, in Cairo, Damietta, Giza and Ismailia as many as 7 inspections are conducted for the same type of building. The number of inspections in these cities is determined by how long the construction takes (e.g. one inspection per month) rather than by the critical construction stages. Across Egypt buildings with a value higher than EGP1 million (US\$158,730) must obtain a third-party review from the Egyptian Constructions Liability Insurance Pool (ECLIP). This mandatory requirement constitutes an additional charge and can take significant amounts of time. The end result is significant variability from city to city in both requirements and time (figure 4.5 and figure 4.6).

According to the Building Law, the Syndicate of Engineers must certify with a stamp that the appointed engineer is duly licensed and not supervising too many projects. In Cairo, Fayoum, and Giza, the syndicate also approves the Construction Conformity Certificate—a document stating that the building has been constructed in accordance with relevant regulations—before it can be submitted to the municipal authority.

The utility companies have to receive “utility letters” from the municipal authority before they can provide utility connections. These letters state that the building is compliant with legal and technical requirements. In Assuit, Cairo, Damietta, Giza, Kharga and Sohag, the letters are sent directly to utility companies by the municipal authorities. Elsewhere, the applicant has to obtain the letters from the municipal authority first and then personally submit them to the utility companies. The water and sewerage utilities are managed by a single entity in the majority of the cities. But in Assuit, Ismailia, Port Said and Suez, applicants must deal with 2 separate entities when applying for water and sewerage connections.

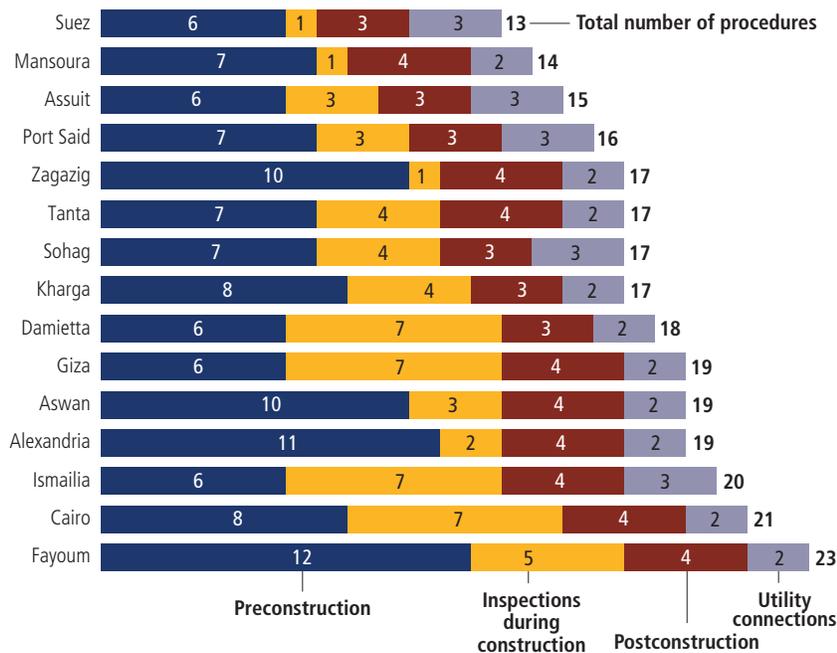
Dealing with construction permits is fastest in Ismailia (109 days), which is significantly below the average of 145.7 days reported for the Middle East and North Africa. In Alexandria, Assuit and Aswan it takes more than 3 months longer than in Ismailia (figure 4.6). Preconstruction clearances are the main cause of delay. Obtaining the project clearance from the Civil Aviation Authority takes more than a month and a half in Alexandria, Aswan and Kharga. In Aswan, it takes more than 1 month to obtain project clearance from the Civil Defense and Fire Fighting Authority.

The long wait for the preconstruction approvals delays the release of building permits. Municipalities do not start counting the 30-day statutory limit to issue a building permit until all preconstruction approvals are obtained. Moreover, although the Building Law establishes a silence-is-consent rule—once the legal time limit of 30 days has expired, the permit is to be considered approved—this principle is not applied uniformly. In 8 of the surveyed cities building permits are issued within

FIGURE 4.4 Main stages of the construction permitting process in Egypt

Source: *Doing Business* database.

FIGURE 4.5 Preconstruction approvals and inspections during construction are the main drivers of variation in the number of procedures



Source: *Doing Business* database.

the statutory time limit (figure 4.7). Municipal authorities in Ismailia and Kharga are particularly efficient, issuing building permits well ahead of the legal limit in 21 and 25 days, respectively. In 7 cities the statutory time limit is not enforced and the process takes from 40 (Port Said) to 60 days (Assuit and Aswan).

The fluidity of communication between municipal engineering departments and building permit applicants can also have a significant impact on the permitting process. For instance, tracking numbers help authorities organize application records and respond to follow-up inquiries more quickly. Twelve of the 15 Egyptian cities either issue or include tracking numbers in their permit application forms (figure 4.7). But only 5 cities—Alexandria, Aswan, Cairo, Port Said and Tanta—inform applicants once they reach a decision on a building permit request. In the other cities, applicants have to personally interact with public officials in order to find out whether their permit application has been approved.

In 12 of the surveyed cities, postconstruction approvals by the Civil Defense and Fire Fighting Authority are required, even

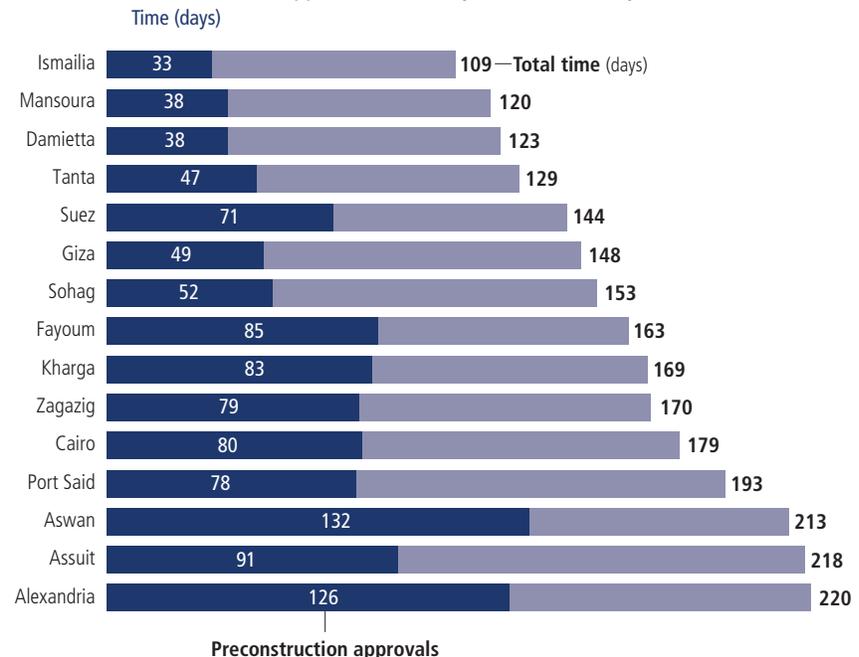
for simple projects such as a warehouse. In 8 cities,¹² the approval is a formal clearance, which can take up to 3 weeks to be issued (as in Assuit). In 4 cities, the Civil Defense and Fire Fighting Authority conducts an on-site inspection without

issuing a formal clearance. In Ismailia and Tanta the inspection is conducted within 1 day, while in Cairo and Giza it can take as long as 15 days. Fayoum, Port Said and Suez are exceptions. The Civil Defense and Fire Fighting Authorities are not involved in low-risk building projects.

A Construction Conformity Certificate and a final on-site inspection are required in all cities, but the time to go through the process varies from only 4 days in Ismailia to 50 days in Port Said depending on the efficiency of the municipalities or the local branches of the Civil Defense and Fire Fighting Authority. Finally, registering the property with the Real Estate Registry of the Ministry of Justice takes 2 months. Obtaining a telephone connection varies from 7 days in Fayoum and Suez to 20 days in Aswan. Water and sewerage connections take from 21 days in Fayoum to 2 months in Cairo and Giza.

Law 83 of 2006 on real estate tax introduced a flat fee of EGP2,000 (US\$317) to register a property with the Real Estate Registry. This reform significantly cut total costs.¹³ As a result, in Egypt the permitting process is relatively cheap compared to other economies in the Middle East and North Africa. However, there are considerable variations from city to city. In Suez, Kharga and Ismailia dealing with

FIGURE 4.6 Preconstruction approvals are a major source of delays



Source: *Doing Business* database.

FIGURE 4.7 Statutory time limits for building permit issuance are not enforced across Egypt

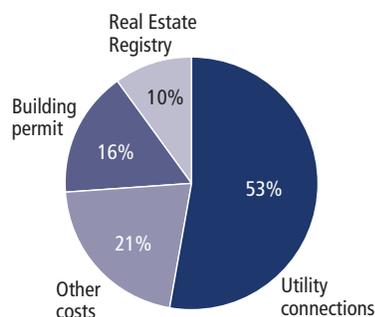


Source: Doing Business database.

construction permits costs about 60% of income per capita, significantly less than in Aswan or Alexandria where it costs 222.3% and 200.3%, respectively. The variation stems mainly from the connections to water and sewage systems: these cost EGP4,432 (US\$703) in Assuit, but EGP15,000 (US\$2,381) in Alexandria, Aswan, Cairo, Giza, Sohag and Tanta. On average, obtaining water and sewage connections constitutes 53% of the total cost (figure 4.8).

Fees associated with building approvals also vary from city to city. In some cities applicants are subject to charges not required by national law. In Tanta, for example, applying for a building permit includes paying to the Syndicate of Engineers an additional fee equal to 0.45%

FIGURE 4.8 Utility connections account for 53% of total cost to deal with construction permits



Source: Doing Business database.

of the construction cost. In Assuit the Syndicate of Engineers charges EGP1,910 (US\$303) for approving the architectural drawings and the Standard Guarantee Certificate before these documents are submitted to the municipal authority. In Alexandria obtaining a preconstruction clearance from the Improvements Department costs EGP9,290 (US\$1,474) and in Fayoum the clearance from the Agriculture Department costs EGP7,432 (US\$1,179).

WHAT TO REFORM?

The Unified Building Law of 2008 has not been evenly implemented across the country, and the transition to the new system has not yet been completed in many cities. When the Building Law was enacted, the Ministry of Housing and Urban Development allowed the Governorates 2 years to submit specific regulations to the Central Committee for Planning. This is yet to happen. The Ministry together with the Governorates could conduct a joint awareness-raising campaign regarding the new law aimed at private sector practitioners and public officials from municipal engineering departments. Communicating reforms effectively to implementing agencies, business and legal communities, and the general public would ensure that changes are accepted and put in practice consistently. At the same time, strengthening monitoring and control capacity through the Agency for Technical Inspection of Buildings (ATIB) would further help to ensure compliance with the new regulations. The following recommendations could help Egyptian authorities align building regulations and their implementation across all levels of government.

Promote inter-agency coordination and information sharing

For simple and low-risk construction projects, clearances from the Electricity Company, Civil Aviation, Agriculture Department, and Civil Defense and Fire Fighting Authority are not required by law. However, in many cities they are still required indiscriminately for all construction projects. Often this happens because municipal officials and local employees

of sectorial ministries are not aware that rules have changed in Cairo.

Sectorial ministries that require preconstruction clearances should provide clear guidelines to Governorates and their local branches. In some cases, such communication has already started. The Ministry of Aviation, for example, has provided detailed aviation maps and rules to all Governorates. The Governorates should follow suit by passing the same information to municipal authorities. At the moment, private sector practitioners and municipal officials claim that maps can be viewed only in central offices in Cairo. If the same maps and guidelines were available in the local offices, the need to visit the Ministry of Aviation offices in Cairo would be eliminated.

Adopt a risk-based approach to preconstruction clearances

In many Egyptian cities, preconstruction clearances are required indiscriminately for all construction projects. The local branches of the Electricity Company, the Civil Defense and Fire Fighting Authority and the Agriculture Authority do not feel comfortable lifting their clearances for low-risk construction projects. Authorities should develop a risk classification of buildings and adopt risk-based rules for each building category. Complex and risky structures should be subject to stricter standards than simpler construction projects. Simplifying clearances for low-risk buildings would allow the clearing agencies to liberate resources and focus them on projects that have higher levels of risk, such as high rises and production facilities.

Worldwide, 87 economies have adopted this practice, 18 in the past 8 years. Colombia, Singapore and the United Kingdom are among the countries that have improved risk-based approvals, eliminating the need for preconstruction approvals by multiple agencies. In 2006 the Republic of Korea introduced a fast track for small construction projects. Between 2004 and 2009 applications for building permits in Seoul jumped from 1,521 to 3,895.

Establish one-stop shops for building approvals

In the medium term, preconstruction clearances together with the building permit approval can be consolidated into a one-stop shop. One-stop shops improve the organization of the review process—not by reducing the number of checks needed, but by better coordinating the efforts among different authorities. The Governorates, the municipal authorities and the Ministry of Housing and Urban Development can find inspiration from the existing one-stop shops for business start-ups. The single-window principle would be especially effective in Egypt for tackling complex systems of approvals.

Some cities are already moving in this direction. For instance, a smart center was established in Alexandria in 2007 with the goal of providing an efficient one-stop shop for business-related licenses. In 2008, Governor Decree 386 added building permits to the list of services of the center. In January 2013, Governor Decree 35 provided the legal basis to fully incorporate building-related permit approvals into the center's service offering. While the one-stop shop concept is still to be fully implemented, these are good first steps.

To be effective, one-stop shops must have access under one roof to technical know-how and informational tools, such as master urban plans, zoning maps and ministerial guidelines. If it is difficult to have a permanent representative of each relevant agency in the one-stop shop, a part-time system where representatives from the different agencies come to the one-stop during certain hours or days of the week can be a viable alternative.

Globally, 36 economies have some type of one-stop shop for construction permitting. Most recently, Mauritania and Taiwan, China, introduced one-stop shops while Morocco made improvements to the one created in 2006. One telling example is Hong Kong SAR (China), where in 2009 the government merged 8 procedures involving 6 agencies and 2 private utilities into a one-stop shop. Today only 6 procedures are needed to obtain a construction permit.

Ensure compliance with time limits stipulated in the Building Law

According to the Building Law, municipal engineering departments should communicate their decision regarding a building permit within 30 days from the receipt of the application. The time limit is respected in more than half of the surveyed cities. In cities where no response is provided in time, the silence-is-consent rule could be cautiously applied—especially for low risk constructions—as stipulated by the Building Law. At the moment, this rule is not enforced in practice. In addition, granting discounts to applicants that do not receive the building approval notification on time may encourage governing agencies to speed up the process to avoid giving up valuable revenues. Spain, for example, introduced innovative discounts in the area of property registration: the registry's fees are cut by 30% if registration takes more than the legal time limit of 15 days and the registry cannot provide an objective reason for the delay. Lastly, in most economies time limits must be accompanied by broader changes such as computerization and reorganization.

Introduce a risk-based inspection system

Initially, cities where inspections are frequent and usually based on time intervals, could replicate good practices from other cities where inspections are conducted at critical phases of the construction process. Moving forward, switching to a risk-based inspection system would reduce or eliminate frequent and unannounced inspections for low-risk projects. At the same time, it would allow municipalities to use their human resources more efficiently by allocating more inspectors to riskier projects.

In order to set up a risk-based inspection system, a building-risk categorization should be elaborated. The classification and assessment of buildings are important steps when determining the frequency of inspections. Because not all buildings are similar in terms of risk levels, the ability to understand the risks associated with different types of buildings is essential.

In the long run, municipal inspections could be replaced with inspections conducted by private engineers. These engineers would take legal liability and would report to the municipal authority on each phase of the construction. The 2008 Building Law already provides the legislative base for developing this practice. In fact, it establishes that the supervising engineer can submit a quarterly report to the municipal authority on the status of construction works. Encouraging the use of quarterly reports for low-risk constructions would allow municipalities to inspect only problem cases. The inspectors would still be able to inspect the site and review the entire building documentation during the final inspection, which takes place upon completion of the project. Many economies with well-developed construction industries allow some level of collaboration with licensed private building professionals to reduce public controls. Austria and Germany use qualified professionals for plan reviews and inspections. Austria, Australia, Canada, Germany, Japan, New Zealand, Singapore and the United Kingdom allow private professionals to conduct inspections.

Make the permitting process more transparent

Municipal administrations that make clear and complete information easily accessible online help professionals and entrepreneurs to avoid delays when dealing with construction permits. Although the 2008 Building Law includes detailed application forms and inspection fill-in sheets, such information is not sufficient for the public to understand how the building permitting process works. Offering developers municipal guides with procedural steps, documentation requirements, fee schedules, and relevant legislation would help improve the administration of permit applications. In addition, publicly displaying these guidelines and fee schedules within municipal premises or on the internet would make the process more transparent for the public.

NOTES

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Registering property

In Egypt, the 5% of land that is arable supports 99% of the population. As far back as 3000 BC, Ancient Egyptians were already aware of the importance of land administration as a basis for prosperity.¹ There is evidence, registered on papyrus and etched on tomb walls, of certificates of title identifying the landowner and describing the land and its attributes. Additionally, land surveys and documented property details enabled Ancient Egyptians to assess ownership and collect taxes. Even property transfers were documented on papyrus, signed by witnesses and made official by placing a seal at the end of each document so nothing could be added. This system gave inhabitants the confidence and security to use and cultivate their land. Today, given Egypt's growing population, the same principle is even more important.²

WHY DOES PROPERTY REGISTRATION MATTER?

Formal property rights are necessary to support investment, productivity and growth.³ Evidence from economies around the world suggests that property owners with registered titles are more likely to invest. Formal land titles allow entrepreneurs to use land as collateral, thus increasing their access to credit.⁴ Cadastres, together with land registries, are tools used globally to map, prove and secure property rights. These institutions are part of the land information system of an economy. With land and buildings accounting for between half and three-quarters of the wealth in most economies, having an up-to-date land information system clearly matters.⁵

Good governance in land administration systems is vital to ensuring sustainable development gains for an economy. Timely public service delivery, along with other efficiency measures, are critical components of well-governed land administration systems and can translate to better customer service and higher customer satisfaction among citizens.⁶

Governments also benefit from efficient land registration systems because they collect greater tax revenues. With up-to-date land information, governments can map out the varying requirements of their cities and strategically plan the provision of services and infrastructure where they are most needed.⁷

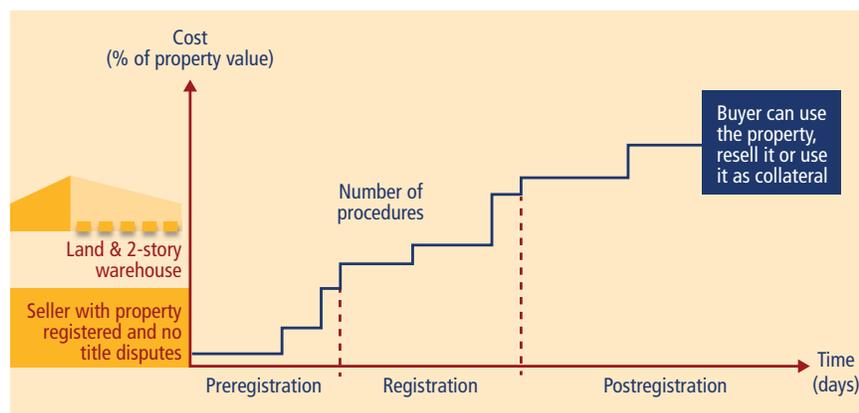
WHAT DOES REGISTERING PROPERTY MEASURE?

Doing Business records the procedures necessary for a business to purchase a property from another business and to transfer the property title to the buyer's name (figure 5.1). The process starts with obtaining the necessary documents—such as a copy of the seller's title—and conducting due diligence, if required. The transaction is considered complete when it is opposable to third parties and when the buyer can use the property as collateral for a bank loan or resell it.

HOW DOES REGISTERING PROPERTY WORK IN EGYPT?

Property registration is governed by national laws. The first of two registration laws, Law 114 of 1946, established a deed system (*nitham al sijil al shakhsy*) as Egypt's main land administration system; this is still applied mainly in urban areas.

FIGURE 5.1 What are the time, cost and number of procedures required to transfer property between 2 local companies?



In 1964, Law 142 called for conversion to a title system (*nitham al sijil al ainy*).⁸ To date, the new system has been applied mainly in rural areas.⁹ Registration fees are also set at the national level and were capped at EGP2,000 by Law 83 of 2006. In spite of the cap making property registration less expensive, many property transactions are completed privately and remain unregistered because the registration process is viewed as too complicated and time-consuming (box 5.1).

The national agencies administrating the registration process have local branches in each city (figure 5.2). Property registration requires at least 7 different steps. First, the seller obtains a property tax certificate from the local branch of the Property Tax Authority. The certificate

proves that the property has undergone a tax assessment and is registered for fiscal purposes. Second, the buyer pays the registration fee at the Real Estate Registry and submits a registration request. The Real Estate Registry carries out the necessary due diligence and the buyer (3) obtains a preliminary approval (*maqbul lilshahr*), together with a green form that will subsequently be used by the parties to draft the sales contract. When the contract is ready, it is (4) verified by the Lawyer's Syndicate, (5) approved for registration by the local Real Estate Registry (*saleh lilshahr*), and (6) authenticated by the Authentication Office. Once authenticated, the contract is (7) submitted to the main branch of the Real Estate Registry for final approval (*naqil liltakleef*). The process is complete

TABLE 5.1 The ease of registering property across 15 Egyptian locations

RANK	City	RANK	City
1	Port Said	8	Suez
2	Mansoura	10	Assuit
3	Fayoum	11	Zagazig
4	Alexandria	12	Aswan
5	Ismailia	13	Cairo
6	Sohag	14	Tanta
7	Giza	15	Damietta
8	Kharga		

Note: Rankings are based on the average city percentile rankings on the procedures, time and cost to register property. See *Data notes* for details.
Source: *Doing Business* database.

when the buyer obtains a registration number together with a copy of the registered contract. In Assuit, Aswan, Cairo, Damietta and Suez, authorities require an inspection of the property by the Egyptian Surveying Authority before the Real Estate Registry can issue the preliminary approval (*maqbul lilshahr*), adding 1 procedure to the overall count.

Registering property in Egypt is a slow but inexpensive process. Entrepreneurs operating in the cities measured in this report must go through at least 5 more procedures than their counterparts in Bahrain, Oman or the United Arab Emirates, where property registration takes just 2 steps. In Norway, one of the ten best performers for the ease of registering property globally, registration requires just 1 procedure. At 52 days on average, property registration in Egypt takes more than 8 times longer than in the United Arab Emirates, where it takes just 6 days, and 58% longer than the regional average of 33 days (figure 5.3). In spite of the high number of procedures and the long waiting times, property registration in Egypt—amounting to an average of 0.7% of property value—is 8 times less expensive than in other countries in the Middle East and North Africa, where it costs on average 5.9% of property value, and 6 times less expensive than the OECD High Income average of 4.4% of property value.

Registering property is easier in Port Said and more difficult in Damietta (table 5.1). In Port Said, transferring a property title requires 7 procedures and 24 days while costing 0.7% of property value.

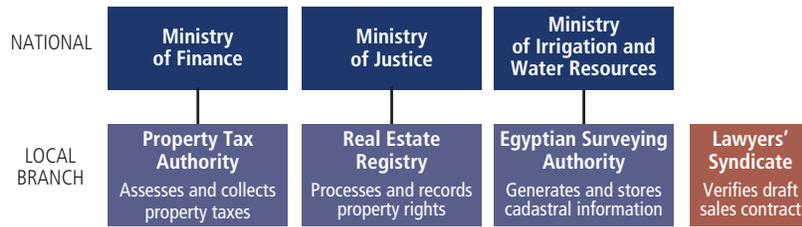
BOX 5.1 Ourfi contracts: The widespread use of unregistered sale agreements as an alternative to public registration in Egypt

When registration is too burdensome, some owners use alternative methods to secure property rights. “Ourfi” contracts—unregistered written sale agreements—are one widespread method in Egypt. To increase their security, some opt to have witnesses to the signing of the agreement, while others turn to the courts to authenticate the signatures in a short court proceeding.

However, despite court backing, registries in Egypt do not consider ourfi contracts valid. Though binding buyer and seller, ourfi contracts are not opposable against third parties. Those wanting to publicly register their property and ensure title security must fill out a new contract at the registry and must authenticate the signatures of both buyer and seller using in-house notaries.^a

a. Gaynor, Richard. 2005. *The Legal Framework for Property Registration in Egypt*. Technical Report No.5. Washington, DC: USAID.

FIGURE 5.2 The property registration process involves local branches of 3 agencies, each reporting to different ministries, and the Lawyers' Syndicate



Source: *Doing Business* database.

In Damietta the cost is the same but the process requires 8 procedures and 130 days. If Port Said were to represent Egypt on the ease of registering property as measured by *Doing Business*, it would rank 63 globally— ahead of Tunisia (72) and Germany (81).

The variation in the number of procedures depends currently on the degree of implementation across locations of Technical Decree 1 of 22 January 2013 issued by the Ministry of Justice. The decree lifts the requirement for an inspection by the Egyptian Surveying Authority when a property is already registered with the Real Estate Agency, it has a valid deed of ownership, and its dimensions or specifications have not changed since the deed was registered. As of June 2013, the decree had been implemented in 10 of the

15 cities measured—Alexandria, Fayoum, Giza, Ismailia, Kharga, Mansoura, Port Said, Sohag, Tanta, and Zagazig—leaving companies operating in the remaining cities with an additional requirement to comply with.

The time needed to register property varies greatly across Egyptian cities. In Sohag, firms need only about 18 days to transfer a property. By contrast, in Damietta registration takes 130 days—7 times longer.

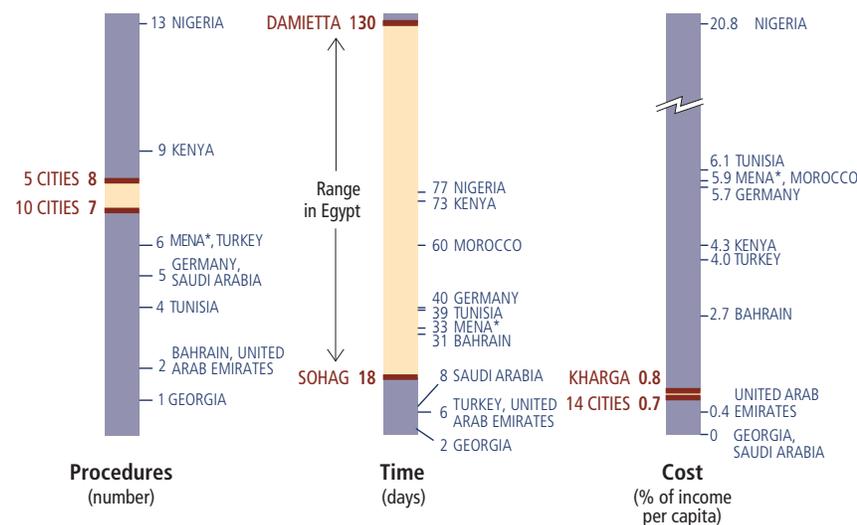
Delays have a number of causes. The lack of automation in local Real Estate Registries, where Egyptians spend on average 80% of the time required to register property, accounts for one (figure 5.4). Using paper instead of digital records slows down processing of approvals. In the 45 economies that have computerized procedures, the

average time needed to transfer a property has been cut in half, from 64 days to 32, over the past 5 years. Going electronic also makes it easier to identify errors and overlapping titles, improving title security. Denmark has slashed the time needed to transfer a property from 42 days to 4 days over the past 5 years thanks to electronic processes.

Variations in the time necessary to register property in one city as compared to another stem from differences in application volumes as well as the capacity and efficiency of the local branches of the agencies involved. Agencies in the larger cities generally face higher application volumes. Understaffing is often an issue, even in smaller cities. In Damietta, Ismailia, Tanta, and Zagazig public officials report shortages in essential staff at the Real Estate Registry, especially technical personnel capable of accepting and processing applications in a timely manner. As a result, work piles up, leading to backlogs and delays. The inspection by the Egyptian Surveying Authority—required in Assuit, Aswan, Cairo, Damietta, and Suez—adds between 11 and 25 days to the overall time needed to register property.

Variation in the cost of registering property among Egyptian cities is minimal. Most fees are set at national level. The Lawyers' Syndicate fee of 0.5% of property value (with a cap of EGP5,000 or US\$793), is the largest component of the total cost, comprising 70% of the total cost of registering property across cities. The registration fee is capped at EGP2,000 (US\$317) for properties over 300 square meters.¹⁰ Additional costs—such as court, authentication and registry fees—are mainly set at the local level but their impact on the overall cost is negligible.

FIGURE 5.3 Registering property across Egypt is less expensive but more burdensome and time consuming than the regional average



*MENA is the Middle East and North Africa regional average.

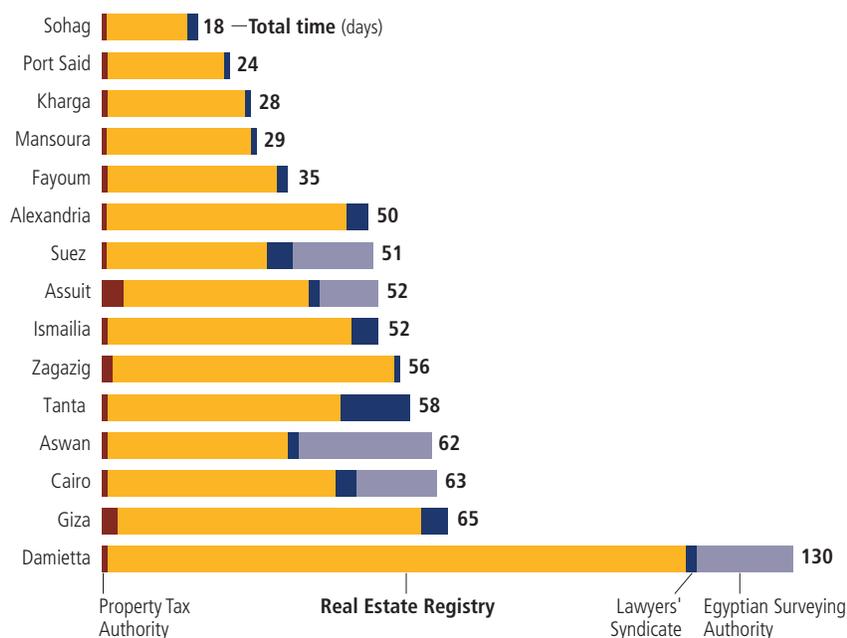
Source: *Doing Business* database.

WHAT TO REFORM?

Implement the termination of the inspection requirement for previously registered properties in all cities

The Ministry of Justice should pursue the full implementation of Technical Decree 1 of January 22, 2013, in Assuit, Aswan, Cairo, Damietta, and Suez. The decree cancels the inspection requirement for

FIGURE 5.4 On average, delays at the Real Estate Registry make up 80% of the total time required to register property



Source: *Doing Business* database.

previously registered properties with a valid ownership deed and no changes to property dimensions or specifications. Effectively communicating this reform across governorates will enhance awareness and encourage implementation. At the same time, strict monitoring of implementation at the local level is equally important to achieve full compliance.

Provide Lawyers' Syndicate clearance within registries or consider alternatives to Syndicate clearance

Currently, the local Lawyers' Syndicate office must clear the sales contract before it can be submitted to the Real Estate Registry for approval. The Syndicate does not review the contract's contents; it only checks that the lawyer who drafted the contract is authorized to do so. A recent memorandum of understanding between the Ministry of Justice and the Lawyers' Syndicate allows Syndicate representatives to be physically present at the Real Estate Registry in order to speed up the process. This is an encouraging first step towards a more efficient property registration process where clearances and approvals are obtained in the same

place. But why stop here? The Ministry of Justice could ask lawyers to prove their professional accreditation directly to the Real Estate Registry as they submit the draft sales contract.

Eliminating Syndicate clearance would save entrepreneurs a fee totaling 0.5% of property value, the largest component of registration costs. Because Syndicate verification is required only for properties with a value of EGP20,000 (US\$3,173) or above, some entrepreneurs understate the value of their property in order to avoid Syndicate clearance. Replacing the Syndicate clearance and its associated fee with an alternative verification method at no cost would eliminate the incentive for entrepreneurs to undervalue their properties.

Set service delivery targets and introduce systems to assess and monitor performance across agencies

Introducing systems to measure and monitor agency performance against set service delivery targets is an effective way to improve customer service across agencies. Time limits can set a maximum time horizon for public agencies to complete

their tasks, and can give entrepreneurs guidance in terms of how long they may expect to wait; but they are only useful when enforced.

Law 114 of 1946 and its amendments do not set any time limit for the provision of registry services. Because of this, there are no incentives for agencies to deliver services in a timely manner. Egyptian entrepreneurs report that applications may get delayed unless they personally follow up with the Real Estate Registry. Introducing expedited or fast-track procedures that speed up processing times for an extra fee would ensure faster delivery for users who demand it. Georgia, Lithuania and the Slovak Republic offer these types of expedited services, while Portugal has introduced effective time limits for property registration.¹¹ Spain ensures compliance with the time limit by mandating a 30% cut in fees if registration takes more than 15 days and there is no objective explanation for the delay.

Time limits and fast-track processes work only when the agency involved has the capacity to enforce them. This can be achieved by assessing human resource capacities at local real estate offices and ensuring that enough well-trained staff is available to meet the demand. Including service delivery times in employee performance standards can provide the right incentives for employees to meet time targets.

Digitize registry records

Digital records have an advantage over paper records: they take less space, and backup copies ensure property records will not be compromised in the event of natural disasters or political strife. Computerized records also offer more security to title holders since they are more difficult to misplace and alter. Worldwide, 60% of economies have electronic files for their property registries.¹² Countries that fully transfer property records from paper to electronic form often see shorter processing times. For example, in 2006 Tunisia computerized its land registry, reducing the time it takes to check for encumbrances from up to 10 days in 2006 to just 1 day in 2010.

Cities across Egypt rely mostly on paper records to record transfers. Registries could consider digitizing their records to streamline the registration process and speed up transactions. Once computerized, the various departments holding land records (such as the Real Estate Registry and the Egyptian Surveying Authority) could electronically link systems to increase information sharing and coordination.

Implementing an electronic land registry can be a slow and costly process. Given the challenge of going electronic, many economies take a gradual approach to implementation—first moving from paper-based to electronic records and computerization, then introducing electronic registration. This was the approach used in Denmark, New Zealand and Norway, all currently ranked among the top performers on the ease of registering property.

land that are useful for urban planning and development.

8. Under a deed system, determining ownership involves studying the chain of registered deeds; under a title system, the registry records the property owner's name directly.
9. Pilot projects have been carried out in two areas of Cairo: Sheikh Zayed City and Shuroq City.
10. Law 83 of 2006, which amended Law 70 of 1964 governing registration costs, capped the registration cost at EGP2,000. In early 2013, Egypt's Central Auditing Organization issued new directives on registration fees for property transfers involving multiple individuals. These directives require Real Estate Registries to charge a registration fee for each owner, instead of a single fee based on the property itself. Because this specific type of transaction is not covered by *Doing Business*, which focuses on the transfer of property between limited liability companies, the data do not reflect the new fees.
11. World Bank. 2012. *Doing Business 2013: Smarter Regulations for Small and Medium-Size Enterprises*. Washington, DC: World Bank Group.
12. *Doing Business* database.

NOTES

1. Salmon, Ingrid. 2003. *Surveying in Ancient Egypt*. School of Surveying and Spatial Information Systems, University of New South Wales. <http://www.gmat.unsw.edu.au/currentstudents/ug/projects/salmon/salmon.html>
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3. Deininger, Klaus. 2003. *Land Policies for Growth and Poverty Reduction*. World Bank Policy Research Report. New York: Oxford University Press.
4. Galiani, Sebastian, and Ernesto Scharrotsky. 2009. "Property Rights for the Poor: Effects of Land Titling." Working Paper 7 (revised). St. Louis, MO: Ronald Coase Institute.
5. World Bank. 1989. *World Development Report 1989*. New York: Oxford University Press.
6. Burns, Anthony and Kate Dalrymple. 2008. *Conceptual Framework for Governance in Land Administration*. Australia: International Federation of Surveyors.
7. Property information held in cadastres and land registries is part of the land information available to governments. Land information also includes other geographic, environmental and socioeconomic data related to

Enforcing contracts



A lawyer who frequently litigates in the Aswan court of first instance noted that judges are so overwhelmed with their caseloads that it is not rare for a judge to have several hundred cases listed on his docket on any given day. And since judges hear cases only 3 days per week, spending the other 2 writing judgments, their caseloads keep growing.

The situation is not unique to Aswan. The backlog of cases and lack of judges to hear them is a serious issue that needs to be addressed across Egypt.

WHY DOES COMMERCIAL DISPUTE RESOLUTION MATTER?

The effective resolution of commercial disputes has many benefits. Courts are essential for entrepreneurs because they interpret the rules of the market and protect property rights. Efficient and transparent courts encourage new business relationships because firms know they can rely on the courts if a new customer fails to pay or comply with contractual obligations. Speedy trials are especially important for small enterprises that may lack the resources to stay in business while awaiting the outcome of a long court dispute.

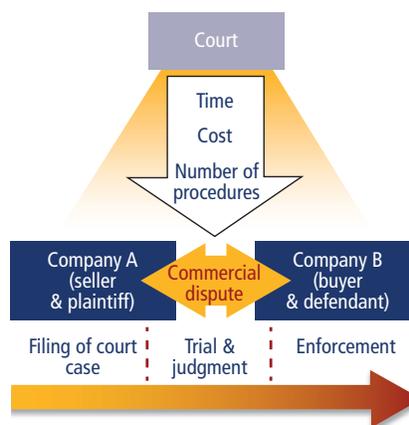
Efficiency matters. A study in Eastern Europe found that in countries with slower courts, firms have less bank financing for new investment. The study shows that reforms in other areas, such as creditors' rights, increase bank lending only if contracts can be enforced before the courts.¹ Another recent study, this one analyzing 98 developing economies, suggests that foreign direct investment tends to be greater where the cost of debt collection

to enforce a contract is lower, particularly when the economy where the investment was made is more indebted.²

WHAT DOES ENFORCING CONTRACTS MEASURE?

Doing Business measures the time, cost and procedural complexity of resolving a commercial lawsuit between 2 domestic businesses. The dispute involves the breach of a sales contract worth twice the income per capita of the economy. The case study assumes that the court hears arguments on the merits and that an expert provides an opinion on the quality of the goods in dispute. This distinguishes the case from simple debt enforcement. The time, cost and procedures involved are measured from the perspective of the seller (the plaintiff) pursuing the standardized case through local courts (figure 6.1).

FIGURE 6.1 What are the time, cost and number of procedures to resolve a commercial dispute through the courts?



HOW DOES IT WORK IN EGYPT?

Egypt's system of civil law is based on a legal code derived largely from the Napoleonic Code. Jurisdiction is determined on the basis of the claim value. Cases up to and including EGP40,000 (US\$5,700) are heard by the lower division of the courts of first instance (*mahakim juziya*), and those above EGP40,000 are heard by the upper division (*mahakim ibtidaiya*).

The Civil and Commercial Procedural Code of 1968 (*Qanoon Al-Murafa'at Al-Madaniyawal Tijaria*) regulates both civil and commercial law in all courts of first instance. Although laws, regulations and procedures are the same across cities, court administration varies from one local court to another as it is the prerogative of the head of each court.

Enforcing a contract in the 15 cities measured takes on average 897 days (2.5 years) at a cost of 23.6% of the claim value. The cost is slightly lower than the average cost in the region (24.6%), but it takes more time than in all other countries of the Middle East and North Africa (except Djibouti, where it takes 1,225 days).³ On the other hand, with 42 procedures, enforcing a contract in Egypt involves fewer steps than the regional average of 44. Across the cities benchmarked, enforcing a contract is easiest in Damietta, where it takes approximately 2 years and 3 months and costs 18.2% of the claim value (table 6.1). It is most difficult in Cairo, where it takes nearly 7 months longer and costs almost 45% more.⁴

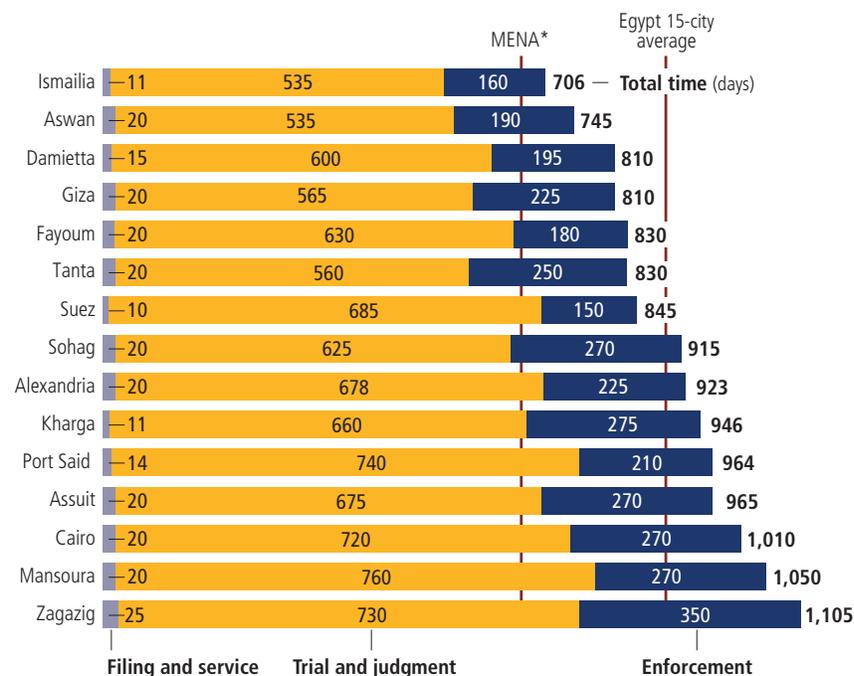
TABLE 6.1 The ease of enforcing contracts across 15 Egyptian locations

RANK	City	RANK	City
1	Damietta	9	Suez
2	Ismailia	10	Kharga
3	Fayoum	11	Alexandria
4	Giza	11	Mansoura
5	Tanta	13	Zagazig
6	Sohag	14	Assuit
7	Aswan	15	Cairo
7	Port Said		

Note: Rankings are based on the average of city percentile rankings on the procedures, time and cost required to resolve a commercial dispute through the courts. See the data notes for details.

Source: Doing Business database.

FIGURE 6.2 It is fastest to enforce a contract in Ismailia and Aswan



*MENA is the Middle East and North Africa regional average.

Source: Doing Business database.

Enforcing a contract takes from 706 days in Ismailia to 1,105 days in Zagazig (figure 6.2). Both cities have approximately the same population. In some cities, caseloads are dealt with in a more efficient fashion than in others. For example, in 2012 approximately 1,500 cases were heard at the Tanta first instance court alone—this amounts to approximately 4 cases per 1,000 inhabitants. To improve efficiency, the court in Tanta implemented a computerized system that gives judges and court registrars online access to case information such as trial dates, adjournments, reasons for adjournment and final judgments.

Other common delays that occur during the trial stage derive from bottlenecks that are shared by courts across the country. The first common bottleneck is caused by adjournments between hearings. Often lawyers request adjournments alleging that they need more time to gather and present the evidence; this allows them to charge higher fees. Judges, overwhelmed with their caseloads, can be quite lenient in granting adjournments, thus delaying each hearing from 1 to 3 months on average.

A second bottleneck is related to the submission of the expert opinion.⁵ Egyptian law mandates that experts testifying in trials be licensed by the Ministry of Justice. As a result, most are actually government employees. Private experts exist but judges are hesitant to use them because they fear that any potential mistake could reflect badly on their own reputations.⁶ Public sector experts remain the most commonly used in court, but they are often overbooked. As a result, experts easily take between 2 to 6 months to submit their opinions. In Port Said, lawyers interviewed noted that it is not unheard of for a case to sit with an expert for up to a year.

A third bottleneck results from a combination of few judges, low technical qualifications and high caseloads. Lower divisions of courts of first instance across Egypt have only one judge hearing cases. In addition, governorates like Aswan have seen a notable drop in the overall number of judges (by nearly two-thirds) over the past few years. According to one source, in 2007–08 there were approximately 84 judges divided between the 3 courts of first instance in the governorate. In 2009 there were 76. Today there are only 33.⁷

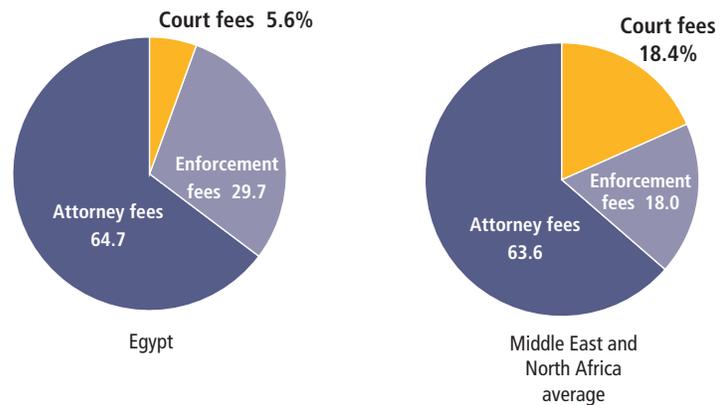
Furthermore, most judges do not hold more than an undergraduate degree in law. During 2009, only 16.7% of total judicial staff across first instance courts in Egypt held a higher qualifying degree such as a PhD, masters or a certified diploma. Damietta, the most efficient first instance court according to *Doing Business* data, had the second-highest percentage of judges with a master's degree at 11.8% as of 2009.⁸ Higher levels of education provide better training for judges, who are then better able to judge difficult cases efficiently.

One way to reduce caseload is alternative dispute resolution (ADR). Since 2009, the International Finance Corporation (IFC) has supported an ADR project by providing professional training and certification for mediators, conducting awareness-raising workshops, and assisting with the drafting of Egypt's first mediation law, which will regulate both private and judicial mediation. These efforts have already started to produce positive results. There is a now steady referral of cases to mediation at the three IFC-supported institutions—the Economic Courts, the General Authority for Investment and Free Zones, and the Cairo Regional Centre for International Commercial Arbitration—and the average number of days required for case resolution through mediation is 28.6 days.⁹

The enforcement process is also lengthy when compared to the global average of 184 days. After the judgment has been issued in favor of the seller (as assumed by the case study), the seller undergoes a process to attach the assets of the buyer and sell them through a public auction in order to retrieve his money. This process can take anywhere from 5 months in Suez to almost a year in Zagazig. The delay in Zagazig is mainly due to the fact that multiple auctions are usually necessary because it is difficult to attract enough buyers to the first auction.

In Egypt enforcement is carried out by separate divisions within the courts and overseen by enforcement judges. One of the main bottlenecks is that enforcement officers do not have their own police, so they must rely on the national police. This differs from other systems. In Ontario, Canada, under the Ministry

FIGURE 6.3 Egyptian court fees are significantly lower than in other economies in the region
(% of total cost to enforce a contract)



Source: *Doing Business* database.

of Correctional Services Act, provincial bailiffs provide primary transportation of prisoners between correctional facilities and have the powers of police constables while doing so. Provincial bailiffs are armed with expandable batons and pepper sprays and operate under the jurisdiction of the provincial Ministry of Community Safety and Correctional Services. Duties normally associated with bailiffs in other jurisdictions, such as residential evictions, seizures, and other processes ordered by the court, are performed by sheriffs under the office of the Attorney General of Ontario, not by the Royal Canadian Mounted Police. In Egypt, by contrast, it is sometimes not easy for enforcement officers to find a police officer to accompany them to seize the defendant's assets. And since enforcement officers cannot conduct the attachment themselves, the process can be significantly delayed. According to interviews conducted with judges, the Ministry of Justice is currently working on a new regulation that would put both enforcement officers and police within the court's jurisdiction and set a time limit of 30 days for enforcement.

The average cost to enforce a contract in the Egyptian cities measured is 23.6% of the claim value, significantly lower than the global average of 35.1% and below the regional average of 24.6%. Court and enforcement fees are regulated nationally by the Ministry of Justice as set by the Law on Court Fees (*Qanoon Al-Rusoom*

Al-Qada'iya)—and therefore identical across cities. Egypt's court fees, at 1.3% of the claim value, are among the lowest in the world. Together, the court and enforcement fees constitute 35.3% of the total cost, with court fees accounting for only 5.6%, compared with 18.4% of the total cost in the Middle East and North Africa (figure 6.3). Court fees such as the fee to file a case are fixed, while the enforcement fees are largely based on a percentage of the claim value.

Legal fees are the largest cost component, constituting 64.7% of the total cost to enforce a contract. Attorneys can set their own price—Advocates Law 17 of 1983 does not stipulate a fee schedule for them. Legal fees in larger cities, such as in Cairo and Alexandria, tend to be more expensive than in smaller cities. The cost of living is higher in Cairo and Alexandria and there is a greater demand for legal professionals in larger business cities.

WHAT TO REFORM

Despite the progress Egypt has made over the past years, there remains ample room for improvement. Many of the issues affect all Egyptian courts and the solutions are not always "quick fixes." Rather they entail comprehensive reforms that require time, effort and above all, financial and human resources.

Improve incentives and provide training for well-qualified judges

A key bottleneck across Egyptian courts of first instance is the case backlog—and, as many heads of court have noted, the shortage of qualified judges. One reason could be that an increasing number of qualified Egyptian judges are moving to other Arab countries, particularly in the Gulf, where the financial benefits are greater.¹⁰ By increasing their compensation and professional career prospects, more judges would have a greater incentive to remain in Egypt.

The quality of the judges also matters. There are no objective qualification criteria for judges. Holders of an undergraduate law degree, such as a bachelor of laws, can become attorneys without going through additional formal training. Nor are they required to have much experience before being nominated to serve as judges.¹¹ However, it is beneficial for attorneys to have at least one year's training before being appointed as judges.¹²

Training opportunities and qualifying courses for judges could help. Until recently in Ethiopia, although the country's Procedure Code allowed the option of fast-track procedures for simpler cases, the procedures were not widely used, and some judges were not even aware of them. In 2009 Ethiopian judges were all retrained, with the fast-track procedures included as part of the program. As a result, the time needed to undergo the trial and obtain a judgment decreased from 330 to 290 days.

Re-distribute the caseload

Egyptian courts are suffering from an uneven caseload distribution among judges and/or among the different districts of each court. In 2007 the Ministry of Justice developed the "case difficulty coefficient" (CDC) to ensure a fair distribution of caseload among judges. The coefficient, based on a fairly complicated calculation,¹³ tried to take into account the complexity of a case to determine the number of judges necessary for a certain caseload.

Yet despite this measure, uneven caseload remains a problem. One short-term

remedy would be for the Ministry of Justice to actively monitor the caseload of each judge in each first instance court and ensure that no one judge is hearing significantly more cases than any other. Malaysia could be an example of how to tackle the problem. Starting in 2008, Malaysia addressed its huge backlog of cases by introducing a "tracking system" to facilitate the closure of older cases. This system involved the separation of cases that could be resolved on the basis of affidavits (the A Track) from those that required full trials (the T Track). Judges were assigned to one or the other track and given weekly case quotas by the Managing Judge Unit. As a result of this system, the total number of cases filed in 2009 or earlier still being processed in the High, Sessions and Magistrates Courts (country-wide) dropped from 192,569 in December 2009 to 15,497 in May 2011. As of the latter date, among the country's 429 sessions and magistrates' courts, 120 were completely current—processing only cases filed in 2010 and 2011.¹⁴

Set fixed maximum time limits between adjournments and monitor judges' performance

Even though the Civil and Commercial Procedural Code (*Qanoon Al-Murafa'at Al-Madaniyawal Tijaria*) sets out a procedural timetable with time limits for parties to respond, it is rarely adhered to in practice. There are various tactics that the parties can use to deliberately slow down litigation proceedings, most notably requesting adjournments. In 2010, the Palestinian Judiciary limited adjournments to 30 days instead of 45-60 days. As a result, the total time to resolve a commercial dispute in the Ramallah Magistrates Court decreased by 60 days.

Egyptian courts could also benefit from monitoring judges' performance to incentivize them to abide by the time limits. In 2008 Mozambique introduced a performance measurement of judges after a series of judicial inspections. Along with other reforms, this decreased the time needed to enforce a contract from 1,010 to 730 days.

Expand and improve computerized case management systems

Computerized case management systems can help courts predict trends and allocate resources strategically. In 2009 Jordan upgraded its computerized case-management system (Mizan II) in both the conciliation courts and courts of first instance. The new system automates case assignments, generates real-time hearing minutes, and allows online access to court records by authorized persons. Since its implementation, the time to resolve a commercial dispute at Amman's conciliation court has been reduced by nearly 4 months.

In Egypt some courts of first instance have implemented computerization and case management. Tanta's court is one. Through a computerized system, judges and court registrars can access information on cases—including dates of trial, adjournments, reasons for adjournment and final judgments—and can plan their work accordingly. The courts of first instance in Alexandria and Mansoura are also computerized. Court decisions are typed up on computers and electronically archived on a secure network, thus saving the employees the time that was previously spent in preparing several copies of the same document.¹⁵ Other Egyptian courts should follow suit.

Promote specialized commercial divisions within the courts of first instance

Creating specialized commercial courts can result in faster and cheaper contract enforcement. Studies have found that specialized courts tend to improve efficiency.¹⁶ In fact, analysis of *Doing Business* data shows that in the Middle East and North Africa commercial disputes are resolved almost 4 months faster, on average, in economies with specialized commercial courts or sections than in those without them.¹⁷

To reduce the backlog in the courts of first instance, Law 120 of 2008 established 8 separate economic courts (*mahakim iktisadia*). With respect to economic civil disputes, courts are divided into 3 levels: a preparation panel for an initial hearing and offering of settlement, first instance

circuit to hear cases involving EGP5 million (US\$715,000) or less, and appellate circuits that hear cases above EGP5 million as well as cases of undefined value. Overall, the economic courts are administered more efficiently than the regular courts¹⁸ and they only hear disputes that arise in connection with a defined set of laws.¹⁹

The authorities in Egypt could consider assigning commercial cases in the courts of first instance to judges who would hear solely commercial cases. This type of specialization would improve performance through experience and knowledge accumulation. After establishing 6 commercial courts in 2005, Ghana saw its time to enforce a contract decrease from 552 days to 487 days.

NOTES

1. Safavian, Mehnaz, and Siddharth Sharma. 2007. "When Do Creditor Rights Work?" *Journal of Comparative Economics* 35 (3): 484-508.
2. Ahlquist, John S., and Aseem Prakash. 2010. "FDI and the Costs of Contract Enforcement in Developing Countries." *Policy Sciences* 43 (2): 181-200.
3. According to *Doing Business*, in the Islamic Republic of Iran and Malta enforcing a contract takes 505 days, in Morocco 510, Iraq 520, United Arab Emirates 524, West Bank and Gaza 540, Tunisia 565, Kuwait 566, Yemen, Rep. 645, Qatar 570, Oman 598, Algeria 630, Bahrain and Saudi Arabia 635, Jordan 689, Lebanon 721 and Syrian Arab Republic 872.
4. There is no correlation between the population size of a city and its ranking on the ease of enforcing contracts.
5. The *Doing Business* case study assumes that the judge hears arguments on the merits of the case and that an expert provides an opinion on the quality of the goods in dispute.
6. Mahmood, Rashad. 2010. "Alternative Dispute Resolution is Gaining a Foothold in Egypt." *Business Monthly*, October 2010.
7. Based on interviews conducted with the heads of courts of first instance across Egypt. March 2013.
8. Elbially, Nora and Miguel A. García-Rubio. 2011. "Assessing Judicial Efficiency of Egyptian First Instance Courts: A DEA Analysis." Joint Discussion Paper Series in Economics by the Universities of Aachen, Gießen, Göttingen, Kassel, Marburg and Siegen, No. 19-2011.
9. Please note that these cases do not refer to the standardized case study assessed by *Doing Business*.
10. Elbially and García-Rubio, "Assessing Judicial Efficiency of Egyptian First Instance Courts: A DEA Analysis."
11. Ibid.
12. Aleslambuly, E. 2009. "One Single Law for all Judicial Employees: Does This Provide more Judicial Independence?" In Elshahed, H. 2009. *The Conciseness of Justice: A Plan to Promote Judicial Independence in Egypt*. Foundation for the Future, Egypt.
13. The CDC is calculated by assigning a weight to each type of case according to the average time spent to settle the case. After the CDC is calculated, the number of available cases (weighted by their corresponding CDC) is divided by the available number of judges as a basis for deciding the number of judges required to hear a certain caseload. The Ministry of Justice then determines a predefined "warm zone" with a maximum, minimum and an average caseload per judge and expects all first instance courts to operate within this zone. Elbially and García-Rubio, "Assessing Judicial Efficiency of Egyptian First Instance Courts: a DEA analysis."
14. World Bank, Poverty Reduction and Economic Management Sector Unit, East Asia and Pacific Region. 2011. *Malaysia: Court Backlog and Delay Reduction Program - A Progress Report*. Washington, DC: World Bank Group.
15. United States Agency for International Development (USAID), "Modernization Raises Court's Efficiency", http://www.usaid.gov/sites/default/files/success/files/ba_egy_court.pdf.
16. Botero, Juan Carlos, Rafael La Porta, Florencio López-de-Silanes, Andrei Shleifer and Alexander Volokh. 2003. "Judicial Reform." *World Bank Research Observer* 18 (1): 67-88.
17. Differences are statistically significant at the 99% level after controlling for income per capita. Ninety of the 189 economies covered by *Doing Business* have a specialized commercial court, a specialized section or specialized judges that solely hear commercial cases within a general civil court.
18. Mahmood, "Alternative Dispute Resolution is Gaining a Foothold in Egypt."
19. Law 120 of 2008. For economic disputes, these laws are as follows:
 - Law of Joint Stock Companies, Partnerships Limited by Shares and Limited Liability Companies
 - Law on Capital Markets
 - Law on Investment Guarantees and Incentives
 - Law on Leasing Finance
 - Law on Real Estate Finance
 - Law on Protection of Intellectual Property Rights

For economic criminal cases, these laws are as follows:

- Insolvency crimes stated in the Penal Code
- Law of Monitoring and Supervising Insurance
- Law of Joint Stock Companies, Partnerships Limited by Shares and Limited Liability Companies
- Law on Capital Markets
- Law on Investment Guarantees and Incentives
- Law on Leasing Finance
- Law on Central Deposit and Registration of Stocks
- Law on Real Estate Finance
- Law on Protection of Intellectual Property Rights
- Law on Central Bank
- Law on Companies Operating in the Field of Investing Funds
- Trade Law concerning the Composition of Bankruptcy Offences
- Law on Protecting the National Economy from the Effects of Prejudicial Practices of International Trade
- Law on Protection of Competition and Prohibition of Monopolistic Practices
- Law on Consumer Protection
- Law on Regulating Telecommunications
- Law on Regulating Electronic Signatures and Establishing the Information Technology Industry Development Authority.
- The commercial dispute measured by *Doing Business* is not governed by any of these laws and therefore is heard in the courts of first instance.



Trading across borders

Maritime transport is central to Egypt's international trade. In recent years maritime flows have accounted for 85 to 95% of the country's external trade by volume.¹ Representing about 16% of the Arab World's container port traffic, Egypt has a strong competitive advantage over its neighbors thanks to its strategic location on the European-East Asian trade routes and control of the Suez Canal.²

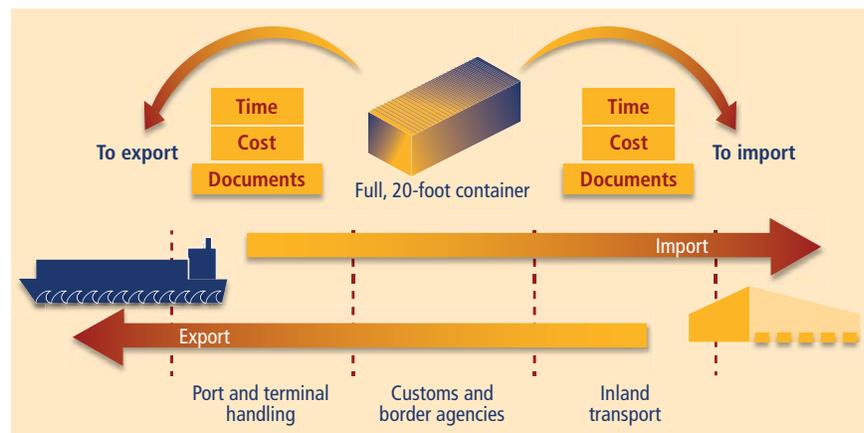
Over the past decade, Egypt has made great strides in opening its economy to international trade: integration levels jumped from 40% of GDP in 2000 to 67% in 2009.³ The government invested in infrastructure, reduced tariffs, simplified clearance procedures and increased private sector participation, making it easier to trade across borders. In the *Logistics Performance Index 2012* published by the World Bank, Egypt ranks 5th out of the 37 lower-middle-income economies measured, having steadily improved its scores on all the dimensions studied.⁴ During the past two years, however, Egyptian ports have suffered from increased unrest, with

strikes and labor protests repeatedly forcing ports to close. Meanwhile, port authorities have increased safety measures, sometimes adding to delays.

WHY DOES TRADING ACROSS BORDERS MATTER?

International trade plays an important role in the development of economies.⁵ Research shows that the time and cost required to import and export have a significant impact on a country's trade flows.⁶ A 2011 cross-country study of 146 countries found that a 1-day reduction in inland transportation time leads to a 7% increase in exports, equivalent to a 1.5 percentage point reduction in all importing-country tariffs.⁷ Conversely, longer times reduce trade; a recent study shows that each additional day that a product is delayed prior to being shipped reduces trade by more than 1%.⁸ The speed, cost-effectiveness, reliability and diversity of maritime transport services are critical for promoting trade.

FIGURE 7.1 What are the time, cost and documents associated with exporting and importing a 20-foot container by sea transport



WHAT DOES TRADING ACROSS BORDERS MEASURE?

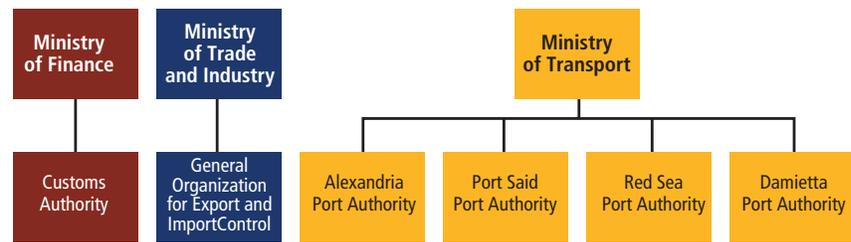
Doing Business measures the time and cost (excluding tariffs) associated with exporting and importing by sea transport and the number of documents necessary to complete the transaction (figure 7.1).⁹ The indicators cover documentation requirements and procedures at customs and other regulatory agencies as well as at the port. They also cover logistical aspects, including the time and cost of inland transport between the company warehouse and the import/export ports. *Doing Business in Egypt 2014* measures 5 major ports: Alexandria, Damietta, Port Said East, Port Said West and Sokhna (Suez).

HOW DOES TRADING ACROSS BORDERS WORK IN EGYPT?

Until the 1980s Egypt's maritime sector was fully owned and controlled by the public sector. During the past two decades, however, the government has issued laws allowing private sector participation in maritime transport activities, ports management and cargo handling.¹⁰ Since then the participation of public-private partnerships in the development of infrastructure projects has increased. In 2002 the government adopted a "landlord port" model. Under this model the public sector develops and maintains the port's major infrastructure and regulates maritime safety and security—while private operators, through concession or lease, develop and operate the port superstructures and provide cargo handling services.¹¹ Some of the port operators are public companies, as in Damietta and Port Said West. Port Said East and Sokhna are operated by private companies under "build-operate-transfer" concessions.¹² The port of Alexandria has two terminals, one with majority private ownership and the other one with majority public ownership.

There are many institutions governing maritime trade in Egypt, including three ministries and four port authorities (figure 7.2). The Egyptian Customs Authority, under the Ministry of Finance, is in charge of customs procedures and regulation for all ports. The General Organization for Export and Import Control

FIGURE 7.2 Ports and maritime trade governance system



Source: *Doing Business* database.

(GOEIC), affiliated with the Ministry of Trade and Industry, is responsible for the inspection of imports and exports, certificates of origin and trade registers. The four port authorities are under the Ministry of Transport; they have administrative and regulatory control over entities operating inside the port and are responsible for planning and infrastructure development.¹³ But there is no independent port regulatory authority to oversee matters regarding private operators and potential conflicts of interest with port authorities.¹⁴

The distribution of trade by port differs by type of product and destination. Alexandria and Sokhna serve as gateways for goods imported or exported to and from Egypt. On the other hand, 60 to 94% of the containers handled in Damietta, Port Said East and Port Said West are for transshipment.¹⁵ The traffic going through these ports has evolved significantly during the past decade. The ports of Sokhna and Port Said East were built in 2002 and 2004 and quickly became major ports—in 2011 they handled 50 thousand and 269 thousand TEUs¹⁶ respectively—partly

thanks to better infrastructure. On the other hand, the port of Damietta has seen a sharp decline in traffic due to its shallow depth and inability to accommodate modern vessels.¹⁷ The number of vessels calling during 2012 was 15% lower than in the previous year.¹⁸

The five ports measured perform similarly on the trading across borders indicators (table 7.1). Document requirements are set at the national level and are therefore the same for all ports. The time necessary to import and export through the five ports is similar. Larger variations are found in costs because of different terminal handling and inland transportation fees.

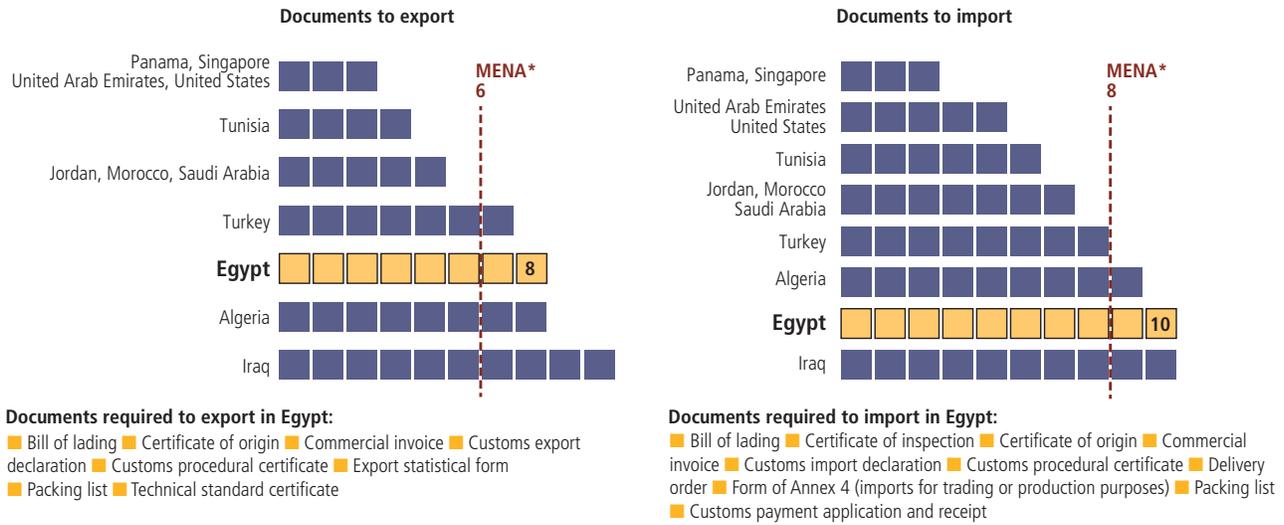
The General Organization for Export and Import Control, customs authorities, and shipping lines determine what documents are required as well as their cost. Egyptian traders need to prepare 8 separate documents to export and 10 to import through the ports measured (figure 7.3). The average number of documents required for a 20-foot container in the Middle East and North Africa is 6 to

Table 7.1 Time, cost and documents required to export and import through 5 Egyptian major ports

	Exports			Imports		
	Documents (number)	Time (days)	Cost (US\$ per container)	Documents (number)	Time (days)	Cost (US\$ per container)
Damietta	8	10	585	10	14	857
Alexandria	8	11	615	10	14	780
Port Said East	8	11	694	10	15	884
Port Said West	8	11	532	10	14	831
Sokhna (Suez)	8	12	667	10	16	1,047

Source: *Doing Business* database.

FIGURE 7.3 More documents are required to import and export in Egypt than the average in the Middle East and North Africa



* MENA is the Middle East and North Africa regional average.
Source: Doing Business database.

export and 8 to import. The OECD High Income average is 4 documents for both exports and imports.

Traders have to submit multiple forms to the same agency. For example, traders submit 3 separate documents to the Egyptian Customs Authority (the customs import declaration, the customs procedural certificate and the customs payment application and receipt) instead of unifying it in a single form. The high number of documents results in long preparation time. Dealing with document requirements constitutes half of the time needed to import and two-thirds of the time required to export (figure 7.4).

Nevertheless, trading across borders is relatively fast compared globally. Exporting a 20-foot container takes from 10 days in Damietta to 12 days in Sokhna. Importing a container takes from 14 days in Alexandria, Damietta and Port Said West, to 16 days in Sokhna. Trading across borders in Egypt is faster than the average in the Middle East and North Africa (20 days to export and 24 days to import), but slower than the average in OECD High Income economies (11 days to export and 10 days to import).

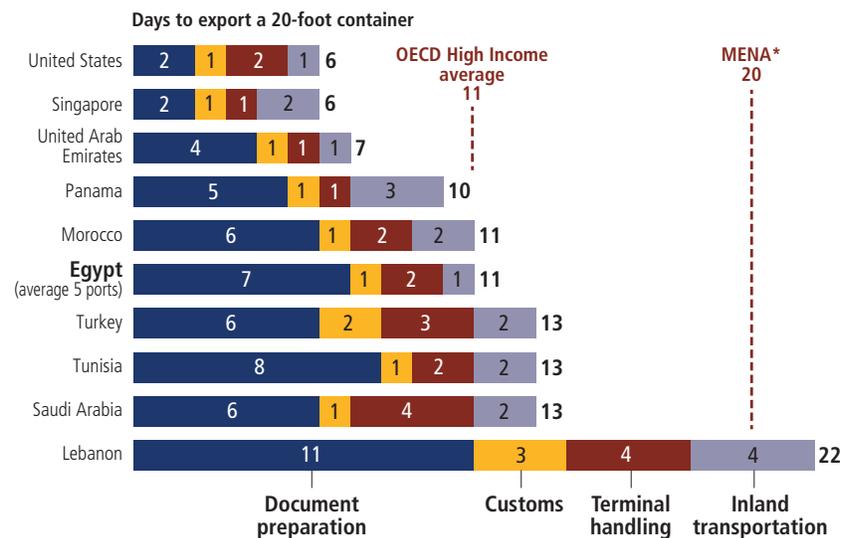
Time variations across Egyptian ports are due to various delays in customs clearance and port and terminal handling. Customs clearance for exports is obtained within 1

day in all ports, but for imports it varies across ports. For example, in Sokhna it can take up to 2 days more than in Alexandria because of stricter inspections. After the revolution, the Red Sea Port Authority stepped up inspections and X-ray scanners now check every single container. There are also differences in the time required for port and terminal handling, which are related to each port's layout and handling procedures. For example, public terminals carry out inspections in the import yard. Private terminals move the

container to a separate inspection yard, which is aligned to international standards but adds delays.

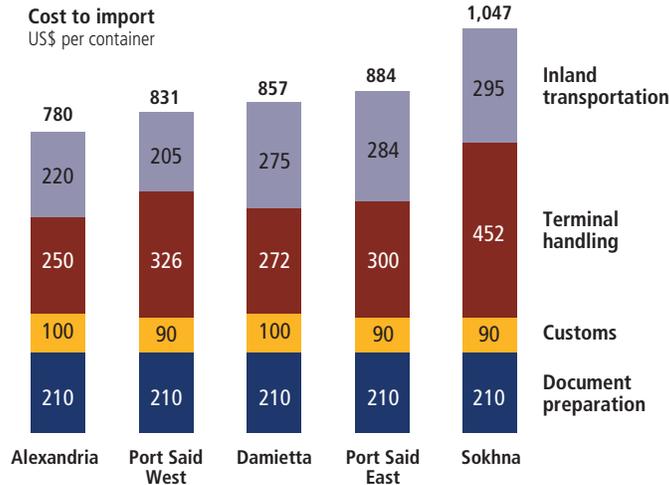
Trading across borders in Egypt is inexpensive compared by international standards. Export costs vary from US\$532 to US\$694, and import costs vary from US\$780 to US\$1,047 (figure 7.5). This is well below the average in the Middle East and North Africa region (US\$1,127 to export and US\$1,360 to import) and also

FIGURE 7.4 Exporters spend most time on paperwork



* MENA is the Middle East and North Africa regional average.
Source: Doing Business database.

FIGURE 7.5 Cost variations across Egyptian ports are driven by terminal handling and inland transportation fees



Source: *Doing Business* database.

lower than costs in the OECD (US\$1,070 to export and US\$1,090 to import).

There are some variations across the 5 ports related to port and terminal handling fees and inland transportation costs. Publicly operated ports charge lower fees than privately operated ports (Sokhna and Port Said East), up to 26% less. This is because port and terminal handling fees in publicly operated ports are set by ministerial decree.¹⁹ Public terminal operators are also mandated by law to grant a 50% discount from the loading charge to Egyptian manufactured exports.²⁰ Shipping lines set their own fees to exporters and importers based on the fee schedules set by the port operators, which explains additional variability. It must be noted that only some port operators, such as Damietta and Alexandria, make the fee schedules available to the general public, whereas others share them only with the shipping lines.

Another source of variation is the cost of transporting the containers from the warehouse to the ports. The freight transport sector in Egypt is fragmented, and most of the shipping is handled by small operators.²¹ Port Said East and Sokhna ports are farther away from the main neighboring city, which drives the prices up.²² According to anecdotal evidence there are fewer trucking providing

transportation services to Sokhna, resulting in more expensive transportation fees.

WHAT TO REFORM?

During the past 5 years, *Doing Business* recorded 133 trade facilitation reforms around the world. The Middle East and North Africa was among the regions that reformed most: 67% of economies in the region implemented at least one trade facilitation reform.²³

Egypt has been part of this trend. In 2010 the government implemented a comprehensive plan to reorganize customs administration to meet international standards. Modern customs centers were established in the major ports, and new information technology systems were implemented. Known as data warehouses, these systems facilitate communication between customs, inspection agencies, port authorities, shipping lines and freight forwarders.²⁴ The General Organization for Export and Import Control unified inspections from different authorities such as customs, sanitary and agricultural control agencies. The Egyptian Customs Authority introduced the option of “pre-shipment release,” allowing traders to obtain customs pre-approval before the arrival of the ship, and enabled e-payment of customs fees. There is an ongoing initiative to reform the customs

law, which would mandate the use of pre-shipment releases for all types of products, establish risk-based inspections, create a special account for large traders, and improve counterfeit and border protection measures.

Reduce and streamline documentation requirements

Egyptian traders spend too much time complying with burdensome paperwork. Authorities should share information amongst themselves instead of requesting it from traders—something made easier by the Electronic Data Interchange system that has been in place since 2009. This particularly applies to internal data; for example, instead of requesting that traders submit specific documents for statistical purposes, the General Organization for Export and Import Control could extract the relevant information from the customs declaration.

An additional burden for trade not reflected in the data is the legalization requirement. Foreign exporters must “legalize” trade documents such as the commercial invoice and certificate of origin in the Egyptian Consulate at their country for goods imported into Egypt, incurring in additional costs and time. Legalization is very common in Middle Eastern economies, but uncommon elsewhere in the world.

The “Single Administrative Document” has allowed some countries to consolidate all information needed into a single document with a few supporting documents. Another good practice is to have a risk-based system. Egypt could look to France, where only 2 documents are required: the bill of lading and the customs export declaration. French customs will not require any additional document for the majority of cargo—unless the goods are suspect, in which case they will request further documents. The Republic of South Korea requires only 3 documents (the bill of lading, the customs export/import declaration, the packing list/delivery order) and so does Panama (the bill of

lading, the customs export/import declaration and the commercial invoice).

Integrate the Electronic Data Interchange system and expand to all the relevant agencies and private sector operators

Electronic systems for filing, transferring, processing, and exchanging customs information have become an important tool for managing flows of information, now widely used in complex trading systems. The newest web-based systems allow traders to submit their documents from anywhere and pay duties online. The key to success is the ability of an economy to accommodate its regulatory framework to the new information technologies. If implemented effectively, such a system saves precious time and money. It also reduces interactions with officials, which means fewer opportunities for unofficial payments. Introducing an electronic system often requires governments to enact legislation on electronic signatures and transactions.

The Electronic Data Interchange system in Egypt connects customs, the General Organization for Export and Import Control and other agencies involved in the import/export process. However, there are several Electronic Data Interchange initiatives to apply automation in trade transactions. Trading stakeholders could benefit from the unification of all available information and data exchange systems under one umbrella. This would require a high level of coordination between existing initiatives and a regulatory framework that supports the development of a single data exchange platform.

Some ports are more advanced than others in the use of technology. In Sokhna, for example, the port operator communicates with traders via SMS to notify them about an inspection appointment, to inform them about any issues with an application, and even to let them know that a shipment has arrived. Still, all documents have to be submitted in paper form. The Electronic Data Interchange system could be further improved by allowing traders to submit documents online. Moving from a

paper-based system to an electronic system requires behavioral changes among users, in turn requiring training and outreach programs to ease this transition.

Apply risk-based inspections

Inspections are often necessary. How these inspections are carried out, including how cargo is selected for inspection, varies across economies. Burdensome inspections can be a serious obstacle to efficient and predictable trade. Over the years customs administrations around the world have developed risk profiles that allow them to selectively apply physical inspections in proportion to the potential risk of a consignment. Risk-based inspections are the norm in OECD High Income economies and are becoming increasingly common in the Middle East and North Africa. In 2011, about 50% of goods were inspected in Tunisia, 10 to 15% in Bahrain and only 3% in the United Arab Emirates, the economy where it is easiest to trade across borders in the region.²⁵

Egypt had introduced several measures to reduce the rate of containers subject to inspection. Among other things, the General Organization for Export and Import Control created a “white list” so that registered exporters were exempt from certain document requirements and had to go through fewer inspections. Recently, however, port authorities have increased security measures. Currently all containers go through at least a visual inspection. Reestablishing risk-based inspections will be important to streamline trading procedures.

Investing in equipment can also help expedite the processing of cargo. Many economies, including Albania, Cameroon, Nigeria and the Philippines, are using scanners to reduce the need to physically open containers. Jordan introduced risk-based inspections and X-ray scanners for exports in July 2010, and Mauritania did so in 2012. Some Egyptian ports have introduced scanners for inspections, but it has not gone smoothly. In Sokhna the use of scanners has caused further delays because customs agents scan all containers irrespective of their risk profile. The port of Damietta also started using scanners, but they are not adjustable to larger containers—which are becoming more common—and the port operator

had difficulties with their maintenance, so they are currently not being used. The use of scanners will be helpful only if it is combined with a risk-based system and if the proper equipment and maintenance is in place.

NOTES

1. Togan, Subidey. 2009. *Liberalization of Transport Services in Egypt, Jordan and Morocco*. Policy Research Report. Cairo: Economic Research Forum, p.13.
2. World Bank Data accessible at: <http://data.worldbank.org/indicator/IS.SHP.GOOD.TU>.
3. World Trade Indicators. World Bank Institute. Trade integration is measured as the sum of exports and imports in goods and services expressed as a percent of GDP in current U.S. dollars. Available at: <http://info.worldbank.org/etools/wti/2a1.asp#>
4. World Bank Group. 2012. Logistics Performance Index. Washington, DC. The index measures 6 areas: clearance process efficiency; quality of trade and transport related infrastructure; ease of arranging shipments; competence and quality of logistics services; ability to track and trace consignments; and timeliness of shipments.
5. Freund, Caroline and Bineswaree Bolaky. 2008. “Trade, Regulations, and Income.” *Journal of Development Economics*, Elsevier, vol. 87(2), 309–321.
6. Subramanian, Uma. 2012. “Trade Logistics Reforms: Linking Business to Global Markets.” *ViewPoint*. Note Number 335. Washington, DC: World Bank Group.
7. Freund, Caroline, and Nadia Rocha. 2011. “What Constrains Africa’s Exports?” *World Bank Economic Review*, vol. 25 (3): 361–86.
8. Djankov, Simeon, Caroline Freund and Cong S. Pham. 2010. “Trading on Time.” *The Review of Economics and Statistics* 92 (1): 166–73.
9. To ensure comparability across countries, the *Doing Business* methodology assumes trade by sea transport, which accounted for 80% of the volume of global trade in 2012. (UNCTAD).
10. Ghoneim, Ahmed F., and Omneia A. Helmy. 2007. *Maritime Transport and Related Logistics Services in Egypt*. Issue Paper, ICTSD Program on Trade in Services and Sustainable Development. The main laws that liberalized the maritime sector in Egypt were Law 1/1996 and Law 1/1998.
11. Other systems are (a) the “tool ports” model, where the port authority owns both infrastructure and superstructure, and services are licensed to private firms; and (b) the “service ports” model, in which the port authority owns assets and is in charge of overall port operations.

12. "Build-operate-transfer" (BOT) is a form of project financing in which a private company receives a concession from the private or public sector to finance, design, build and operate a facility stated in the concession contract. Sokhna port started operating in 2002 as the first fully private port in Egypt.
13. The four port authorities are Alexandria Port Authority (Alexandria Port and El-Dekheila Port), Port Said Port Authority (El-Arish Port and the new East Port Said Port), Red Sea Port Authority (Suez, El Adabeya, Safaga, Nuweiba, Sharm El Sheikh, Hurghada and North El Sokhna) and Damietta Port Authority.
14. Bench, Reynaldo and Robin Carruthers. 2012. *Review of Egypt's Port Sector*. Middle East and North Africa Region, Sustainable Development Department. Washington, DC: World Bank Group.
15. September 2011. Maritime Transport Sector statistics. <http://www.mts.gov.eg>.
16. Container port traffic is measured in twenty-foot equivalent units (TEUs). October 2011. Maritime Transport Sector statistics. <http://www.mts.gov.eg>
17. Bichou, Khalid and Sara El Zarka. 2011. "Assessment of freight transport and logistics within the Egypt transport system." Forthcoming. European Commission. Brussels, Belgium.
18. Damietta Port Authority statistics.
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20. Ministerial Decree 63/1982.
21. Felkner, John, Aaron Wilson, and Brian Blankespoor. "Accessibility and Transport Costs in Egypt: An Empirical Analysis". National Opinion Research Center (NORC) and World Bank. January 26, 2012.
22. The methodology was adjusted for this report so that the inland transportation is measured from each of the 5 ports to the nearest city. See *Data notes*.
23. *Doing Business 2014: Understanding Regulations for Small and Medium-Size Enterprises*. 2013. Washington, DC: World Bank Group.
24. *Doing Business in the Arab World 2012*. 2011. Washington, DC: World Bank Group.
25. *Doing Business in the Arab World 2012*. 2011. Washington, DC: World Bank Group.



Data notes

The indicators presented and analyzed in *Doing Business in Egypt 2014* measure business regulation and the protection of property rights—and their effect on businesses, especially small and medium-size domestic firms. The indicators document the complexity of regulation, such as the number of procedures to start a business or to register and transfer commercial property. They also gauge the time and cost of achieving a regulatory goal or complying with regulation, such as the time and cost to enforce a contract, go through bankruptcy or trade across borders.

In this report, *Doing Business* indicators have been created for 15 cities and 5 ports in Egypt. The data for all sets of indicators in *Doing Business in Egypt 2014* as well as for *Doing Business 2014: Understanding Regulations for Small and Medium-Size Enterprises* are current as of June 2013.

METHODOLOGY

The *Doing Business in Egypt 2014* data were collected in a standardized way. To start, the *Doing Business* team, with academic advisers, designs a questionnaire. The questionnaire uses a simple business case to ensure comparability across economies and over time—with assumptions about the legal form of the business, its size, its location and the nature of its operations. Questionnaires are administered to local experts, including lawyers, business consultants, architects, engineers, freight forwarders, government officials and other professionals routinely administering or advising on legal and regulatory requirements. These experts have several rounds of interaction with the *Doing Business* team, involving conference calls, written correspondence and visits by the team. The data from questionnaires are

subjected to numerous rounds of verification, leading to revisions or expansions of the information collected.

The *Doing Business* methodology offers several advantages. It is transparent, using factual information about what laws and regulations say and allowing multiple interactions with local respondents to clarify potential misinterpretations of questions. Having representative samples of respondents is not an issue; *Doing Business* is not a statistical survey, and the texts of the relevant laws and regulations are collected and answers checked for accuracy. The methodology is inexpensive and easily replicable, so data can be collected in a large sample of economies. Because standard assumptions are used in the data collection, comparisons and benchmarks are valid across economies. Finally, the data not only highlight the extent of specific regulatory obstacles to business but also identify their source and point to what might be reformed.

LIMITS TO WHAT IS MEASURED

The *Doing Business* methodology has 4 limitations that should be considered when interpreting the data. First, the data often focus on a specific business form—generally a limited liability company (or its legal equivalent) of a specified size—and may not be representative of the regulation on other businesses, for example, sole proprietorships. Second, transactions described in a standardized case scenario refer to a specific set of issues and may not represent the full set of issues a business encounters. Third, the measures of time involve an element of judgment by the expert respondents. When sources indicate different estimates, the time indicators reported in *Doing Business*

represent the median values of several responses given under the assumptions of the standardized case.

Finally, the methodology assumes that a business has full information on what is required and does not waste time when completing procedures. In practice, completing a procedure may take longer if the business lacks information or is unable to follow up promptly. Alternatively, the business may choose to disregard some burdensome procedures. For both reasons the time delays reported in *Doing Business 2014* would differ from the recollection of entrepreneurs reported in the World Bank Enterprise Surveys or other perception surveys.

CHANGES IN WHAT IS MEASURED

The methodology for some indicators was updated this year for the global *Doing Business* report and consequently for this report. For trading across borders, documents that are required purely for purposes of preferential treatment are no longer included in the list of documents (for example, a certificate of origin if the use is only to qualify for a preferential tariff rate under trade agreements).

The rule establishing that each procedure must take at least 1 day was removed for procedures that can be fully completed online in just a few hours. This change affects the time indicator for starting a business, dealing with construction permits and registering property. For procedures that can be fully completed online, the duration is now set at half a day rather than a full day.

STARTING A BUSINESS

Doing Business records all procedures officially required, or commonly done in practice, for an entrepreneur to start up and formally operate an industrial or commercial business, as well as the time and cost to complete these procedures and the paid-in minimum capital requirement (figure 8.1). These procedures include obtaining all necessary licenses and permits and completing any required notifications, verifications or inscriptions for the company and employees with relevant

ECONOMY CHARACTERISTICS

Gross national income per capita

Doing Business in Egypt 2014 reports 2012 income per capita as published in the World Bank's World Development Indicators 2013. Income is calculated using the Atlas method (current U.S. dollars). For cost indicators expressed as a percentage of income per capita, 2012 gross national income (GNI) in U.S. dollars is used as the denominator. Egypt's GNI per capita in 2012 = US\$ 3,000 (EGP 18,907).

Region and income group

Doing Business uses the World Bank regional and income group classifications, available at <http://data.worldbank.org/about/country-classifications>. The World Bank does not assign regional classifications to high-income economies. For the purpose of the *Doing Business* report, high-income OECD economies are assigned the "regional" classification *OECD High Income*. Figures and tables presenting regional averages include economies from all income groups (low, lower middle, upper middle and high income).

Exchange rate

The exchange rate used in this report is: 1 US\$ = 6.3 EGP (Egyptian Pound).

authorities. The ranking on the ease of starting a business is the simple average of the percentile rankings on its component indicators (figure 8.2).

After a study of laws, regulations and publicly available information on business entry, a detailed list of procedures is developed, along with the time and cost to comply with each procedure under normal circumstances and the paid-in minimum capital requirement. Subsequently, local incorporation lawyers, notaries and government officials complete and verify the data.

Information is also collected on the sequence in which procedures are to be completed and whether procedures may be carried out simultaneously. It is assumed that any required information is readily available and that the entrepreneur will pay no bribes. If answers by local experts differ, inquiries continue until the data are reconciled.

To make the data comparable across economies, several assumptions about the business and the procedures are used.

Assumptions about the business

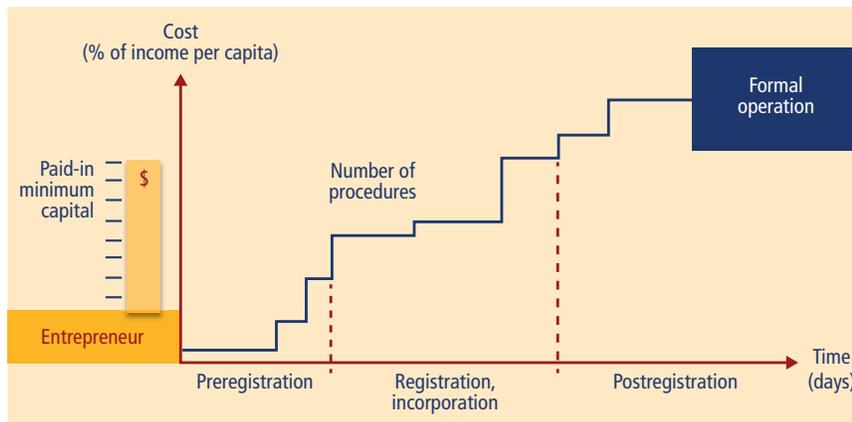
The business:

- Is a limited liability company (or its legal equivalent). If there is more than

one type of limited liability company in the economy, the limited liability form most popular among domestic firms is chosen. Information on the most popular form is obtained from incorporation lawyers or the statistical office.

- Operates in the selected city
- Is 100% domestically owned and has 5 owners, none of whom is a legal entity.
- Has start-up capital of 10 times income per capita, paid in cash.
- Performs general industrial or commercial activities, such as the production or sale to the public of products or services. The business does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. It is not using heavily polluting production processes.
- Leases the commercial plant or offices and is not a proprietor of real estate.
- Does not qualify for investment incentives or any special benefits.
- Has at least 10 and up to 50 employees 1 month after the commencement of operations, all of them domestic nationals.
- Has a turnover of at least 100 times income per capita.
- Has a company deed 10 pages long.

FIGURE 8.1 What are the time, cost, paid-in minimum capital and number of procedures to get a local limited liability company up and running?



Procedures

A procedure is defined as any interaction of the company founders with external parties (for example, government agencies, lawyers, auditors or notaries). Interactions between company founders or company officers and employees are not counted as procedures. Procedures that must be completed in the same building but in different offices or at different counters are counted separately. If founders have to visit the same office several times for different sequential procedures, each is counted separately. The founders are assumed to complete all procedures themselves, without middlemen, facilitators, accountants or lawyers, unless the use of such a third party is mandated by law or solicited by the majority of entrepreneurs. If the services of professionals are required, procedures conducted by such professionals on behalf of the company are counted separately. Each electronic procedure is counted separately. If 2 procedures can be completed through the same website but require separate filings, they are counted as 2 separate procedures.

Both pre- and postincorporation procedures that are officially required for an entrepreneur to formally operate a business are recorded (table 8.1).

Procedures required for official correspondence or transactions with public agencies are also included. For example, if a company seal or stamp is required on official documents, such as tax declarations, obtaining the seal or stamp is counted. Similarly, if a company must open a bank account before registering for sales tax

or value added tax, this transaction is included as a procedure. Shortcuts are counted only if they fulfill 4 criteria: they are legal, they are available to the general public, they are used by the majority of companies, and avoiding them causes substantial delays.

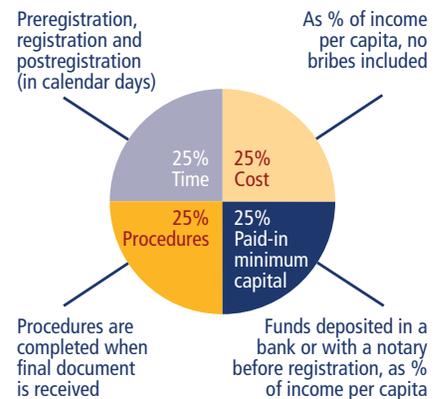
Only procedures required of all businesses are covered. Industry-specific procedures are excluded. For example, procedures to comply with environmental regulations are included only when they apply to all businesses conducting general commercial or industrial activities. Procedures that the company undergoes to connect to electricity, water, gas and waste disposal services are not included.

Time

Time is recorded in calendar days. The measure captures the median duration that incorporation lawyers indicate is necessary in practice to complete a procedure with minimum follow-up with government agencies and no extra payments. It is assumed that the minimum time required for each procedure is 1 day, except for procedures that can be fully completed online, for which the time required is recorded as half a day. Although procedures may take place simultaneously, they cannot start on the same day (that is, simultaneous procedures start on consecutive days), again with the exception of procedures that can be fully completed online. A procedure is considered completed once the company has received the final incorporation document, such as the company registration certificate or

FIGURE 8.2 Starting a business: getting a local limited liability company up and running

Rankings are based on 4 indicators



tax number. If a procedure can be accelerated for an additional cost, the fastest procedure is chosen if that option is more beneficial to the economy's ranking. It is assumed that the entrepreneur does not waste time and commits to completing each remaining procedure without delay. The time that the entrepreneur spends on gathering information is ignored. It is assumed that the entrepreneur is aware of all entry requirements and their sequence from the beginning but has had no prior contact with any of the officials.

Cost

Cost is recorded as a percentage of the economy's income per capita. It includes all official fees and fees for legal or professional services if such services are required by law. Fees for purchasing and legalizing company books are included if these transactions are required by law. Although value added tax registration can be counted as a separate procedure, value added tax is not part of the incorporation cost. The company law, the commercial code and specific regulations and fee schedules are used as sources for calculating costs. In the absence of fee schedules, a government officer's estimate is taken as an official source. In the absence of a government officer's estimate, estimates of incorporation lawyers are used. If several incorporation lawyers provide different estimates, the median reported value is applied. In all cases the cost excludes bribes.

TABLE 8.1 What do the starting a business indicators measure?

Procedures to legally start and operate a company (number)
Preregistration (for example, name verification or reservation, notarization)
Registration in the selected city
Postregistration (for example, social security registration, company seal)
Time required to complete each procedure (calendar days)
Does not include time spent gathering information
Each procedure starts on a separate day (2 procedures cannot start on the same day). Procedures that can be fully completed online are an exception to this rule.
Procedure considered completed once final incorporation document is received
No prior contact with officials
Cost required to complete each procedure (% of income per capita)
Official costs only, no bribes
No professional fees unless services required by law
Paid-in minimum capital (% of income per capita)
Funds deposited in a bank or with a notary before registration (or within 3 months)

Paid-in minimum capital

The paid-in minimum capital requirement reflects the amount that the entrepreneur needs to deposit in a bank or with a notary before registration and up to 3 months following incorporation and is recorded as a percentage of the economy's income per capita. The amount is typically specified in the commercial code or the company law. Many economies require minimum capital but allow businesses to pay only a part of it before registration, with the rest to be paid after the first year of operation. In Turkey in June 2013, for example, the minimum capital requirement was 10,000 Turkish liras, of which one-fourth needed to be paid before registration. The paid-in minimum capital recorded for Turkey is therefore 2,500 Turkish liras, or 14.35% of income per capita.

The data details on starting a business can be found for each economy at <http://www.doingbusiness.org> by selecting the economy in the drop-down list. This methodology was developed by Djankov and others (2002) and is adopted here with minor changes.

DEALING WITH CONSTRUCTION PERMITS

Doing Business records all procedures required for a business in the construction industry to build a warehouse (figure 8.3). These procedures include obtaining and submitting all relevant project-specific documents (for example, building plans, site maps and certificates of urbanism) to the authorities; hiring external third-party supervisors, engineers or inspectors (if necessary); obtaining all necessary clearances, licenses, permits and certificates; submitting all required notifications; and requesting and receiving all necessary inspections (unless completed by a private, third-party inspector). *Doing Business* also records procedures for obtaining connections for water, sewerage and a fixed landline. Procedures necessary to register the property so that it can be used as collateral or transferred to another entity are also counted. The questionnaire divides the process of building a warehouse into distinct procedures and solicits data for calculating the time and cost to complete each procedure. The ranking on the ease of dealing with construction permits is the simple average of the percentile rankings on its component indicators (figure 8.4).

Information is collected from experts in construction licensing, including architects, civil engineers, construction lawyers, construction firms, utility service providers and public officials who deal with building regulations, including approvals, permit issuance and inspections. To make the data comparable across economies, several assumptions about the business, the warehouse project and the utility connections are used.

Assumptions about the construction company

The business (BuildCo):

- Is a limited liability company.
- Operates in the selected city.

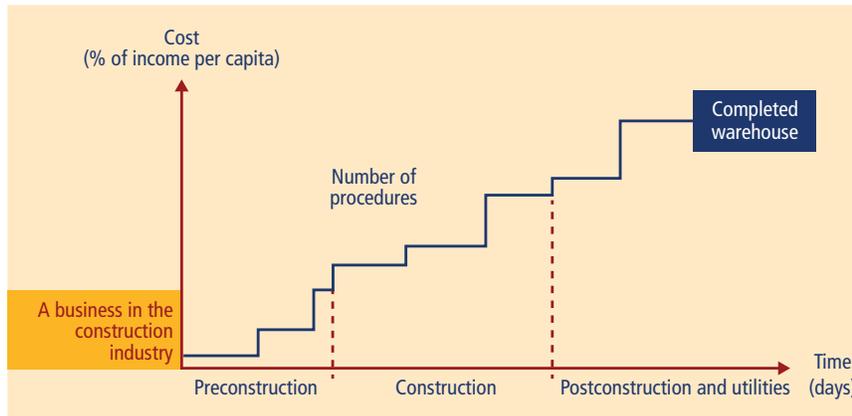
- Is 100% domestically and privately owned.
- Has 5 owners, none of whom is a legal entity.
- Is fully licensed and insured to carry out construction projects, such as building warehouses.
- Has 60 builders and other employees, all of them nationals with the technical expertise and professional experience necessary to obtain construction permits and approvals.
- Has at least 1 employee who is a licensed architect or engineer and registered with the local association of architects or engineers.
- Has paid all taxes and taken out all necessary insurance applicable to its general business activity (for example, accidental insurance for construction workers and third-person liability).
- Owns the land on which the warehouse is built.

Assumptions about the warehouse

The warehouse:

- Will be used for general storage activities, such as storage of books or stationery. The warehouse will not be used for any goods requiring special conditions, such as food, chemicals or pharmaceuticals.
- Has 2 stories, both above ground, with a total surface of 1,300.6 square meters (14,000 square feet). Each floor is 3 meters (9 feet, 10 inches) high.
- Has road access and is located in the periurban area of the selected city (that is, on the fringes of the city but still within its official limits).
- Is not located in a special economic or industrial zone. The zoning requirements for warehouses are met by building in an area where similar warehouses can be found.
- Is located on a land plot of 929 square meters (10,000 square feet) that is 100% owned by BuildCo and is accurately registered in the cadastre and land registry.
- Is a new construction (there was no previous construction on the land).
- Has complete architectural and technical plans prepared by a licensed architect.
- Will include all technical equipment required to make the warehouse fully

FIGURE 8.3 What are the time, cost and number of procedures to comply with formalities to build a warehouse?



operational.

- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

Assumptions about the utility connections

The water and sewerage connection:

- Is 10 meters (32 feet, 10 inches) from the existing water source and sewer tap.
- Does not require water for fire protection reasons; a fire extinguishing system (dry system) will be used instead. If a wet fire protection system is required by law, it is assumed that the water demand specified below also covers the water needed for fire protection.
- Has an average water use of 662 liters (175 gallons) a day and an average wastewater flow of 568 liters (150 gallons) a day.
- Has a peak water use of 1,325 liters (350 gallons) a day and a peak wastewater flow of 1,136 liters (300 gallons) a day.
- Will have a constant level of water demand and wastewater flow throughout the year.

The telephone connection:

- Is 10 meters (32 feet, 10 inches) from the main telephone network.
- Is a fixed landline.

Procedures

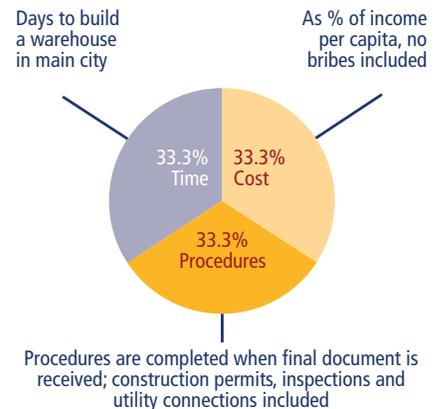
A procedure is any interaction of the company's employees or managers, or

any party acting on behalf of the company, with external parties, including government agencies, notaries, the land registry, the cadastre, utility companies and public inspectors—or the hiring of private inspectors and technical experts apart from in-house architects and engineers. Interactions between company employees, such as development of the warehouse plans and inspections conducted by employees, are not counted as procedures. But interactions necessary to obtain any plans, drawings or other documents from external parties, or to have such documents approved or stamped by external parties, are counted as procedures. Procedures that the company undergoes to connect to water, sewerage and telephone services are included. All procedures that are legally required, or that are done in practice by the majority of companies, to build a warehouse are counted, even if they may be avoided in exceptional cases (table 8.2).

Time

Time is recorded in calendar days. The measure captures the median duration that local experts indicate is necessary to complete a procedure in practice. It is assumed that the minimum time required for each procedure is 1 day, except for procedures that can be fully completed online, for which the time required is recorded as half a day. Although procedures may take place simultaneously, they cannot start on the same day (that is, simultaneous procedures start on consecutive days), again with the exception of procedures that can be fully completed online. If a procedure

FIGURE 8.4 Dealing with construction permits: building a warehouse
Rankings are based on 3 indicators



can be accelerated legally for an additional cost and the accelerated procedure is used by the majority of companies, the fastest procedure is chosen. It is assumed that BuildCo does not waste time and commits to completing each remaining procedure without delay. The time that BuildCo spends on gathering information is ignored. It is assumed that BuildCo is aware of all building requirements and their sequence from the beginning.

Cost

Cost is recorded as a percentage of the economy's income per capita. Only official costs are recorded. All the fees associated with completing the procedures to legally build a warehouse are recorded, including those associated with obtaining land use approvals and preconstruction design clearances; receiving inspections before, during and after construction; obtaining utility connections; and registering the warehouse property. Nonrecurring taxes required for the completion of the warehouse project are also recorded. Sales taxes (such as value added tax) or capital gains taxes are not recorded. Nor are deposits that must be paid up front and are later refunded. The building code, information from local experts and specific regulations and fee schedules are used as sources for costs. If several local partners provide different estimates, the median reported value is used.

TABLE 8.2 What do the dealing with construction permits indicators measure?

Procedures to legally build a warehouse (number)
Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates
Submitting all required notifications and receiving all necessary inspections
Obtaining utility connections for water, sewerage and a land telephone line
Registering the warehouse after its completion (if required for use as collateral or for transfer of the warehouse)
Time required to complete each procedure (calendar days)
Does not include time spent gathering information
Each procedure starts on a separate day. Procedures that can be fully completed online are an exception to this rule.
Procedure considered completed once final document is received
No prior contact with officials
Cost required to complete each procedure (% of income per capita)
Official costs only, no bribes

The data details on dealing with construction permits can be found for each economy at <http://www.doingbusiness.org> by selecting the economy in the drop-down list.

REGISTERING PROPERTY

Doing Business records the full sequence of procedures necessary for a business (buyer) to purchase a property from another business (seller) and to transfer the property title to the buyer's name so that the buyer can use the property for expanding its business, use the property as collateral in taking new loans or, if necessary, sell the property to another business. The process starts with obtaining the necessary documents, such as a copy of the seller's title if necessary, and conducting due diligence if required. The transaction is considered complete when it is opposable to third parties and when the buyer can use the property, use it as collateral for a bank loan or resell it (figure

8.5). The ranking on the ease of registering property is the simple average of the percentile rankings on its component indicators (figure 8.6).

Every procedure required by law or necessary in practice is included, whether it is the responsibility of the seller or the buyer or must be completed by a third party on their behalf. Local property lawyers, notaries and property registries provide information on procedures as well as the time and cost to complete each of them. The registering property indicators do not measure the accessibility of property registration systems, the legal security offered by formal registration, the use of informal property registration systems or the equity of land policies.

To make the data comparable across economies, several assumptions about the parties to the transaction, the property and the procedures are used.

Assumptions about the parties

The parties (buyer and seller):

- Are limited liability companies.
- Are located in the periurban area of the selected city.
- Are 100% domestically and privately owned.
- Have 50 employees each, all of whom are nationals.
- Perform general commercial activities.

Assumptions about the property

The property:

- Has a value of 50 times income per capita. The sale price equals the value.
- Is fully owned by the seller.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone, and no rezoning is required.
- Consists of land and a building. The land area is 557.4 square meters (6,000 square feet). A 2-story warehouse of 929 square meters (10,000 square feet) is located on the land. The warehouse is 10 years old, is in

TABLE 8.3 What do the registering property indicators measure?

Procedures to legally transfer title on immovable property (number)
Preregistration procedures (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
Registration procedures in the selected city
Postregistration procedures (for example, filing title with municipality)
Time required to complete each procedure (calendar days)
Does not include time spent gathering information
Each procedure starts on a separate day. Procedures that can be fully completed online are an exception to this rule.
Procedure considered completed once final document is received
No prior contact with officials
Cost required to complete each procedure (% of property value)
Official costs only, no bribes
No value added or capital gains taxes included

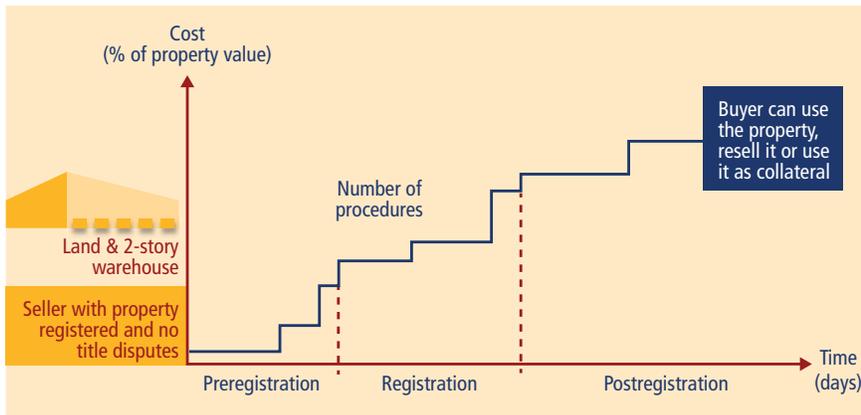
good condition and complies with all safety standards, building codes and other legal requirements. It has no heating system. The property of land and building will be transferred in its entirety.

- Will not be subject to renovations or additional building following the purchase.
- Has no trees, natural water sources, natural reserves or historical monuments of any kind.
- Will not be used for special purposes, and no special permits, such as for residential use, industrial plants, waste storage or certain types of agricultural activities, are required.
- Has no occupants, and no other party holds a legal interest in it.

Procedures

A procedure is defined as any interaction of the buyer or the seller, their agents (if an agent is legally or in practice required) or the property with external parties, including government agencies, inspectors, notaries and lawyers. Interactions between company officers and employees

FIGURE 8.5 What are the time, cost and number of procedures required to transfer property between 2 local companies?



are not considered. All procedures that are legally or in practice required for registering property are recorded, even if they may be avoided in exceptional cases (table 8.3). It is assumed that the buyer follows the fastest legal option available and used by the majority of property owners. Although the buyer may use lawyers or other professionals where necessary in the registration process, it is assumed that the buyer does not employ an outside facilitator in the registration process unless legally or in practice required to do so.

Time

Time is recorded in calendar days. The measure captures the median duration that property lawyers, notaries or registry officials indicate is necessary to complete a procedure. It is assumed that the minimum time required for each procedure is 1 day, except for procedures that can be fully completed online, for which the time required is recorded as half a day. Although procedures may take place simultaneously, they cannot start on the same day, again with the exception of procedures that can be fully completed online. It is assumed that the buyer does not waste time and commits to completing each remaining procedure without delay. If a procedure can be accelerated for an additional cost, the fastest legal procedure available and used by the majority of property owners is chosen. If procedures can be undertaken simultaneously, it is assumed that they are. It is assumed that the parties involved are aware of all requirements

and their sequence from the beginning. Time spent on gathering information is not considered.

Cost

Cost is recorded as a percentage of the property value, assumed to be equivalent to 50 times income per capita. Only official costs required by law are recorded, including fees, transfer taxes, stamp duties and any other payment to the property registry, notaries, public agencies or lawyers. Other taxes, such as capital gains tax or value added tax, are excluded from the cost measure. Both costs borne by the buyer and those borne by the seller are included. If cost estimates differ among sources, the median reported value is used.

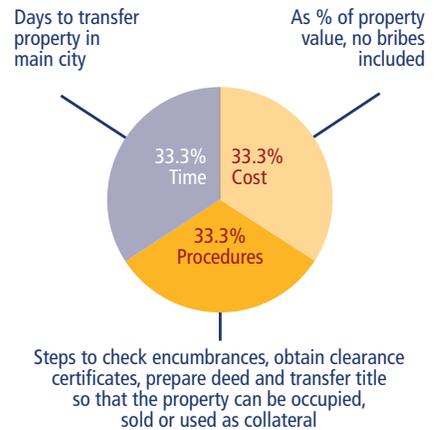
The data details on registering property can be found for each economy at <http://www.doingbusiness.org> by selecting the economy in the drop-down list.

ENFORCING CONTRACTS

Indicators on enforcing contracts measure the efficiency of the judicial system in resolving a commercial dispute. The data are built by following the step-by-step evolution of a commercial sale dispute before local courts. The data are collected through study of the codes of civil procedure and other court regulations as well as questionnaires completed by local litigation lawyers and by judges (figure 8.7). The ranking on the ease of enforcing contracts is the simple average of the

FIGURE 8.6 Registering property: transfer of property between 2 local companies

Rankings are based on 3 indicators



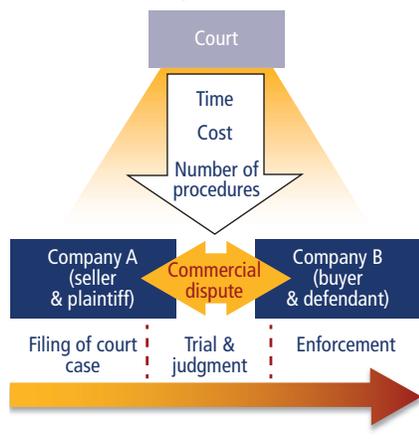
percentile rankings on its component indicators (figure 8.8).

The name of the relevant court in each economy—the court in the selected city with jurisdiction over commercial cases worth 200% of income per capita—is published at <http://www.doingbusiness.org/data/exploretopics/enforcing-contracts>.

Assumptions about the case

- The value of the claim equals 200% of the economy's income per capita.
- The dispute concerns a lawful transaction between 2 businesses (Seller and Buyer), located in the selected city. Seller sells goods worth 200% of the economy's income per capita to Buyer. After Seller delivers the goods to Buyer, Buyer refuses to pay for the goods on the grounds that the delivered goods were not of adequate quality.
- Seller (the plaintiff) sues Buyer (the defendant) to recover the amount under the sales agreement (that is, 200% of the economy's income per capita). Buyer opposes Seller's claim, saying that the quality of the goods is not adequate. The claim is disputed on the merits. The court cannot decide the case on the basis of documentary evidence or legal title alone.
- A court in the selected city with jurisdiction over commercial cases worth

FIGURE 8.7 What are the time, cost and number of procedures to resolve a commercial dispute through the courts?



200% of income per capita decides the dispute.

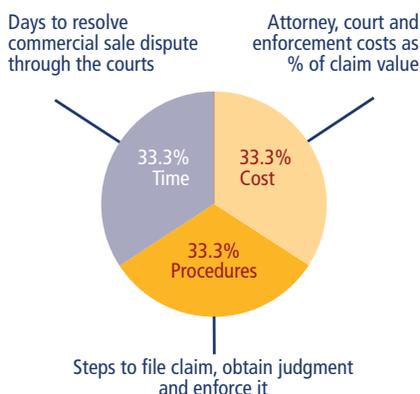
- Seller attaches Buyer's movable assets (for example, office equipment and vehicles) before obtaining a judgment because Seller fears that Buyer may become insolvent.
- An expert opinion is given on the quality of the delivered goods. If it is standard practice in the economy for each party to call its own expert witness, the parties each call one expert witness. If it is standard practice for the judge to appoint an independent expert, the judge does so. In this case the judge does not allow opposing expert testimony.
- The judgment is 100% in favor of Seller: the judge decides that the goods are of adequate quality and that Buyer must pay the agreed price.
- Buyer does not appeal the judgment. Seller decides to start enforcing the judgment as soon as the time allocated by law for appeal expires.
- Seller takes all required steps for prompt enforcement of the judgment. The money is successfully collected through a public sale of Buyer's movable assets (for example, office equipment and vehicles).

Procedures

The list of procedural steps compiled for each economy traces the chronology of a commercial dispute before the relevant court. A procedure is defined as any interaction, required by law or commonly

FIGURE 8.8 Enforcing contracts: resolving a commercial dispute through the courts

Rankings are based on 3 indicators



used in practice, between the parties or between them and the judge or court officer. Other procedural steps, internal to the court or between the parties and their counsel, may be counted as well. Procedural steps include steps to file and serve the case, steps to assign the case to a judge, steps for trial and judgment and steps necessary to enforce the judgment (table 8.4).

To indicate overall efficiency, 1 procedure is subtracted from the total number for economies that have specialized commercial courts, and 1 procedure for economies that allow electronic filing of the initial complaint in court cases. Some procedural steps that are part of others are not counted in the total number of procedures.

Time

Time is recorded in calendar days, counted from the moment the plaintiff decides to file the lawsuit in court until payment. This includes both the days when actions take place and the waiting periods between. The average duration of different stages of dispute resolution is recorded: the completion of service of process (time to file and serve the case), the issuance of judgment (time for the trial and obtaining the judgment) and the moment of payment (time for enforcement of the judgment).

TABLE 8.4 What do the enforcing contracts indicators measure?

Procedures to enforce a contract through the courts (number)
Steps to file and serve the case
Steps for trial and judgment
Steps to enforce the judgment
Time required to complete procedures (calendar days)
Time to file and serve the case
Time for trial and obtaining judgment
Time to enforce the judgment
Cost required to complete procedures (% of claim)
Average attorney fees
Court costs
Enforcement costs

Cost

Cost is recorded as a percentage of the claim, assumed to be equivalent to 200% of income per capita. No bribes are recorded. Three types of costs are recorded: court costs, enforcement costs and average attorney fees.

Court costs include all court costs that Seller (plaintiff) must advance to the court, regardless of the final cost to Seller. Enforcement costs are all costs that Seller (plaintiff) must advance to enforce the judgment through a public sale of Buyer's movable assets, regardless of the final cost to Seller. Average attorney fees are the fees that Seller (plaintiff) must advance to a local attorney to represent Seller in the standardized case.

The data details on enforcing contracts can be found for each economy at <http://www.doingbusiness.org> by selecting the economy in the drop-down list. This methodology was developed by Djankov and others (2003) and is adopted here with minor changes.

TRADING ACROSS BORDERS

Doing Business measures the time and cost (excluding tariffs) associated with exporting and importing a standardized cargo of goods by sea transport. The time and cost necessary to complete every official procedure for exporting and importing the goods are recorded; however, the time and cost for sea transport are not included. All documents needed by the trader to export or import the goods across the border are also recorded. For exporting goods, procedures range from packing the goods into the container at the warehouse to their departure from the port of exit. For importing goods, procedures range from the vessel's arrival at the port of entry to the cargo's delivery at the warehouse. For landlocked economies, these include procedures at the inland border post, since the port is located in the transit economy. Payment is made by letter of credit, and the time, cost and documents required for the issuance or advising of a letter of credit are taken into account (figure 8.9).

The ease of trading across borders in *Doing Business in Egypt 2014* measures 5 Egyptian ports: Alexandria, Damietta, Port Said East, Port Said West, and Sokhna. Inland transportation is measured from each of the ports to the nearest city. For example, in the case of the port of Sokhna, inland transportation is measured between the port and a warehouse located in Suez.

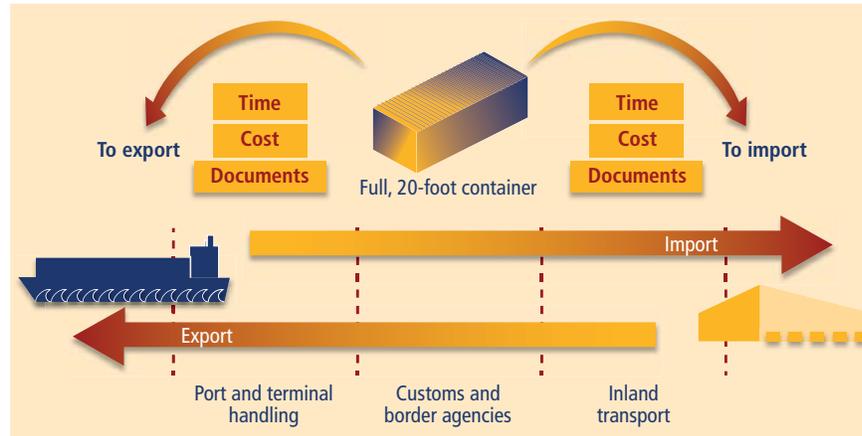
Local freight forwarders, shipping lines, customs brokers, port officials and banks provide information on required documents and cost as well as the time to complete each procedure. To make the data comparable across economies, several assumptions about the business and the traded goods are used.

Assumptions about the traded goods

The traded product travels in a dry-cargo, 20-foot,¹ full container load. It weighs 10 tons and is valued at \$20,000. The product:

- Is not hazardous nor does it include military items.

FIGURE 8.9 How much time, how many documents and what cost to export and import by sea transport?



- Does not require refrigeration or any other special environment.
- Does not require any special phytosanitary or environmental safety standards other than accepted international standards.
- Is one of the economy's leading export or import products.

Assumptions about the business

The business:

- Has at least 60 employees.
- Is located in the selected city.
- Is a private, limited liability company.
- Does not operate in an export processing zone or an industrial estate with special export or import privileges.
- Is 100% domestically owned.
- Exports more than 10% of its sales.

Documents

All documents required per shipment to export and import the goods are recorded (table 8.5). It is assumed that a new contract is drafted per shipment and that the contract has already been agreed upon and executed by both parties. Documents required for clearance by relevant agencies—including government ministries, customs, port authorities and other control agencies—are taken into account. For landlocked economies, documents required by authorities in the transit economy are also included. Since payment is by letter of credit, all documents required by banks for the issuance or securing of a

letter of credit are also taken into account. Documents that are requested at the time of clearance but that are valid for a year or longer and do not require renewal per shipment (for example, an annual tax clearance certificate) are not included. Documents that are required purely for purposes of preferential treatment are no longer included—for example, a certificate of origin if the use is only to qualify for a preferential tariff rate under trade agreements. It is assumed that the exporter will always obtain a certificate of origin for its trade partner, however, and the time and cost associated with obtaining it are included in the time and cost to export.

Time

The time for exporting and importing is recorded in calendar days. The time calculation for a procedure starts from the moment it is initiated and runs until it is completed. If a procedure can be accelerated for an additional cost and is available to all trading companies, the fastest legal procedure is chosen. Fast-track procedures applying only to firms located in an export processing zone, or only to certain accredited firms under authorized economic operator programs, are not taken into account because they are not available to all trading companies. Sea transport time is not included. It is assumed that neither the exporter nor the importer wastes time and that each commits to completing each remaining procedure without delay. Procedures that can be completed in parallel are measured

TABLE 8.5 What do the trading across borders indicators measure?

Documents required to export and import (number)
Bank documents
Customs clearance documents
Port and terminal handling documents
Transport documents
Time required to export and import (days)
Obtaining, filling out and submitting all the documents
Inland transport and handling
Customs clearance and inspections
Port and terminal handling
Does not include sea transport time
Cost required to export and import (US\$ per container)
All documentation
Inland transport and handling
Customs clearance and inspections
Port and terminal handling
Official costs only, no bribes

as simultaneous. But it is assumed that document preparation, inland transport, customs and other clearance, and port and terminal handling require a minimum time of 1 day each and cannot take place simultaneously. The waiting time between procedures—for example, during unloading of the cargo—is included in the measure.

Cost

Cost measures the fees levied on a 20-foot container in U.S. dollars. All the fees associated with completing the procedures to export or import the goods are taken into account. These include costs for documents, administrative fees for customs clearance and inspections, customs broker fees, port-related charges and inland transport costs. The cost does not include customs tariffs and duties or costs related to sea transport. Only official costs are recorded.

The data details on trading across borders can be found for each economy at <http://www.doingbusiness.org> by selecting the economy in the drop-down list. This methodology was developed by Djankov, Freund and Pham (2010) and is adopted here with minor changes.

EASE OF DOING BUSINESS

Doing Business in Egypt 2014 includes rankings of the 15 cities measured on 4 topics: starting a business, dealing with construction permits, registering property, and enforcing contracts.² The ranking on each topic is the simple average of the percentile rankings on its component indicators. The ease of starting a business is a simple average of the city rankings on the number of procedures, and the associated time and cost (% of income per capita) and paid-in minimum capital required to start a business. The ease of dealing with construction permits is a simple average of the city rankings on the number of procedures, and the associated time and cost (% of income per capita) required to build a warehouse. The ease of registering property is a simple average of the city rankings on the number of procedures, associated time and cost (% of the property value) required to register property. The ease of enforcing contracts is a simple average of the city percentile rankings on the procedures, time and cost (% of claim value) to resolve a commercial dispute through the courts.

The ease of doing business index is limited in scope. It does not account for an economy's proximity to large markets, the quality of its infrastructure services (other than services related to trading across borders and getting electricity), the strength of its financial system, the security of property from theft and looting, macroeconomic conditions or the strength of underlying institutions.

NOTES

1. While different types of containers are used around the world, the 2 most important are 20-foot and 40-foot containers. Use of 40-foot containers is growing, but this year's research confirms that 20-foot containers are still common in the majority

of economies. According to respondents questioned in each of the 189 economies covered by *Doing Business*, 20-foot and 40-foot containers are equally common in 49% of the economies, 20-foot containers are more common in 29%, and 40-foot containers are mostly relied on in only 10%. For the remaining 12% of economies no data on the use of the 2 types of containers were available. The trading across borders indicators will continue to be based on 20-foot containers because this size remains the most relevant for international trade across the globe.

2. The Trading across borders topic, measured in 5 Egyptian ports, does not include a ranking.

City and Indicator tables



City tables

Alexandria <i>Alexandria</i>			
Starting a business (rank)	1	Registering property (rank)	4
Procedures (number)	7	Procedures (number)	7
Time (days)	8	Time (days)	50
Cost (% of income per capita)	9.7	Cost (% of the property value)	0.7
Minimum capital (% of income per capita)	0.0		
Dealing with construction permits (rank)	15	Enforcing contracts (rank)	11
Procedures (number)	19	Procedures (number)	42
Time (days)	220	Time (days)	923
Cost (% of income per capita)	200.3	Cost (% of claim)	26.2
Assuit <i>Assuit</i>			
Starting a business (rank)	4	Registering property (rank)	10
Procedures (number)	8	Procedures (number)	8
Time (days)	9	Time (days)	52
Cost (% of income per capita)	9.7	Cost (% of the property value)	0.7
Minimum capital (% of income per capita)	0.0		
Dealing with construction permits (rank)	7	Enforcing contracts (rank)	14
Procedures (number)	15	Procedures (number)	42
Time (days)	218	Time (days)	965
Cost (% of income per capita)	71.4	Cost (% of claim)	26.2
Aswan <i>Aswan</i>			
Starting a business (rank)	15	Registering property (rank)	12
Procedures (number)	8	Procedures (number)	8
Time (days)	11	Time (days)	62
Cost (% of income per capita)	10.5	Cost (% of the property value)	0.7
Minimum capital (% of income per capita)	0.0		
Dealing with construction permits (rank)	14	Enforcing contracts (rank)	7
Procedures (number)	19	Procedures (number)	42
Time (days)	213	Time (days)	745
Cost (% of income per capita)	222.3	Cost (% of claim)	26.1
Cairo <i>Cairo</i>			
Starting a business (rank)	1	Registering property (rank)	13
Procedures (number)	7	Procedures (number)	8
Time (days)	8	Time (days)	63
Cost (% of income per capita)	9.7	Cost (% of the property value)	0.7
Minimum capital (% of income per capita)	0.0		
Dealing with construction permits (rank)	12	Enforcing contracts (rank)	15
Procedures (number)	21	Procedures (number)	42
Time (days)	179	Time (days)	1,010
Cost (% of income per capita)	108	Cost (% of claim)	26.2
Damietta <i>Damietta</i>			
Starting a business (rank)	10	Registering property (rank)	15
Procedures (number)	7	Procedures (number)	8
Time (days)	10	Time (days)	130
Cost (% of income per capita)	10	Cost (% of the property value)	0.7
Minimum capital (% of income per capita)	0.0		
Dealing with construction permits (rank)	5	Enforcing contracts (rank)	1
Procedures (number)	18	Procedures (number)	42
Time (days)	123	Time (days)	810
Cost (% of income per capita)	81	Cost (% of claim)	18.2

Fayoum <i>Fayoum</i>			
Starting a business (rank)	6	Registering property (rank)	3
Procedures (number)	7	Procedures (number)	7
Time (days)	9	Time (days)	35
Cost (% of income per capita)	9.9	Cost (% of the property value)	0.7
Minimum capital (% of income per capita)	0.0		
Dealing with construction permits (rank)	13	Enforcing contracts (rank)	3
Procedures (number)	23	Procedures (number)	42
Time (days)	163	Time (days)	830
Cost (% of income per capita)	150.2	Cost (% of claim)	18.2
Giza <i>Giza</i>			
Starting a business (rank)	1	Registering property (rank)	7
Procedures (number)	7	Procedures (number)	7
Time (days)	8	Time (days)	65
Cost (% of income per capita)	9.7	Cost (% of the property value)	0.7
Minimum capital (% of income per capita)	0.0		
Dealing with construction permits (rank)	11	Enforcing contracts (rank)	4
Procedures (number)	19	Procedures (number)	42
Time (days)	148	Time (days)	810
Cost (% of income per capita)	108	Cost (% of claim)	25.7
Ismailia <i>Ismailia</i>			
Starting a business (rank)	4	Registering property (rank)	5
Procedures (number)	8	Procedures (number)	7
Time (days)	9	Time (days)	52
Cost (% of income per capita)	9.7	Cost (% of the property value)	0.7
Minimum capital (% of income per capita)	0.0		
Dealing with construction permits (rank)	3	Enforcing contracts (rank)	2
Procedures (number)	20	Procedures (number)	42
Time (days)	109	Time (days)	706
Cost (% of income per capita)	59.5	Cost (% of claim)	20.7
Kharga <i>New Valley</i>			
Starting a business (rank)	14	Registering property (rank)	8
Procedures (number)	8	Procedures (number)	7
Time (days)	11	Time (days)	28
Cost (% of income per capita)	9.9	Cost (% of the property value)	0.8
Minimum capital (% of income per capita)	0.0		
Dealing with construction permits (rank)	4	Enforcing contracts (rank)	10
Procedures (number)	17	Procedures (number)	42
Time (days)	169	Time (days)	946
Cost (% of income per capita)	60.4	Cost (% of claim)	23.2
Mansoura <i>Dakahlia</i>			
Starting a business (rank)	6	Registering property (rank)	2
Procedures (number)	7	Procedures (number)	7
Time (days)	9	Time (days)	29
Cost (% of income per capita)	9.9	Cost (% of the property value)	0.7
Minimum capital (% of income per capita)	0.0		
Dealing with construction permits (rank)	2	Enforcing contracts (rank)	11
Procedures (number)	14	Procedures (number)	42
Time (days)	120	Time (days)	1,050
Cost (% of income per capita)	100.3	Cost (% of claim)	25.7

Port Said *Port Said*

Starting a business (rank)	12	Registering property (rank)	1
Procedures (number)	8	Procedures (number)	7
Time (days)	11	Time (days)	24
Cost (% of income per capita)	9.8	Cost (% of the property value)	0.7
Minimum capital (% of income per capita)	0.0		
Dealing with construction permits (rank)	10	Enforcing contracts (rank)	7
Procedures (number)	16	Procedures (number)	42
Time (days)	193	Time (days)	964
Cost (% of income per capita)	107.4	Cost (% of claim)	19.5

Sohag *Sohag*

Starting a business (rank)	12	Registering property (rank)	6
Procedures (number)	8	Procedures (number)	7
Time (days)	10	Time (days)	18
Cost (% of income per capita)	9.9	Cost (% of the property value)	0.7
Minimum capital (% of income per capita)	0.0		
Dealing with construction permits (rank)	9	Enforcing contracts (rank)	6
Procedures (number)	17	Procedures (number)	42
Time (days)	153	Time (days)	915
Cost (% of income per capita)	114.4	Cost (% of claim)	22.5

Suez *Suez*

Starting a business (rank)	10	Registering property (rank)	8
Procedures (number)	8	Procedures (number)	8
Time (days)	10	Time (days)	51
Cost (% of income per capita)	9.8	Cost (% of the property value)	0.7
Minimum capital (% of income per capita)	0.0		
Dealing with construction permits (rank)	1	Enforcing contracts (rank)	9
Procedures (number)	13	Procedures (number)	42
Time (days)	144	Time (days)	845
Cost (% of income per capita)	58.9	Cost (% of claim)	25.7

Tanta *Gharbia*

Starting a business (rank)	8	Registering property (rank)	14
Procedures (number)	7	Procedures (number)	7
Time (days)	10	Time (days)	58
Cost (% of income per capita)	9.8	Cost (% of the property value)	0.7
Minimum capital (% of income per capita)	0.0		
Dealing with construction permits (rank)	6	Enforcing contracts (rank)	5
Procedures (number)	17	Procedures (number)	42
Time (days)	129	Time (days)	830
Cost (% of income per capita)	106.2	Cost (% of claim)	24.6

Zagazig *Sharqia*

Starting a business (rank)	8	Registering property (rank)	11
Procedures (number)	7	Procedures (number)	7
Time (days)	10	Time (days)	56
Cost (% of income per capita)	9.8	Cost (% of the property value)	0.7
Minimum capital (% of income per capita)	0.0		
Dealing with construction permits (rank)	7	Enforcing contracts (rank)	13
Procedures (number)	17	Procedures (number)	42
Time (days)	170	Time (days)	1,105
Cost (% of income per capita)	92.5	Cost (% of claim)	25.7

Indicator tables

Starting a business					Dealing with construction permits				
	Procedures (number)	Time (days)	Cost (% of income per capita)	Paid-in minimum capital (% of income per capita)	Ease of starting a business (rank)	Procedures (number)	Time (days)	Cost (% of income per capita)	Ease of dealing with construction permits (rank)
Alexandria <i>Alexandria</i>	7	8	9.7	0.0	1	19	220	200.3	15
Assuit <i>Assuit</i>	8	9	9.7	0.0	4	15	218	71.4	7
Aswan <i>Aswan</i>	8	11	10.5	0.0	15	19	213	222.3	14
Cairo <i>Cairo</i>	7	8	9.7	0.0	1	21	179	108.0	12
Damietta <i>Damietta</i>	7	10	10.0	0.0	10	18	123	81.0	5
Fayoum <i>Fayoum</i>	7	9	9.9	0.0	6	23	163	150.2	13
Giza <i>Giza</i>	7	8	9.7	0.0	1	19	148	108.0	11
Ismailia <i>Ismailia</i>	8	9	9.7	0.0	4	20	109	59.5	3
Kharga <i>New Valley</i>	8	11	9.9	0.0	14	17	169	60.4	4
Mansoura <i>Dakahlia</i>	7	9	9.9	0.0	6	14	120	100.3	2
Port Said <i>Port Said</i>	8	11	9.8	0.0	12	16	193	107.4	10
Sohag <i>Sohag</i>	8	10	9.9	0.0	12	17	153	114.4	9
Suez <i>Suez</i>	8	10	9.8	0.0	10	13	144	58.9	1
Tanta <i>Gharbia</i>	7	10	9.8	0.0	8	17	129	106.2	6
Zagazig <i>Sharqia</i>	7	10	9.8	0.0	8	17	170	92.5	7

Registering property					Enforcing contracts			
	Procedures (number)	Time (days)	Cost (% of property value)	Ease of registering property (rank)	Procedures (number)	Time (days)	Cost (% claim value)	Ease of enforcing contracts (rank)
Alexandria <i>Alexandria</i>	7	50	0.7	4	42	923	26.2	11
Assuit <i>Assuit</i>	8	52	0.7	10	42	965	26.2	14
Aswan <i>Aswan</i>	8	62	0.7	12	42	745	26.1	7
Cairo <i>Cairo</i>	8	63	0.7	13	42	1,010	26.2	15
Damietta <i>Damietta</i>	8	130	0.7	15	42	810	18.2	1
Fayoum <i>Fayoum</i>	7	35	0.7	3	42	830	18.2	3
Giza <i>Giza</i>	7	65	0.7	7	42	810	25.7	4
Ismailia <i>Ismailia</i>	7	52	0.7	5	42	706	20.7	2
Kharga <i>New Valley</i>	7	28	0.8	8	42	946	23.2	10
Mansoura <i>Dakahlia</i>	7	29	0.7	2	42	1,050	25.7	11
Port Said <i>Port Said</i>	7	24	0.7	1	42	964	19.5	7
Sohag <i>Sohag</i>	7	18	0.7	6	42	915	22.5	6
Suez <i>Suez</i>	8	51	0.7	8	42	845	25.7	9
Tanta <i>Gharbia</i>	7	58	0.7	14	42	830	24.6	5
Zagazig <i>Sharqia</i>	7	56	0.7	11	42	1,105	25.7	13

Trading across borders						
	Export			Import		
	Documents (number)	Time (days)	Cost (US\$ per container)	Documents (number)	Time (days)	Cost (US\$ per container)
Alexandria	8	11	615	10	14	780
Damietta	8	10	585	10	14	857
Port Said East	8	11	694	10	15	884
Port Said West	8	11	532	10	14	831
Sokhna (Suez)	8	12	667	10	16	1,047



List of procedures



LIST OF PROCEDURES STARTING A BUSINESS

Alexandria

Standard company legal form: Sharikat that Mas-souliyyah Mahdoodah

Minimum capital requirement: EGP 0 (US\$ 0)

Data as of: June 2013

Procedure 1. Obtain a Certificate of Non-Confusion to reserve the company name at the Commercial Registry office in the General Authority for Investment and Free Zones (GAFI) one-stop shop in Alexandria

Time: 1 day

Cost: EGP 25

Comments: Investors must reserve a company name at the General Authority for Investment and Free Zones (GAFI) one-stop shop. The Investment Services Department of the GAFI one-stop shop in Alexandria will first check the legality of the proposed company name. Once the name is deemed to be legally admissible, the Investment Services Department will send a fax to the central Commercial Registry office in Cairo. The Commercial Registry in Cairo will check that the desired company name is not in use and will issue the Certificate of Non-Confusion (shahadat adam al-iltibas) within a few hours and fax it back to the one-stop shop in Alexandria.

There is a new fee of EGP25 for this procedure according to the Internal Trade Development Authority's new Administrative Decree No. 25 of 2013 (January 28, 2013).

Procedure 2. Obtain a certificate from an authorized bank and open a bank account

Time: 1 day

Cost: EGP 400 (EGP 250 for the bank certificate + account opening fees ranging from EGP 100 to 200)

Comments: The Commercial International Bank (CIB) branch at the GAFI one-stop shop issues and delivers the certificate within 1-2 days. Investors can go to this bank branch or any authorized bank to obtain the bank certificate and open a bank account. Upon an agreement between GAFI and the Central Bank, investors do not need to submit the articles of association to the bank in order to obtain the bank certificate.

Procedure 3. Submit documents to the Department of Companies in the GAFI one-stop shop in Alexandria and obtain invoice

Time: 1 day

Cost: EGP 1,400 (see comments)

Comments: The investor needs to submit the approved company contract, along with the rest of the required documentation, including the Certificate of Non-Confusion (shahadat adam al-iltibas) issued by the Commercial Registry and the powers of attorney. The investor deposits the documents at the reception desk, where they are reviewed immediately by a lawyer. The employee of the division reviews the documents and issues an invoice detailing all the cost mentioned above

for the company's establishment which should be paid at once in a single payment at the CIB bank branch in the one-stop shop.

Decree No. 282 of 2007 allows corporations to determine in the constitutive contract the name of the chairman, the vice chairman and the CEO and their responsibilities before incorporation enabling the corporations to immediately withdraw cash from the companies under incorporation account at the bank after registering in the Commercial Registry.

All the fees for company establishment are paid at this stage, including:

- Notary public fee: 0.25% of start-up capital (minimum of EGP 10 and a maximum of EGP 1,000);
- Establishment fees: 0.1% of start-up capital (minimum of EGP 100 and maximum of EGP 1,000 according to Article 17 (d) of the Companies Law);
- Commercial Syndicate fee: EGP 125 (for start-up capital less than or equal to EGP 500,000) or EGP 250 (for start-up capital more than EGP 500,000);
- Publication fee: EGP 150 (for a limited liability company in Arabic) or EGP 300 (for a limited liability company in Arabic and English);
- Chamber of Commerce fee: 0.2% of capital (minimum of EGP 24 and maximum of EGP 2,000);
- Commercial registration fee: EGP 56; and
- Operation certificate fee: EGP 29.

Procedure 4. Notarize the company contract at the Investment Notarization Office in the GAFI one-stop shop in Alexandria

Time: 1 day

Cost: No cost

Comments: The articles of association must be registered and certain documents deposited with the Investment Notarization Office at the GAFI one-stop shop. The documents requiring notarization include:

- Original certificate of non-confusion of the company name;
- Original certificate from an authorized bank;
- A copy of the powers of attorney from the founders to their representative;
- A copy of the founders' ID cards or passports;
- Security clearances for foreign partners (if relevant);
- Original certificate indicating that the company's auditor is listed at the Registry of accountants and auditors;
- Application provided by GAFI; and
- Stamped articles of association.

No stamp duty is levied, according to the amendments (published on July 1, 2006) to the Stamp Duty Law (No. 111 of 1980).

Procedure 5. Obtain the notification of incorporation from the Department of Companies in the GAFI one-stop shop in Alexandria

Time: 1 day

Cost: No cost

Comments: When the company contract has been submitted, the competent authority must ratify the articles of incorporation and give the applicant a certificate indicating that all the required papers have been submitted. This certificate allows for the registration of the company in the Commercial Registry. This certificate is issued within 24 hours following the submission of the notarized contract. The company assumes legal responsibility and judicial personality from the date of registration. Where the competent authority has no objection, the Department of Companies is thereafter responsible for publishing the announcement of the company establishment in the Investment Gazette at the expense of the company.

Procedure 6. Register for taxes at the Investment Tax Office in the GAFI one-stop shop in Alexandria

Time: 1 day

Cost: No cost

Comments: Tax registration (including obtaining the tax card) can be completed at the Investment Tax Office at the GAFI one-stop shop in Alexandria once incorporation is completed. The Investment Tax Office issues a receipt/temporary ID with all the details on the same day, which allows the company to proceed with its operations. This temporary document is valid for 30 days. The Tax officer in Assuit will submit the request the same day as it is received to the Tax Authority office in Cairo for printing (all printing is done centrally in Cairo). Once printed, the office in Cairo will mail the tax ID to Alexandria within a couple of days via express mail.

Upon obtaining the card, the company may choose to register for sales tax, provided that they have started production. Companies are obliged to register for sales tax only once they reach at least EGP 54,000 in sales for industrial activities and EGP 150,000 in sales for commercial activities. The required documents include the articles of association and the powers of attorney, the bank signature authentication (to be issued to the appropriate person by the manager having the power to sign on behalf of the company), the tax card, an original extract from the company's commercial register, and the original copy of the company's lease agreement for its premises.

Procedure 7. Open a company file and register employees with the National Authority for Social Insurance at the GAFI one-stop shop in Alexandria

Time: 2 days

Cost: No cost

Comments: Social insurance provides compensation for disability, retirement (pension), unemployment, and work-related injuries. By law, employers are required to subscribe to the social insurance system. Otherwise, they may be subject to sanctions.

The employer must submit a fully completed, authority-issued application (Form 1 and 2) and the following documents to the competent office:

- Company's commercial registration;
- Company's tax card;
- Company's articles of incorporation;
- Deed or lease agreement for company premises;
- Employer to fill in Form No. 2;
- Employer's bank signature certificate;
- Employer's graduation certificate;
- Employees' to fill in Form No. 1;
- Employees' copy of identification card;
- Employee's graduation certificate; and
- Employees' birth certificate (copy) if they do not have a social insurance number; or Form No. 6 for clearance/termination from employees' previous jobs.

The company premises are then subject to inspection by relevant authorities - such as the National Authority for Social Insurance and GAFI. Inspection takes place in practice only if there is any complaint filed against the company, or suspicion that the company is an image organization that does not actually conduct business as claimed in its submitted documents. Companies registering for sales tax will usually undergo inspection.

STARTING A BUSINESS

Assuit

Standard company legal form: Sharikat that Mas-souliyyah Mahdoodah

Minimum capital requirement: EGP 0 (US\$ 0)

Data as of: June 2013

Procedure 1. Obtain a Certificate of Non-Confusion to reserve the company name at the Commercial Registry office in the General Authority for Investment and Free Zones (GAFI) one-stop shop in Assuit

Time: 1 day

Cost: EGP 25

Comments: Investors must reserve a company name at the General Authority for Investment and Free Zones (GAFI) one-stop shop in Assuit. The Investment Services Department will first check the legality of the proposed company name. Once the name is deemed to be legally admissible, the Investment Services Department will send a fax to the central Commercial Registry office in Cairo. The Commercial Registry in Cairo will check that the desired company name is not in use and will issue the Certificate of Non-Confusion (shahadat adam al-iltibas) within a few hours and fax it back to the one-stop shop in Assuit.

There is a new fee of EGP 25 for this procedure according to the Internal Trade Development Authority's new Administrative Decree No. 25 of 2013 (January 28, 2013).

Procedure 2. Obtain a certificate from an authorized bank and open a bank account

Time: 1 day

Cost: EGP 400 (EGP 250 for the bank certificate + account opening fees ranging from EGP 100 to 200)

Comments: Unlike Cairo and Alexandria, there are no bank branches within the GAFI one-stop shop in Assuit so applicants can obtain the bank certificate from any authorized bank. The cost to open a bank account and obtain a bank certificate is between EGP 300-500. Upon an agreement between GAFI and the Central Bank, investors do not need to submit the articles of association to the bank in order to obtain the bank certificate.

Procedure 3. Submit documents to the Department of Companies in the GAFI one-stop shop in Assuit and pay registration fees

Time: 1 day

Cost: EGP 871 (see comments)

Comments: The investor needs to submit the approved company contract, along with the rest of the required documentation, including the Certificate of Non-Confusion (shahadat adam al-iltibas) issued by the Commercial Registry and the powers of attorney. The investor deposits the documents at the reception desk, where they are reviewed immediately by a lawyer. The employee of the division reviews the documents and issues an invoice detailing all the cost mentioned above for the company's establishment. Unlike Cairo, the notarization fees and commercial registration fees are not lumped into a single payment. Instead, the investor must pay each relevant authority separately.

Decree No. 282 of 2007 allows corporations to determine in the constitutive contract the name of the chairman, the vice chairman and the CEO and their responsibilities before incorporation enabling the corporations to immediately withdraw cash from the companies under incorporation account at the bank after registering in the Commercial Registry.

The following fees for company establishment are paid at this stage:

- Establishment fees: 0.1% of start-up capital (minimum of EGP 100 and maximum of EGP 1,000 according to Article 17 (d) of the Companies Law);
- Commercial Syndicate fee: EGP 125 (for start-up capital less than or equal to EGP 500,000) or EGP 250 (for start-up capital more than EGP 500,000);
- Publication fee: EGP 150 (for a limited liability company in Arabic) or EGP 300 (for a limited liability company in Arabic and English);
- Chamber of Commerce fee: 0.2% of capital (minimum of EGP 24 and maximum of EGP 2,000); and
- Operation certificate fee: EGP 29.

Procedure 4. Notarize the company contract at the Investment Notarization Office in the GAFI one-stop shop in Assuit and pay notary fees

Time: 1 day

Cost: EGP 473 (Notary public fee: 0.25% of capital with a minimum of EGP10 and a maximum of EGP1,000)

Comments: The articles of association must be registered and certain documents deposited with the Investment Notarization Office at the GAFI one-stop shop. The documents that must be notarized include:

- Original certificate of non-confusion of the company name;
- Original certificate from an authorized bank;
- A copy of the powers of attorney from the founders to their representative;
- A copy of the founders' ID cards or passports;
- Security clearances for foreign partners (if relevant);
- Original certificate indicating that the company's auditor is listed at the Registry of accountants and auditors;
- Application provided by GAFI; and
- Stamped articles of association.

No stamp duty is levied, according to the amendments (published on July 1, 2006) to the Stamp Duty Law (No. 111 of 1980).

Procedure 5. Obtain the notification of incorporation from the Department of Companies in the GAFI one-stop shop in Assuit

Time: 1 day

Cost: No cost

Comments: When the company contract has been submitted, the competent authority must ratify the articles of incorporation and give the applicant a certificate indicating that all the required papers have been submitted. This certificate allows for the registration of the company in the Commercial Registry. This certificate is issued within 24 hours following the submission of the notarized contract. The company assumes legal responsibility and judicial personality from the date of registration. Where the competent authority has no objection, the Department of Companies is thereafter responsible for publishing the announcement of the company establishment in the Investment Gazette at the expense of the company.

Procedure 6. Register the notification of incorporation at the Commercial Registry office at the GAFI one-stop shop in Assuit

Time: 1 day

Cost: EGP 56 (commercial registration fees)

Comments: All corporations under both Law 8/1997 and Law 1159/1981 assume legal responsibility as soon as they are registered in the commercial registry unless GAFI decides otherwise; with exceptions for specific activities mentioned in the decree. Applicants must register the Notice of Incorporation at the Commercial Registry desk within the GAFI one-stop shop in Assuit and pay the associated fees. Unlike Cairo, which has a centralized system of payments that

renders this procedure unnecessary, the one-stop shops in Assuit and Ismailia require that fees be paid to each authority separately, resulting in this extra procedure.

Procedure 7. Register for taxes at the Investment Tax Office in the GAFI one-stop shop in Assuit

Time: 1 day

Cost: No cost

Comments: Tax registration (including obtaining the tax card) can be completed at the Investment Tax Office at the GAFI one-stop shop in Assuit once incorporation is completed. The Investment Tax Office issues a receipt/temporary ID with all the details on the same day, which allows the company to proceed with its operations. This temporary document is valid for 30 days. The Tax officer in Assuit will submit the request the same day as it is received to the Tax Authority office in Cairo for printing (all printing is done centrally in Cairo). Once printed, the office in Cairo will mail the tax ID to Assuit within a couple of days via express mail.

Upon obtaining the card, the company may choose to register for sales tax, provided that they have started production. Companies are obliged to register for sales tax only once they reach at least EGP 54,000 in sales for industrial activities and EGP150,000 in sales for commercial activities. The required documents include the articles of association and the powers of attorney, the bank signature authentication (to be issued to the appropriate person by the manager having the power to sign on behalf of the company), the tax card, an original extract from the company's commercial register, and the original copy of the company's lease agreement for its premises.

Procedure 8. Open a company file and register employees with the National Authority for Social Insurance office in Assuit

Time: 2 days

Cost: No cost

Comments: Social insurance provides compensation for disability, retirement (pension), unemployment, and work-related injuries. By law, employers are required to subscribe to the social insurance system. Otherwise, they may be subject to sanctions. Unlike the GAFI one-stop shop in Cairo, the one-stop shop in Assuit does not include an office representing the National Authority for Social Insurance. Companies must register their employees at one of the National Authority for Social Insurance offices available throughout the city.

The employer must submit a fully completed, authority-issued application (Form 1 and 2) and the following documents to the competent office:

- Company's commercial registration;
- Company's tax card;
- Company's articles of incorporation;
- Deed or lease agreement for company premises;
- Employer to fill in Form No. 2;
- Employer's bank signature certificate;
- Employer's graduation certificate;
- Employees' to fill in Form No. 1;
- Employees' copy of identification card;

- Employee's graduation certificate; and
- Employees' birth certificate (copy) if they do not have a social insurance number; or Form No. 6 for clearance/termination from employees' previous jobs.

The company premises are then subject to inspection by relevant authorities - such as the National Authority for Social Insurance and GAFI. Inspection takes place in practice only if there is any complaint filed against the company, or suspicion that the company is an image organization that does not actually conduct business as claimed in its submitted documents. Companies registering for sales tax will undergo inspection.

STARTING A BUSINESS

Aswan

Standard company legal form: Sharikat that Mas-souliyyah Mahdoodah

Minimum capital requirement: EGP 0 (US\$ 0)

Data as of: June 2013

Procedure 1. Obtain a Certificate of Non-Confusion to reserve the company name at the Commercial Registry office in the General Authority for Investment and Free Zones (GAFI) one-stop shop in Assuit and pay fees

Time: 1 day

Cost: EGP 25

Comments: Investors must reserve a company name at the General Authority for Investment and Free Zones (GAFI) one-stop shop in Assuit. The Investment Services Department will first check the legality of the proposed company name. Once the name is deemed to be legally admissible, the Investment Services Department will send a fax to the central Commercial Registry office in Cairo. The Commercial Registry in Cairo will check that the desired company name is not in use and will issue the Certificate of Non-Confusion (shahadat adam al-iltibas) within a few hours and fax it back to the one-stop shop in Assuit.

There is a new fee of EGP 25 for this procedure according to the Internal Trade Development Authority's new Administrative Decree No. 25 of 2013 (January 28, 2013).

Procedure 2. Obtain a certificate from an authorized bank and open a bank account

Time: 1 day

Cost: EGP 400 (EGP 250 for the bank certificate + account opening fees ranging from EGP 100 to 200)

Comments: Unlike Cairo and Alexandria, there are no bank branches within the GAFI one-stop shop in Assuit so applicants can obtain the bank certificate from any authorized bank. The cost to open a bank account and obtain a bank certificate is between EGP 300-500. Upon an agreement between GAFI and the Central Bank, investors do not need to submit the articles of association to the bank in order to obtain the bank certificate.

Procedure 3. Submit documents to the Department of Companies in the GAFI one-stop shop in Assuit and pay registration fees

Time: 3 days

Cost: EGP 1,031 (see comments)

Comments: The investor needs to submit the approved company contract, along with the rest of the required documentation, including the Certificate of Non-Confusion (shahadat adam al-iltibas) issued by the Commercial Registry and the powers of attorney at the GAFI one-stop shop in Assuit (the closest one-stop shop). Applicants who wish to register their company must submit an application at the nearest GAFI one-stop shop in Assuit. Time is calculated as 3 days including 2 days of travel time to and from Assuit by train (7-8 hours each way).

The investor deposits the documents at the reception desk, where they are reviewed immediately by a lawyer. The employee of the division reviews the documents and issues an invoice detailing all the cost mentioned above for the company's establishment. Unlike Cairo, the investor cannot make a single payment for the notarization fees and commercial registration fees because there is no bank branch at the one-stop shop in Assuit. Instead, the investor must pay each relevant authority separately.

Decree No. 282 of 2007 allows corporations to determine in the constitutive contract the name of the chairman, the vice chairman and the CEO and their responsibilities before incorporation enabling the corporations to immediately withdraw cash from the companies under incorporation account at the bank after registering in the Commercial Registry.

The following fees for company establishment are paid at this stage:

- Establishment fees: 0.1% of start-up capital (minimum of EGP 100 and maximum of EGP 1,000 according to Article 17 (d) of the Companies Law);
- Commercial Syndicate fee: EGP 125 (for start-up capital less than or equal to EGP 500,000) or EGP 250 (for start-up capital more than EGP 500,000);
- Publication fee: EGP 150 (for a limited liability company in Arabic) or EGP 300 (for a limited liability company in Arabic and English);
- Chamber of Commerce fee: 0.2% of start-up capital (minimum of EGP 24 and maximum of EGP 2,000); and
- Operation certificate fee: EGP 29.

The cost of a first class round trip train ticket from Aswan to Assuit: EGP 159.92

Procedure 4. Notarize the company contract at the Investment Notarization Office in the GAFI one-stop shop in Assuit and pay notary fees

Time: 1 day

Cost: EGP 473 (Notary public fee: 0.25% of capital with a minimum of EGP 10 and a maximum of EGP 1,000)

Comments: The articles of association must be registered and certain documents deposited with the Investment Notarization Office at the GAFI one-stop shop. The documents that must be notarized include:

- Original certificate of non-confusion of the company name;
- Original certificate from an authorized bank;
- A copy of the powers of attorney from the founders to their representative;
- A copy of the founders' ID cards or passports;
- Security clearances for foreign partners (if relevant);
- Original certificate indicating that the company's auditor is listed at the Registry of accountants and auditors;
- Application provided by GAFI; and
- Stamped articles of association.

Due to the absence of a bank branch in the Assuit one-stop shop, the notarization fees (0.25% of capital) are paid directly at the Investment Notarization Office in the one-stop shop. No stamp duty is levied, according to the amendments (published on July 1, 2006) to the Stamp Duty Law (No. 111 of 1980). The original copies of the articles of association and the powers of attorney are required.

Procedure 5. Obtain the notification of incorporation from the Department of Companies in the GAFI one-stop shop in Assuit

Time: 1 day

Cost: No cost

Comments: When the company contract has been submitted, the competent authority must ratify the articles of incorporation and give the applicant a certificate indicating that all the required papers have been submitted. This certificate allows for the registration of the company in the Commercial Registry. This certificate is issued within 24 hours following the submission of the notarized contract. The company assumes legal responsibility and judicial personality from the date of registration. Where the competent authority has no objection, the Department of Companies is thereafter responsible for publishing the announcement of the company establishment in the Investment Gazette at the expense of the company.

Procedure 6. Register the notification of incorporation at the Commercial Registry office at the GAFI one-stop shop in Assuit

Time: 1 day

Cost: EGP 56 (commercial registration fees)

Comments: All corporations under both Law 8/1997 and Law 1159/1981 assume legal responsibility as soon as they are registered in the commercial registry unless GAFI decides otherwise; with exceptions for specific activities mentioned in the decree. Applicants must register the Notice of Incorporation at the Commercial Registry desk within the GAFI one-stop shop in Assuit and pay the associated fees. Unlike Cairo, which has a centralized system of payments that renders this procedure unnecessary, the one-stop shops in Assuit and Ismailia require that fees be paid to each authority separately, resulting in this extra procedure.

Procedure 7. Register for taxes at the Investment Tax Office in the GAFI one-stop shop in Assuit

Time: 1 day

Cost: No cost

Comments: Tax registration (including obtaining the tax card) can be completed at the Investment Tax Office at the GAFI one-stop shop in Assuit once incorporation is completed. The Investment Tax Office issues a receipt/temporary ID with all the details on the same day, which allows the company to proceed with its operations. This temporary document is valid for 30 days. The Tax officer in Assuit will submit the request the same day as it is received to the Tax Authority office in Cairo for printing (all printing is done centrally in Cairo). Once printed, the office in Cairo will mail the tax ID to Assuit within a couple of days via express mail.

Upon obtaining the card, the company may choose to register for sales tax, provided that they have started production. Companies are obliged to register for sales tax only once they reach at least EGP 54,000 in sales for industrial activities and EGP 150,000 in sales for commercial activities. The required documents include the articles of association and the powers of attorney, the bank signature authentication (to be issued to the appropriate person by the manager having the power to sign on behalf of the company), the tax card, an original extract from the company's commercial register, and the original copy of the company's lease agreement for its premises.

Procedure 8. Open a company file and register employees with the National Authority for Social Insurance office in Aswan

Time: 2 days

Cost: No cost

Comments: Social insurance provides compensation for disability, retirement (pension), unemployment, and work-related injuries. By law, employers are required to subscribe to the social insurance system. Otherwise, they may be subject to sanctions. Unlike the GAFI one-stop shop in Cairo, the one-stop shop in Assuit does not include an office representing the National Authority for Social Insurance. Companies, must register their employees at one of the National Authority for Social Insurance offices available throughout the Aswan.

The employer must submit a fully completed, authority-issued application (Form 1 and 2) and the following documents to the competent office:

- Company's commercial registration;
- Company's tax card;
- Company's articles of incorporation;
- Deed or lease agreement for company premises;
- Employer to fill in Form No. 2;
- Employer's bank signature certificate;
- Employer's graduation certificate;
- Employees' to fill in Form No. 1;
- Employees' copy of identification card;
- Employee's graduation certificate; and
- Employees' birth certificate (copy) if they do not have a social insurance number; or Form No. 6 for clearance/termination from employees' previous jobs.

The company premises are then subject to inspection by relevant authorities - such as the National Authority for Social Insurance and GAFI. Inspection takes place in practice only if there is any complaint filed against the company, or suspicion that the company is an image organization that does not actually conduct business as claimed in its submitted documents. Companies registering for sales tax will undergo inspection.

STARTING A BUSINESS

Cairo

Standard company legal form: Sharikat that Mas-souliyyah Mahdoodah

Minimum capital requirement: EGP 0 (US\$ 0)

Data as of: June 2013

Procedure 1. Obtain a Certificate of Non-Confusion to reserve the company name at the Commercial Registry office in the General Authority for Investment and Free Zones (GAFI) one-stop shop in Cairo

Time: 1 day

Cost: EGP 25

Comments: Investors must reserve a company name at the General Authority for Investment and Free Zones (GAFI) one-stop shop in Cairo. The Investor Services Department will first check the legality of the proposed company name. If the name is deemed to be legally admissible, the entrepreneur will then go upstairs to the Commercial Registry office in the GAFI one-stop shop to pay the required fees and obtain the Certificate of Non-Confusion (shahadat adam al-iltibas) bearing the official government stamp (khetm el nesr).

There is a new fee of EGP 25 for this procedure according to the Internal Trade Development Authority's new Administrative Decree No. 25 of 2013 (January 28, 2013).

Procedure 2. Obtain a certificate from an authorized bank and open a bank account

Time: 1 day

Cost: EGP 400 (EGP 250 for the bank certificate + account opening fees ranging from EGP 100 to 200)

Comments: The Bank of Alexandria branch at the General Authority for Investment and Free Zones (GAFI) one-stop shop in Cairo issues and delivers the certificate in 1-2 days. Investors can go to this bank branch or any authorized bank to obtain the bank certificate and open a bank account. Upon an agreement between GAFI and the Central Bank, investors do not need to submit the articles of association to the bank in order to obtain the bank certificate.

Procedure 3. Submit documents to the Department of Companies in the GAFI one-stop shop in Cairo and obtain invoice

Time: 1 day

Cost: EGP 1,400 (see comments)

Comments: The investor needs to submit the approved company contract, along with the rest of the required documentation, including the Certificate of Non-Confusion (shahadat adam al-iltibas) issued by the Commercial Registry and

* This procedure can be completed simultaneously with previous procedures.

the powers of attorney. The investor deposits the documents at the reception desk at the GAFI one-stop shop, where they are reviewed immediately by a lawyer. The employee of the division reviews the documents and issues an invoice detailing all the cost mentioned above for the company's establishment which should be paid at once in a single payment at the Bank of Alexandria branch in the one-stop shop.

Decree No. 282 of 2007 allows corporations to determine in the constitutive contract the name of the chairman, the vice chairman and the CEO and their responsibilities before incorporation enabling the corporations to immediately withdraw cash from the companies under incorporation account at the bank after registering in the Commercial Registry.

All the fees for company establishment are paid at this stage, including:

- Notary public fee: 0.25% of start-up capital (minimum of EGP 10 and a maximum of EGP 1,000);
- Establishment fees: 0.1% of start-up capital (minimum of EGP 100 and maximum of EGP 1,000 according to Article 17 (d) of the Companies Law);
- Commercial Syndicate fee: EGP 125 (for start-up capital less than or equal to EGP 500,000) or EGP 250 (for start-up capital more than EGP 500,000);
- Publication fee: EGP 150 (for a limited liability company in Arabic) or EGP 300 (for a limited liability company in Arabic and English);
- Chamber of Commerce fee: 0.2% of start-up capital (minimum of EGP 24 and maximum of EGP 2,000);
- Commercial registration fee: EGP 56; and
- Operation certificate fee: EGP 29.

Procedure 4. Notarize the company's contract at the Investment Notary Office in the GAFI one-stop shop in Cairo

Time: 1 day

Cost: No cost

Comments: The articles of association must be registered and certain documents deposited with the Investment Notarization Office at the GAFI one-stop shop. The documents requiring notarization include:

- Original certificate of non-confusion of the company name;
- Original certificate from an authorized bank;
- A copy of the powers of attorney from the founders to their representative;
- A copy of the founders' ID cards or passports;
- Security clearances for foreign partners (if relevant);
- Original certificate indicating that the company's auditor is listed at the Registry of accountants and auditors;
- Application provided by GAFI; and
- Stamped articles of association.

No stamp duty is levied, according to the amendments (published on July 1, 2006) to the Stamp Duty Law (No. 111 of 1980).

Procedure 5. Obtain the notification of incorporation from the Department of Companies in the GAFI one-stop shop in Cairo

Time: 1 day

Cost: No cost

Comments: When the company contract has been submitted, the competent authority must ratify the articles of incorporation and give the applicant a certificate indicating that all the required papers have been submitted. This certificate allows for the registration of the company in the Commercial Registry. This certificate is issued within 24 hours following the submission of the notarized contract. The company assumes legal responsibility and judicial personality from the date of registration. Where the competent authority has no objection, the Department of Companies is thereafter responsible for publishing the announcement of the company establishment in the Investment Gazette at the expense of the company.

Procedure 6. Register for taxes at the Investment Tax Office in the GAFI one-stop shop in Cairo

Time: 1 day

Cost: No cost

Comments: Upon incorporation, the company can complete tax registration and obtain the tax card at the one-stop shop's tax counter on the first floor. The tax cards are sent via courier to a central location in Cairo (located near the one-stop shop) for printing. If the request for a tax card is submitted before noon, the tax card will be printed out and issued on the same day. Requests submitted after noon will be processed on the following day. Upon obtaining the card, the company may choose to register for sales tax, provided that they have started production. Companies are obliged to register for sales tax only once they reach at least EGP 54,000 in sales for industrial activities and EGP 150,000 in sales for commercial activities. The required documents include the articles of association and the powers of attorney, the bank signature authentication (to be issued to the appropriate person by the manager having the power to sign on behalf of the company), the tax card, an original extract from the company's commercial register, and the original copy of the company's lease agreement for its premises.

Procedure 7. Open a company file and register employees with the National Authority for Social Insurance at the GAFI one-stop shop in Cairo

Time: 2 days

Cost: No cost

Comments: Social insurance provides compensation for disability, retirement (pension), unemployment, and work-related injuries. By law, employers are required to subscribe to the social insurance system. Otherwise, they may be subject to sanctions.

The employer must submit a fully completed, authority-issued application (Form 1 and 2) and the following documents to the competent office:

- Company's commercial registration;
- Company's tax card;
- Company's articles of incorporation;

- Deed or lease agreement for company premises;
- Employer to fill in Form No. 2;
- Employer's bank signature certificate;
- Employer's graduation certificate;
- Employees' to fill in Form No. 1;
- Employees' copy of identification card;
- Employee's graduation certificate; and
- Employees' birth certificate (copy) if they do not have a social insurance number; or Form No. 6 for clearance/termination from employees' previous jobs.

The company premises are then subject to inspection by relevant authorities - such as the National Authority for Social Insurance and GAFI. Inspection takes place in practice only if there is any complaint filed against the company, or suspicion that the company is an image organization that does not actually conduct business as claimed in its submitted documents. Companies registering for sales tax will usually undergo inspection.

STARTING A BUSINESS

Damietta

Standard company legal form: Sharikat that Mas-souliyyah Mahdoodah

Minimum capital requirement: EGP 0 (US\$ 0)

Data as of: June 2013

Procedure 1. Obtain a Certificate of Non-Confusion to reserve the company name at the Commercial Registry office in the General Authority for Investment and Free Zones (GAFI) one-stop shop in Cairo

Time: 1 day

Cost: EGP 25

Comments: Investors must reserve a company name at the General Authority for Investment and Free Zones (GAFI) one-stop shop in Cairo. The Investor Services Department will first check the legality of the proposed company name. If the name is deemed to be legally admissible, the entrepreneur will then go upstairs to the Commercial Registry office in the GAFI one-stop shop to pay the required fees and obtain the Certificate of Non-Confusion (shahadat adam al-iltibas) bearing the official government stamp (khetm el nesr).

There is a new fee of EGP 25 for this procedure according to the Internal Trade Development Authority's new Administrative Decree No. 25 of 2013 (January 28, 2013).

Procedure 2. Obtain a certificate from an authorized bank and open a bank account

Time: 1 day

Cost: EGP 400 (EGP 250 for the bank certificate + account opening fees ranging from EGP 100 to 200)

Comments: The Bank of Alexandria branch at the General Authority for Investment and Free Zones (GAFI) one-stop shop in Cairo issues and delivers the certificate in 1-2 days. Investors can go to this bank branch or any authorized bank to obtain the bank certificate and open a bank account. Upon an agreement between GAFI and the Central

Bank, investors do not need to submit the articles of association to the bank in order to obtain the bank certificate.

Procedure 3. Submit documents to the Department of Companies in the GAFI one-stop shop in Cairo and obtain invoice

Time: 3 days

Cost: EGP 1,473 (see comments)

Comments: The investor needs to submit the approved company contract, along with the rest of the required documentation, including the Certificate of Non-Confusion (shahadat adam al-iltibas) issued by the Commercial Registry and the powers of attorney. The investor deposits the documents at the reception desk at the GAFI one-stop shop in Cairo (the one-stop shop most favored by investors in Damietta), where they are reviewed immediately by a lawyer. Applicants who wish to register their company must submit an application at GAFI one-stop shop in Cairo or Alexandria. Since most investors prefer to use the one-stop shop in Cairo, that is the one considered for the purposes of this study. Time is calculated as 3 days including 2 days of travel time to and from Cairo by either car or train (approximately 4 hours each way). The employee of the division reviews the documents and issues an invoice detailing all the cost mentioned above for the company's establishment which should be paid at once in a single payment at the Bank of Alexandria branch in the one-stop shop.

Decree No. 282 of 2007 allows corporations to determine in the constitutive contract the name of the chairman, the vice chairman and the CEO and their responsibilities before incorporation enabling the corporations to immediately withdraw cash from the companies under incorporation account at the bank after registering in the Commercial Registry.

All the fees for company establishment are paid at this stage, including:

- Notary public fee: 0.25% of start-up capital (minimum of EGP 10 and a maximum of EGP 1,000);
- Establishment fees: 0.1% of start-up capital (minimum of EGP 100 and maximum of EGP 1,000 according to Article 17 (d) of the Companies Law);
- Commercial Syndicate fee: EGP 125 (for start-up capital less than or equal to EGP 500,000) or EGP 250 (for start-up capital more than EGP 500,000);
- Publication fee: EGP 150 (for a limited liability company in Arabic) or EGP 300 (for a limited liability company in Arabic and English);
- Chamber of Commerce fee: 0.2% of start-up capital (minimum of EGP 24 and maximum of EGP 2,000);
- Commercial registration fee: EGP 56; and
- Operation certificate fee: EGP 29.

The cost of a first class round trip train ticket from Damietta to Cairo is: EGP 72.8.

Procedure 4. Notarize the company contract at the Investment Notarization Office in the GAFI one-stop shop in Cairo

Time: 1 day

Cost: No cost

Comments: The articles of association must be registered and certain documents deposited with the Investment Notarization Office at the GAFI one-stop shop. The documents requiring notarization include:

- Original certificate of non-confusion of the company name;
- Original certificate from an authorized bank;
- A copy of the powers of attorney from the founders to their representative;
- A copy of the founders' ID cards or passports;
- Security clearances for foreign partners (if relevant);
- Original certificate indicating that the company's auditor is listed at the Registry of accountants and auditors;
- Application provided by GAFI; and
- Stamped articles of association.

No stamp duty is levied, according to the amendments (published on July 1, 2006) to the Stamp Duty Law (No. 111 of 1980).

Procedure 5. Obtain the notification of incorporation from the Department of Companies in the GAFI one-stop shop in Cairo

Time: 1 day

Cost: No cost

Comments: When the company contract has been submitted, the competent authority must ratify the articles of incorporation and give the applicant a certificate indicating that all the required papers have been submitted. This certificate allows for the registration of the company in the Commercial Registry. This certificate is issued within 24 hours following the submission of the notarized contract. The company assumes legal responsibility and judicial personality from the date of registration. Where the competent authority has no objection, the Department of Companies is thereafter responsible for publishing the announcement of the company establishment in the Investment Gazette at the expense of the company.

Procedure 6. Register for taxes at the Investment Tax Office in the GAFI one-stop shop in Cairo

Time: 1 day

Cost: No cost

Comments: Upon incorporation, the company can complete tax registration and obtain the tax card at the one-stop shop's tax counter on the first floor. The tax cards are sent via courier to a central location in Cairo (located near the one-stop shop) for printing. If the request for a tax card is submitted before noon, the tax card will be printed out and issued on the same day. Requests submitted after noon will be processed on the following day.

Upon obtaining the card, the company may choose to register for sales tax, provided that they have started production. Companies are obliged to register for sales tax only once they reach at least EGP 54,000 in sales for industrial activities and EGP 150,000 in sales for commercial activities. The required documents include the articles of association and the powers of attorney, the bank signature authentication (to be issued to the appropriate person by the manager having the power to sign on behalf of the company), the tax card, an original extract from the company's commercial register, and the original copy of the company's lease agreement for its premises.

Procedure 7. Open a company file and register employees with the National Authority for Social Insurance in Damietta

Time: 2 days

Cost: No cost

Comments: Social insurance provides compensation for disability, retirement (pension), unemployment, and work-related injuries. By law, employers are required to subscribe to the social insurance system. Otherwise, they may be subject to sanctions.

The employer must submit a fully completed, authority-issued application (Form 1 and 2) and the following documents to the competent office:

- Company's commercial registration;
- Company's tax card;
- Company's articles of incorporation;
- Deed or lease agreement for company premises;
- Employer to fill in Form No. 2;
- Employer's bank signature certificate;
- Employer's graduation certificate;
- Employees' to fill in Form No. 1;
- Employees' copy of identification card;
- Employee's graduation certificate; and
- Employees' birth certificate (copy) if they do not have a social insurance number; or Form No. 6 for clearance/termination from employees' previous jobs.

The company premises are then subject to inspection by relevant authorities - such as the National Authority for Social Insurance and GAFI. Inspection takes place in practice only if there is any complaint filed against the company, or suspicion that the company is an image organization that does not actually conduct business as claimed in its submitted documents. Companies registering for sales tax will usually undergo inspection.

STARTING A BUSINESS

Fayoum

Standard company legal form: Sharikat that Mas-souliyyah Mahdoodah

Minimum capital requirement: EGP 0 (US\$ 0)

Data as of: June 2013

Procedure 1. Obtain a Certificate of Non-Confusion to reserve the company name at the Commercial Registry office in the General Authority for Investment and Free Zones (GAFI) one-stop shop in Cairo

Time: 1 day

Cost: EGP 25

Comments: Investors must reserve a company name at the General Authority for Investment and Free Zones (GAFI) one-stop shop in Cairo. The Investor Services Department will first check the legality of the proposed company name. If the name is deemed to be legally admissible, the entrepreneur will then go upstairs to the Commercial Registry office in the GAFI one-stop shop to pay the required fees and obtain the Certificate of Non-Confusion (shahadat adam al-iltibas) bearing the official government stamp (khetm el nesr). There is a new fee of EGP 25 for this procedure according to the Internal Trade Development Authority's new Administrative Decree No. 25 of 2013 (January 28, 2013).

Procedure 2. Obtain a certificate from an authorized bank and open a bank account

Time: 1 day

Cost: EGP 400 (EGP 250 for the bank certificate + account opening fees ranging from EGP 100 to 200)

Comments: The Bank of Alexandria branch at the General Authority for Free Zones and Investment (GAFI) one-stop shop in Cairo issues and delivers the certificate in 1-2 days. Investors can go to this bank branch or any authorized bank to obtain the bank certificate and open a bank account. Upon an agreement between GAFI and the Central Bank, investors do not need to submit the articles of association to the bank in order to obtain the bank certificate.

Procedure 3. Submit documents to the Department of Companies in the GAFI one-stop shop in Cairo and obtain invoice

Time: 2 days

Cost: EGP 1,452 (see comments)

Comments: The investor needs to submit the approved company contract, along with the rest of the required documentation, including the Certificate of Non-Confusion (shahadat adam al-iltibas) issued by the Commercial Registry and the powers of attorney. The investor deposits the documents at the reception desk at the GAFI one-stop shop in Cairo (the closest one-stop shop), where they are reviewed immediately by a lawyer. Applicants who wish to register their company must submit an application at the nearest GAFI one-stop shop in Cairo. Time is calculated as 2 days including 1 day of travel time to and from Cairo by either car or train (2-3 hours each way). The employee of the division reviews

the documents and issues an invoice detailing all the cost mentioned above for the company's establishment which should be paid at once in a single payment at the Bank of Alexandria branch in the one-stop shop.

Decree No. 282 of 2007 allows corporations to determine in the constitutive contract the name of the chairman, the vice chairman and the CEO and their responsibilities before incorporation enabling the corporations to immediately withdraw cash from the companies under incorporation account at the bank after registering in the Commercial Registry.

All the fees for company establishment are paid at this stage, including:

- Notary public fee: 0.25% of start-up capital (minimum of EGP 10 and a maximum of EGP 1,000);
- Establishment fees: 0.1% of start-up capital (minimum of EGP 100 and maximum of EGP 1,000 according to Article 17 (d) of the Companies Law);
- Commercial Syndicate fee: EGP 125 (for start-up capital less than or equal to EGP 500,000) or EGP 250 (for start-up capital more than EGP 500,000);
- Publication fee: EGP 150 (for a limited liability company in Arabic) or EGP 300 (for a limited liability company in Arabic and English);
- Chamber of Commerce fee: 0.2% of start-up capital (minimum of EGP 24 and maximum of EGP 2,000);
- Commercial registration fee: EGP 56; and
- Operation certificate fee: EGP 29.

The cost of a round trip ticket from Fayoum to Cairo is approximately EGP 52.

Procedure 4. Notarize the company contract at the Investment Notarization Office in the GAFI one-stop shop in Cairo

Time: 1 day

Cost: No cost

Comments: The articles of association must be registered and certain documents deposited with the Investment Notarization Office at the GAFI one-stop shop. The documents requiring notarization include:

- Original certificate of non-confusion of the company name;
- Original certificate from an authorized bank;
- A copy of the powers of attorney from the founders to their representative;
- A copy of the founders' ID cards or passports;
- Security clearances for foreign partners (if relevant);
- Original certificate indicating that the company's auditor is listed at the Registry of accountants and auditors;
- Application provided by GAFI; and
- Stamped articles of association.

No stamp duty is levied, according to the amendments (published on July 1, 2006) to the Stamp Duty Law (No. 111 of 1980).

Procedure 5. Obtain the notification of incorporation from the Department of Companies in the GAFI one-stop shop in Cairo

Time: 1 day

Cost: No cost

Comments: When the company contract has been submitted, the competent authority must ratify the articles of incorporation and give the applicant a certificate indicating that all the required papers have been submitted. This certificate allows for the registration of the company in the Commercial Registry. This certificate is issued within 24 hours following the submission of the notarized contract. The company assumes legal responsibility and judicial personality from the date of registration. Where the competent authority has no objection, the Department of Companies is thereafter responsible for publishing the announcement of the company establishment in the Investment Gazette at the expense of the company.

Procedure 6. Register for taxes at the Investment Tax Office in the GAFI one-stop shop in Cairo

Time: 1 day

Cost: No cost

Comments: Upon incorporation, the company can complete tax registration and obtain the tax card at the one-stop shop's tax counter on the first floor. The tax cards are sent via courier to a central location in Cairo (located near the one-stop shop) for printing. If the request for a tax card is submitted before noon, the tax card will be printed out and issued on the same day. Requests submitted after noon will be processed on the following day.

Upon obtaining the card, the company may choose to register for sales tax, provided that they have started production. Companies are obliged to register for sales tax only once they reach at least EGP 54,000 in sales for industrial activities and EGP 150,000 in sales for commercial activities. The required documents include the articles of association and the powers of attorney, the bank signature authentication (to be issued to the appropriate person by the manager having the power to sign on behalf of the company), the tax card, an original extract from the company's commercial register, and the original copy of the company's lease agreement for its premises.

Procedure 7. Open a company file and register employees with the National Authority for Social Insurance in Fayoum

Time: 2 days

Cost: No cost

Comments: Social insurance provides compensation for disability, retirement (pension), unemployment, and work-related injuries. By law, employers are required to subscribe to the social insurance system. Otherwise, they may be subject to sanctions.

The employer must submit a fully completed, authority-issued application (Form 1 and 2) and the following documents to the competent office:

- Company's commercial registration;
- Company's tax card;
- Company's articles of incorporation;

* This procedure can be completed simultaneously with previous procedures.

- d. Deed or lease agreement for company premises;
- e. Employer to fill in Form No. 2;
- f. Employer's bank signature certificate;
- g. Employer's graduation certificate;
- h. Employees' to fill in Form No. 1;
- i. Employees' copy of identification card;
- j. Employee's graduation certificate; and
- k. Employees' birth certificate (copy) if they do not have a social insurance number; or Form No. 6 for clearance/termination from employees' previous jobs.

The company premises are then subject to inspection by relevant authorities - such as the National Authority for Social Insurance and GAFI. Inspection takes place in practice only if there is any complaint filed against the company, or suspicion that the company is an image organization that does not actually conduct business as claimed in its submitted documents. Companies registering for sales tax will usually undergo inspection.

STARTING A BUSINESS

Giza

Standard company legal form: Sharikat that Mas-souliyyah Mahdoodah

Minimum capital requirement: EGP 0 (US\$ 0)

Data as of: June 2013

Procedure 1. Obtain a Certificate of Non-Confusion to reserve the company name at the Commercial Registry office in the General Authority for Investment and Free Zones (GAFI) one-stop shop in Cairo

Time: 1 day

Cost: EGP 25

Comments: Investors must reserve a company name at the General Authority for Investment and Free Zones (GAFI) one-stop shop in Cairo. The Investor Services Department will first check the legality of the proposed company name. If the name is deemed to be legally admissible, the entrepreneur will then go upstairs to the Commercial Registry office in the GAFI one-stop shop to pay the required fees and obtain the Certificate of Non-Confusion (shahadat adam al-iltibas) bearing the official government stamp (khetm el nesr).

There is a new fee of EGP 25 for this procedure according to the Internal Trade Development Authority's new Administrative Decree No. 25 of 2013 (January 28, 2013).

Procedure 2. Obtain a certificate from an authorized bank and open a bank account

Time: 1 day

Cost: EGP 400 (EGP 250 for the bank certificate + account opening fees ranging from EGP 100 to 200)

Comments: The Bank of Alexandria branch at the General Authority for Investment and Free Zones (GAFI) one-stop shop in Cairo issues and delivers the certificate in 1-2 days. Investors can go to this bank branch or any authorized bank to obtain the bank certificate and open a bank account. Upon an agreement between GAFI and the Central

Bank, investors do not need to submit the articles of association to the bank in order to obtain the bank certificate.

Procedure 3. Submit documents to the Department of Companies in the GAFI one-stop shop in Cairo and obtain invoice

Time: 1 day

Cost: EGP 1,400 (see comments)

Comments: The investor needs to submit the approved company contract, along with the rest of the required documentation, including the Certificate of Non-Confusion (shahadat adam al-iltibas) issued by the Commercial Registry and the powers of attorney. The investor deposits the documents at the reception desk at the GAFI one-stop shop in Cairo (the closest one-stop shop), where they are reviewed immediately by a lawyer. The employee of the division reviews the documents and issues an invoice detailing all the cost mentioned above for the company's establishment which should be paid at once in a single payment at the Bank of Alexandria branch in the one-stop shop.

Decree No. 282 of 2007 allows corporations to determine in the constitutive contract the name of the chairman, the vice chairman and the CEO and their responsibilities before incorporation enabling the corporations to immediately withdraw cash from the companies under incorporation account at the bank after registering in the Commercial Registry.

All the fees for company establishment are paid at this stage, including:

- a. Notary public fee: 0.25% of start-up capital (minimum of EGP 10 and a maximum of EGP 1,000);
- b. Establishment fees: 0.1% of start-up capital (minimum of EGP 100 and maximum of EGP 1,000 according to Article 17 (d) of the Companies Law);
- c. Commercial Syndicate fee: EGP 125 (for start-up capital less than or equal to EGP 500,000) or EGP 250 (for start-up capital more than EGP 500,000);
- d. Publication fee: EGP 150 (for a limited liability company in Arabic) or EGP 300 (for a limited liability company in Arabic and English);
- e. Chamber of Commerce fee: 0.2% of start-up capital (minimum of EGP 24 and maximum of EGP 2,000);
- f. Commercial registration fee: EGP 56; and
- g. Operation certificate fee: EGP 29.

Procedure 4. Notarize the company contract at the Investment Notarization Office in the GAFI one-stop shop in Cairo

Time: 1 day

Cost: No cost

Comments: The articles of association must be registered and certain documents deposited with the Investment Notarization Office at the GAFI one-stop shop. The documents requiring notarization include:

- a. Original certificate of non-confusion of the company name;
- b. Original certificate from an authorized bank;

- c. A copy of the powers of attorney from the founders to their representative;
- d. A copy of the founders' ID cards or passports;
- e. Security clearances for foreign partners (if relevant);
- f. Original certificate indicating that the company's auditor is listed at the Registry of accountants and auditors;
- g. Application provided by GAFI; and
- h. Stamped articles of association.

No stamp duty is levied, according to the amendments (published on July 1, 2006) to the Stamp Duty Law (No. 111 of 1980).

Procedure 5. Obtain the notification of incorporation from the Department of Companies in the GAFI one-stop shop in Cairo

Time: 1 day

Cost: No cost

Comments: When the company contract has been submitted, the competent authority must ratify the articles of incorporation and give the applicant a certificate indicating that all the required papers have been submitted. This certificate allows for the registration of the company in the Commercial Registry. This certificate is issued within 24 hours following the submission of the notarized contract. The company assumes legal responsibility and judicial personality from the date of registration. Where the competent authority has no objection, the Department of Companies is thereafter responsible for publishing the announcement of the company establishment in the Investment Gazette at the expense of the company.

Procedure 6. Register for taxes at the Investment Tax Office in the GAFI one-stop shop in Cairo

Time: 1 day

Cost: No cost

Comments: Upon incorporation, the company can complete tax registration and obtain the tax card at the one-stop shop's tax counter on the first floor. The tax cards are sent via courier to a central location in Cairo (located near the one-stop shop) for printing. If the request for a tax card is submitted before noon, the tax card will be printed out and issued on the same day. Requests submitted after noon will be processed on the following day.

Upon obtaining the card, the company may choose to register for sales tax, provided that they have started production. Companies are obliged to register for sales tax only once they reach at least EGP 54,000 in sales for industrial activities and EGP 150,000 in sales for commercial activities. The required documents include the articles of association and the powers of attorney, the bank signature authentication (to be issued to the appropriate person by the manager having the power to sign on behalf of the company), the tax card, an original extract from the company's commercial register, and the original copy of the company's lease agreement for its premises.

Procedure 7. Open a company file and register employees with the National Authority for Social Insurance in Giza

Time: 2 days

Cost: No cost

Comments: Social insurance provides compensation for disability, retirement (pension), unemployment, and work-related injuries. By law, employers are required to subscribe to the social insurance system. Otherwise, they may be subject to sanctions.

The employer must submit a fully completed, authority-issued application (Form 1 and 2) and the following documents to the competent office:

- Company's commercial registration;
- Company's tax card;
- Company's articles of incorporation;
- Deed or lease agreement for company premises;
- Employer to fill in Form No. 2;
- Employer's bank signature certificate;
- Employer's graduation certificate;
- Employees' to fill in Form No. 1;
- Employees' copy of identification card;
- Employee's graduation certificate; and
- Employees' birth certificate (copy) if they do not have a social insurance number; or Form No. 6 for clearance/termination from employees' previous jobs.

The company premises are then subject to inspection by relevant authorities - such as the National Authority for Social Insurance and GAFI. Inspection takes place in practice only if there is any complaint filed against the company, or suspicion that the company is an image organization that does not actually conduct business as claimed in its submitted documents. Companies registering for sales tax will usually undergo inspection.

STARTING A BUSINESS

Ismailia

Standard company legal form: Sharikat that Mas-souliyyah Mahdoodah

Minimum capital requirement: EGP 0 (US\$ 0)

Data as of: June 2013

Procedure 1. Obtain a Certificate of Non-Confusion to reserve the company name at the Commercial Registry office in the General Authority for Investment and Free Zones (GAFI) one-stop shop in Ismailia and pay fees

Time: 1 day

Cost: EGP 25

Comments: Investors must reserve a company name at the General Authority for Investment and Free Zones (GAFI) one-stop shop in Ismailia. The Investment Services Department will first check the legality of the proposed company name. Once the name is deemed to be legally admissible, the Investment Services Department will send a fax to the central Commercial Registry office in Cairo. The Commercial Registry in Cairo will check that the desired company name is not in use and will issue the Certificate of Non-Confusion (shahadat adam al-iltibas) within a few hours and fax it back to the one-stop shop in Ismailia.

There is a new fee of EGP 25 for this procedure according to the Internal Trade Development Authority's new Administrative Decree No. 25 of 2013 (January 28, 2013).

Procedure 2. Obtain a certificate from an authorized bank and open a bank account

Time: 1 day

Cost: EGP 400 (EGP 250 for the bank certificate + account opening fees ranging from EGP 100 to 200)

Comments: Unlike Cairo and Alexandria, there are no bank branches within the GAFI one-stop shop in Ismailia so applicants can obtain the bank certificate from any authorized bank. The cost to open a bank account and obtain a bank certificate is between EGP 300-500. Upon an agreement between GAFI and the Central Bank, investors do not need to submit the articles of association to the bank in order to obtain the bank certificate.

Procedure 3. Submit documents to the Department of Companies in the GAFI One-stop shop in Ismailia and pay registration fees

Time: 1 day

Cost: EGP 871 (see comments)

Comments: The investor needs to submit the approved company contract, along with the rest of the required documentation, including the Certificate of Non-Confusion (shahadat adam al-iltibas) issued by the Commercial Registry and the powers of attorney. The investor deposits the documents at the reception desk, where they are reviewed immediately by a lawyer. The employee of the division reviews the documents and issues an invoice detailing all the cost mentioned above for the company's establishment. Unlike Cairo, the notarization fees and commercial registration fees are not lumped into a single payment. Instead, the investor must pay each relevant authority separately.

Decree No. 282 of 2007 allows corporations to determine in the constitutive contract the name of the chairman, the vice chairman and the CEO and their responsibilities before incorporation enabling the corporations to immediately withdraw cash from the companies under incorporation account at the bank after registering in the Commercial Registry.

The following fees for company establishment are paid at this stage:

- Establishment fees: 0.1% of start-up capital (minimum of EGP 100 and maximum of EGP 1,000 according to Article 17 (d) of the Companies Law);
- Commercial Syndicate fee: EGP 125 (for start-up capital less than or equal to EGP 500,000) or EGP 250 (for start-up capital more than EGP 500,000);
- Publication fee: EGP 150 (for a limited liability company in Arabic) or EGP 300 (for a limited liability company in Arabic and English);
- Chamber of Commerce fee: 0.2% of start-up capital (minimum of EGP 24 and maximum of EGP 2,000); and
- Operation certificate fee: EGP 29.

Procedure 4. Notarize the company contract at the Investment Notarization Office in the GAFI one-stop shop in Ismailia and pay notary fees

Time: 1 day

Cost: EGP 473 (Notary public fee: 0.25% of capital with a minimum of EGP 10 and a maximum of EGP 1,000)

Comments: The articles of association must be registered and certain documents deposited with the Investment Notarization Office at the GAFI one-stop shop. The documents that must be notarized include:

- Original certificate of non-confusion of the company name;
- Original certificate from an authorized bank;
- A copy of the powers of attorney from the founders to their representative;
- A copy of the founders' ID cards or passports;
- Security clearances for foreign partners (if relevant);
- Original certificate indicating that the company's auditor is listed at the Registry of accountants and auditors;
- Application provided by GAFI; and
- Stamped articles of association.

Due to the absence of a bank branch in the Ismailia one-stop shop, the notarization fees (0.25% of capital) are paid directly at the Investment Notarization Office in the one-stop shop. No stamp duty is levied, according to the amendments (published on July 1, 2006) to the Stamp Duty Law (No. 111 of 1980). The original copies of the articles of association and the powers of attorney are required.

Procedure 5. Obtain the notification of incorporation from the Department of Companies in the GAFI one-stop shop in Ismailia

Time: 1 day

Cost: No cost

Comments: When the company contract has been submitted, the competent authority must ratify the articles of incorporation and give the applicant a certificate indicating that all the required papers have been submitted. This certificate allows for the registration of the company in the Commercial Registry. This certificate is issued within 24 hours following the submission of the notarized contract. The company assumes legal responsibility and judicial personality from the date of registration. Where the competent authority has no objection, the Department of Companies is thereafter responsible for publishing the announcement of the company establishment in the Investment Gazette at the expense of the company.

Procedure 6. Register the Notification of Incorporation at the Commercial Registry office at the GAFI One Stop Shop in Ismailia

Time: 1 day

Cost: EGP 56 (commercial registration fees)

Comments: All corporations under both Law 8/1997 and Law 1159/1981 assume legal responsibility as soon as they are registered in the commercial registry unless GAFI decides otherwise; with exceptions for specific activities

mentioned in the decree. Applicants must register the Notice of Incorporation at the Commercial Registry desk within the GAFI one-stop shop in Ismailia and pay the associated fees. Unlike Cairo, which has a centralized system of payments that renders this procedure unnecessary, the one-stop shops in Assuit and Ismailia require that fees be paid to each authority separately, resulting in this extra procedure.

Procedure 7. Register for taxes at the Investment Tax Office in the GAFI one-stop shop in Ismailia

Time: 1 day

Cost: No cost

Comments: Tax registration (including obtaining the tax card) can be completed at the Investment Tax Office at the GAFI one-stop shop in Ismailia once incorporation is completed. The Investment Tax Office issues a receipt/temporary ID with all the details on the same day, which allows the company to proceed with its operations. This temporary document is valid for 30 days. The Tax officer in Ismailia will submit the request the same day as it is received to the Tax Authority office in Cairo for printing (all printing is done centrally in Cairo). Once printed, the office in Cairo will mail the tax ID to Ismailia within a couple of days via express mail.

Upon obtaining the card, the company may choose to register for sales tax, provided that they have started production. Companies are obliged to register for sales tax only once they reach at least EGP 54,000 in sales for industrial activities and EGP 150,000 in sales for commercial activities. The required documents include the articles of association and the powers of attorney, the bank signature authentication (to be issued to the appropriate person by the manager having the power to sign on behalf of the company), the tax card, an original extract from the company's commercial register, and the original copy of the company's lease agreement for its premises.

Procedure 8. Open a company file and register employees with the National Authority for Social Insurance office in Ismailia

Time: 2 days

Cost: No cost

Comments: Social insurance provides compensation for disability, retirement (pension), unemployment, and work-related injuries. By law, employers are required to subscribe to the social insurance system. Otherwise, they may be subject to sanctions. Unlike the GAFI one-stop shop in Cairo, the one-stop shop in Ismailia does not include an office representing the National Authority for Social Insurance. Companies must register their employees at one of the National Authority for Social Insurance offices available throughout the city.

The employer must submit a fully completed, authority-issued application (Form 1 and 2) and the following documents to the competent office:

- Company's commercial registration;
- Company's tax card;
- Company's articles of incorporation;
- Deed or lease agreement for company premises;
- Employer to fill in Form No. 2;

- Employer's bank signature certificate;
- Employer's graduation certificate;
- Employees' to fill in Form No. 1;
- Employees' copy of identification card;
- Employee's graduation certificate; and
- Employees' birth certificate (copy) if they do not have a social insurance number; or Form No. 6 for clearance/termination from employees' previous jobs.

The company premises are then subject to inspection by relevant authorities - such as the National Authority for Social Insurance and GAFI. Inspection takes place in practice only if there is any complaint filed against the company, or suspicion that the company is an image organization that does not actually conduct business as claimed in its submitted documents. Companies registering for sales tax will undergo inspection.

STARTING A BUSINESS

Kharga

Standard company legal form: Sharikat that Mas-souliyyah Mahdoodah

Minimum capital requirement: EGP 0 (US\$ 0)

Data as of: June 2013

Procedure 1. Obtain a Certificate of Non-Confusion to reserve the company name at the Commercial Registry office in the General Authority for Investment and Free Zones (GAFI) one-stop shop in Assuit and pay fees

Time: 1 day

Cost: EGP 25

Comments: Investors must reserve a company name at the General Authority for Investment and Free Zones (GAFI) one-stop shop in Assuit. The Investment Services Department will first check the legality of the proposed company name. Once the name is deemed to be legally admissible, the Investment Services Department will send a fax to the central Commercial Registry office in Cairo. The Commercial Registry in Cairo will check that the desired company name is not in use and will issue the Certificate of Non-Confusion (shahadat adam al-iltibas) within a few hours and fax it back to the one-stop shop in Assuit.

There is a new fee of EGP 25 for this procedure according to the Internal Trade Development Authority's new Administrative Decree No. 25 of 2013 (January 28, 2013).

Procedure 2. Obtain a certificate from an authorized bank and open a bank account

Time: 1 day

Cost: EGP 400 (EGP 250 for the bank certificate + account opening fees ranging from EGP 100 to 200)

Comments: Unlike Cairo and Alexandria, there are no bank branches within the GAFI one-stop shop in Assuit so applicants can obtain the bank certificate from any authorized bank. The cost to open a bank account and obtain a bank certificate is between EGP 300-500. Upon an agreement between GAFI and the Central Bank, investors do not need to submit the articles of association to the bank in order to obtain the bank certificate.

Procedure 3. Submit documents to the Department of Companies in the GAFI One-stop shop in Assuit and pay registration fees

Time: 3 days

Cost: EGP 911 (see comments)

Comments: The investor needs to submit the approved company contract, along with the rest of the required documentation, including the Certificate of Non-Confusion (shahadat adam al-iltibas) issued by the Commercial Registry and the powers of attorney. The investor deposits the documents at the reception desk in the GAFI one-stop shop in Assuit (the closest one-stop shop), where they are reviewed immediately by a lawyer. Applicants who wish to register their company must submit an application at the nearest GAFI one-stop shop in Assuit. Time is calculated as 3 days including 2 days of travel time to and from Assuit by car or bus (4 hours each way). The employee of the division reviews the documents and issues an invoice detailing all the cost mentioned above for the company's establishment. Unlike Cairo, the notarization fees and commercial registration fees are not lumped into a single payment. Instead, the investor must pay each relevant authority separately.

Decree No. 282 of 2007 allows corporations to determine in the constitutive contract the name of the chairman, the vice chairman and the CEO and their responsibilities before incorporation enabling the corporations to immediately withdraw cash from the companies under incorporation account at the bank after registering in the Commercial Registry.

The following fees for company establishment are paid at this stage:

- Establishment fees: 0.1% of start-up capital (minimum of EGP 100 and maximum of EGP 1,000 according to Article 17 (d) of the Companies Law);
- Commercial Syndicate fee: EGP 125 (for start-up capital less than or equal to EGP 500,000) or EGP 250 (for start-up capital more than EGP 500,000);
- Publication fee: EGP 150 (for a limited liability company in Arabic) or EGP 300 (for a limited liability company in Arabic and English);
- Chamber of Commerce fee: 0.2% of start-up capital (minimum of EGP 24 and maximum of EGP 2,000); and
- Operation certificate fee: EGP 29.

Cost of travel from Kharga to Assuit (the closest city with a GAFI one-stop shop) via bus: EGP 40.

Procedure 4. Notarize the company contract at the Investment Notarization Office in the GAFI one-stop shop in Assuit and pay notary fees

Time: 1 day

Cost: EGP 473 (Notary public fee: 0.25% of capital with a minimum of EGP10 and a maximum of EGP1,000)

Comments: The articles of association must be registered and certain documents deposited with the Investment Notarization Office at the GAFI one-stop shop. The documents that must be notarized include:

- Original certificate of non-confusion of the company name;

- b. Original certificate from an authorized bank;
- c. A copy of the powers of attorney from the founders to their representative;
- d. A copy of the founders' ID cards or passports;
- e. Security clearances for foreign partners (if relevant);
- f. Original certificate indicating that the company's auditor is listed at the Registry of accountants and auditors;
- g. Application provided by GAFI; and
- h. Stamped articles of association.

Due to the absence of a bank branch in the Assuit one-stop shop, the notarization fees (0.25% of capital) are paid directly at the Investment Notarization Office in the one-stop shop. No stamp duty is levied, according to the amendments (published on July 1, 2006) to the Stamp Duty Law (No. 111 of 1980). The original copies of the articles of association and the powers of attorney are required.

Procedure 5. Obtain the notification of incorporation from the Department of Companies in the GAFI one-stop shop in Assuit

Time: 1 day

Cost: No cost

Comments: When the company contract has been submitted, the competent authority must ratify the articles of incorporation and give the applicant a certificate indicating that all the required papers have been submitted. This certificate allows for the registration of the company in the Commercial Registry. This certificate is issued within 24 hours following the submission of the notarized contract. The company assumes legal responsibility and judicial personality from the date of registration. Where the competent authority has no objection, the Department of Companies is thereafter responsible for publishing the announcement of the company establishment in the Investment Gazette at the expense of the company.

Procedure 6. Register the Notification of Incorporation at the Commercial Registry office at the GAFI one-stop shop in Assuit

Time: 1 day

Cost: EGP 56 (commercial registration fees)

Comments: All corporations under both Law 8/1997 and Law 1159/1981 assume legal responsibility as soon as they are registered in the commercial registry unless GAFI decides otherwise; with exceptions for specific activities mentioned in the decree. Applicants must register the Notice of Incorporation at the Commercial Registry desk within the GAFI one-stop shop in Assuit and pay the associated fees. Unlike Cairo, which has a centralized system of payments that renders this procedure unnecessary, the one-stop shops in Assuit and Ismailia require that fees be paid to each authority separately, resulting in this extra procedure.

Procedure 7. Register for taxes at the Investment Tax Office in the GAFI one-stop shop in Assuit

Time: 1 day

Cost: No cost

Comments: Tax registration (including obtaining the tax card) can be completed at the Investment Tax Office at the GAFI one-stop shop in Assuit once incorporation is completed. The Investment Tax Office issues a receipt/temporary ID with all the details on the same day, which allows the company to proceed with its operations. This temporary document is valid for 30 days. The Tax officer in Assuit will submit the request the same day as it is received to the Tax Authority office in Cairo for printing (all printing is done centrally in Cairo). Once printed, the office in Cairo will mail the tax ID to Assuit within a couple of days via express mail.

Upon obtaining the card, the company may choose to register for sales tax, provided that they have started production. Companies are obliged to register for sales tax only once they reach at least EGP 54,000 in sales for industrial activities and EGP 150,000 in sales for commercial activities. The required documents include the articles of association and the powers of attorney, the bank signature authentication (to be issued to the appropriate person by the manager having the power to sign on behalf of the company), the tax card, an original extract from the company's commercial register, and the original copy of the company's lease agreement for its premises.

Procedure 8. Open a company file and register employees with the National Authority for Social Insurance office in Kharga

Time: 2 days

Cost: No cost

Comments: Social insurance provides compensation for disability, retirement (pension), unemployment, and work-related injuries. By law, employers are required to subscribe to the social insurance system. Otherwise, they may be subject to sanctions. Unlike the GAFI one-stop shop in Cairo, the one-stop shop in Assuit does not include an office representing the National Authority for Social Insurance. Companies must register their employees at one of the National Authority for Social Insurance offices available throughout Kharga.

The employer must submit a fully completed, authority-issued application (Form 1 and 2) and the following documents to the competent office:

- a. Company's commercial registration;
- b. Company's tax card;
- c. Company's articles of incorporation;
- d. Deed or lease agreement for company premises;
- e. Employer to fill in Form No. 2;
- f. Employer's bank signature certificate;
- g. Employer's graduation certificate;
- h. Employees' to fill in Form No. 1;
- i. Employees' copy of identification card;
- j. Employee's graduation certificate; and
- k. Employees' birth certificate (copy) if they do not have a social insurance number; or Form No. 6 for clearance/termination from employees' previous jobs.

The company premises are then subject to inspection by relevant authorities - such as the National Authority for Social Insurance and GAFI. Inspection takes place in practice only if there is any complaint filed against the company, or suspicion that the company is an image organization that does not actually conduct business as claimed in its submitted documents. Companies registering for sales tax will undergo inspection.

STARTING A BUSINESS

Mansoura

Standard company legal form: Sharikat that Mas-souliyyah Mahdoodah

Minimum capital requirement: EGP 0 (US\$ 0)

Data as of: June 2013

Procedure 1. Obtain a Certificate of Non-Confusion to reserve the company name at the Commercial Registry office in the General Authority for Investment and Free Zones (GAFI) one-stop shop in Cairo

Time: 1 day

Cost: EGP 25

Comments: Investors must reserve a company name at the General Authority for Investment and Free Zones (GAFI) one-stop shop in Cairo. The Investor Services Department will first check the legality of the proposed company name. If the name is deemed to be legally admissible, the entrepreneur will then go upstairs to the Commercial Registry office in the GAFI one-stop shop to pay the required fees and obtain the Certificate of Non-Confusion (shahadat adam al-iltibas) bearing the official government stamp (khetm el nesr).

There is a new fee of EGP 25 for this procedure according to the Internal Trade Development Authority's new Administrative Decree No. 25 of 2013 (January 28, 2013).

Procedure 2. Obtain a certificate from an authorized bank and open a bank account

Time: 1 day

Cost: EGP 400 (EGP 250 for the bank certificate + account opening fees ranging from EGP 100 to 200)

Comments: The Bank of Alexandria branch at the General Authority for Investment and Free Zones (GAFI) one-stop shop in Cairo issues and delivers the certificate in 1-2 days. Investors can go to this bank branch or any authorized bank to obtain the bank certificate and open a bank account. Upon an agreement between GAFI and the Central Bank, investors do not need to submit the articles of association to the bank in order to obtain the bank certificate.

Procedure 3. Submit documents to the Department of Companies in the GAFI one-stop shop in Cairo and obtain invoice

Time: 2 days

Cost: EGP 1,452 (see comments)

Comments: The investor needs to submit the approved company contract, along with the rest of the required documentation, including the Certificate of Non-Confusion (shahadat adam al-iltibas) issued by the Commercial Registry and

* This procedure can be completed simultaneously with previous procedures.

the powers of attorney. The investor deposits the documents at the reception desk at the GAFI one-stop shop in Cairo (the closest one-stop shop), where they are reviewed immediately by a lawyer. Applicants who wish to register their company must submit an application at the nearest GAFI one-stop shop in Cairo. Time is calculated as 2 days including 1 day of travel time to and from Cairo by either car or train (2-3 hours each way). The employee of the division reviews the documents and issues an invoice detailing all the cost mentioned above for the company's establishment which should be paid at once in a single payment at the Bank of Alexandria branch in the one-stop shop.

Decree No. 282 of 2007 allows corporations to determine in the constitutive contract the name of the chairman, the vice chairman and the CEO and their responsibilities before incorporation enabling the corporations to immediately withdraw cash from the companies under incorporation account at the bank after registering in the Commercial Registry.

All the fees for company establishment are paid at this stage, including:

- Notary public fee: 0.25% of start-up capital (minimum of EGP 10 and a maximum of EGP 1,000);
 - Establishment fees: 0.1% of start-up capital (minimum of EGP 100 and maximum of EGP 1,000 according to Article 17 (d) of the Companies Law);
 - Commercial Syndicate fee: EGP 125 (for start-up capital less than or equal to EGP 500,000) or EGP 250 (for start-up capital more than EGP 500,000);
 - Publication fee: EGP 150 (for a limited liability company in Arabic) or EGP 300 (for a limited liability company in Arabic and English);
 - Chamber of Commerce fee: 0.2% of start-up capital (minimum of EGP 24 and maximum of EGP 2,000);
 - Commercial registration fee: EGP 56; and
 - Operation certificate fee: EGP 29.
- The cost of a round trip ticket from Mansoura to Cairo is approximately EGP 52

Procedure 4. Notarize the company contract at the Investment Notarization Office in the GAFI one-stop shop in Cairo

Time: 1 day

Cost: No cost

Comments: The articles of association must be registered and certain documents deposited with the Investment Notarization Office at the GAFI one-stop shop. The documents requiring notarization include:

- Original certificate of non-confusion of the company name;
- Original certificate from an authorized bank;
- A copy of the powers of attorney from the founders to their representative;
- A copy of the founders' ID cards or passports;
- Security clearances for foreign partners (if relevant);
- Original certificate indicating that the company's auditor is listed at the Registry of accountants and auditors;
- Application provided by GAFI; and

h. Stamped articles of association.

No stamp duty is levied, according to the amendments (published on July 1, 2006) to the Stamp Duty Law (No. 111 of 1980).

Procedure 5. Obtain the notification of incorporation from the Department of Companies in the GAFI one-stop shop in Cairo

Time: 1 day

Cost: No cost

Comments: When the company contract has been submitted, the competent authority must ratify the articles of incorporation and give the applicant a certificate indicating that all the required papers have been submitted. This certificate allows for the registration of the company in the Commercial Registry. This certificate is issued within 24 hours following the submission of the notarized contract. The company assumes legal responsibility and judicial personality from the date of registration. Where the competent authority has no objection, the Department of Companies is thereafter responsible for publishing the announcement of the company establishment in the Investment Gazette at the expense of the company.

Procedure 6. Register for taxes at the Investment Tax Office in the GAFI one-stop shop in Cairo

Time: 1 day

Cost: No cost

Comments: Upon incorporation, the company can complete tax registration and obtain the tax card at the one-stop shop's tax counter on the first floor. The tax cards are sent via courier to a central location in Cairo (located near the one-stop shop) for printing. If the request for a tax card is submitted before noon, the tax card will be printed out and issued on the same day. Requests submitted after noon will be processed on the following day.

Upon obtaining the card, the company may choose to register for sales tax, provided that they have started production. Companies are obliged to register for sales tax only once they reach at least EGP 54,000 in sales for industrial activities and EGP 150,000 in sales for commercial activities. The required documents include the articles of association and the powers of attorney, the bank signature authentication (to be issued to the appropriate person by the manager having the power to sign on behalf of the company), the tax card, an original extract from the company's commercial register, and the original copy of the company's lease agreement for its premises.

Procedure 7. Open a company file and register employees with the National Authority for Social Insurance office in Mansoura

Time: 2 days

Cost: No cost

Comments: Social insurance provides compensation for disability, retirement (pension), unemployment, and work-related injuries. By law, employers are required to subscribe to the social insurance system. Otherwise, they may be subject to sanctions.

The employer must submit a fully completed, authority-issued application (Form 1 and 2) and the following documents to the competent office:

- Company's commercial registration;
- Company's tax card;
- Company's articles of incorporation;
- Deed or lease agreement for company premises;
- Employer to fill in Form No. 2;
- Employer's bank signature certificate;
- Employer's graduation certificate;
- Employees' to fill in Form No. 1;
- Employees' copy of identification card;
- Employee's graduation certificate; and
- Employees' birth certificate (copy) if they do not have a social insurance number; or Form No. 6 for clearance/termination from employees' previous jobs.

The company premises are then subject to inspection by relevant authorities - such as the National Authority for Social Insurance and GAFI. Inspection takes place in practice only if there is any complaint filed against the company, or suspicion that the company is an image organization that does not actually conduct business as claimed in its submitted documents. Companies registering for sales tax will usually undergo inspection.

STARTING A BUSINESS

Port Said

Standard company legal form: Sharikat that Mas-souliyyah Mahdoodah

Minimum capital requirement: EGP 0 (US\$ 0)

Data as of: June 2013

Procedure 1. Obtain a Certificate of Non-Confusion to reserve the company name at the Commercial Registry office in the General Authority for Investment and Free Zones (GAFI) one-stop shop in Ismailia and pay fees

Time: 1 day

Cost: EGP 25

Comments: Investors must reserve a company name at the General Authority for Investment and Free Zones (GAFI) one-stop shop in Ismailia. The Investment Services Department will first check the legality of the proposed company name. Once the name is deemed to be legally admissible, the Investment Services Department will send a fax to the central Commercial Registry office in Cairo. The Commercial Registry in Cairo will check that the desired company name is not in use and will issue the Certificate of Non-Confusion (shahadat adam al-iltibas) within a few hours and fax it back to the one-stop shop in Ismailia.

There is a new fee of EGP 25 for this procedure according to the Internal Trade Development Authority's new Administrative Decree No. 25 of 2013 (January 28, 2013).

* This procedure can be completed simultaneously with previous procedures.

Procedure 2. Obtain a certificate from an authorized bank and open a bank account

Time: 1 day

Cost: EGP 400 (EGP 250 for the bank certificate + account opening fees ranging from EGP 100 to 200)

Comments: Unlike Cairo and Alexandria, there are no bank branches within the GAFI one-stop shop in Ismailia so applicants can obtain the bank certificate from any authorized bank. The cost to open a bank account and obtain a bank certificate is between EGP 300-500. Upon an agreement between GAFI and the Central Bank, investors do not need to submit the articles of association to the bank in order to obtain the bank certificate.

Procedure 3. Submit documents to the Department of Companies in the GAFI One-stop shop in Ismailia and pay registration fees

Time: 2 days

Cost: EGP 896 (see comments)

Comments: The investor needs to submit the approved company contract, along with the rest of the required documentation, including the Certificate of Non-Confusion (shahadat adam al-iltibas) issued by the Commercial Registry and the powers of attorney. The investor deposits the documents at the reception desk in the one-stop shop in Ismailia (the closest one-stop shop), where they are reviewed immediately by a lawyer. Applicants who wish to register their company must submit an application at the nearest GAFI one-stop shop in Ismailia. Time is calculated as 2 days including 1 day of travel time to and from Ismailia by car or bus (1-2 hours each way). The employee of the division reviews the documents and issues an invoice detailing all the cost mentioned above for the company's establishment. Unlike Cairo, the notarization fees and commercial registration fees are not lumped into a single payment. Instead, the investor must pay each relevant authority separately.

Decree No. 282 of 2007 allows corporations to determine in the constitutive contract the name of the chairman, the vice chairman and the CEO and their responsibilities before incorporation enabling the corporations to immediately withdraw cash from the companies under incorporation account at the bank after registering in the Commercial Registry.

The following fees for company establishment are paid at this stage:

- Establishment fees: 0.1% of start-up capital (minimum of EGP 100 and maximum of EGP 1,000 according to Article 17 (d) of the Companies Law);
- Commercial Syndicate fee: EGP 125 (for start-up capital less than or equal to EGP 500,000) or EGP 250 (for start-up capital more than EGP 500,000);
- Publication fee: EGP 150 (for a limited liability company in Arabic) or EGP 300 (for a limited liability company in Arabic and English);
- Chamber of Commerce fee: 0.2% of start-up capital (minimum of EGP 24 and maximum of EGP 2,000); and
- Operation certificate fee: EGP 29.

The cost of a round trip bus ticket from Port Said to Ismailia is also included in this procedure: EGP 25.

Procedure 4. Notarize the company contract at the Investment Notarization Office in the GAFI one-stop shop in Ismailia and pay notary fees

Time: 1 day

Cost: EGP 473 (Notary public fee: 0.25% of capital with a minimum of EGP10 and a maximum of EGP1,000)

Comments: The articles of association must be registered and certain documents deposited with the Investment Notarization Office at the GAFI one-stop shop. The documents that must be notarized include:

- Original certificate of non-confusion of the company name;
- Original certificate from an authorized bank;
- A copy of the powers of attorney from the founders to their representative; d. A copy of the founders' ID cards or passports;
- Security clearances for foreign partners (if relevant);
- Original certificate indicating that the company's auditor is listed at the Registry of accountants and auditors;
- Application provided by GAFI; and
- Stamped articles of association.

Due to the absence of a bank branch in the Ismailia one-stop shop, the notarization fees (0.25% of capital) are paid directly at the Investment Notarization Office in the one-stop shop. No stamp duty is levied, according to the amendments (published on July 1, 2006) to the Stamp Duty Law (No. 111 of 1980). The original copies of the articles of association and the powers of attorney are required.

Procedure 5. Obtain the notification of incorporation from the Department of Companies in the GAFI one-stop shop in Ismailia

Time: 1 day

Cost: No cost

Comments: When the company contract has been submitted, the competent authority must ratify the articles of incorporation and give the applicant a certificate indicating that all the required papers have been submitted. This certificate allows for the registration of the company in the Commercial Registry. This certificate is issued within 24 hours following the submission of the notarized contract. The company assumes legal responsibility and judicial personality from the date of registration. Where the competent authority has no objection, the Department of Companies is thereafter responsible for publishing the announcement of the company establishment in the Investment Gazette at the expense of the company.

Procedure 6. Register the Notification of Incorporation at the Commercial Registry office at the GAFI One Stop Shop in Ismailia

Time: 1 day

Cost: EGP 56 (commercial registration fees)

Comments: All corporations under both Law 8/1997 and Law 1159/1981 assume legal responsibility as soon as they are registered in the commercial registry unless GAFI decides otherwise; with exceptions for specific activities mentioned in the decree. Applicants must register the Notice of Incorporation at the Commercial Registry desk within the GAFI one-stop shop in Ismailia and pay the associated fees. Unlike Cairo, which has a centralized system of payments that renders this procedure unnecessary, the one-stop shops in Assuit and Ismailia require that fees be paid to each authority separately, resulting in this extra procedure.

Procedure 7. Register for taxes at the Investment Tax Office in the GAFI one-stop shop in Ismailia

Time: 1 day

Cost: No cost

Comments: Tax registration (including obtaining the tax card) can be completed at the Investment Tax Office at the GAFI one-stop shop in Ismailia once incorporation is completed. The Investment Tax Office issues a receipt/temporary ID with all the details on the same day, which allows the company to proceed with its operations. This temporary document is valid for 30 days. The Tax officer in Ismailia will submit the request the same day as it is received to the Tax Authority office in Cairo for printing (all printing is done centrally in Cairo). Once printed, the office in Cairo will mail the tax ID to Ismailia within a couple of days via express mail.

Upon obtaining the card, the company may choose to register for sales tax, provided that they have started production. Companies are obliged to register for sales tax only once they reach at least EGP 54,000 in sales for industrial activities and EGP 150,000 in sales for commercial activities. The required documents include the articles of association and the powers of attorney, the bank signature authentication (to be issued to the appropriate person by the manager having the power to sign on behalf of the company), the tax card, an original extract from the company's commercial register, and the original copy of the company's lease agreement for its premises.

Procedure 8. Open a company file and register employees with the National Authority for Social Insurance office in Port Said

Time: 3 days

Cost: No cost

Comments: Social insurance provides compensation for disability, retirement (pension), unemployment, and work-related injuries. By law, employers are required to subscribe to the social insurance system. Otherwise, they may be subject to sanctions. Unlike the GAFI one-stop shop in Cairo, the one-stop shop in Ismailia does not include an office representing the National Authority for Social Insurance. Companies must

register their employees at one of the National Authority for Social Insurance offices available throughout Port Said.

The employer must submit a fully completed, authority-issued application (Form 1 and 2) and the following documents to the competent office:

- Company's commercial registration;
- Company's tax card;
- Company's articles of incorporation;
- Deed or lease agreement for company premises;
- Employer to fill in Form No. 2;
- Employer's bank signature certificate;
- Employer's graduation certificate;
- Employees' to fill in Form No. 1;
- Employees' copy of identification card;
- Employee's graduation certificate; and
- Employees' birth certificate (copy) if they do not have a social insurance number; or Form No. 6 for clearance/termination from employees' previous jobs.

The company premises are then subject to inspection by relevant authorities - such as the National Authority for Social Insurance and GAFI. Inspection takes place in practice only if there is any complaint filed against the company, or suspicion that the company is an image organization that does not actually conduct business as claimed in its submitted documents. Companies registering for sales tax will undergo inspection.

STARTING A BUSINESS

Sohag

Standard company legal form: Sharikat that Mas-souliyyah Mahdoodah

Minimum capital requirement: EGP 0 (US\$ 0)

Data as of: June 2013

Procedure 1. Obtain a Certificate of Non-Confusion to reserve the company name at the Commercial Registry office in the General Authority for Investment and Free Zones (GAFI) one-stop shop in Assuit and pay fees

Time: 1 day

Cost: EGP 25

Comments: Investors must reserve a company name at the General Authority for Investment and Free Zones (GAFI) one-stop shop in Assuit. The Investment Services Department will first check the legality of the proposed company name. Once the name is deemed to be legally admissible, the Investment Services Department will send a fax to the central Commercial Registry office in Cairo. The Commercial Registry in Cairo will check that the desired company name is not in use and will issue the Certificate of Non-Confusion (shahadat adam al-iltibas) within a few hours and fax it back to the one-stop shop in Assuit.

There is a new fee of EGP25 for this procedure according to the Internal Trade Development Authority's new Administrative Decree No. 25 of 2013 (January 28, 2013).

Procedure 2. Obtain a certificate from an authorized bank and open a bank account

Time: 1 day

Cost: EGP 400 (EGP 250 for the bank certificate + account opening fees ranging from EGP 100 to 200)

Comments: Unlike Cairo and Alexandria, there are no bank branches within the GAFI one-stop shop in Assuit so applicants can obtain the bank certificate from any authorized bank. The cost to open a bank account and obtain a bank certificate is between EGP 300-500. Upon an agreement between GAFI and the Central Bank, investors do not need to submit the articles of association to the bank in order to obtain the bank certificate.

Procedure 3. Submit documents to the Department of Companies in the GAFI One-stop shop in Assuit and pay registration fees

Time: 2 days

Cost: EGP 923 (see comments)

Comments: The investor needs to submit the approved company contract, along with the rest of the required documentation, including the Certificate of Non-Confusion (shahadat adam al-iltibas) issued by the Commercial Registry and the powers of attorney. The investor deposits the documents at the reception desk in the GAFI one-stop shop in Assuit (the closest one-stop shop), where they are reviewed immediately by a lawyer. Applicants who wish to register their company must submit an application at the nearest GAFI one-stop shop in Assuit. Time is calculated as 2 days including 1 day of travel time to and from Assuit by car or bus (1-2 hours each way). The employee of the division reviews the documents and issues an invoice detailing all the cost mentioned above for the company's establishment. Unlike Cairo, the notarization fees and commercial registration fees are not lumped into a single payment. Instead, the investor must pay each relevant authority separately.

Decree No. 282 of 2007 allows corporations to determine in the constitutive contract the name of the chairman, the vice chairman and the CEO and their responsibilities before incorporation enabling the corporations to immediately withdraw cash from the companies under incorporation account at the bank after registering in the Commercial Registry.

The following fees for company establishment are paid at this stage:

- Establishment fees: 0.1% of start-up capital (minimum of EGP 100 and maximum of EGP 1,000 according to Article 17 (d) of the Companies Law);
- Commercial Syndicate fee: EGP 125 (for start-up capital less than or equal to EGP 500,000) or EGP 250 (for start-up capital more than EGP 500,000);
- Publication fee: EGP 150 (for a limited liability company in Arabic) or EGP 300 (for a limited liability company in Arabic and English);
- Chamber of Commerce fee: 0.2% of start-up capital (minimum of EGP 24 and maximum of EGP 2,000); and
- Operation certificate fee: EGP 29.

Travel costs for a round trip first class train ticket from Sohag to Assuit: EGP 52.

Procedure 4. Notarize the company contract at the Investment Notarization Office in the GAFI one-stop shop in Assuit and pay notary fees

Time: 1 day

Cost: EGP 473 (Notary public fee: 0.25% of capital with a minimum of EGP 10 and a maximum of EGP 1,000)

Comments: The articles of association must be registered and certain documents deposited with the Investment Notarization Office at the GAFI one-stop shop. The documents that must be notarized include:

- Original certificate of non-confusion of the company name;
- Original certificate from an authorized bank;
- A copy of the powers of attorney from the founders to their representative;
- A copy of the founders' ID cards or passports;
- Security clearances for foreign partners (if relevant);
- Original certificate indicating that the company's auditor is listed at the Registry of accountants and auditors;
- Application provided by GAFI; and
- Stamped articles of association.

Due to the absence of a bank branch in the Assuit one-stop shop, the notarization fees (0.25% of capital) are paid directly at the Investment Notarization Office in the one-stop shop. No stamp duty is levied, according to the amendments (published on July 1, 2006) to the Stamp Duty Law (No. 111 of 1980). The original copies of the articles of association and the powers of attorney are required.

Procedure 5. Obtain the notification of incorporation from the Department of Companies in the GAFI one-stop shop in Assuit

Time: 1 day

Cost: No cost

Comments: When the company contract has been submitted, the competent authority must ratify the articles of incorporation and give the applicant a certificate indicating that all the required papers have been submitted. This certificate allows for the registration of the company in the Commercial Registry. This certificate is issued within 24 hours following the submission of the notarized contract. The company assumes legal responsibility and judicial personality from the date of registration. Where the competent authority has no objection, the Department of Companies is thereafter responsible for publishing the announcement of the company establishment in the Investment Gazette at the expense of the company.

Procedure 6. Register the Notification of Incorporation at the Commercial Registry office at the GAFI One Stop Shop in Assuit

Time: 1 day

Cost: EGP 56 (commercial registration fees)

Comments: All corporations under both Law 8/1997 and Law 1159/1981 assume legal responsibility as soon as they are registered in the commercial registry unless GAFI decides otherwise; with exceptions for specific activities

mentioned in the decree. Applicants must register the Notice of Incorporation at the Commercial Registry desk within the GAFI one-stop shop in Assuit and pay the associated fees. Unlike Cairo, which has a centralized system of payments that renders this procedure unnecessary, the one-stop shops in Assuit and Ismailia require that fees be paid to each authority separately, resulting in this extra procedure.

Procedure 7. Register for taxes at the Investment Tax Office in the GAFI one-stop shop in Assuit

Time: 1 day

Cost: No cost

Comments: Tax registration (including obtaining the tax card) can be completed at the Investment Tax Office at the GAFI one-stop shop in Assuit once incorporation is completed. The Investment Tax Office issues a receipt/temporary ID with all the details on the same day, which allows the company to proceed with its operations. This temporary document is valid for 30 days. The Tax officer in Assuit will submit the request the same day as it is received to the Tax Authority office in Cairo for printing (all printing is done centrally in Cairo). Once printed, the office in Cairo will mail the tax ID to Assuit within a couple of days via express mail.

Upon obtaining the card, the company may choose to register for sales tax, provided that they have started production. Companies are obliged to register for sales tax only once they reach at least EGP 54,000 in sales for industrial activities and EGP 150,000 in sales for commercial activities. The required documents include the articles of association and the powers of attorney, the bank signature authentication (to be issued to the appropriate person by the manager having the power to sign on behalf of the company), the tax card, an original extract from the company's commercial register, and the original copy of the company's lease agreement for its premises.

Procedure 8. Open a company file and register employees with the National Authority for Social Insurance office in Sohag

Time: 2 days

Cost: No cost

Comments: Social insurance provides compensation for disability, retirement (pension), unemployment, and work-related injuries. By law, employers are required to subscribe to the social insurance system. Otherwise, they may be subject to sanctions. Unlike the GAFI one-stop shop in Cairo, the one-stop shop in Assuit does not include an office representing the National Authority for Social Insurance. Companies, must register their employees at one of the National Authority for Social Insurance offices available throughout Sohag.

The employer must submit a fully completed, authority-issued application (Form 1 and 2) and the following documents to the competent office:

- Company's commercial registration;
- Company's tax card;
- Company's articles of incorporation;
- Deed or lease agreement for company premises;
- Employer to fill in Form No. 2;

- Employer's bank signature certificate;
- Employer's graduation certificate;
- Employees' to fill in Form No. 1;
- Employees' copy of identification card;
- Employee's graduation certificate; and
- Employees' birth certificate (copy) if they do not have a social insurance number; or Form No. 6 for clearance/termination from employees' previous jobs.

The company premises are then subject to inspection by relevant authorities - such as the National Authority for Social Insurance and GAFI. Inspection takes place in practice only if there is any complaint filed against the company, or suspicion that the company is an image organization that does not actually conduct business as claimed in its submitted documents. Companies registering for sales tax will undergo inspection.

STARTING A BUSINESS

Suez

Standard company legal form: Sharikat that Mas-souliyyah Mahdoodah

Minimum capital requirement: EGP 0 (US\$ 0)

Data as of: June 2013

Procedure 1. Obtain a Certificate of Non-Confusion to reserve the company name at the Commercial Registry office in the General Authority for Investment and Free Zones (GAFI) one-stop shop in Ismailia and pay fees

Time: 1 day

Cost: EGP 25

Comments: Investors must reserve a company name at the General Authority for Investment Free Zones (GAFI) one-stop shop in Ismailia. The Investment Services Department will first check the legality of the proposed company name. Once the name is deemed to be legally admissible, the Investment Services Department will send a fax to the central Commercial Registry office in Cairo. The Commercial Registry in Cairo will check that the desired company name is not in use and will issue the Certificate of Non-Confusion (shahadat adam al-iltibas) within a few hours and fax it back to the one-stop shop in Ismailia.

There is a new fee of EGP 25 for this procedure according to the Internal Trade Development Authority's new Administrative Decree No. 25 of 2013 (January 28, 2013).

Procedure 2. Obtain a certificate from an authorized bank and open a bank account

Time: 1 day

Cost: EGP 400 (EGP 250 for the bank certificate + account opening fees ranging from EGP 100 to 200)

Comments: Unlike Cairo and Alexandria, there are no bank branches within the GAFI one-stop shop in Ismailia so applicants can obtain the bank certificate from any authorized bank. The cost to open a bank account and obtain a bank certificate is between EGP 300-500. Upon an agreement between GAFI and the Central Bank, investors do not need to submit the articles of association to the bank in order to obtain the bank certificate.

Procedure 3. Submit documents to the Department of Companies in the GAFI One-stop shop in Ismailia and pay registration fees

Time: 2 days

Cost: EGP 896

Comments: The investor needs to submit the approved company contract, along with the rest of the required documentation, including the Certificate of Non-Confusion (shahadat adam al-iltibas) issued by the Commercial Registry and the powers of attorney. The investor deposits the documents at the reception desk in the one-stop shop in Ismailia (the closest one-stop shop), where they are reviewed immediately by a lawyer. Applicants who wish to register their company must submit an application at the nearest GAFI one-stop shop in Ismailia. Time is calculated as 2 days including 1 day of travel time to and from Ismailia by car or bus (1-2 hours each way). The employee of the division reviews the documents and issues an invoice detailing all the cost mentioned above for the company's establishment. Unlike Cairo, the notarization fees and commercial registration fees are not lumped into a single payment. Instead, the investor must pay each relevant authority separately.

Decree No. 282 of 2007 allows corporations to determine in the constitutive contract the name of the chairman, the vice chairman and the CEO and their responsibilities before incorporation enabling the corporations to immediately withdraw cash from the companies under incorporation account at the bank after registering in the Commercial Registry.

The following fees for company establishment are paid at this stage:

- Establishment fees: 0.1% of start-up capital (minimum of EGP 100 and maximum of EGP 1,000 according to Article 17 (d) of the Companies Law);
- Commercial Syndicate fee: EGP 125 (for start-up capital less than or equal to EGP 500,000) or EGP 250 (for start-up capital more than EGP 500,000);
- Publication fee: EGP 150 (for a limited liability company in Arabic) or EGP 300 (for a limited liability company in Arabic and English);
- Chamber of Commerce fee: 0.2% of start-up capital (minimum of EGP 24 and maximum of EGP 2,000); and
- Operation certificate fee: EGP 29.

The cost of a round trip bus ticket from Suez to Ismailia is also included in this procedure: EGP 25.

Procedure 4. Notarize the company contract at the Investment Notarization Office in the GAFI one-stop shop in Ismailia and pay notary fees

Time: 1 day

Cost: EGP 473 (Notary public fee: 0.25% of capital with a minimum of EGP 10 and a maximum of EGP 1,000)

Comments: The articles of association must be registered and certain documents deposited with the Investment Notarization Office at the GAFI one-stop shop. The documents that must be notarized include:

- Original certificate of non-confusion of the company name;

- b. Original certificate from an authorized bank;
- c. A copy of the powers of attorney from the founders to their representative;
- d. A copy of the founders' ID cards or passports;
- e. Security clearances for foreign partners (if relevant);
- f. Original certificate indicating that the company's auditor is listed at the Registry of accountants and auditors;
- g. Application provided by GAFI; and
- h. Stamped articles of association.

Due to the absence of a bank branch in the Ismailia one-stop shop, the notarization fees (0.25% of capital) are paid directly at the Investment Notarization Office in the one-stop shop. No stamp duty is levied, according to the amendments (published on July 1, 2006) to the Stamp Duty Law (No. 111 of 1980). The original copies of the articles of association and the powers of attorney are required.

Procedure 5. Obtain the notification of incorporation from the Department of Companies in the GAFI one-stop shop in Ismailia

Time: 1 day

Cost: No cost

Comments: When the company contract has been submitted, the competent authority must ratify the articles of incorporation and give the applicant a certificate indicating that all the required papers have been submitted. This certificate allows for the registration of the company in the Commercial Registry. This certificate is issued within 24 hours following the submission of the notarized contract. The company assumes legal responsibility and judicial personality from the date of registration. Where the competent authority has no objection, the Department of Companies is thereafter responsible for publishing the announcement of the company establishment in the Investment Gazette at the expense of the company.

Procedure 6. Register the Notification of Incorporation at the Commercial Registry office at the GAFI One Stop Shop in Ismailia

Time: 1 day

Cost: EGP 56 (commercial registration fees)

Comments: All corporations under both Law 8/1997 and Law 1159/1981 assume legal responsibility as soon as they are registered in the commercial registry unless GAFI decides otherwise; with exceptions for specific activities mentioned in the decree. Applicants must register the Notice of Incorporation at the Commercial Registry desk within the GAFI one-stop shop in Ismailia and pay the associated fees. Unlike Cairo, which has a centralized system of payments that renders this procedure unnecessary, the one-stop shops in Assuit and Ismailia require that fees be paid to each authority separately, resulting in this extra procedure.

Procedure 7. Register for taxes at the Investment Tax Office in the GAFI one-stop shop in Ismailia

Time: 1 day

Cost: No cost

Comments: Tax registration (including obtaining the tax card) can be completed at the Investment Tax Office at the GAFI one-stop shop in Ismailia once incorporation is completed. The Investment Tax Office issues a receipt/temporary ID with all the details on the same day, which allows the company to proceed with its operations. This temporary document is valid for 30 days. The Tax officer in Ismailia will submit the request the same day as it is received to the Tax Authority office in Cairo for printing (all printing is done centrally in Cairo). Once printed, the office in Cairo will mail the tax ID to Ismailia within a couple of days via express mail.

Upon obtaining the card, the company may choose to register for sales tax, provided that they have started production. Companies are obliged to register for sales tax only once they reach at least EGP54,000 in sales for industrial activities and EGP150,000 in sales for commercial activities. The required documents include the articles of association and the powers of attorney, the bank signature authentication (to be issued to the appropriate person by the manager having the power to sign on behalf of the company), the tax card, an original extract from the company's commercial register, and the original copy of the company's lease agreement for its premises.

Procedure 8. Open a company file and register employees with the National Authority for Social Insurance office in Suez

Time: 2 days

Cost: No cost

Comments: Social insurance provides compensation for disability, retirement (pension), unemployment, and work-related injuries. By law, employers are required to subscribe to the social insurance system. Otherwise, they may be subject to sanctions. Unlike the GAFI one-stop shop in Cairo, the one-stop shop in Ismailia does not include an office representing the National Authority for Social Insurance. Companies must register their employees at one of the National Authority for Social Insurance offices available throughout Suez.

The employer must submit a fully completed, authority-issued application (Form 1 and 2) and the following documents to the competent office:

- a. Company's commercial registration;
- b. Company's tax card;
- c. Company's articles of incorporation;
- d. Deed or lease agreement for company premises;
- e. Employer to fill in Form No. 2;
- f. Employer's bank signature certificate;
- g. Employer's graduation certificate;
- h. Employees' to fill in Form No. 1;
- i. Employees' copy of identification card;
- j. Employee's graduation certificate; and
- k. Employees' birth certificate (copy) if they do not have a social insurance number; or Form No. 6 for clearance/termination from employees' previous jobs.

The company premises are then subject to inspection by relevant authorities - such as the National Authority for Social Insurance and GAFI. Inspection takes place in practice only if there is any complaint filed against the company, or suspicion that the company is an image organization that does not actually conduct business as claimed in its submitted documents. Companies registering for sales tax will undergo inspection.

STARTING A BUSINESS

Tanta

Standard company legal form: Sharikat that Mas-souliyyah Mahdoodah

Minimum capital requirement: EGP 0 (US\$ 0)

Data as of: June 2013

Procedure 1. Obtain a Certificate of Non-Confusion to reserve the company name at the Commercial Registry office in the General Authority for Investment and Free Zones (GAFI) one-stop shop in Cairo

Time: 1 day

Cost: EGP 25

Comments: Investors must reserve a company name at the General Authority for Investment and Free Zones (GAFI) one-stop shop in Cairo. The Investor Services Department will first check the legality of the proposed company name. If the name is deemed to be legally admissible, the entrepreneur will then go upstairs to the Commercial Registry office in the GAFI one-stop shop to pay the required fees and obtain the Certificate of Non-Confusion (shahadat adam al-iltibas) bearing the official government stamp (khetm el nesr).

There is a new fee of EGP25 for this procedure according to the Internal Trade Development Authority's new Administrative Decree No. 25 of 2013 (January 28, 2013).

Procedure 2. Obtain a certificate from an authorized bank and open a bank account

Time: 1 day

Cost: EGP 400 (EGP 250 for the bank certificate + account opening fees ranging from EGP 100 to 200)

Comments: The Bank of Alexandria branch at the General Authority for Investment and Free Zones (GAFI) one-stop shop in Cairo issues and delivers the certificate in 1-2 days. Investors can go to this bank branch or any authorized bank to obtain the bank certificate and open a bank account. Upon an agreement between GAFI and the Central Bank, investors do not need to submit the articles of association to the bank in order to obtain the bank certificate.

Procedure 3. Submit documents to the Department of Companies in the GAFI one-stop shop in Cairo and obtain invoice

Time: 2 days

Cost: EGP 1,437 (see comments)

Comments: The investor needs to submit the approved company contract, along with the rest of the required documentation, including the Certificate of Non-Confusion (shahadat adam al-iltibas) issued by the Commercial Registry and

the powers of attorney. The investor deposits the documents at the reception desk at the GAFI one-stop shop in Cairo (the closest one-stop shop), where they are reviewed immediately by a lawyer. Applicants who wish to register their company must submit an application at the nearest GAFI one-stop shop in Cairo. Time is calculated as 2 days including 1 day of travel time to and from Cairo by either car or train (2-3 hours each way). The employee of the division reviews the documents and issues an invoice detailing all the cost mentioned above for the company's establishment which should be paid at once in a single payment at the Bank of Alexandria branch in the one-stop shop.

Decree No. 282 of 2007 allows corporations to determine in the constitutive contract the name of the chairman, the vice chairman and the CEO and their responsibilities before incorporation enabling the corporations to immediately withdraw cash from the companies under incorporation account at the bank after registering in the Commercial Registry.

All the fees for company establishment are paid at this stage, including:

- Notary public fee: 0.25% of start-up capital (minimum of EGP 10 and a maximum of EGP 1,000);
- Establishment fees: 0.1% of start-up capital (minimum of EGP 100 and maximum of EGP 1,000 according to Article 17 (d) of the Companies Law);
- Commercial Syndicate fee: EGP 125 (for start-up capital less than or equal to EGP 500,000) or EGP 250 (for start-up capital more than EGP 500,000);
- Publication fee: EGP 150 (for a limited liability company in Arabic) or EGP 300 (for a limited liability company in Arabic and English);
- Chamber of Commerce fee: 0.2% of start-up capital (minimum of EGP 24 and maximum of EGP 2,000);
- Commercial registration fee: EGP 56; and
- Operation certificate fee: EGP 29.

The cost of a round trip ticket from Tanta to Cairo is approximately EGP 37.44.

Procedure 4. Notarize the company contract at the Investment Notarization Office in the GAFI one-stop shop in Cairo

Time: 1 day

Cost: No cost

Comments: The articles of association must be registered and certain documents deposited with the Investment Notarization Office at the GAFI one-stop shop. The documents requiring notarization include:

- Original certificate of non-confusion of the company name;
- Original certificate from an authorized bank;
- A copy of the powers of attorney from the founders to their representative;
- A copy of the founders' ID cards or passports;
- Security clearances for foreign partners (if relevant);
- Original certificate indicating that the company's auditor is listed at the Registry of accountants and auditors;
- Application provided by GAFI; and

h. Stamped articles of association.

No stamp duty is levied, according to the amendments (published on July 1, 2006) to the Stamp Duty Law (No. 111 of 1980).

Procedure 5. Obtain the notification of incorporation from the Department of Companies in the GAFI one-stop shop in Cairo

Time: 1 day

Cost: No cost

Comments: When the company contract has been submitted, the competent authority must ratify the articles of incorporation and give the applicant a certificate indicating that all the required papers have been submitted. This certificate allows for the registration of the company in the Commercial Registry. This certificate is issued within 24 hours following the submission of the notarized contract. The company assumes legal responsibility and judicial personality from the date of registration. Where the competent authority has no objection, the Department of Companies is thereafter responsible for publishing the announcement of the company establishment in the Investment Gazette at the expense of the company.

Procedure 6. Register for taxes at the Investment Tax Office in the GAFI one-stop shop in Cairo

Time: 1 day

Cost: No cost

Comments: Upon incorporation, the company can complete tax registration and obtain the tax card at the one-stop shop's tax counter on the first floor. The tax cards are sent via courier to a central location in Cairo (located near the one-stop shop) for printing. If the request for a tax card is submitted before noon, the tax card will be printed out and issued on the same day. Requests submitted after noon will be processed on the following day.

Upon obtaining the card, the company may choose to register for sales tax, provided that they have started production. Companies are obliged to register for sales tax only once they reach at least EGP 54,000 in sales for industrial activities and EGP 150,000 in sales for commercial activities. The required documents include the articles of association and the powers of attorney, the bank signature authentication (to be issued to the appropriate person by the manager having the power to sign on behalf of the company), the tax card, an original extract from the company's commercial register, and the original copy of the company's lease agreement for its premises.

Procedure 7. Open a company file and register employees with the National Authority for Social Insurance office in Tanta

Time: 3 days

Cost: No cost

Comments: Social insurance provides compensation for disability, retirement (pension), unemployment, and work-related injuries. By law, employers are required to subscribe to the social insurance system. Otherwise, they may be subject to sanctions.

The employer must submit a fully completed, authority-issued application (Form 1 and 2) and the following documents to the competent office:

- Company's commercial registration;
- Company's tax card;
- Company's articles of incorporation;
- Deed or lease agreement for company premises;
- Employer to fill in Form No. 2;
- Employer's bank signature certificate;
- Employer's graduation certificate;
- Employees' to fill in Form No. 1;
- Employees' copy of identification card;
- Employee's graduation certificate; and
- Employees' birth certificate (copy) if they do not have a social insurance number; or Form No. 6 for clearance/termination from employees' previous jobs.

The company premises are then subject to inspection by relevant authorities - such as the National Authority for Social Insurance and GAFI. Inspection takes place in practice only if there is any complaint filed against the company, or suspicion that the company is an image organization that does not actually conduct business as claimed in its submitted documents. Companies registering for sales tax will usually undergo inspection.

STARTING A BUSINESS

Zagazig

Standard company legal form: Sharikat that Mas-souliyyah Mahdoodah

Minimum capital requirement: EGP 0 (US\$ 0)

Data as of: June 2013

Procedure 1. Obtain a Certificate of Non-Confusion to reserve the company name at the Commercial Registry office in the General Authority for Investment and Free Zones (GAFI) one-stop shop in Cairo

Time: 1 day

Cost: EGP 25

Comments: Investors must reserve a company name at the General Authority for Investment and Free Zones (GAFI) one-stop shop in Cairo. The Investor Services Department will first check the legality of the proposed company name. If the name is deemed to be legally admissible, the entrepreneur will then go upstairs to the Commercial Registry office in the GAFI one-stop shop to pay the required fees and obtain the Certificate of Non-Confusion (shahadat adam al-iltibas) bearing the official government stamp (khetm el nesr).

There is a new fee of EGP 25 for this procedure according to the Internal Trade Development Authority's new Administrative Decree No. 25 of 2013 (January 28, 2013).

Procedure 2. Obtain a certificate from an authorized bank and open a bank account

Time: 1 day

Cost: EGP 400 (EGP 250 for the bank certificate + account opening fees ranging from EGP 100 to 200)

Comments: The Bank of Alexandria branch at the General Authority for Free Zones and Investment (GAFI) one-stop shop in Cairo issues and delivers the certificate in 1-2 days. Investors can go to this bank branch or any authorized bank to obtain the bank certificate and open a bank account. Upon an agreement between GAFI and the Central Bank, investors do not need to submit the articles of association to the bank in order to obtain the bank certificate.

Procedure 3. Submit documents to the Department of Companies in the GAFI one-stop shop in Cairo and obtain invoice

Time: 2 days

Cost: EGP 1,437

Comments: The investor needs to submit the approved company contract, along with the rest of the required documentation, including the Certificate of Non-Confusion (shahadat adam al-iltibas) issued by the Commercial Registry and the powers of attorney. The investor deposits the documents at the reception desk at the GAFI one-stop shop in Cairo (the closest one-stop shop), where they are reviewed immediately by a lawyer. Applicants who wish to register their company must submit an application at the nearest GAFI one-stop shop in Cairo. Time is calculated as 2 days including 1 day of travel time to and from Cairo by either car or train (2-3 hours each way). The employee of the division reviews the documents and issues an invoice detailing all the cost mentioned above for the company's establishment which should be paid at once in a single payment at the Bank of Alexandria branch in the one-stop shop.

Decree No. 282 of 2007 allows corporations to determine in the constitutive contract the name of the chairman, the vice chairman and the CEO and their responsibilities before incorporation enabling the corporations to immediately withdraw cash from the companies under incorporation account at the bank after registering in the Commercial Registry.

All the fees for company establishment are paid at this stage, including:

- Notary public fee: 0.25% of start-up capital (minimum of EGP 10 and a maximum of EGP 1,000);
- Establishment fees: 0.1% of start-up capital (minimum of EGP 100 and maximum of EGP 1,000 according to Article 17 (d) of the Companies Law);
- Commercial Syndicate fee: EGP 125 (for start-up capital less than or equal to EGP 500,000) or EGP 250 (for start-up capital more than EGP 500,000);
- Publication fee: EGP 150 (for a limited liability company in Arabic) or EGP 300 (for a limited liability company in Arabic and English);
- Chamber of Commerce fee: 0.2% of start-up capital (minimum of EGP 24 and maximum of EGP 2,000);

- Commercial registration fee: EGP 56; and
- Operation certificate fee: EGP 29.

The cost of a round trip ticket from Zagazig to Cairo is approximately EGP 37.44.

Procedure 4. Notarize the company contract at the Investment Notarization Office in the GAFI one-stop shop in Cairo

Time: 1 day

Cost: No cost

Comments: The articles of association must be registered and certain documents deposited with the Investment Notarization Office at the GAFI one-stop shop. The documents requiring notarization include:

- Original certificate of non-confusion of the company name;
- Original certificate from an authorized bank;
- A copy of the powers of attorney from the founders to their representative;
- A copy of the founders' ID cards or passports;
- Security clearances for foreign partners (if relevant);
- Original certificate indicating that the company's auditor is listed at the Registry of accountants and auditors;
- Application provided by GAFI; and
- Stamped articles of association.

No stamp duty is levied, according to the amendments (published on July 1, 2006) to the Stamp Duty Law (No. 111 of 1980).

Procedure 5. Obtain the notification of incorporation from the Department of Companies in the GAFI one-stop shop in Cairo

Time: 1 day

Cost: No cost

Comments: When the company contract has been submitted, the competent authority must ratify the articles of incorporation and give the applicant a certificate indicating that all the required papers have been submitted. This certificate allows for the registration of the company in the Commercial Registry. This certificate is issued within 24 hours following the submission of the notarized contract. The company assumes legal responsibility and judicial personality from the date of registration. Where the competent authority has no objection, the Department of Companies is thereafter responsible for publishing the announcement of the company establishment in the Investment Gazette at the expense of the company.

Procedure 6. Register for taxes at the Investment Tax Office in the GAFI one-stop shop in Cairo

Time: 1 day

Cost: No cost

Comments: Upon incorporation, the company can complete tax registration and obtain the tax card at the one-stop shop's tax counter on the first floor. The tax cards are sent via courier to a central location in Cairo (located near the one-stop shop) for printing. If the request for a tax card is submitted before noon, the tax card will be printed out and issued on the same day. Requests submitted after noon will be processed on the following day. Upon obtaining the card, the company may choose to register for sales tax, provided that they have started production. Companies are obliged to register for sales tax only once they reach at least EGP 54,000 in sales for industrial activities and EGP 150,000 in sales for commercial activities. The required documents include the articles of association and the powers of attorney, the bank signature authentication (to be issued to the appropriate person by the manager having the power to sign on behalf of the company), the tax card, an original extract from the company's commercial register, and the original copy of the company's lease agreement for its premises.

Procedure 7. Open a company file and register employees with the National Authority for Social Insurance office in Zagazig

Time: 3 days

Cost: No cost

Comments: Social insurance provides compensation for disability, retirement (pension), unemployment, and work-related injuries. By law, employers are required to subscribe to the social insurance system. Otherwise, they may be subject to sanctions.

The employer must submit a fully completed, authority-issued application (Form 1 and 2) and the following documents to the competent office:

- Company's commercial registration;
- Company's tax card;
- Company's articles of incorporation;
- Deed or lease agreement for company premises;
- Employer to fill in Form No. 2;
- Employer's bank signature certificate;
- Employer's graduation certificate;
- Employees' to fill in Form No. 1;
- Employees' copy of identification card;
- Employee's graduation certificate; and
- Employees' birth certificate (copy) if they do not have a social insurance number; or Form No. 6 for clearance/termination from employees' previous jobs.

The company premises are then subject to inspection by relevant authorities - such as the National Authority for Social Insurance and GAFI. Inspection takes place in practice only if there is any complaint filed against the company, or suspicion that the company is an image organization that does not actually conduct business as claimed in its submitted documents. Companies registering for sales tax will usually undergo inspection.

LIST OF PROCEDURES

DEALING WITH CONSTRUCTION PERMITS

Alexandria

Warehouse value: EGP 1,000,000 (US\$ 158,674)
Data as of: June 2013

Procedure 1. Apply for the Site Validity Certificate at the Municipal Authority

Time: 1 day

Cost: EGP 200

Comments: BuildCo applies at the Municipal Authority to obtain the Site Validity Certificate, which proves the conformance of the site with the planning and building requirements. The request identifies the site, the address and the borders of the land. A copy of the applicant's national ID and receipt of the payment must be attached to the request. Article 19 of Law 119/2008 sets a ceiling of EGP 200 for the fee related to the obtainment of the Site Validity Certificate. This ceiling can be increased by no more than 3% every year.

Procedure 2. Receive on-site inspection from the Municipal Authority

Time: 1 day

Cost: No cost

Comments: Before issuing the Site Validity Certificate, an inspector from the Municipal Engineering Department inspects the construction site (i) to verify that there are no pre-existing buildings or illegal demolitions on the plot of land, and (ii) to check the data to ensure there are no irregularities on the plot of land.

Procedure 3. Obtain Site Validity Certificate from the Municipal Authority

Time: 28 days

Cost: No cost

Comments: The Site Validity Certificate is issued after the inspection. According to Article 110 of Law 144/2009, the Site Validity Certificate should be issued within 1 week after the submission of the application. If there are any hindrances to the site, the administrative body shall issue a statement indicating the hindrances that block the issuance of the Site Validity Certificate.

Procedure 4. Obtain project clearance from Civil Aviation Authority

Time: 50 days

Cost: EGP 2,153 (EGP 1,900 for coordinates map and level determination certificate + EGP 253 for approval by the Civil Aviation Authority)

Comments: BuildCo needs to obtain project clearance from the Civil Aviation Authority before submitting the application for the building permit. The applicant must attach a coordinates map and a level determination certificate to the request for clearance.

Procedure 5*. Obtain project clearance from Antiquities Authority

Time: 30 days

Cost: EGP 1,000 (EGP 100 for the application fee + EGP 900 for the labor costs)

Comments: BuildCo needs to obtain project clearance from the Antiquities Authority before submitting the application for the building permit.

Procedure 6*. Obtain project clearance from Electricity Company

Time: 20 days

Cost: EGP 500

Comments: BuildCo needs to visit the local branch of the Electricity Company to obtain a project clearance before submitting the application for the building permit. The documents attached to the request include: the Site Validity Certificate, all architectural drawings, a copy of the owner's ID, a copy of the supervising engineer's ID, a copy of the supervising engineer's authorization, and a copy of the ownership contract of the plot of land. The Electricity Company inspects the site in order to make sure that the electric system of the warehouse is in line with the electricity network.

Procedure 7*. Obtain project clearance from Improvements Department

Time: 10 days

Cost: EGP 9,290 (EGP 10 per square meter of the land)

Comments: BuildCo needs to obtain project clearance from the Improvements Department before submitting the application for the building permit.

Procedure 8*. Obtain clearance from Agriculture Department

Time: 3 days

Cost: EGP 750

Comments: BuildCo needs to obtain clearance from the Agriculture Department. The clearance concerns the presence of white ants. BuildCo pays a fee to the Agriculture Department, which will then spray the plot of land with an insecticide against white ants. Once the plot of land has been sprayed, the Agriculture Department issues a receipt that BuildCo will attach to the application for obtaining the building permit from the Municipal Authority.

Procedure 9. Apply and obtain building permit from the Smart Centre for Project Services

Time: 45 days

Cost: EGP 6,260 [Insurance fee: 0.2% of construction cost (1,300 square meters * EGP 600 * 0.2% = EGP 1,560) + EGP 1,060 for the permit issuance fee + EGP 1,000 for the commission of the Smart Center + engineering stamps from the Syndicate of Engineers: 0.3% of construction cost (1,300 square meters * EGP 600 * 0.3% = EGP 2,340) + EGP 300 for stamps from the Municipal Engineering Department]

Comments: To obtain a building permit from the Municipal Authority, the supervising engineer must file the following documents, along with the clearances described in the previous procedures:

- a. The original ownership contract of the plot of land (notarized);

- b. A copy of the supervising engineer's ID (who is submitting the file);
- c. The Construction Value Form, approved by the supervising engineer;
- d. The Site Validity Certificate;
- e. A receipt attesting to the payment of fees for examination of the drawings and details;
- f. An overall drawing of the site (scale minimum 1:1,000) that indicates (i) the boundaries and dimensions of the land for which the permit is required, together with the total land area, and (ii) the part on which construction is requested, as well as the facing roads and their widths;
- g. Three copies of the architectural drawings for the plans and elevations; a vertical section, indicating the building height and the road's zero level and the structural drawings of the foundations, columns, and the reinforced ceilings, together with copies of the structural calculation notes. All drawings must be signed by an accredited engineer.

The Building Law establishes a 30-day statutory time limit for issuing building permits. This time limit can be extended in case the Municipal Authority considers the application incomplete. The engineer of the Municipal Authority reviews (i) the building permit file in order to check its completeness, and (ii) the drawings, to check if they comply with the Site Validity Certificate.

Procedure 10*. Obtain approval of the Execution Supervision Certificate from the Syndicate of Engineers

Time: 1 day

Cost: EGP 312

Comments: BuildCo must obtain the approval of the Execution Supervision Certificate by the local branch of the Syndicate of Engineers. The approval certifies that the supervising engineer is truly licensed and that s/he is not supervising too many projects.

Procedure 11. Inform the Municipal Authority before starting construction

Time: 1 day

Cost: No cost

Comments: BuildCo sends a letter to the Municipal Authority to inform them that construction work will start. The letter must be sent at least 15 days before starting construction. Attached to the letter, BuildCo sends (i) the Contracting Contract, approved by the Egyptian Federation for Construction and Building Contractors, if applicable, (ii) and the Execution Supervision Certificate, approved by the Syndicate of Engineers.

Procedure 12. Receive on-site inspection from the Municipal Engineering Department - I

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

* This procedure can be completed simultaneously with previous procedures.

Procedure 13. Receive on-site inspection from the Municipal Engineering Department - II

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 14. Obtain clearance from Civil Defense and Firefighting Authority

Time: 15 days

Cost: No cost

Comments: Once the construction works are completed, BuildCo's supervising engineer visits the Civil Defense and Firefighting Authority to inform it that the building is ready for inspection. After the inspection takes place, the Civil Defense and Firefighting Authority sends a letter of clearance to BuildCo. This letter has to be attached to the Construction Conformity Certificate that is then submitted to the Municipal Authority to obtain the letters for connection to utilities. The inspection has no cost.

Procedure 15. Submit Construction Conformity Certificate and receive final inspection from the Municipal Authority

Time: 15 days

Cost: No cost

Comments: The supervising engineer has to submit to the Municipal Engineering Department a certificate stating that the building has been built in accordance with the relevant laws and regulations (the Construction Conformity Certificate). The Engineering Department makes a final inspection to certify that the warehouse conforms to the specifications outlined in the building permit. After the inspection, the Municipal Authority issues letters allowing the connection to utilities.

Procedure 16. Obtain letters from Municipal Authority about utility connections

Time: 2 days

Cost: EGP 350

Comments: BuildCo collects from the Municipal Authority the letters that authorize the connection of the warehouse to utilities and brings them to the utility companies.

Procedure 17. Register the building with the Real Estate Registry

Time: 60 days

Cost: EGP 2,000

Comments: In order to register the building, BuildCo submits to the Real Estate Registry a building registration form, the building permit for the warehouse, and the ownership contract of the land on which the warehouse has been built. Law 83 of 2006 establishes the registration fees.

Procedure 18*. Obtain water and sewerage connection

Time: 30 days

Cost: EGP 15,000

Comments: BuildCo submits two applications to the Water and Sewerage Company, one for the water connection and one for the sewerage connection. The two applications can be submitted simultaneously. After two inspections (one for each connection), fees are estimated. Once the fees are paid the warehouse can be connected to the water and to the sewerage system.

Procedure 19*. Obtain phone connection from Telecom Egypt

Time: 15 days

Cost: EGP 50

Comments: To obtain a phone connection, the company must submit the following documents:

- Title deed for the unit, or lease contract, if not owned by the applicant;
- Copy of applicant's ID;
- Owner ID;
- Commercial registry and taxes ID.

DEALING WITH CONSTRUCTION PERMITS

Assuit

Warehouse value: EGP 1,000,000 (US\$ 158,674)

Data as of: June 2013

Procedure 1. Apply for the Site Validity Certificate at the Municipal Authority

Time: 1 day

Cost: EGP 74

Comments: BuildCo applies at the Municipal Authority to obtain the Site Validity Certificate, which proves the conformance of the site with the planning and building requirements. The request identifies the site, the address and the borders of the land. A copy of the applicant's national ID and receipt of the payment must be attached to the request. Article 19 of Law 119/2008 sets a ceiling of EGP 200 for the fee related to the obtainment of the Site Validity Certificate. This ceiling can be increased by no more than 3% every year.

Procedure 2. Receive on-site inspection from the Municipal Authority

Time: 1 day

Cost: No cost

Comments: Before issuing the Site Validity Certificate, an inspector from the Municipal Engineering Department inspects the construction site (i) to verify that there are no pre-existing buildings or illegal demolitions on the plot of land, and (ii) to check the data to ensure there are no irregularities on the plot of land.

Procedure 3. Obtain Site Validity Certificate from the Municipal Authority

Time: 28 days

Cost: No cost

Comments: The Site Validity Certificate is issued after the inspection. According to Article 110 of Law 144/2009, the Site Validity Certificate should be issued within 1 week after the submission of the application. If there are any hindrances to

the site, the administrative body shall issue a statement indicating the hindrances that block the issuance of the Site Validity Certificate.

Procedure 4. Apply and obtain building permit from the Municipal Authority

Time: 60 days

Cost: EGP 5,030 [EGP 1,000 for the permit issuance fees + Insurance fee: 0.2% of construction cost (1,300 square meters * EGP 300 * 0.2% = EGP 780) + insurance for removal of excavation output and construction waste: EGP 5 * square meters of building footprint (650square meters * EGP 5 = EGP 3,250)]

Comments: To obtain a building permit from the Municipal Authority, the supervising engineer must file the following documents:

- A copy of the ownership contract of the plot of land (notarized);
- A copy of the supervising engineer's ID (who is submitting the file);
- The supervising engineer's authorization to act on behalf of the owner;
- The Construction Value Form, approved by the supervising engineer;
- The Standard Guarantee Certificate, approved by the supervising engineer;
- The Site Validity Certificate;
- An overall drawing of the site (scale minimum 1:1,000) that indicates (i) the boundaries and dimensions of the land for which the permit is required, together with the total land area, and (ii) the part on which construction is requested, as well as the facing roads and their widths;
- Three copies of the architectural drawings for the plans and elevations; a vertical section, indicating the building height and the road's zero level and the structural drawings of the foundations, columns, and the reinforced ceilings, together with copies of the structural calculation notes. All drawings must be signed by an accredited engineer and approved by the Syndicate of Engineers.

The Building Law establishes a 30-day statutory time limit for issuing building permits. This time limit can be extended in case the Municipal Authority considers the application incomplete. The engineer of the Municipal Authority reviews (i) the building permit file in order to check its completeness, and (ii) the drawings, to check if they comply with the Site Validity Certificate.

Procedure 5*. Obtain approvals from the Syndicate of Engineers

Time: 1 day

Cost: EGP 1,910

Comments: After the building permit has been obtained, BuildCo must obtain stamps of approval from the Syndicate of Engineers on the following documents:

- The Engineer Supervision Certificate;
- The architectural drawings;
- The Standard Guarantee Certificate.

* This procedure can be completed simultaneously with previous procedures.

Procedure 6. Inform the Municipal Authority before starting construction

Time: 1 day

Cost: No cost

Comments: BuildCo sends a letter to the Municipal Authority to inform them that construction work will start. The letter must be sent at least 15 days before starting construction. Attached to the letter, BuildCo sends (i) the Contracting Contract, approved by the Egyptian Federation for Construction and Building Contractors, if applicable, (ii) and the Execution Supervision Certificate, approved by the Syndicate of Engineers.

Procedure 7. Receive on-site inspection from the Municipal Engineering Department - I

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 8. Receive on-site inspection from the Municipal Engineering Department - II

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 9. Receive on-site inspection from the Municipal Engineering Department - III

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 10. Obtain clearance from Civil Defense and Firefighting Authority

Time: 21 days

Cost: No cost

Comments: Once the construction works are completed, BuildCo's supervising engineer visits the Civil Defense and Firefighting Authority to inform it that the building is ready for inspection. After the inspection takes place, the Civil Defense and Firefighting Authority sends a letter of clearance to BuildCo. This letter has to be attached to the Construction Conformity Certificate that is then submitted to the Municipal Authority to obtain the letters for connection to utilities. The inspection has no cost.

Procedure 11. Submit Construction Conformity Certificate and receive final inspection from the Municipal Authority

Time: 27 days

Cost: No cost

Comments: The supervising engineer has to submit to the Municipal Engineering Department a certificate stating that the building has been built in accordance with the relevant laws and regulations (the Construction Conformity Certificate). The Engineering Department makes a final inspection to certify that the warehouse conforms

to the specifications outlined in the building permit. After the inspection, the Municipal Authority issues letters allowing the connection to utilities.

Procedure 12. Register the building with the Real Estate Registry

Time: 60 days

Cost: EGP 2,000

Comments: In order to register the building, BuildCo submits to the Real Estate Registry a building registration form, the building permit for the warehouse, and the ownership contract of the land on which the warehouse has been built. Law 83 of 2006 establishes the registration fees.

Procedure 13*. Obtain water connection

Time: 35 days

Cost: EGP 1,532 (EGP 32 for the application fee + EGP 1,500 for the cost of the pipes)

Comments: BuildCo submits an application to the Water and Sewerage Company, along with the original license, and a copy of the building permit. Once the application for water connection is submitted, an inspection takes place. After the inspection the fees are estimated. Once the fees are paid, the warehouse can be connected to the water system.

Procedure 14. Obtain sewerage connection

Time: 7 days

Cost: EGP 2,900 [EGP 900 for application fees and administration cost + Cost of the pipes and labor: EGP 150 per meter of connection (EGP 150 * 10 meters = EGP 1,500) + EGP 500 for scrutiny and inspection fees]

Comments: After the obtainment of the water connection, BuildCo submits an application for sewerage connection. After an inspection, fees are estimated. Once the fees are paid the warehouse can be connected to the sewerage system.

Procedure 15*. Obtain phone connection from Telecom Egypt

Time: 15 days

Cost: EGP 50

Comments: To obtain a phone connection, the company must submit the following documents:

- Title deed for the unit, or lease contract, if not owned by the applicant;
- Copy of applicant's ID;
- Owner ID;
- Commercial registry and taxes ID.

DEALING WITH CONSTRUCTION PERMITS

Aswan

Warehouse value: EGP 1,000,000 (US\$ 158,674)

Data as of: June 2013

Procedure 1. Apply for the Site Validity Certificate at the Municipal Authority

Time: 1 day

Cost: EGP 50

Comments: BuildCo applies at the Municipal Authority to obtain the Site Validity Certificate, which proves the conformance of the site with the planning and building requirements. The request identifies the site, the address and the borders of the land. A copy of the applicant's national ID and

receipt of the payment must be attached to the request. Article 19 of Law 119/2008 sets a ceiling of EGP 200 for the fee related to the obtainment of the Site Validity Certificate. This ceiling can be increased by no more than 3% every year.

Procedure 2. Receive on-site inspection from the Municipal Authority

Time: 1 day

Cost: No cost

Comments: Before issuing the Site Validity Certificate, an inspector from the Municipal Engineering Department inspects the construction site (i) to verify that there are no pre-existing buildings or illegal demolitions on the plot of land, and (ii) to check the data to ensure there are no irregularities on the plot of land.

Procedure 3. Obtain Site Validity Certificate from the Municipal Authority

Time: 19 days

Cost: No cost

Comments: The Site Validity Certificate is issued after the inspection. According to Article 110 of Law 144/2009, the Site Validity Certificate should be issued within 1 week after the submission of the application. If there are any hindrances to the site, the administrative body shall issue a statement indicating the hindrances that block the issuance of the Site Validity Certificate.

Procedure 4. Obtain project clearance from Civil Aviation Authority

Time: 50 days

Cost: EGP 1,403 (EGP 650 for the coordinates map + EGP 253 for the approval by the Civil Aviation Authority + EGP 500 for hiring a facilitator)

Comments: BuildCo needs to obtain project clearance from the Civil Aviation Authority before submitting the application for the building permit. The approval must be obtained in Cairo. BuildCo hires a private facilitator to complete this procedure and to go to Cairo on its behalf.

Procedure 5*. Obtain project clearance from Civil Defense and Firefighting Authority

Time: 45 days

Cost: EGP 13,000 (EGP 10 per square meter of the property)

Comments: BuildCo needs to obtain project clearance from the Civil Defense and Firefighting Authority before submitting the application for the building permit. This procedure is required for all non-residential buildings. The Civil Defense and Firefighting Authority needs to make sure that the project abides to the legal requirements on fire safety. The Civil Defense and Firefighting Authority examines the preliminary drawings and inspects the plot of land before clearing the project. BuildCo has to attach this clearance to the application for the building permit.

* This procedure can be completed simultaneously with previous procedures.

Procedure 6*. Obtain project clearance from Electricity Company

Time: 10 days

Cost: No cost

Comments: BuildCo needs to visit the local branch of the Electricity Company to obtain a project clearance before submitting the application for the building permit. The documents attached to the request include: the Site Validity Certificate, all architectural drawings, a copy of the owner ID, a copy of the supervising engineer's ID, a copy of the supervising engineer's authorization, and a copy of the ownership contract of the plot of land. The Electricity Company inspects the site in order to make sure that the electric system of the warehouse is in line with the electricity network.

Procedure 7*. Obtain clearance from Agriculture Department

Time: 3 days

Cost: EGP 4,550 (EGP 5.5 per square meter of building footprint)

Comments: BuildCo needs to obtain clearance from the Agriculture Department. The clearance concerns the white ants. BuildCo brings to the Agriculture Department a letter from the Municipal Authority that summarizes the project features. After submitting this letter, BuildCo pays the fees and receives a receipt. The fees are for spraying the building with insecticide. The spraying will be done after the construction of the warehouse.

Procedure 8. Apply and obtain building permit from the Customer Service Center

Time: 60 days

Cost: EGP 5,540 [Insurance fee: 0.2% of construction cost (1,300 square meters * EGP 400 * 0.2% = EGP 1,040) + Façade fee: EGP 100 + Permit issuance fees: EGP 500 + Cleaning fee: 1% of construction cost (1,300 square meters * EGP 300 * 1.0% = EGP 3,900)]

Comments: To obtain a building permit from the Municipal Authority, the supervising engineer must file the following documents, along with the clearances described in the previous procedures:

- A copy of the ownership contract of the plot of land (notarized);
- A copy of the supervising engineer's ID (who is submitting the file);
- The supervising engineer's authorization to act on behalf of the owner;
- The Construction Value Form, approved by the supervising engineer;
- The Site Validity Certificate;
- An overall drawing of the site (scale minimum 1:1,000) that indicates (i) the boundaries and dimensions of the land for which the permit is required, together with the total land area, and (ii) the part on which construction is requested, as well as the facing roads and their widths.
- Three copies of the architectural drawings for the plans and elevations; a vertical section, indicating the building height and the road's zero level and the structural drawings of the foundations, columns, and the reinforced ceilings, together with copies of the structural

calculation notes. All drawings must be signed by an accredited engineer and approved by the Syndicate of Engineers.

The Building Law establishes a 30-day statutory time limit for issuing building permits. This time limit can be extended in case the Municipal Authority considers the application incomplete. The engineer of the Municipal Authority reviews (i) the building permit file in order to check its completeness, and (ii) the drawings, to check if they comply with the Site Validity Certificate.

Procedure 9*. Obtain approval of the Execution Supervision Certificate from the Syndicate of Engineers

Time: 1 day

Cost: EGP 250

Comments: BuildCo must obtain the approval of the Execution Supervision Certificate by the local branch of the Syndicate of Engineers. The approval certifies that the engineer is truly licensed and that s/he is not supervising too many projects.

Procedure 10. Inform the Municipal Authority before starting construction

Time: 1 day

Cost: No cost

Comments: BuildCo sends a letter to the Municipal Authority to inform them that construction work will start. The letter must be sent at least 15 days before starting construction. Attached to the letter, BuildCo sends (i) the Contracting Contract, approved by the Egyptian Federation for Construction and Building Contractors, if applicable, (ii) and the Execution Supervision Certificate, approved by the Syndicate of Engineers.

Procedure 11. Receive on-site inspection from the Municipal Engineering Department - I

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 12. Receive on-site inspection from the Municipal Engineering Department - II

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 13. Receive on-site inspection from the Municipal Engineering Department - III

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 14. Obtain clearance from Civil Defense and Firefighting Authority

Time: 7 days

Cost: No cost

Comments: Once the construction works are completed, BuildCo's supervising engineer visits the Civil Defense and Firefighting Authority to inform it that the building is ready for inspection. After the inspection takes place, the Civil Defense and Firefighting Authority sends a letter of clearance to BuildCo. This letter has to be attached to the Construction Conformity Certificate that is then submitted to the Municipal Authority to obtain the letters for connection to utilities. The inspection has no cost.

Procedure 15. Submit Construction Conformity Certificate and receive final inspection from the Municipal Authority

Time: 7 days

Cost: No cost

Comments: The supervising engineer has to submit to the Municipal Engineering Department a certificate stating that the building has been built in accordance with the relevant laws and regulations (the Construction Conformity Certificate). The Engineering Department makes a final inspection to certify that the warehouse conforms to the specifications outlined in the building permit. After the inspection, the Municipal Authority issues letters allowing the connection to utilities.

Procedure 16. Obtain letters from Municipal Authority about utility connections

Time: 4 days

Cost: EGP 180

Comments: BuildCo collects from the Municipal Authority the letters that authorize the connection of the warehouse to utilities and brings them to the utility companies.

Procedure 17. Register the building with the Real Estate Registry

Time: 60 days

Cost: EGP 2,000

Comments: In order to register the building, BuildCo submits to the Real Estate Registry a building registration form, the building permit for the warehouse, and the ownership contract of the land on which the warehouse has been built. Law 83 of 2006 establishes the registration fees.

Procedure 18*. Obtain water and sewerage connection

Time: 30 days

Cost: EGP 15,000

Comments: BuildCo submits two applications to the Water and Sewerage Company, one for the water connection and one for the sewerage connection. The two applications can be submitted simultaneously. After two inspections (one for each connection), fees are estimated. Once the fees are paid the warehouse can be connected to the water and to the sewerage system.

* This procedure can be completed simultaneously with previous procedures.

Procedure 19*. Obtain phone connection from Telecom Egypt

Time: 20 days

Cost: EGP 50

Comments: To obtain a phone connection, the company must submit the following documents:

- Title deed for the unit, or lease contract, if not owned by the applicant;
- Copy of applicant's ID;
- Owner ID;
- Commercial registry and taxes ID.

DEALING WITH CONSTRUCTION PERMITS

Cairo

Warehouse value: EGP 1,000,000 (US\$ 158,674)

Data as of: June 2013

Procedure 1. Apply for the Site Validity Certificate at the Municipal Authority

Time: 1 day

Cost: EGP 200

Comments: BuildCo applies at the Municipal Authority to obtain the Site Validity Certificate, which proves the conformance of the site with the planning and building requirements. The request identifies the site, the address and the borders of the land. A copy of the applicant's national ID and receipt of the payment must be attached to the request. Article 19 of Law 119/2008 sets a ceiling of EGP 200 for the fee related to the obtainment of the Site Validity Certificate. This ceiling can be increased by no more than 3% every year.

Procedure 2. Receive on-site inspection from the Municipal Authority

Time: 1 day

Cost: No cost

Comments: Before issuing the Site Validity Certificate, an inspector from the Municipal Engineering Department inspects the construction site (i) to verify that there are no pre-existing buildings or illegal demolitions on the plot of land, and (ii) to check the data to ensure there are no irregularities on the plot of land.

Procedure 3. Obtain Site Validity Certificate from the Municipal Authority

Time: 15 days

Cost: No cost

Comments: The Site Validity Certificate is issued after the inspection. According to Article 110 of Law 144/2009, the Site Validity Certificate should be issued within 1 week after the submission of the application. If there are any hindrances to the site, the administrative body shall issue a statement indicating the hindrances that block the issuance of the Site Validity Certificate.

Procedure 4. Obtain approval of the Execution Supervision Certificate from the Syndicate of Engineers

Time: 1 day

Cost: EGP 312

Comments: BuildCo must obtain the approval of the Execution Supervision Certificate by the local branch of the Syndicate of Engineers. The approval certifies that the engineer is truly licensed and that s/he is not supervising too many projects.

Procedure 5*. Obtain project clearance from Electricity Company

Time: 30 days

Cost: No cost

Comments: BuildCo needs to visit the local branch of the Electricity Company to obtain a project clearance before submitting the application for the building permit. The documents attached to the request include: the Site Validity Certificate, all architectural drawings, a copy of the owner ID, a copy of the supervising engineer's ID, a copy of the supervising engineer's authorization, and a copy of the ownership contract of the plot of land. The Electricity Company inspects the site in order to make sure that the electric system of the warehouse is in line with the electricity network.

Procedure 6*. Obtain project clearance from Civil Defense and Firefighting Authority

Time: 30 days

Cost: No cost

Comments: BuildCo needs to obtain project clearance from the Civil Defense and Firefighting Authority before submitting the application for the building permit. The Civil Defense and Firefighting Authority examines the project to make sure that it abides to the legal requirements on fire safety. BuildCo must attach the clearance to the application for the building permit.

Procedure 7. Apply and obtain building permit from the Municipal Authority

Time: 30 days

Cost: EGP 2,561

Comments: To obtain a building permit from the Municipal Authority, the supervising engineer must file the following documents, along with the clearances described in the previous procedures:

- The original ownership contract of the plot of land;
- A copy of the supervising engineer's ID (who is submitting the file);
- The supervising engineer's authorization to act on behalf of the owner;
- The Construction Value Form, approved by the supervising engineer.
- The Site Validity Certificate;
- A receipt attesting to the payment of fees for examination of the drawings and details;
- An overall drawing of the site (scale minimum 1:1,000) that indicates (i) the boundaries and dimensions of the land for which the permit is required, together with the total land area, and (ii) the part on which construction is requested, as well as the facing roads and their widths.
- Three copies of the architectural drawings for the plans and elevations; a vertical section, indicating the building height and the road's zero level and the structural drawings of the foundations, columns, and the reinforced ceilings, together with copies of the structural calculation notes. All drawings must be signed by an accredited engineer.

The Building Law establishes a 30-day statutory time limit for issuing building permits. This time limit can be extended in case the Municipal Authority considers the application incomplete. The engineer of the Municipal Authority reviews

(i) the building permit file in order to check its completeness, and (ii) the drawings, to check if they comply with the Site Validity Certificate.

Procedure 8. Inform the Municipal Authority before starting construction

Time: 1 day

Cost: No cost

Comments: BuildCo sends a letter to the Municipal Authority to inform them that construction work will start. The letter must be sent at least 15 days before starting construction. Attached to the letter, BuildCo sends (i) the Contracting Contract, approved by the Egyptian Federation for Construction and Building Contractors, if applicable, (ii) and the Execution Supervision Certificate, approved by the Syndicate of Engineers.

Procedure 9. Receive on-site inspection from the Municipal Engineering Department - I

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 10. Receive on-site inspection from the Municipal Engineering Department - II

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 11. Receive on-site inspection from the Municipal Engineering Department - III

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 12. Receive on-site inspection from the Municipal Engineering Department - IV

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 13. Receive on-site inspection from the Municipal Engineering Department - V

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

* This procedure can be completed simultaneously with previous procedures.

Procedure 14. Receive on-site inspection from the Municipal Engineering Department - VI

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 15. Receive on-site inspection from the Municipal Engineering Department - VII

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 16. Receive on-site inspection from the Civil Defense and Firefighting Authority

Time: 15 days

Cost: No cost

Comments: After the construction has been completed, the Civil Defense and Firefighting Authority inspects the building to check if it complies with the fire safety regulations.

Procedure 17. Obtain approval of the Construction Conformity Certificate from the Syndicate of Engineers

Time: 1 day

Cost: EGP 300

Comments: The supervising engineer has to submit to the Syndicate of Engineers the Construction Conformity Certificate, which states that the building has been built in accordance with the relevant laws and regulations. In this city, before being submitted to the Municipal Authority, the Construction Conformity Certificate must be approved by the Syndicate of Engineers.

Procedure 18. Submit Construction Conformity Certificate and receive final inspection from the Municipal Authority

Time: 15 days

Cost: No cost

Comments: The supervising engineer submits to the Municipal Engineering Department the Construction Conformity Certificate. The Engineering Department makes a final inspection to certify that the warehouse conforms to the specifications outlined in the building permit. After the inspection, the Municipal Authority issues letters allowing the connection to utilities.

Procedure 19. Register the building with the Real Estate Registry

Time: 60 days

Cost: EGP 2,000

Comments: In order to register the building, BuildCo submits to the Real Estate Registry a building registration form, the building permit for the warehouse, and the ownership contract of the land on which the warehouse has been built. Law 83 of 2006 establishes the registration fees.

Procedure 20*. Obtain water and sewerage connection

Time: 60 days

Cost: EGP 15,000

Comments: BuildCo submits two applications to the Greater Cairo Water Authority, one for the water connection and one for the sewerage connection. The two applications can be submitted simultaneously. After two inspections (one for each connection), fees are estimated. Once the fees are paid the warehouse can be connected to the water and to the sewerage system.

Procedure 21*. Obtain phone connection from Telecom Egypt

Time: 18 days

Cost: EGP 50

Comments: To obtain a phone connection, the company must submit the following documents:

- Title deed for the unit, or lease contract, if not owned by the applicant;
- Copy of applicant's ID;
- Owner ID;
- Commercial registry and taxes ID.

DEALING WITH CONSTRUCTION PERMITS

Damietta

Warehouse value: EGP 1,000,000 (US\$ 158,674)

Data as of: June 2013

Procedure 1. Apply for the Site Validity Certificate at the Municipal Authority

Time: 1 day

Cost: EGP 75

Comments: BuildCo applies at the Municipal Authority to obtain the Site Validity Certificate, which proves the conformance of the site with the planning and building requirements. The request identifies the site, the address and the borders of the land. A copy of the applicant's national ID and receipt of the payment must be attached to the request. Article 19 of Law 119/2008 sets a ceiling of EGP 200 for the fee related to the obtainment of the Site Validity Certificate. This ceiling can be increased by no more than 3% every year.

Procedure 2. Receive on-site inspection from the Municipal Authority

Time: 1 day

Cost: No cost

Comments: Before issuing the Site Validity Certificate, an inspector from the Municipal Engineering Department inspects the construction site (i) to verify that there are no pre-existing buildings or illegal demolitions on the plot of land, and (ii) to check the data to ensure there are no irregularities on the plot of land.

Procedure 3. Obtain Site Validity Certificate from the Municipal Authority

Time: 5 days

Cost: No cost

Comments: The Site Validity Certificate is issued after the inspection. According to Article 110 of Law 144/2009, the Site Validity Certificate should be issued within 1 week after the submission of the application. If there are any hindrances to

the site, the administrative body shall issue a statement indicating the hindrances that block the issuance of the Site Validity Certificate.

Procedure 4. Apply and obtain building permit from the Municipal Authority

Time: 30 days

Cost: EGP 3,735 [Insurance fee: 0.2% of construction cost (1,300 square meters * EGP 300 * 0.2% = EGP 780) + EGP 1,200 for the licensing fees + engineering stamps from the Syndicate of Engineers: 0.45% of construction cost (1,300 square meters * EGP 300 * 0.45% = EGP 1,755)]

Comments: To obtain a building permit from the Municipal Authority, the supervising engineer must file the following documents:

- The original ownership contract of the plot of land (notarized);
- A copy of the supervising engineer's ID (who is submitting the file);
- The supervising engineer's authorization to act on behalf of the owner;
- The Construction Value Form, approved by the supervising engineer;
- The Site Validity Certificate;
- An overall drawing of the site (scale minimum 1:1,000) that indicates (i) the boundaries and dimensions of the land for which the permit is required, together with the total land area, and (ii) the part on which construction is requested, as well as the facing roads and their widths;
- Three copies of the architectural drawings for the plans and elevations; a vertical section, indicating the building height and the road's zero level and the structural drawings of the foundations, columns, and the reinforced ceilings, together with copies of the structural calculation notes. All drawings must be signed by an accredited engineer.

The Building Law establishes a 30-day statutory time limit for issuing building permits. This time limit can be extended in case the Municipal Authority considers the application incomplete. The engineer of the Municipal Authority reviews (i) the building permit file in order to check its completeness, and (ii) the drawings, to check if they comply with the Site Validity Certificate.

Procedure 5*. Obtain approval of the Execution Supervision Certificate from the Syndicate of Engineers

Time: 1 day

Cost: EGP 257

Comments: BuildCo must obtain the approval of the Execution Supervision Certificate by the local branch of the Syndicate of Engineers. The approval certifies that the engineer is truly licensed and that s/he is not supervising too many projects.

Procedure 6. Inform the Municipal Authority before starting construction

Time: 1 day

Cost: No cost

Comments: BuildCo sends a letter to the Municipal Authority to inform them that construction work will start. The letter must be sent at least 15 days before starting construction. Attached to the letter, BuildCo sends (i) the Contracting Contract, approved by the Egyptian Federation for

* This procedure can be completed simultaneously with previous procedures.

Construction and Building Contractors, if applicable, (ii) and the Execution Supervision Certificate, approved by the Syndicate of Engineers.

Procedure 7. Receive on-site inspection from the Municipal Engineering Department - I

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 8. Receive on-site inspection from the Municipal Engineering Department - II

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 9. Receive on-site inspection from the Municipal Engineering Department - III

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 10. Receive on-site inspection from the Municipal Engineering Department - IV

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 11. Receive on-site inspection from the Municipal Engineering Department - V

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 12. Receive on-site inspection from the Municipal Engineering Department - VI

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 13. Receive on-site inspection from the Municipal Engineering Department - VII

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 14. Obtain clearance from Civil Defense and Firefighting Authority

Time: 7 days

Cost: No cost

Comments: Once the construction works are completed, BuildCo's supervising engineer visits the Civil Defense and Firefighting Authority to inform it that the building is ready for inspection. After the inspection takes place, the Civil Defense and Firefighting Authority sends a letter of clearance to BuildCo. This letter has to be attached to the Construction Conformity Certificate that is then submitted to the Municipal Authority to obtain the letters for connection to utilities. The inspection has no cost.

Procedure 15. Submit Construction Conformity Certificate and receive final inspection from the Municipal Authority

Time: 11 days

Cost: No cost

Comments: The supervising engineer has to submit to the Municipal Engineering Department a certificate stating that the building has been built in accordance with the relevant laws and regulations (the Construction Conformity Certificate). The Engineering Department makes a final inspection to certify that the warehouse conforms to the specifications outlined in the building permit. After the inspection, the Municipal Authority issues letters allowing the connection to utilities.

Procedure 16. Register the building with the Real Estate Registry

Time: 60 days

Cost: EGP 2,000

Comments: In order to register the building, BuildCo submits to the Real Estate Registry a building registration form, the building permit for the warehouse, and the ownership contract of the land on which the warehouse has been built. Law 83 of 2006 establishes the registration fees.

Procedure 17*. Obtain water and sewerage connection

Time: 45 days

Cost: EGP 9,200 (EGP 5,600 for the water connection + EGP 3,600 for the sewerage connection)

Comments: BuildCo submits an application to the Potable Water and Sanitary Drainage Company, along with the original license, and a copy of the building permit. BuildCo can apply for connections both for water and sewerage simultaneously (two applications to the same office). The officials of the Potable Water and Sanitary Drainage Company will then inspect the site and provide a cost estimate for the connection. After BuildCo has paid the connection cost to the Potable Water and Sanitary Drainage Company, the warehouse will be connected to the water and sewerage networks.

Procedure 18*. Obtain phone connection from Telecom Egypt

Time: 15 days

Cost: EGP 50 (EGP 5 for the application fee + EGP 45 for the connection fee)

Comments: To obtain a phone connection, the company must submit the following documents:

- Title deed for the unit, or lease contract, if not owned by the applicant;
- Copy of applicant's ID;
- Owner ID;
- Commercial registry and taxes ID.

DEALING WITH CONSTRUCTION PERMITS

Fayoum

Warehouse value: EGP 1,000,000 (US\$ 158,674)

Data as of: June 2013

Procedure 1. Apply for the Site Validity Certificate at the Municipal Authority

Time: 1 day

Cost: EGP 53

Comments: BuildCo applies at the Municipal Authority to obtain the Site Validity Certificate, which proves the conformance of the site with the planning and building requirements. The request identifies the site, the address and the borders of the land. A copy of the applicant's national ID and receipt of the payment must be attached to the request. Article 19 of Law 119/2008 sets a ceiling of EGP 200 for the fee related to the obtainment of the Site Validity Certificate. This ceiling can be increased by no more than 3% every year.

Procedure 2. Receive on-site inspection from the Municipal Authority

Time: 1 day

Cost: No cost

Comments: Before issuing the Site Validity Certificate, an inspector from the Municipal Engineering Department inspects the construction site (i) to verify that there are no pre-existing buildings or illegal demolitions on the plot of land, and (ii) to check the data to ensure there are no irregularities on the plot of land.

Procedure 3. Obtain Site Validity Certificate from the Municipal Authority

Time: 13 days

Cost: No cost

Comments: The Site Validity Certificate is issued after the inspection. According to Article 110 of Law 144/2009, the Site Validity Certificate should be issued within 1 week after the submission of the application. If there are any hindrances to the site, the administrative body shall issue a statement indicating the hindrances that block the issuance of the Site Validity Certificate.

Procedure 4. Obtain clearance from Agriculture Department

Time: 7 days

Cost: EGP 7,432 (EGP 8 per square meter of the land)

Comments: BuildCo needs to obtain clearance from the Agriculture Department. The clearance concerns the presence of white ants. BuildCo pays a fee to the Agriculture Department, which will then spray the plot of land with an insecticide against white ants. Once the plot of land has been sprayed, the Agriculture Department issues a receipt that BuildCo will attach to the application for obtaining the building permit from the Municipal Authority.

* This procedure can be completed simultaneously with previous procedures.

Procedure 5*. Obtain clearance from Information Department

Time: 1 day

Cost: EGP 6,039 (EGP 6.5 per square meter of the land)

Comments: BuildCo needs to obtain clearance from the Information Department. The clearance gives the exact position of each utility network with respect to the plot of land.

Procedure 6*. Obtain approval of the Execution Supervision Certificate from the Syndicate of Engineers

Time: 1 day

Cost: EGP 250

Comments: BuildCo must obtain approval of the Execution Supervision Certificate by the local branch of the Syndicate of Engineers. The approval certifies that the engineer is truly licensed and that s/he is not supervising too many projects.

Procedure 7. Apply for the building permit at the Municipal Authority

Time: 1 day

Cost: EGP 7 (application fee)

Comments: To obtain a building permit from the Municipal Authority, the supervising engineer must file the following documents, along with the clearances described in the previous procedures:

- A copy of the ownership contract of the plot of land (notarized);
- A copy of the supervising engineer's ID (who is submitting the file);
- The supervising engineer's authorization to act on behalf of the owner ("Power of Attorney");
- The Construction Value Form, approved by the supervising engineer;
- The Site Validity Certificate;
- A receipt attesting to the payment of fees for examination of the drawings and details;
- An overall drawing of the site (scale minimum 1:1,000) that indicates (i) the boundaries and dimensions of the land for which the permit is required, together with the total land area, and (ii) the part on which construction is requested, as well as the facing roads and their widths;
- One copy of the architectural drawings for the plans and elevations; a vertical section, indicating the building height and the road's zero level and the structural drawings of the foundations, columns, and the reinforced ceilings, together with copies of the structural calculation notes. All drawings must be signed by an accredited engineer;
- A copy of the Execution Supervision Certificate, stamped by the Syndicate of Engineers.

Procedure 8. Receive on-site inspection from Municipal Engineering Department

Time: 1 day

Cost: No cost

Comments: An engineer from the Municipal Engineering Department inspects the construction site before issuing the building permit to make sure there are no irregularities.

Procedure 9. Obtain a letter from the Municipal Authority about the Improvements Department clearance

Time: 15 days

Cost: No cost

Comments: The Municipal Authority issues a letter that BuildCo must bring to the Improvements Department in order to obtain the project clearance. BuildCo states that there is no financial indebtedness on the land, or, if there is, pays the fees. BuildCo will then receive the approval from the Improvement Department and bring it back to the Municipal Authority.

Procedure 10*. Obtain a letter from the Municipal Authority about electricity clearance

Time: 7 days

Cost: EGP 55

Comments: The Municipal Authority issues a letter that BuildCo must bring to the Electricity Company in order to obtain the project clearance. After receiving the approval, BuildCo brings it back to the Municipal Authority.

Procedure 11. Obtain building permit from the Municipal Authority

Time: 45 days

Cost: EGP 4,415 [Insurance fee: 0.2% of construction cost (1,300 square meters * EGP 300 * 0.2% = EGP 780)+ Labor insurance: 0.6% of construction cost (1,300 square meters * EGP 300 * 0.6% = EGP 2,340) + EGP 100 for administrative fees + EGP 25 for governmental stamps + engineering stamps from the Syndicate of Engineers: 0.3% of construction cost (1,300 square meters * EGP 300 * 0.3% = EGP 1,170)]

Comments: The Building Law establishes a 30-day statutory time limit for issuing building permits. This time limit can be extended in case the Municipal Authority considers the application incomplete. The engineer of the Municipal Authority reviews (i) the building permit file in order to check its completeness, and (ii) the drawings, to check if they comply with the Site Validity Certificate.

Procedure 12. Inform the Municipal Authority before starting construction

Time: 1 day

Cost: No cost

Comments: BuildCo sends a letter to the Municipal Authority to inform them that construction work will start. The letter must be sent at least 15 days before starting construction. Attached to the letter, BuildCo sends (i) the Contracting Contract, approved by the Egyptian Federation for Construction and Building Contractors, if applicable, (ii) and the Execution Supervision Certificate, approved by the Syndicate of Engineers.

Procedure 13. Receive on-site inspection from the Municipal Engineering Department - I

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 14. Receive on-site inspection from the Municipal Engineering Department - II

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 15. Receive on-site inspection from the Municipal Engineering Department - III

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 16. Receive on-site inspection from the Municipal Engineering Department - IV

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 17. Receive on-site inspection from the Municipal Engineering Department - V

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 18. Obtain approval of the Construction Conformity Certificate from the Syndicate of Engineers

Time: 1 day

Cost: EGP 305

Comments: The supervising engineer has to submit to the Syndicate of Engineers the Construction Conformity Certificate, which states that the building has been built in accordance with the relevant laws and regulations. In this city, before being submitted to the Municipal Authority, the Construction Conformity Certificate must be approved by the Syndicate of Engineers.

Procedure 19. Submit Construction Conformity Certificate and receive final inspection from the Municipal Authority

Time: 5 days

Cost: No cost

Comments: The supervising engineer has to submit to the Municipal Engineering Department a certificate stating that the building has been built in accordance with the relevant laws and regulations. The Engineering Department makes a final inspection to certify that the warehouse conforms to the specifications outlined in the building permit. After the inspection, the Municipal Authority issues letters allowing the connection to utilities.

* This procedure can be completed simultaneously with previous procedures.

Procedure 20. Obtain letters from Municipal Authority about utility connections

Time: 7 days

Cost: No cost

Comments: BuildCo collects from the Municipal Authority the letters that authorize the connection of the warehouse to utilities and brings them to the utility companies.

Procedure 21. Register the building with the Real Estate Registry

Time: 60 days

Cost: EGP 2,000

Comments: In order to register the building, BuildCo submits to the Real Estate Registry a building registration form, the building permit for the warehouse, and the ownership contract of the land on which the warehouse has been built. Law 83 of 2006 establishes the registration fees.

Procedure 22*. Obtain water and sewerage connection

Time: 21 days

Cost: EGP 7,800 [EGP 6,800 for the water connection (EGP 1,000 for the water meter+ EGP 600 + EGP 4 * 1,300 square meters for the connection fee) + EGP 1,000 for the sewerage connection]

Comments: BuildCo submits two applications to the Water and Sewerage Company: one for the water connection and one for the sewerage connection. The two applications can be submitted simultaneously. After two inspections (one for each connection), fees are estimated. Once the fees are paid the warehouse can be connected to the water and to the sewerage system.

Procedure 23*. Obtain phone connection from Telecom Egypt

Time: 7 days

Cost: EGP 50

Comments: To obtain a phone connection, the company must submit the following documents:

- Title deed for the unit, or lease contract, if not owned by the applicant;
- Copy of applicant's ID;
- Owner ID;
- Commercial registry and taxes ID.

DEALING WITH CONSTRUCTION PERMITS

Giza

Warehouse value: EGP 1,000,000 (US\$ 158,674)

Data as of: June 2013

Procedure 1. Apply for the Site Validity Certificate at the Municipal Authority

Time: 1 day

Cost: EGP 200

Comments: BuildCo applies at the Municipal Authority to obtain the Site Validity Certificate, which proves the conformance of the site with the planning and building requirements. The request identifies the site, the address and the borders of the land. A copy of the applicant's national ID and receipt of the payment must be attached to the request. Article 19 of Law 119/2008 sets a ceiling

of EGP 200 for the fee related to the obtainment of the Site Validity Certificate. This ceiling can be increased by no more than 3% every year.

Procedure 2. Receive on-site inspection from the Municipal Authority

Time: 1 day

Cost: No cost

Comments: Before issuing the Site Validity Certificate, an inspector from the Municipal Engineering Department inspects the construction site (i) to verify that there are no pre-existing buildings or illegal demolitions on the plot of land, and (ii) to check the data to ensure there are no irregularities on the plot of land.

Procedure 3. Obtain Site Validity Certificate from the Municipal Authority

Time: 15 days

Cost: No cost

Comments: The Site Validity Certificate is issued after the inspection. According to Article 110 of Law 144/2009, the Site Validity Certificate should be issued within 1 week after the submission of the application. If there are any hindrances to the site, the administrative body shall issue a statement indicating the hindrances that block the issuance of the Site Validity Certificate.

Procedure 4. Obtain approval of the Execution Supervision Certificate from the Syndicate of Engineers

Time: 1 day

Cost: EGP 312

Comments: BuildCo must obtain the approval of the Execution Supervision Certificate by the local branch of the Syndicate of Engineers. The approval certifies that the engineer is truly licensed and that s/he is not supervising too many projects.

Procedure 5. Apply and obtain building permit from the Municipal Authority

Time: 30 days

Cost: EGP 2,560 [Insurance fee: 0.2% of construction cost (1,300 square meters * EGP 600 * 0.2% = EGP 1,560)+ EGP 1,000 for the construction fees]

Comments: To obtain a building permit from the Municipal Authority, the supervising engineer must file the following documents:

- The original ownership contract of the plot of land;
- A copy of the supervising engineer's ID (who is submitting the file);
- The supervising engineer's authorization to act on behalf of the owner;
- The Construction Value Form, approved by the supervising engineer;
- The Site Validity Certificate;
- A receipt attesting to the payment of fees for examination of the drawings and details;
- An overall drawing of the site (scale minimum 1:1,000) that indicates (i) the boundaries and dimensions of the land for which the permit is required, together with the total land area, and (ii) the part on which construction is requested, as well as the facing roads and their widths;

- Three copies of the architectural drawings for the plans and elevations; a vertical section, indicating the building height and the road's zero level and the structural drawings of the foundations, columns, and the reinforced ceilings, together with copies of the structural calculation notes. All drawings must be signed by an accredited engineer.

The Building Law establishes a 30-day statutory time limit for issuing building permits. This time limit can be extended in case the Municipal Authority considers the application incomplete. The engineer of the Municipal Authority reviews (i) the building permit file in order to check its completeness, and (ii) the drawings, to check if they comply with the Site Validity Certificate.

Procedure 6. Inform the Municipal Authority before starting construction

Time: 1 day

Cost: No cost

Comments: BuildCo sends a letter to the Municipal Authority to inform them that construction work will start. The letter must be sent at least 15 days before starting construction. Attached to the letter, BuildCo sends (i) the Contracting Contract, approved by the Egyptian Federation for Construction and Building Contractors, if applicable, (ii) and the Execution Supervision Certificate, approved by the Syndicate of Engineers.

Procedure 7. Receive on-site inspection from the Municipal Engineering Department - I

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 8. Receive on-site inspection from the Municipal Engineering Department - II

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 9. Receive on-site inspection from the Municipal Engineering Department - III

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 10. Receive on-site inspection from the Municipal Engineering Department - IV

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

* This procedure can be completed simultaneously with previous procedures.

Procedure 11. Receive on-site inspection from the Municipal Engineering Department - V

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 12. Receive on-site inspection from the Municipal Engineering Department - VI

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 13. Receive on-site inspection from the Municipal Engineering Department - VII

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 14. Receive on-site inspection from the Civil Defense and Firefighting Authority

Time: 15 days

Cost: No cost

Comments: After the construction has been completed, the Civil Defense and Firefighting Authority inspects the building to check if it complies with the fire safety regulations.

Procedure 15. Obtain approval of the Construction Conformity Certificate from the Syndicate of Engineers

Time: 1 day

Cost: EGP 300

Comments: The supervising engineer has to submit to the Syndicate of Engineers the Construction Conformity Certificate, which states that the building has been built in accordance with the relevant laws and regulations. In this city, before being submitted to the Municipal Authority, the Construction Conformity Certificate must be approved by the Syndicate of Engineers.

Procedure 16. Submit Construction Conformity Certificate and receive final inspection from the Municipal Authority

Time: 15 days

Cost: No cost

Comments: The supervising engineer submits to the Municipal Engineering Department the Construction Conformity Certificate. The Engineering Department makes a final inspection to certify that the warehouse conforms to the specifications outlined in the building permit. After the inspection, the Municipal Authority issues letters allowing the connection to utilities.

Procedure 17. Register the building with the Real Estate Registry

Time: 60 days

Cost: EGP 2,000

Comments: In order to register the building, BuildCo submits to the Real Estate Registry a building registration form, the building permit for the warehouse, and the ownership contract of the land on which the warehouse has been built. Law 83 of 2006 establishes the registration fees.

Procedure 18*. Obtain water and sewerage connection

Time: 60 days

Cost: EGP 15,000 (EGP 8,000 for the water connection + EGP 7,000 for the sewerage connection)

Comments: BuildCo submits two applications to the Water and Sewerage Company, one for the water connection and one for the sewerage connection. The two applications can be submitted simultaneously. After two inspections (one for each connection), fees are estimated. Once the fees are paid the warehouse can be connected to the water and to the sewerage system.

Procedure 19*. Obtain phone connection from Telecom Egypt

Time: 10 days

Cost: EGP 50

Comments: To obtain a phone connection, the company must submit the following documents:

- Title deed for the unit, or lease contract, if not owned by the applicant;
- Copy of applicant's ID;
- Owner ID;
- Commercial registry and taxes ID.

DEALING WITH CONSTRUCTION PERMITS

Ismailia

Warehouse value: EGP 1,000,000 (US\$ 158,674)

Data as of: June 2013

Procedure 1. Apply for the Site Validity Certificate at the Municipal Authority

Time: 1 day

Cost: EGP 200

Comments: BuildCo applies at the Municipal Authority to obtain the Site Validity Certificate, which proves the conformance of the site with the planning and building requirements. The request identifies the site, the address and the borders of the land. A copy of the applicant's national ID and receipt of the payment must be attached to the request. Article 19 of Law 119/2008 sets a ceiling of EGP 200 for the fee related to the obtaining of the Site Validity Certificate. This ceiling can be increased by no more than 3% every year.

Procedure 2. Receive on-site inspection from the Municipal Authority

Time: 1 day

Cost: No cost

Comments: Before issuing the Site Validity Certificate, an inspector from the Municipal Engineering Department inspects the construction site (i) to verify that there are no pre-existing buildings or illegal demolitions on the plot of land, and (ii) to check the data to ensure there are no irregularities on the plot of land.

Procedure 3. Obtain Site Validity Certificate from the Municipal Authority

Time: 8 days

Cost: No cost

Comments: The Site Validity Certificate is issued after the inspection. According to Article 110 of Law 144/2009, the Site Validity Certificate should be issued within 1 week after the submission of the application. If there are any hindrances to the site, the administrative body shall issue a statement indicating the hindrances that block the issuance of the Site Validity Certificate.

Procedure 4. Obtain approval of the Execution Supervision Certificate from the Syndicate of Engineers

Time: 1 day

Cost: EGP 250

Comments: BuildCo must obtain the approval of the Execution Supervision Certificate by the local branch of the Syndicate of Engineers. The approval certifies that the engineer is truly licensed and that s/he is not supervising too many projects.

Procedure 5. Apply and obtain building permit from the Municipal Authority

Time: 21 days

Cost: EGP 2,240 [Insurance fee: 0.2% of construction cost (1,300 square meters * EGP 300 * 0.2% = EGP 780) + EGP 1,400 for the permit issuance fees + EGP 60 for taxes]

Comments: To obtain a building permit from the Municipal Authority, the supervising engineer must file the following documents:

- A copy of the ownership contract of the plot of land (notarized);
- A copy of the supervising engineer's ID (who is submitting the file);
- The supervising engineer's authorization to act on behalf of the owner;
- The Construction Value Form, approved by the supervising engineer;
- The Site Validity Certificate;
- A receipt attesting to the payment of fees for examination of the drawings and details;
- An overall drawing of the site (scale minimum 1:1,000) that indicates (i) the boundaries and dimensions of the land for which the permit is required, together with the total land area, and (ii) the part on which construction is requested, as well as the facing roads and their widths;
- Three copies of the architectural drawings for the plans and elevations; a vertical section, indicating the building height and the road's zero level and the structural drawings of the foundations, columns, and the reinforced

* This procedure can be completed simultaneously with previous procedures.

ceilings, together with copies of the structural calculation notes. All drawings must be signed by an accredited engineer;

- i. A copy of the Execution Supervision Certificate, stamped by the Syndicate of Engineers.

The Building Law establishes a 30-day statutory time limit for issuing building permits. This time limit can be extended in case the Municipal Authority considers the application incomplete. The engineer of the Municipal Authority reviews (i) the building permit file in order to check its completeness, and (ii) the drawings, to check if they comply with the Site Validity Certificate.

Procedure 6. Inform the Municipal Authority before starting construction

Time: 1 day

Cost: No cost

Comments: BuildCo sends a letter to the Municipal Authority to inform them that construction works will start. The letter must be sent at least 15 days before starting constructions. Attached to the letter, BuildCo sends: (i) the Contracting Contract, approved by the Egyptian Federation for Construction and Building Contractors, if applicable; (ii) and the Execution Supervision Certificate, approved by the Syndicate of Engineers.

Procedure 7. Receive on-site inspection from the Municipal Engineering Department - I

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 8. Receive on-site inspection from the Municipal Engineering Department - II

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 9. Receive on-site inspection from the Municipal Engineering Department - III

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 10. Receive on-site inspection from the Municipal Engineering Department - IV

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 11. Receive on-site inspection from the Municipal Engineering Department - V

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 12. Receive on-site inspection from the Municipal Engineering Department - VI

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 13. Receive on-site inspection from the Municipal Engineering Department - VII

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 14. Receive on-site inspection from the Civil Defense and Firefighting Authority

Time: 1 day

Cost: No cost

Comments: After the construction has been completed, the Civil Defense and Firefighting Authority inspects the building to check if it complies with the fire safety regulations.

Procedure 15. Submit Construction Conformity Certificate and receive final inspection from the Municipal Authority

Time: 4 days

Cost: No cost

Comments: The supervising engineer has to submit to the Municipal Engineering Department a certificate stating that the building has been built in accordance with the relevant laws and regulations (the Construction Conformity Certificate). The Engineering Department makes a final inspection to certify that the warehouse conforms to the specifications outlined in the building permit. After the inspection, the Municipal Authority issues letters allowing the connection to utilities.

Procedure 16. Obtain letters from Municipal Authority about utility connections

Time: 4 days

Cost: EGP 11 (EGP 2.75 for each governmental stamp. 4 stamps are required.)

Comments: BuildCo collects from the Municipal Authority the letters that authorize the connection of the warehouse to utilities and brings them to the utility companies.

Procedure 17. Register the building with the Real Estate Registry

Time: 60 days

Cost: EGP 2,000

Comments: In order to register the building, BuildCo submits to the Real Estate Registry a building registration form, the building permit for the warehouse, and the ownership contract of the land on which the warehouse has been built. Law 83 of 2006 establishes the registration fees.

Procedure 18*. Obtain sewerage connection

Time: 25 days

Cost: EGP 3,500

Comments: BuildCo submits an application to the Department for Sewerage of the Municipal Authority, along with the original license, and a copy of the building permit. Once the application is submitted, an inspection takes place. After the inspection the fees are estimated. Once the fees are paid, the warehouse can be connected to the sewerage system.

Procedure 19*. Obtain water connection

Time: 6 days

Cost: EGP 3,000

Comments: BuildCo submits an application for water connection to the Suez Canal Authority. After an inspection, fees are estimated. Once the fees are paid the warehouse can be connected to the water system.

Procedure 20*. Obtain phone connection from Telecom Egypt

Time: 15 days

Cost: EGP 50

Comments: To obtain a phone connection, the company must submit the following documents:

- a. Title deed for the unit, or lease contract, if not owned by the applicant;
- b. Copy of applicant's ID;
- c. Owner ID;
- d. Commercial registry and taxes ID.

DEALING WITH CONSTRUCTION PERMITS

Kharga

Warehouse value: EGP 1,000,000 (US\$ 158,674)

Data as of: June 2013

Procedure 1. Apply for the Site Validity Certificate at the Municipal Authority

Time: 1 day

Cost: EGP 182

Comments: BuildCo applies at the Municipal Authority to obtain the Site Validity Certificate, which proves the conformance of the site with the planning and building requirements. The request identifies the site, the address and the borders of the land. A copy of the applicant's national ID and receipt of the payment must be attached to the request. Article 19 of Law 119/2008 sets a ceiling of EGP 200 for the fee related to the obtainment of the Site Validity Certificate. This ceiling can be increased by no more than 3% every year.

* This procedure can be completed simultaneously with previous procedures.

Procedure 2. Receive on-site inspection from the Municipal Authority

Time: 1 day

Cost: No cost

Comments: Before issuing the Site Validity Certificate, an inspector from the Municipal Engineering Department inspects the construction site (i) to verify that there are no pre-existing buildings or illegal demolitions on the plot of land, and (ii) to check the data to ensure there are no irregularities on the plot of land.

Procedure 3. Obtain Site Validity Certificate from the Municipal Authority

Time: 5 days

Cost: No cost

Comments: The Site Validity Certificate is issued after the inspection. According to Article 110 of Law 144/2009, the Site Validity Certificate should be issued within 1 week after the submission of the application. If there are any hindrances to the site, the administrative body shall issue a statement indicating the hindrances that block the issuance of the Site Validity Certificate.

Procedure 4. Obtain project clearance from Civil Aviation Authority

Time: 50 days

Cost: EGP 1,353 (EGP 600 for the coordinates map + EGP 253 for the approval by the Civil Aviation Authority + EGP 500 for hiring a facilitator)

Comments: BuildCo needs to obtain project clearance from the Civil Aviation Authority before submitting the application for the building permit. The approval must be obtained in Cairo. BuildCo hires a private facilitator to complete this procedure and to go to Cairo on its behalf.

Procedure 5*. Obtain stamps on the architectural drawings from the Syndicate of Engineers

Time: 1 day

Cost: EGP 315 (EGP 105 for each stamp. Three stamps are required.)

Comments: The Syndicate of Engineers stamps (i.e. approves) the foundation plans, the structural plans, and the ceiling plans, before these are submitted to the Municipal Authority along with the application for the building permit.

Procedure 6. Apply and obtain building permit from the Municipal Authority

Time: 25 days

Cost: EGP 1,278 [EGP 60 for stamp duty + Permit issuance fee: EGP 0.26 per square meter (0.26 * 1,300 square meters = EGP 338) + Insurance fees: 0.2% of value of the building (1,300 square meters * 300 * 0.2% = EGP 780) + Development fee: EGP 50 per floor (EGP 50 * 2 floors = EGP 100)]

Comments: To obtain a building permit from the Municipal Authority, the supervising engineer must file the following documents, along with the clearances described in the previous procedures:

- A copy of the ownership contract of the plot of land (notarized);
- A copy of the supervising engineer's ID (who is submitting the file) and of the owner of the plot of land;

- The supervising engineer's authorization to act on behalf of the owner;
- The Construction Value Form, approved by the supervising engineer;
- The Standard Guarantee Certificate, approved by the supervising engineer;
- The Site Validity Certificate;
- A receipt attesting to the payment of fees for examination of the drawings and details;
- An overall drawing of the site (scale minimum 1:1,000) that indicates (i) the boundaries and dimensions of the land for which the permit is required, together with the total land area, and (ii) the part on which construction is requested, as well as the facing roads and their widths;
- Three copies of the architectural drawings for the plans and elevations; a vertical section, indicating the building height and the road's zero level and the structural drawings of the foundations, columns, and the reinforced ceilings, together with copies of the structural calculation notes. All drawings must be signed by an accredited engineer.

The Building Law establishes a 30-day statutory time limit for issuing building permits. This time limit can be extended in case the Municipal Authority considers the application incomplete. The engineer of the Municipal Authority reviews (i) the building permit file in order to check its completeness, and (ii) the drawings, to check if they comply with the Site Validity Certificate.

Procedure 7*. Obtain approval of the Execution Supervision Certificate from the Syndicate of Engineers

Time: 1 day

Cost: EGP 250

Comments: BuildCo must obtain the approval of the Execution Supervision Certificate by the local branch of the Syndicate of Engineers. The approval certifies that the engineer is truly licensed and that s/he is not supervising too many projects.

Procedure 8. Inform the Municipal Authority before starting construction

Time: 1 day

Cost: No cost

Comments: BuildCo sends a letter to the Municipal Authority to inform them that construction work will start. The letter must be sent at least 15 days before starting construction. Attached to the letter, BuildCo sends (i) the Contracting Contract, approved by the Egyptian Federation for Construction and Building Contractors, if applicable, (ii) and the Execution Supervision Certificate, approved by the Syndicate of Engineers.

Procedure 9. Receive on-site inspection from the Municipal Engineering Department - I

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 10. Receive on-site inspection from the Municipal Engineering Department - II

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 11. Receive on-site inspection from the Municipal Engineering Department - III

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 12. Receive on-site inspection from the Municipal Engineering Department - IV

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 13. Obtain clearance from Civil Defense and Firefighting Authority

Time: 7 days

Cost: No cost

Comments: Once the construction works are completed, BuildCo's supervising engineer visits the Civil Defense and Firefighting Authority to inform it that the building is ready for inspection. After the inspection takes place, the Civil Defense and Firefighting Authority sends a letter of clearance to BuildCo. This letter has to be attached to the Construction Conformity Certificate that is then submitted to the Municipal Authority to obtain the letters for connection to utilities. The inspection has no cost.

Procedure 14. Submit Construction Conformity Certificate and receive final inspection from the Municipal Authority

Time: 15 days

Cost: No cost

Comments: The supervising engineer has to submit to the Municipal Engineering Department a certificate stating that the building has been built in accordance with the relevant laws and regulations (the Construction Conformity Certificate). The Engineering Department makes a final inspection to certify that the warehouse conforms to the specifications outlined in the building permit. After the inspection, the Municipal Authority issues letters allowing the connection to utilities.

Procedure 15. Register the building with the Real Estate Registry

Time: 60 days

Cost: EGP 2,000

Comments: In order to register the building, BuildCo submits to the Real Estate Registry a building registration form, the building permit for the warehouse, and the ownership contract of the land on which the warehouse has been built. Law 83 of 2006 establishes the registration fees.

* This procedure can be completed simultaneously with previous procedures.

Procedure 16*. Obtain water and sewerage connection

Time: 30 days

Cost: EGP 6,000

Comments: BuildCo submits two applications to the Water and Sewerage Company, one for the water connection and one for the sewerage connection. The two applications can be submitted simultaneously. After two inspections (one for each connection), fees are estimated. Once the fees are paid the warehouse can be connected to the water and to the sewerage system.

Procedure 17*. Obtain phone connection from Telecom Egypt

Time: 14 days

Cost: EGP 50

Comments: To obtain a phone connection, the company must submit the following documents:

- Title deed for the unit, or lease contract, if not owned by the applicant;
- Copy of applicant's ID;
- Owner ID;
- Commercial registry and taxes ID.

DEALING WITH CONSTRUCTION PERMITS

Mansoura

Warehouse value: EGP 1,000,000 (US\$ 158,674)

Data as of: June 2013

Procedure 1. Apply for the Site Validity Certificate at the Municipal Authority

Time: 1 day

Cost: EGP 200

Comments: BuildCo applies at the Municipal Authority to obtain the Site Validity Certificate, which proves the conformance of the site with the planning and building requirements. The request identifies the site, the address and the borders of the land. A copy of the applicant's national ID and receipt of the payment must be attached to the request. Article 19 of Law 119/2008 sets a ceiling of EGP 200 for the fee related to the obtainment of the Site Validity Certificate. This ceiling can be increased by no more than 3% every year.

Procedure 2. Receive on-site inspection from the Municipal Authority

Time: 1 day

Cost: No cost

Comments: Before issuing the Site Validity Certificate, an inspector from the Municipal Engineering Department inspects the construction site (i) to verify that there are no pre-existing buildings or illegal demolitions on the plot of land, and (ii) to check the data to ensure there are no irregularities on the plot of land.

Procedure 3. Obtain Site Validity Certificate from the Municipal Authority

Time: 5 days

Cost: No cost

Comments: The Site Validity Certificate is issued after the inspection. According to Article 110 of Law 144/2009, the Site Validity Certificate should be issued within 1 week after the submission of the application. If there are any hindrances to

the site, the administrative body shall issue a statement indicating the hindrances that block the issuance of the Site Validity Certificate.

Procedure 4*. Obtain project clearance from Improvements Department

Time: 1 day

Cost: EGP 20

Comments: BuildCo needs to obtain project clearance from the Improvements Department before submitting the application for the building permit.

Procedure 5. Apply and obtain building permit from the Municipal Authority

Time: 30 days

Cost: EGP 2,950 [Insurance fee: 0.2% of construction cost (1,300 square meters * EGP 300 * 0.2% = EGP 780) + EGP 1,000 for the permit issuance fees + engineering stamps from the Syndicate of Engineers: 0.3% of construction cost (1,300 square meters * EGP 300 * 0.3% = EGP 1,170)]

Comments: To obtain a building permit from the Municipal Authority, the supervising engineer must file the following documents, along with the clearances described in the previous procedures:

- The original ownership contract of the plot of land (notarized);
- A copy of the supervising engineer's ID (who is submitting the file);
- The Construction Value Form, approved by the supervising engineer;
- The Site Validity Certificate;
- A receipt attesting to the payment of fees for examination of the drawings and details;
- An overall drawing of the site (scale minimum 1:1,000) that indicates (i) the boundaries and dimensions of the land for which the permit is required, together with the total land area, and (ii) the part on which construction is requested, as well as the facing roads and their widths;
- Three copies of the architectural drawings for the plans and elevations; a vertical section, indicating the building height and the road's zero level and the structural drawings of the foundations, columns, and the reinforced ceilings, together with copies of the structural calculation notes. All drawings must be signed by an accredited engineer.

During this procedure, the Municipal Authority sends a letter to the Electricity Company and to the Civil Defense and Firefighting Authority, attaching the project documents, to get their approvals.

The Building Law establishes a 30-day statutory time limit for issuing building permits. This time limit can be extended in case the Municipal Authority considers the application incomplete. The engineer of the Municipal Authority reviews (i) the building permit file in order to check its completeness, and (ii) the drawings, to check if they comply with the Site Validity Certificate.

Procedure 6*. Obtain approval of the Execution Supervision Certificate from the Syndicate of Engineers

Time: 1 day

Cost: EGP 250

Comments: BuildCo must obtain the approval of the Execution Supervision Certificate by the local branch of the Syndicate of Engineers. The approval certifies that the engineer is truly licensed and that s/he is not supervising too many projects.

Procedure 7. Inform the Municipal Authority before starting construction

Time: 1 day

Cost: No cost

Comments: BuildCo sends a letter to the Municipal Authority to inform them that construction work will start. The letter must be sent at least 15 days before starting construction. Attached to the letter, BuildCo sends (i) the Contracting Contract, approved by the Egyptian Federation for Construction and Building Contractors, if applicable, (ii) and the Execution Supervision Certificate, approved by the Syndicate of Engineers.

Procedure 8. Receive on-site inspection from the Municipal Engineering Department

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 9. Obtain clearance from Civil Defense and Firefighting Authority

Time: 7 days

Cost: No cost

Comments: Once the construction works are completed, BuildCo's supervising engineer visits the Civil Defense and Firefighting Authority to inform it that the building is ready for inspection. After the inspection takes place, the Civil Defense and Firefighting Authority sends a letter of clearance to BuildCo. This letter has to be attached to the Construction Conformity Certificate that is then submitted to the Municipal Authority to obtain the letters for connection to utilities. The inspection has no cost.

Procedure 10. Submit Construction Conformity Certificate and receive final inspection from the Municipal Authority

Time: 7 days

Cost: No cost

Comments: The supervising engineer has to submit to the Municipal Engineering Department a certificate stating that the building has been built in accordance with the relevant laws and regulations (the Construction Conformity Certificate). The Engineering Department makes a final inspection to certify that the warehouse conforms to the specifications outlined in the building permit. After the inspection, the Municipal Authority issues letters allowing the connection to utilities.

* This procedure can be completed simultaneously with previous procedures.

Procedure 11. Obtain letters from Municipal Authority about utility connections

Time: 7 days

Cost: No cost

Comments: BuildCo collects from the Municipal Authority the letters that authorize the connection of the warehouse to utilities and brings them to the utility companies.

Procedure 12. Register the building with the Real Estate Registry

Time: 60 days

Cost: EGP 2,000

Comments: In order to register the building, BuildCo submits to the Real Estate Registry a building registration form, the building permit for the warehouse, and the ownership contract of the land on which the warehouse has been built. Law 83 of 2006 establishes the registration fees.

Procedure 13*. Obtain water and sewerage connection

Time: 30 days

Cost: EGP 13,500 (EGP 9,000 for water connection + EGP 4,500 for sewerage connection)

Comments: BuildCo submits two applications to the Water and Sewerage Company, one for the water connection and one for the sewerage connection. The two applications can be submitted simultaneously. After two inspections (one for each connection), fees are estimated. Once the fees are paid the warehouse can be connected to the water and to the sewerage system.

Procedure 14*. Obtain phone connection from Telecom Egypt

Time: 15 days

Cost: EGP 50

Comments: To obtain a phone connection, the company must submit the following documents:

- Title deed for the unit, or lease contract, if not owned by the applicant;
- Copy of applicant's ID;
- Owner ID;
- Commercial registry and taxes ID.

DEALING WITH CONSTRUCTION PERMITS

Port Said

Warehouse value: EGP 1,000,000 (US\$ 158,674)

Data as of: June 2013

Procedure 1. Apply for the Site Validity Certificate at the Municipal Authority

Time: 1 day

Cost: EGP 200

Comments: BuildCo applies at the Municipal Authority to obtain the Site Validity Certificate, which proves the conformance of the site with the planning and building requirements. The request identifies the site, the address and the borders of the land. A copy of the applicant's national ID and the receipt of payment must be attached to the request. Article 19 of Law 119/2008 sets a ceiling of EGP 200 for the fee related to the obtainment of the Site Validity Certificate. This ceiling can be increased by no more than 3% every year.

Procedure 2. Receive on-site inspection from the Municipal Authority

Time: 1 day

Cost: No cost

Comments: Before issuing the Site Validity Certificate, an inspector from the Municipal Engineering Department inspects the construction site (i) to verify that there are no pre-existing buildings or illegal demolitions on the plot of land, and (ii) to check the data to ensure there are no irregularities on the plot of land.

Procedure 3. Obtain Site Validity Certificate from the Municipal Authority

Time: 5 days

Cost: No cost

Comments: The Site Validity Certificate is issued after the inspection. According to Article 110 of Law 144/2009, the Site Validity Certificate should be issued within 1 week after the submission of the application. If there are any hindrances to the site, the administrative body shall issue a statement indicating the hindrances that block the issuance of the Site Validity Certificate.

Procedure 4. Obtain project clearance from Civil Aviation Authority

Time: 30 days

Cost: EGP 2,253 (EGP 2,000 for the coordinates map and level determination certificate + EGP 253 for the approval by the Civil Aviation Authority)

Comments: BuildCo needs to obtain project clearance from the Civil Aviation Authority before submitting the application for the building permit. The applicant must attach a coordinates map and a level determination certificate to the request for clearance.

Procedure 5. Apply and obtain building permit from the Municipal Authority

Time: 40 days

Cost: EGP 3,550 [Insurance fee: 0.2% of construction cost (1,300 square meters * EGP 300 * 0.2% = EGP 780) + Permit fees: EGP 0.5 per square meter of construction area (1,300 square meters * EGP 0.5 = EGP 650) + EGP 120 for the license issuance fee + EGP 2,000 for the approval stamps from the Syndicate of Engineers]

Comments: To obtain a building permit from the Municipal Authority, the supervising engineer must file the following documents, along with the clearances described in the previous procedures:

- A copy of the ownership contract of the plot of land (notarized);
- A copy of the supervising engineer's ID (who is submitting the file);
- The supervising engineer's authorization to act on behalf of the owner;
- The Construction Value Form, approved by the supervising engineer;
- The Site Validity Certificate;
- A receipt attesting to the payment of fees for examination of the drawings and details;
- An overall drawing of the site (scale minimum 1:1,000) that indicates (i) the boundaries and dimensions of the land for which the permit is required, together with the total land area, and (ii) the part on which construction is requested, as well as the facing roads and their widths;

- Three copies of the architectural drawings for the plans and elevations; a vertical section, indicating the building height and the road's zero level and the structural drawings of the foundations, columns, and the reinforced ceilings, together with copies of the structural calculation notes. All drawings must be signed by an accredited engineer.

The Building Law establishes a 30-day statutory time limit for issuing building permits. This time limit can be extended in case the Municipal Authority considers the application incomplete. The engineer of the Municipal Authority reviews (i) the building permit file in order to check its completeness, and (ii) the drawings, to check if they comply with the Site Validity Certificate.

Procedure 6*. Obtain approval of the Execution Supervision Certificate from the Syndicate of Engineers

Time: 1 day

Cost: EGP 250

Comments: BuildCo must obtain the approval of the Execution Supervision Certificate by the local branch of the Syndicate of Engineers. The approval certifies that the engineer is truly licensed and that s/he is not supervising too many projects.

Procedure 7. Inform the Municipal Authority before starting construction

Time: 1 day

Cost: No cost

Comments: BuildCo sends a letter to the Municipal Authority to inform them that construction work will start. The letter must be sent at least 15 days before starting construction. Attached to the letter, BuildCo sends (i) the Contracting Contract, approved by the Egyptian Federation for Construction and Building Contractors, if applicable, (ii) and the Execution Supervision Certificate, approved by the Syndicate of Engineers.

Procedure 8. Receive on-site inspection from the Municipal Engineering Department - I

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 9. Receive on-site inspection from the Municipal Engineering Department - II

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 10. Receive on-site inspection from the Municipal Engineering Department - III

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

* This procedure can be completed simultaneously with previous procedures.

Procedure 11. Submit Construction Conformity Certificate and receive final inspection from the Municipal Authority

Time: 50 days

Cost: No cost

Comments: The supervising engineer has to submit to the Municipal Engineering Department a certificate stating that the building has been built in accordance with the relevant laws and regulations (the Construction Conformity Certificate). The Engineering Department makes a final inspection to certify that the warehouse conforms to the specifications outlined in the building permit. After the inspection, the Municipal Authority issues letters allowing the connection to utilities.

Procedure 12. Obtain letters from Municipal Authority about utility connections

Time: 2 days

Cost: No cost

Comments: BuildCo collects from the Municipal Authority the letters that authorize the connection of the warehouse to utilities and brings them to the utility companies.

Procedure 13. Register the building with the Real Estate Registry

Time: 60 days

Cost: EGP 2,000

Comments: In order to register the building, BuildCo submits to the Real Estate Registry a building registration form, the building permit for the warehouse, and the ownership contract of the land on which the warehouse has been built. Law 83 of 2006 establishes the registration fees.

Procedure 14*. Obtain sewerage connection

Time: 40 days

Cost: EGP 2,000 [Cost of connection: EGP 120 per meter (EGP 120 * 10 meters = EGP 1,200) + Cost of fixing the road: EGP 75 per meter (EGP 75 * 10 meters = EGP 750) + Labor cost: EGP 50 per day]

Comments: BuildCo submits an application to the Department for Sewerage of the Municipal Authority, along with the original license, and a copy of the building permit. Once the application is submitted, an inspection takes place. After the inspection, the fees are estimated. Once the fees are paid, the warehouse can be connected to the sewerage system.

Procedure 15*. Obtain water connection

Time: 40 days

Cost: EGP 10,000

Comments: BuildCo submits an application for water connection to the Suez Canal Authority. After an inspection, fees are estimated. Once the fees are paid the warehouse can be connected to the water system.

Procedure 16*. Obtain phone connection from Telecom Egypt

Time: 15 days

Cost: EGP 50

Comments: To obtain a phone connection, the company must submit the following documents:

- Title deed for the unit, or lease contract, if not owned by the applicant;
- Copy of applicant's ID;
- Owner ID;
- Commercial registry and taxes ID.

DEALING WITH CONSTRUCTION PERMITS

Sohag

Warehouse value: EGP 1,000,000 (US\$ 158,674)

Data as of: June 2013

Procedure 1. Obtain project clearance from Civil Defense and Firefighting Authority

Time: 15 days

Cost: EGP 975 (EGP 0.75 per square meter of the building)

Comments: In order to be able to apply for the building permit, BuildCo must obtain a clearance from the Civil Defense and Firefighting Authority (CDFFA) confirming that the building site is suitable for the project. The purpose is to make sure that (i) the road to the site where the warehouse will be built is large enough for the CDFFA trucks to pass; (ii) there is a source of water nearby. To obtain the clearance, BuildCo submits a copy of the map of the area where the warehouse is to be built. After the map is submitted, the CDFFA inspects the site and prepares the clearance. The clearance must be submitted together with the building permit application.

Procedure 2*. Apply for the Site Validity Certificate at the Municipal Authority

Time: 1 day

Cost: EGP 100

Comments: BuildCo applies at the Municipal Authority to obtain the Site Validity Certificate, which proves the conformance of the site with the planning and building requirements. The request identifies the site, the address and the borders of the land. A copy of the applicant's national ID and receipt of the payment must be attached to the request. Article 19 of Law 119/2008 sets a ceiling of EGP 200 for the fee related to the obtainment of the Site Validity Certificate. This ceiling can be increased by no more than 3% every year.

Procedure 3. Receive on-site inspection from the Municipal Authority

Time: 1 day

Cost: No cost

Comments: Before issuing the Site Validity Certificate, an inspector from the Municipal Engineering Department inspects the construction site (i) to verify that there are no pre-existing buildings or illegal demolitions on the plot of land, and (ii) to check the data to ensure there are no irregularities on the plot of land.

Procedure 4. Obtain Site Validity Certificate from the Municipal Authority

Time: 5 days

Cost: No cost

Comments: The Site Validity Certificate is issued after the inspection. According to Article 110 of Law 144/2009, the Site Validity Certificate should be issued within 1 week after the submission of the application. If there are any hindrances to

the site, the administrative body shall issue a statement indicating the hindrances that block the issuance of the Site Validity Certificate.

Procedure 5. Apply and obtain building permit from the Municipal Authority

Time: 30 days

Cost: EGP 3,230 [Insurance fee: 0.2% of construction cost (1,300 square meters * EGP 300 * 0.2% = EGP 780) + EGP 1,120 for permit issuance fees + EGP 160 for governmental stamps on the license paper + Governorate Service Fund: 0.3% of construction cost (1,300 square meters * EGP 300 * 0.3% = EGP 1,170)]

Comments: To obtain a building permit from the Municipal Authority, the supervising engineer must file the following documents, along with the clearances described in the previous procedures:

- The original ownership contract of the plot of land;
- A copy of the supervising engineer's ID (who is submitting the file) and of the owner of the plot of land;
- The supervising engineer's authorization to act on behalf of the owner ("Power of Attorney");
- The Construction Value Form, approved by the supervising engineer;
- The Site Validity Certificate;
- A receipt attesting to the payment of fees for examination of the drawings and details;
- An overall drawing of the site (scale minimum 1:1,000) that indicates (i) the boundaries and dimensions of the land for which the permit is required, together with the total land area, and (ii) the part on which construction is requested, as well as the facing roads and their widths;
- Three copies of the architectural drawings for the plans and elevations; a vertical section, indicating the building height and the road's zero level and the structural drawings of the foundations, columns, and the reinforced ceilings, together with copies of the structural calculation notes. All drawings must be signed by an accredited engineer.

The Building Law establishes a 30-day statutory time limit for issuing building permits. This time limit can be extended in case the Municipal Authority considers the application incomplete. The engineer of the Municipal Authority reviews (i) the building permit file in order to check its completeness, and (ii) the drawings, to check if they comply with the Site Validity Certificate.

Procedure 6*. Obtain approval of the Execution Supervision Certificate from the Syndicate of Engineers

Time: 1 day

Cost: EGP 250

Comments: BuildCo must obtain the approval of the Execution Supervision Certificate by the local branch of the Syndicate of Engineers. The approval certifies that the engineer is truly licensed and that s/he is not supervising too many projects.

* This procedure can be completed simultaneously with previous procedures.

Procedure 7. Inform the Municipal Authority before starting construction

Time: 1 day

Cost: No cost

Comments: BuildCo sends a letter to the Municipal Authority to inform them that construction work will start. The letter must be sent at least 15 days before starting construction. Attached to the letter, BuildCo sends (i) the Contracting Contract, approved by the Egyptian Federation for Construction and Building Contractors, if applicable, (ii) and the Execution Supervision Certificate, approved by the Syndicate of Engineers.

Procedure 8. Receive on-site inspection from the Municipal Engineering Department - I

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 9. Receive on-site inspection from the Municipal Engineering Department - II

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 10. Receive on-site inspection from the Municipal Engineering Department - III

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 11. Receive on-site inspection from the Municipal Engineering Department - IV

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 12. Obtain clearance from Civil Defense and Firefighting Authority

Time: 7 days

Cost: No cost

Comments: Once the construction works are completed, BuildCo's supervising engineer visits the Civil Defense and Firefighting Authority to inform it that the building is ready for inspection. After the inspection takes place, the Civil Defense and Firefighting Authority sends a letter of clearance to BuildCo. This letter has to be attached to the Construction Conformity Certificate that is then submitted to the Municipal Authority to obtain the letters for connection to utilities. The inspection has no cost.

Procedure 13. Submit Construction Conformity Certificate and receive final inspection from the Municipal Authority

Time: 30 days

Cost: No cost

Comments: The supervising engineer has to submit to the Municipal Engineering Department a certificate stating that the building has been built in accordance with the relevant laws and regulations (the Construction Conformity Certificate). The Engineering Department makes a final inspection to certify that the warehouse conforms to the specifications outlined in the building permit. After the inspection, the Municipal Authority issues letters allowing the connection to utilities.

Procedure 14. Register the building with the Real Estate Registry

Time: 60 days

Cost: EGP 2,000

Comments: In order to register the building, BuildCo submits to the Real Estate Registry a building registration form, the building permit for the warehouse, and the ownership contract of the land on which the warehouse has been built. Law 83 of 2006 establishes the registration fees.

Procedure 15*. Obtain water connection

Time: 30 days

Cost: EGP 3,033 (EGP 3,000 for connection + EGP 33 for inspection fee)

Comments: BuildCo submits an application to the water and sewerage company, along with the original license, and a copy of the building permit. Once the application for water connection is submitted, an inspection takes place. After the inspection the fees are estimated. Once the fees are paid, the warehouse can be connected to the water system.

Procedure 16*. Obtain sewerage connection

Time: 1 day

Cost: EGP 12,000

Comments: The sewerage system does not reach the peri-urban area of Sohag (it reaches only the city center). BuildCo needs to install a septic tank, which costs around EGP 12,000.

Procedure 17*. Obtain phone connection from Telecom Egypt

Time: 18 days

Cost: EGP 50

Comments: To obtain a phone connection, the company must submit the following documents:

- Title deed for the unit, or lease contract, if not owned by the applicant;
- Copy of applicant's ID;
- Owner ID;
- Commercial registry and taxes ID.

DEALING WITH CONSTRUCTION PERMITS

Suez

Warehouse value: EGP 1,000,000 (US\$ 158,674)

Data as of: June 2013

Procedure 1. Apply for the Site Validity Certificate at the Municipal Authority

Time: 1 day

Cost: EGP 220

Comments: BuildCo applies at the Municipal Authority to obtain the Site Validity Certificate, which proves the conformance of the site with the planning and building requirements. The request identifies the site, the address and the borders of the land. A copy of the applicant's national ID and receipt of the payment must be attached to the request. Article 19 of Law 119/2008 sets a ceiling of EGP 200 for the fee related to the obtainment of the Site Validity Certificate. This ceiling can be increased by no more than 3% every year.

Procedure 2. Receive on-site inspection from the Municipal Authority

Time: 1 day

Cost: No cost

Comments: Before issuing the Site Validity Certificate, an inspector from the Municipal Engineering Department inspects the construction site (i) to verify that there are no pre-existing buildings or illegal demolitions on the plot of land, and (ii) to check the data to ensure there are no irregularities on the plot of land.

Procedure 3. Obtain Site Validity Certificate from the Municipal Authority

Time: 23 days

Cost: No cost

Comments: The Site Validity Certificate is issued after the inspection. According to Article 110 of Law 144/2009, the Site Validity Certificate should be issued within 1 week after the submission of the application. If there are any hindrances to the site, the administrative body shall issue a statement indicating the hindrances that block the issuance of the Site Validity Certificate.

Procedure 4. Apply and obtain building permit from the Municipal Authority

Time: 45 days

Cost: EGP 2,116 [EGP 5.5 for the scrutiny fee + EGP 60.5 for stamp duty + Insurance fee: 0.2% of construction cost (1,300 square meters * EGP 300 * 0.2% = EGP 780) + EGP 100 for the permit issuance fees + engineering stamps from the Syndicate of Engineers: 0.3% of construction cost (1,300 square meters * EGP 300 * 0.3% = EGP 1,170)]

Comments: To obtain a building permit from the Municipal Authority, the supervising engineer must file the following documents:

- A copy of the ownership contract of the plot of land (notarized);
- A copy of the supervising engineer's ID (who is submitting the file);
- The Construction Value Form, approved by the supervising engineer;
- The Site Validity Certificate;
- A receipt attesting to the payment of fees for examination of the drawings and details;

* This procedure can be completed simultaneously with previous procedures.

- f. An overall drawing of the site (scale minimum 1:1,000) that indicates (i) the boundaries and dimensions of the land for which the permit is required, together with the total land area, and (ii) the part on which construction is requested, as well as the facing roads and their widths;
- g. Three copies of the architectural drawings for the plans and elevations; a vertical section, indicating the building height and the road's zero level and the structural drawings of the foundations, columns, and the reinforced ceilings, together with copies of the structural calculation notes. All drawings must be signed by an accredited engineer.

The Building Law establishes a 30-day statutory time limit for issuing building permits. This time limit can be extended in case the Municipal Authority considers the application incomplete. The engineer of the Municipal Authority reviews (i) the building permit file in order to check its completeness, and (ii) the drawings, to check if they comply with the Site Validity Certificate.

Procedure 5*. Obtain approval of the Execution Supervision Certificate from the Syndicate of Engineers

Time: 1 day

Cost: EGP 250

Comments: BuildCo must obtain the approval of the Execution Supervision Certificate by the local branch of the Syndicate of Engineers. The approval certifies that the engineer is truly licensed and that s/he is not supervising too many projects.

Procedure 6. Inform the Municipal Authority before starting construction

Time: 1 day

Cost: No cost

Comments: BuildCo sends a letter to the Municipal Authority to inform them that construction work will start. The letter must be sent at least 15 days before starting construction. Attached to the letter, BuildCo sends (i) the Contracting Contract, approved by the Egyptian Federation for Construction and Building Contractors, if applicable, (ii) and the Execution Supervision Certificate, approved by the Syndicate of Engineers.

Procedure 7. Receive on-site inspection from the Technical Inspection Authority

Time: 1 day

Cost: No cost

Comments: The Municipal Authority inspects the construction site.

Procedure 8. Submit Construction Conformity Certificate and receive final inspection from the Municipal Authority

Time: 7 days

Cost: No cost

Comments: The supervising engineer has to submit to the Municipal Engineering Department a certificate stating that the building has been built in accordance with the relevant laws and regulations (the Construction Conformity Certificate). The Engineering Department makes a final inspection to certify that the warehouse conforms to the specifications outlined in the building permit. After the inspection, the Municipal Authority issues letters allowing the connection to utilities.

Procedure 9. Obtain letters from Municipal Authority about utility connections

Time: 5 days

Cost: EGP 7

Comments: BuildCo collects from the Municipal Authority the letters that authorize the connection of the warehouse to utilities and brings them to the utility companies.

Procedure 10. Register the building with the Real Estate Registry

Time: 60 days

Cost: EGP 2,000

Comments: In order to register the building, BuildCo submits to the Real Estate Registry a building registration form, the building permit for the warehouse, and the ownership contract of the land on which the warehouse has been built. Law 83 of 2006 establishes the registration fees.

Procedure 11*. Obtain sewerage connection

Time: 30 days

Cost: EGP 3,500

Comments: BuildCo submits an application to the Department for Sewerage of the Municipal Authority, along with the original license, and a copy of the building permit. Once the application is submitted, an inspection takes place. After the inspection the fees are estimated. Once the fees are paid, the warehouse can be connected to the sewerage system.

Procedure 12*. Obtain water connection

Time: 30 days

Cost: EGP 3,000

Comments: BuildCo submits an application for water connection to the Suez Canal Authority. After an inspection, fees are estimated. Once the fees are paid the warehouse can be connected to the water system.

Procedure 13*. Obtain phone connection from Telecom Egypt

Time: 7 days

Cost: EGP 50

Comments: To obtain a phone connection, the company must submit the following documents:

- Title deed for the unit, or lease contract, if not owned by the applicant;
- Copy of applicant's ID;
- Owner ID;
- Commercial registry and taxes ID.

DEALING WITH CONSTRUCTION PERMITS

Tanta

Warehouse value: EGP 1,000,000 (US\$ 158,674)

Data as of: June 2013

Procedure 1. Apply for the Site Validity Certificate at the Municipal Authority

Time: 1 day

Cost: EGP 80

Comments: BuildCo applies at the Municipal Authority to obtain the Site Validity Certificate, which proves the conformance of the site with the planning and building requirements. The request identifies the site, the address and the borders of the land. A copy of the applicant's national ID and receipt of the payment must be attached to the request. Article 19 of Law 119/2008 sets a ceiling of EGP 200 for the fee related to the obtainment of the Site Validity Certificate. This ceiling can be increased by no more than 3% every year.

Procedure 2. Receive on-site inspection from the Municipal Authority

Time: 1 day

Cost: No cost

Comments: Before issuing the Site Validity Certificate, an inspector from the Municipal Engineering Department inspects the construction site (i) to verify that there are no pre-existing buildings or illegal demolitions on the plot of land, and (ii) to check the data to ensure there are no irregularities on the plot of land.

Procedure 3. Obtain Site Validity Certificate from the Municipal Authority

Time: 13 days

Cost: No cost

Comments: The Site Validity Certificate is issued after the inspection. According to Article 110 of Law 144/2009, the Site Validity Certificate should be issued within 1 week after the submission of the application. If there are any hindrances to the site, the administrative body shall issue a statement indicating the hindrances that block the issuance of the Site Validity Certificate.

Procedure 4. Obtain approvals from the Syndicate of Engineers

Time: 1 day

Cost: EGP 1,755 [0.45% of construction cost (1,300 square meters * EGP 300 * 0.45% = EGP 1,755)]

Comments: In order to obtain the building permit the applicant must pay to the Syndicate of Engineers a fee equal to 0.45% of the construction cost. After having paid the fee, the applicant submits the receipt of payment to the Municipal Authority.

Procedure 5. Apply and obtain building permit from the Municipal Authority

Time: 30 days

Cost: EGP 942 [(Insurance fee: 0.2% of construction cost (1,300 square meters * EGP 300 * 0.2% = EGP 780) + EGP 100 for the permit issuance fees + EGP 61.5 for governmental stamps)]

Comments: To obtain a building permit from the Municipal Authority, the supervising engineer must file the following documents:

* This procedure can be completed simultaneously with previous procedures.

- The original ownership contract of the plot of land;
- A copy of the supervising engineer's ID (who is submitting the file);
- The engineer' authorization to act on behalf of the owner ("Power of Attorney");
- The Construction Value Form, approved by the supervising engineer;
- The Site Validity Certificate;
- A receipt attesting to the payment of fees for examination of the drawings and details;
- An overall drawing of the site (scale minimum 1:1,000) that indicates (i) the boundaries and dimensions of the land for which the permit is required, together with the total land area, and (ii) the part on which construction is requested, as well as the facing roads and their widths;
- Three copies of the architectural drawings for the plans and elevations; a vertical section, indicating the building height and the road's zero level and the structural drawings of the foundations, columns, and the reinforced ceilings, together with copies of the structural calculation notes. All drawings must be signed by an accredited engineer.

The Building Law establishes a 30-day statutory time limit for issuing building permits. This time limit can be extended in case the Municipal Authority considers the application incomplete. The engineer of the Municipal Authority reviews (i) the building permit file in order to check its completeness, and (ii) the drawings, to check if they comply with the Site Validity Certificate.

Procedure 6*. Obtain approval of the Execution Supervision Certificate from the Syndicate of Engineers

Time: 1 day

Cost: EGP 250

Comments: BuildCo must obtain the approval of the Execution Supervision Certificate by the local branch of the Syndicate of Engineers. The approval certifies that the engineer is truly licensed and that s/he is not supervising too many projects.

Procedure 7. Inform the Municipal Authority before starting construction

Time: 1 day

Cost: No cost

Comments: BuildCo sends a letter to the Municipal Authority to inform them that construction work will start. The letter must be sent at least 15 days before starting construction. Attached to the letter, BuildCo sends (i) the Contracting Contract, approved by the Egyptian Federation for Construction and Building Contractors, if applicable, (ii) and the Execution Supervision Certificate, approved by the Syndicate of Engineers.

Procedure 8. Receive on-site inspection from the Municipal Engineering Department - I

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 9. Receive on-site inspection from the Municipal Engineering Department - II

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 10. Receive on-site inspection from the Municipal Engineering Department - III

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 11. Receive on-site inspection from the Municipal Engineering Department - IV

Time: 1 day

Cost: No cost

Comments: The Municipal Engineering Department inspects the construction site periodically. Each inspection takes one day.

Procedure 12. Receive on-site inspection from the Civil Defense and Firefighting Authority

Time: 1 day

Cost: No cost

Comments: After the construction has been completed, the Civil Defense and Firefighting Authority inspects the building to check if it complies with the fire safety regulations.

Procedure 13. Submit Construction Conformity Certificate and receive final inspection from the Municipal Authority

Time: 7 days

Cost: No cost

Comments: The supervising engineer has to submit to the Municipal Engineering Department a certificate stating that the building has been built in accordance with the relevant laws and regulations (the Construction Conformity Certificate). The Engineering Department makes a final inspection to certify that the warehouse conforms to the specifications outlined in the building permit. After the inspection, the Municipal Authority issues letters allowing the connection to utilities.

Procedure 14. Obtain letters from Municipal Authority about utility connections

Time: 10 days

Cost: No cost

Comments: BuildCo collects from the Municipal Authority the letters that authorize the connection of the warehouse to utilities and brings them to the utility companies.

Procedure 15. Register the building with the Real Estate Registry

Time: 60 days

Cost: EGP 2,000

Comments: In order to register the building, BuildCo submits to the Real Estate Registry a building registration form, the building permit for the warehouse, and the ownership contract of the land on which the warehouse has been built. Law 83 of 2006 establishes the registration fees.

Procedure 16*. Obtain water and sewerage connection

Time: 40 days

Cost: EGP 15,000

Comments: BuildCo submits two applications to the Water and Sewerage Company, one for the water connection and one for the sewerage connection. The two applications can be submitted simultaneously. After two inspections (one for each connection), fees are estimated. Once the fees are paid the warehouse can be connected to the water and to the sewerage system.

Procedure 17*. Obtain phone connection from Telecom Egypt

Time: 15 days

Cost: EGP 50

Comments: To obtain a phone connection, the company must submit the following documents:

- Title deed for the unit, or lease contract, if not owned by the applicant;
- Copy of applicant's ID;
- Owner ID;
- Commercial registry and taxes ID.

DEALING WITH CONSTRUCTION PERMITS

Zagazig

Warehouse value: EGP 1,000,000 (US\$ 158,674)

Data as of: June 2013

Procedure 1. Apply for the Site Validity Certificate at the Municipal Authority

Time: 1 day

Cost: EGP 32

Comments: BuildCo applies at the Municipal Authority to obtain the Site Validity Certificate, which proves the conformance of the site with the planning and building requirements. The request identifies the site, the address and the borders of the land. A copy of the applicant's national ID and receipt of the payment must be attached to the request. Article 19 of Law 119/2008 sets a ceiling of EGP 200 for the fee related to the obtainment of the Site Validity Certificate. This ceiling can be increased by no more than 3% every year.

Procedure 2. Receive on-site inspection from the Municipal Authority

Time: 1 day

Cost: No cost

Comments: Before issuing the Site Validity Certificate, an inspector from the Municipal Engineering Department inspects the construction site (i) to verify that there are no pre-existing buildings or illegal demolitions on the plot of land, and (ii) to check the data to ensure there are no irregularities on the plot of land.

* This procedure can be completed simultaneously with previous procedures.

Procedure 3. Obtain Site Validity Certificate from the Municipal Authority

Time: 15 days

Cost: No cost

Comments: The Site Validity Certificate is issued after the inspection. According to Article 110 of Law 144/2009, the Site Validity Certificate should be issued within 1 week after the submission of the application. If there are any hindrances to the site, the administrative body shall issue a statement indicating the hindrances that block the issuance of the Site Validity Certificate.

Procedure 4. Obtain letter from Information Department

Time: 2 days

Cost: EGP 3,252 (EGP 3.5 per each square meter of the land plot)

Comments: BuildCo needs to obtain clearance from the Information Department. The clearance gives the exact position of each utility network with respect to the plot of land.

Procedure 5. Obtain clearance from Agriculture Department

Time: 7 days

Cost: EGP 1,200

Comments: BuildCo needs to obtain clearance from the Agriculture Department. The clearance concerns the presence of white ants. BuildCo pays a fee to the Agriculture Department, which will then spray the plot of land with an insecticide against white ants. Once the plot of land has been sprayed, the Agriculture Department releases a receipt that BuildCo will attach to the application for obtaining the building permit from the Municipal Authority.

Procedure 6. Apply for the building permit at the Municipal Authority

Time: 1 day

Cost: EGP 10

Comments: To obtain a building permit from the Municipal Authority, the supervising engineer must file the following documents, along with the clearances described in the previous procedures:

- A copy of the ownership contract of the plot of land (notarized);
- A copy of the supervising engineer's ID (who is submitting the file);
- The supervising engineer's authorization to act on behalf of the owner;
- The Construction Value Form, approved by the supervising engineer;
- The Site Validity Certificate;
- A receipt attesting to the payment of fees for examination of the drawings and details;
- An overall drawing of the site (scale minimum 1:1,000) that indicates (i) the boundaries and dimensions of the land for which the permit is required, together with the total land area, and (ii) the part on which construction is requested, as well as the facing roads and their widths;
- Three copies of the architectural drawings for the plans and elevations; a vertical section, indicating the building height and the road's zero level and the structural drawings of the foundations, columns, and the reinforced

ceilings, together with copies of the structural calculation notes. All drawings must be signed by an accredited engineer.

Procedure 7. Receive inspection from Municipal Engineering Department before obtaining the building permit

Time: 1 day

Cost: No cost

Comments: The Municipal Authority inspects the construction site.

Procedure 8. Obtain building permit from the Municipal Authority

Time: 50 days

Cost: EGP 2,185 [Insurance fee: 0.2% of construction cost (1,300 square meters * EGP 300 * 0.2% = EGP 780)+ Permit issuance fees: EGP 110 (EGP 55 per each floor) + engineering stamps from the Syndicate of Engineers: 0.3% of construction cost (1,300 square meter*EGP 300*0.3% = EGP 1,170 + governmental stamps: EGP 125)]

Comments: The Building Law establishes a 30-day statutory time limit for issuing building permits. This time limit can be extended in case the Municipal Authority considers the application incomplete. The engineer of the Municipal Authority reviews (i) the building permit file in order to check its completeness, and (ii) the drawings, to check if they comply with the Site Validity Certificate.

Procedure 9*. Obtain approval of the Execution Supervision Certificate from the Syndicate of Engineers

Time: 1 day

Cost: EGP 250

Comments: BuildCo must obtain the approval of the Execution Supervision Certificate by the local branch of the Syndicate of Engineers. The approval certifies that the engineer is truly licensed and that s/he is not supervising too many projects.

Procedure 10. Inform the Municipal Authority before starting construction

Time: 1 day

Cost: No cost

Comments: BuildCo sends a letter to the Municipal Authority to inform them that construction work will start. The letter must be sent at least 15 days before starting construction. Attached to the letter, BuildCo sends (i) the Contracting Contract, approved by the Egyptian Federation for Construction and Building Contractors, if applicable, (ii) and the Execution Supervision Certificate, approved by the Syndicate of Engineers.

Procedure 11. Receive on-site inspection from the Municipal Engineering Department

Time: 1 day

Cost: No cost

Comments: The Municipal Authority inspects the construction site.

Procedure 12. Obtain clearance from Civil Defense and Firefighting Authority

Time: 10 days

Cost: No cost

Comments: Once the construction works are completed, BuildCo's supervising engineer visits the Civil Defense and Firefighting Authority to inform it that the building is ready for inspection. After the inspection takes place, the Civil Defense and Firefighting Authority sends a letter of clearance to BuildCo. This letter has to be attached to the Construction Conformity Certificate that is then submitted to the Municipal Authority to obtain the letters for connection to utilities. The inspection has no cost.

Procedure 13. Submit Construction Conformity Certificate and receive final inspection from the Municipal Authority

Time: 15 days

Cost: No cost

Comments: The supervising engineer has to submit to the Municipal Engineering Department a certificate stating that the building has been built in accordance with the relevant laws and regulations (the Construction Conformity Certificate). The Engineering Department makes a final inspection to certify that the warehouse conforms to the specifications outlined in the building permit. After the inspection, the Municipal Authority issues letters allowing the connection to utilities.

Procedure 14. Obtain letters from Municipal Authority about utility connections

Time: 5 days

Cost: EGP 5 (EGP 2.5 of application fee for each letter)

Comments: BuildCo collects from the Municipal Authority two letters that authorize the connection of the warehouse to utilities and brings them to the utility companies.

Procedure 15. Register the building with the Real Estate Registry

Time: 60 days

Cost: EGP 2,000

Comments: In order to register the building, BuildCo submits to the Real Estate Registry a building registration form, the building permit for the warehouse, and the ownership contract of the land on which the warehouse has been built. Law 83 of 2006 establishes the registration fees.

Procedure 16*. Obtain water and sewerage connection

Time: 45 days

Cost: EGP 8,500 (EGP 5,000 for water connection + EGP 3,500 for sewerage connection)

Comments: BuildCo submits two applications to the Water and Sewerage Company, one for the water connection and one for the sewerage connection. The two applications can be submitted simultaneously. After two inspections (one for each connection), fees are estimated. Once the fees are paid the warehouse can be connected to the water and to the sewerage system.

* This procedure can be completed simultaneously with previous procedures.

Procedure 17*. Obtain phone connection from Telecom Egypt**Time:** 10 days**Cost:** EGP 50**Comments:** To obtain a phone connection, the company must submit the following documents:

- Title deed for the unit, or lease contract, if not owned by the applicant;
- Copy of applicant's ID;
- Owner ID;
- Commercial registry and taxes ID.

LIST OF PROCEDURES
REGISTERING PROPERTY

Alexandria*Property value: EGP 945,334 (US\$ 150,000)**Data as of: June 2013***Procedure 1. Obtain Property Tax Certificate (*kashf rasmy*) from Property Tax Authority****Time:** 1 day**Cost:** EGP 2 (EGP 1.75 fee for issuance of official Property Tax Certificate + EGP 0.5 for expedited service)**Comments:** Prior to transferring any property, a Property Tax Certificate must be obtained from the local Property Tax Authority. This certificate is one of the documents to be presented at the Real Estate Registry together with the registration request. This is a national requirement established by Law No. 114 of 1946. The Property Tax Certificate proves that the property has undergone a tax assessment and it is registered at the Property Tax Authority.**Procedure 2. Pay property registration fees at Real Estate Registry****Time:** 1 day**Cost:** EGP 2,000 (see comments)**Comments:** As per Law No. 83 of 2006, registration fees are based on the size of the property, with a maximum registration fee of EGP 2,000. The fee schedule is as follows:

- Up to and including 100 square meters: EGP 500;
- Above this, up to and including 200 square meters: EGP 1,000;
- Above this, up to and including 300 square meters: EGP 1,500;
- More than 300 square meters: EGP 2,000.

Procedure 3. Obtain preliminary approval of registration request from Real Estate Registry (*maqbul lilshahr*)**Time:** 36 days**Cost:** No cost**Comments:** The Real Estate Registry conducts a technical and legal review of the request and ensures the existing cadastral information matches that of the property being registered. Once the review has taken place, the documents are marked as "approved to be authenticated" (*maqbul lilshahr*) and released to the parties together with a stamped form that will later be used to draft the sales contract.**Procedure 4. Draft and present draft sales contract (*mashroa moharar*) to Lawyers' Syndicate for verification****Time:** 4 days**Cost:** EGP 4,727 (0.5% of property value)**Comments:** The parties' lawyer drafts a sales contract (*mashroa moharar*) on the stamped form obtained at the Real Estate Registry. The contract is submitted to the Lawyers' Syndicate for verification. The lawyer who drafts the contract reports his/her syndicate identification number on the form and the Lawyers' Syndicate verifies if the lawyer is indeed a registered member. The verification fees are based on the property value, with a maximum of EGP 5,000.**Procedure 5. Obtain the Real Estate Registry's approval (*saleh lilshahr*) on the sales contract (*mashroa moharar*)****Time:** 4 days**Cost:** No cost**Comments:** After collecting the contract from the Lawyers' Syndicate, the parties submit it the Real Estate Registry for review. Once the review has taken place, the contract is marked as "approved to be registered" (*saleh lilshahr*).**Procedure 6. Authenticate sales contract at Authentication Office of Real Estate Registry (*tawtheeq*)****Time:** 1 day**Cost:** No cost**Comments:** Once the contract is marked as "approved to be registered", the parties proceed before the competent public official (*mowathiq*) to sign and authenticate it.**Procedure 7. Submit contract to Real Estate Registry for legalization of the contract (*naqil liltakleef*) and obtain registration number****Time:** 3 days**Cost:** No cost**Comments:** The buyer submits the authenticated contract to the main office of the Real Estate Registry for final approval. Once the Registry has granted its approval, a registration number is issued and the contract is marked as "transcribed for transmission" (*naqil liltakleef*). The buyer receives a copy of the registered contract and the registration process is complete.

REGISTERING PROPERTY

Assuit*Property value: EGP 945,334 (US\$ 150,000)**Data as of: June 2013***Procedure 1. Obtain Property Tax Certificate (*kashf rasmy*) from Property Tax Authority****Time:** 4 days**Cost:** EGP 2 (EGP 1.75 fee for issuance of official property tax certificate + EGP 0.5 for expedited service)**Comments:** Prior to transferring any property, a Property Tax Certificate must be obtained from the local Property Tax Authority. This certificate is one of the documents to be presented at the Real Estate Registry together with the registration request. This is a national requirement established by Law No. 114 of 1946. The Property Tax Certificate proves that the property has undergone a tax assessment and it is registered at the Property Tax Authority.**Procedure 2. Pay property registration fees at Real Estate Registry****Time:** 1 day**Cost:** EGP 2,000 (see comments)**Comments:** As per Law No. 83 of 2006, registration fees are based on the size of the property, with a maximum registration fee of EGP 2,000. The fee schedule is as follows:

- Up to and including 100 square meters: EGP 500;
- Above this, up to and including 200 square meters: EGP 1,000;
- Above this, up to and including 300 square meters: EGP 1,500;
- More than 300 square meters: EGP 2,000.

Procedure 3. Obtain site inspection by the Egyptian Surveying Authority and approval of inspection report by Measurement Department**Time:** 11 days**Cost:** No cost**Comments:** The Egyptian Surveying Authority inspects the property and prepares a report of its findings (*kashf tahdeed*) that is delivered to the Measurement Department for approval. Once approved, the report is sent to the Real Estate Registry.**Procedure 4. Obtain preliminary approval of registration request from Real Estate Registry (*maqbul lilshahr*)****Time:** 15 days**Cost:** No cost**Comments:** The Real Estate Registry conducts a technical and legal review of the request and ensures the existing cadastral information matches that of the property being registered. Once the review has taken place, the documents are marked as "approved to be authenticated" (*maqbul lilshahr*) and released to the parties together with a stamped form that will later be used to draft the sales contract.

* This procedure can be completed simultaneously with previous procedures.

Procedure 5. Draft and present draft sales contract (*mashroa moharar*) to Lawyers' Syndicate for verification

Time: 2 days

Cost: EGP 4,727 (0.5% of property value)

Comments: The parties' lawyer drafts a sales contract (*mashroa moharar*) on the stamped form obtained at the Real Estate Registry. The contract is submitted to the Lawyers' Syndicate for verification. The lawyer who drafts the contract reports his/her syndicate identification number on the form and the Lawyers' Syndicate verifies if the lawyer is indeed a registered member. The verification fees are based on the property value, with a maximum of EGP 5,000.

Procedure 6. Obtain the Real Estate Registry's approval (*saleh lilshahr*) on the sales contract (*mashroa moharar*)

Time: 3 days

Cost: No cost

Comments: After collecting the contract from the Lawyers' Syndicate, the parties submit it the Real Estate Registry for review. Once the review has taken place, the contract is marked as "approved to be registered" (*saleh lilshahr*).

Procedure 7. Authenticate sales contract at Authentication Office of Real Estate Registry (*tawtheeq*)

Time: 9 days

Cost: No cost

Comments: Once the contract is marked as "approved to be registered", the parties proceed before the competent public official (*mowathiq*) to sign and authenticate it.

Procedure 8. Submit contract to Real Estate Registry for legalization of the contract (*naqil liltakleef*) and obtain registration number

Time: 7 days

Cost: No cost

Comments: The buyer submits the authenticated contract to the main office of the Real Estate Registry for final approval. Once the Registry has granted its approval, a registration number is issued and the contract is marked as "transcribed for transmission" (*naqil liltakleef*). The buyer receives a copy of the registered contract and the registration process is complete.

REGISTERING PROPERTY

Aswan

Property value: EGP 945,334 (US\$ 150,000)

Data as of: June 2013

Procedure 1. Obtain Property Tax Certificate (*kashf rasmy*) from Property Tax Authority

Time: 1 day

Cost: EGP 2 (EGP 1.75 fee for issuance of official property tax certificate + EGP 0.5 for expedited service)

Comments: Prior to transferring any property, a Property Tax Certificate must be obtained from the local Property Tax Authority. This certificate is one of the documents to be presented at the Real Estate Registry together with the registration request. This is a national requirement established by Law No. 114 of 1946. The Property Tax Certificate proves that the property has undergone a tax assessment and it is registered at the Property Tax Authority.

Procedure 2. Pay property registration fees at Real Estate Registry

Time: 1 day

Cost: EGP 2,000 (see comments)

Comments: As per Law No. 83 of 2006, registration fees are based on the size of the property, with a maximum registration fee of EGP 2,000.

The fee schedule is as follows:

- Up to and including 100 square meters: EGP 500;
- Above this, up to and including 200 square meters: EGP 1,000;
- Above this, up to and including 300 square meters: EGP 1,500;
- More than 300 square meters: EGP 2,000.

Procedure 3. Obtain site inspection by the Egyptian Surveying Authority and approval of inspection report by Measurement Department

Time: 25 days

Cost: No cost

Comments: The Egyptian Surveying Authority inspects the property and prepares a report of its findings (*kashf tahdeed*) that is delivered to the Measurement Department for approval. Once approved, the report is sent to the Real Estate Registry.

Procedure 4. Obtain preliminary approval of registration request from Real Estate Registry (*maqbul lilshahr*)

Time: 14 days

Cost: No cost

Comments: The Real Estate Registry conducts a technical and legal review of the request and ensures the existing cadastral information matches that of the property being registered. Once the review has taken place, the documents are marked as "approved to be authenticated" (*maqbul lilshahr*) and released to the parties together with a stamped form that will later be used to draft the sales contract.

Procedure 5. Draft and present draft sales contract (*mashroa moharar*) to Lawyers' Syndicate for verification

Time: 2 days

Cost: EGP 4,727 (0.5% of property value)

Comments: The parties' lawyer drafts a sales contract (*mashroa moharar*) on the stamped form obtained at the Real Estate Registry. The contract is submitted to the Lawyers' Syndicate for verification. The lawyer who drafts the contract reports his/her syndicate identification number on the form and the Lawyers' Syndicate verifies if the lawyer is indeed a registered member. The verification fees are based on the property value, with a maximum of EGP 5,000.

Procedure 6. Obtain the Real Estate Registry's approval (*saleh lilshahr*) on the sales contract (*mashroa moharar*)

Time: 3 days

Cost: No cost

Comments: After collecting the contract from the Lawyers' Syndicate, the parties submit it the Real Estate Registry for review. Once the review has taken place, the contract is marked as "approved to be registered" (*saleh lilshahr*).

Procedure 7. Authenticate sales contract at Authentication Office of Real Estate Registry (*tawtheeq*)

Time: 4 days

Cost: No cost

Comments: Once the contract is marked as "approved to be registered", the parties proceed before the competent public official (*mowathiq*) to sign and authenticate it.

Procedure 8. Submit contract to Real Estate Registry for legalization of the contract (*naqil liltakleef*) and obtain registration number

Time: 12 days

Cost: No cost

Comments: The buyer submits the authenticated contract to the main office of the Real Estate Registry for final approval. Once the Registry has granted its approval, a registration number is issued and the contract is marked as "transcribed for transmission" (*naqil liltakleef*). The buyer receives a copy of the registered contract and the registration process is complete.

REGISTERING PROPERTY

Cairo

Property value: EGP 945,334 (US\$ 150,000)
Data as of: June 2013

Procedure 1. Obtain Property Tax Certificate (*kashf rasmy*) from Property Tax Authority

Time: 1 day

Cost: EGP 2 (EGP 1.75 fee for issuance of official property tax certificate + EGP 0.5 for expedited service)

Comments: Prior to transferring any property, a Property Tax Certificate must be obtained from the local Property Tax Authority. This certificate is one of the documents to be presented at the Real Estate Registry together with the registration request. This is a national requirement established by Law No. 114 of 1946. The Property Tax Certificate proves that the property has undergone a tax assessment and it is registered at the Property Tax Authority.

Procedure 2. Pay property registration fees at Real Estate Registry

Time: 1 day

Cost: EGP 2,000 (see comments)

Comments: As per Law No. 83 of 2006, registration fees are based on the size of the property, with a maximum registration fee of EGP 2,000.

The fee schedule is as follows:

- Up to and including 100 square meters: EGP 500;
- Above this, up to and including 200 square meters: EGP 1,000;
- Above this, up to and including 300 square meters: EGP 1,500;
- More than 300 square meters: EGP 2,000.

Procedure 3. Obtain site inspection by the Egyptian Surveying Authority and approval of inspection report by Measurement Department

Time: 15 days

Cost: No cost

Comments: The Egyptian Surveying Authority inspects the property and prepares a report of its findings (*kashf tahdeed*) that is delivered to the Measurement Department for approval. Once approved, the report is sent to the Real Estate Registry.

Procedure 4. Obtain preliminary approval of registration request from Real Estate Registry (*maqbul lilshahr*)

Time: 21 days

Cost: No cost

Comments: The Real Estate Registry conducts a technical and legal review of the request and ensures the existing cadastral information matches that of the property being registered. Once the review has taken place, the documents are marked as "approved to be authenticated" (*maqbul lilshahr*) and released to the parties together with a stamped form that will later be used to draft the sales contract.

Procedure 5. Draft and present draft sales contract (*mashroa moharar*) to Lawyers' Syndicate for verification

Time: 4 days

Cost: EGP 4,727 (0.5% of property value)

Comments: The parties' lawyer drafts a sales contract (*mashroa moharar*) on the stamped form obtained at the Real Estate Registry. The contract is submitted to the Lawyers' Syndicate for verification. The lawyer who drafts the contract reports his/her syndicate identification number on the form and the Lawyers' Syndicate verifies if the lawyer is indeed a registered member. The verification fees are based on the property value, with a maximum of EGP 5,000.

Procedure 6. Obtain the Real Estate Registry's approval (*saleh lilshahr*) on the sales contract (*mashroa moharar*)

Time: 10 days

Cost: No cost

Comments: After collecting the contract from the Lawyers' Syndicate, the parties submit it the Real Estate Registry for review. Once the review has taken place, the contract is marked as "approved to be registered" (*saleh lilshahr*).

Procedure 7. Authenticate sales contract at Authentication Office of Real Estate Registry (*tawtheeq*)

Time: 1 day

Cost: No cost

Comments: Once the contract is marked as "approved to be registered", the parties proceed before the competent public official (*mowathiq*) to sign and authenticate it.

Procedure 8. Submit contract to Real Estate Registry for legalization of the contract (*naqil liltakleef*) and obtain registration number

Time: 10 days

Cost: No cost

Comments: The buyer submits the authenticated contract to the main office of the Real Estate Registry for final approval. Once the Registry has granted its approval, a registration number is issued and the contract is marked as "transcribed for transmission" (*naqil liltakleef*). The buyer receives a copy of the registered contract and the registration process is complete.

REGISTERING PROPERTY

Damietta

Property value: EGP 945,334 (US\$ 150,000)
Data as of: June 2013

Procedure 1. Obtain Property Tax Certificate (*kashf rasmy*) from Property Tax Authority

Time: 1 day

Cost: EGP 2 (EGP 1.75 fee for issuance of official property tax certificate + EGP 0.5 for expedited service)

Comments: Prior to transferring any property, a Property Tax Certificate must be obtained from the local Property Tax Authority. This certificate is one of the documents to be presented at the Real Estate Registry together with the registration request. This is a national requirement established by Law No. 114 of 1946. The Property Tax Certificate proves that the property has undergone a tax assessment and it is registered at the Property Tax Authority.

Procedure 2. Pay property registration fees at Real Estate Registry

Time: 1 day

Cost: EGP 2,000 (see comments)

Comments: As per Law No. 83 of 2006, registration fees are based on the size of the property, with a maximum registration fee of EGP 2,000.

The fee schedule is as follows:

- Up to and including 100 square meters: EGP 500;
- Above this, up to and including 200 square meters: EGP 1,000;
- Above this, up to and including 300 square meters: EGP 1,500;
- More than 300 square meters: EGP 2,000.

Procedure 3. Obtain site inspection by the Egyptian Surveying Authority and approval of inspection report by Measurement Department

Time: 18 days

Cost: No cost

Comments: The Egyptian Surveying Authority inspects the property and prepares a report of its findings (*kashf tahdeed*) that is delivered to the Measurement Department for approval. Once approved, the report is sent to the Real Estate Registry.

Procedure 4. Obtain preliminary approval of registration request from Real Estate Registry (*maqbul lilshahr*)

Time: 71 days

Cost: No cost

Comments: The Real Estate Registry conducts a technical and legal review of the request and ensures the existing cadastral information matches that of the property being registered. Once the review has taken place, the documents are marked as "approved to be authenticated" (*maqbul lilshahr*) and released to the parties together with a stamped form that will later be used to draft the sales contract.

Procedure 5. Draft and present draft sales contract (*mashroa moharar*) to Lawyers' Syndicate for verification

Time: 2 days

Cost: EGP 4,727 (0.5% of property value)

Comments: The parties' lawyer drafts a sales contract (*mashroa moharar*) on the stamped form obtained at the Real Estate Registry. The contract is submitted to the Lawyers' Syndicate for verification. The lawyer who drafts the contract reports his/her syndicate identification number on the form and the Lawyers' Syndicate verifies if the lawyer is indeed a registered member. The verification fees are based on the property value, with a maximum of EGP 5,000.

Procedure 6. Obtain the Real Estate Registry's approval (*saleh lilshahr*) on the sales contract (*mashroa moharar*)

Time: 2 days

Cost: No cost

Comments: After collecting the contract from the Lawyers' Syndicate, the parties submit it to the Real Estate Registry for review. Once the review has taken place, the contract is marked as "approved to be registered" (*saleh lilshahr*).

Procedure 7. Authenticate sales contract at Authentication Office of Real Estate Registry (*tawtheeq*)

Time: 7 days

Cost: No cost

Comments: Once the contract is marked as "approved to be registered", the parties proceed before the competent public official (*mowathiq*) to sign and authenticate it.

Procedure 8. Submit contract to Real Estate Registry for legalization of the contract (*naqil liltakleef*) and obtain registration number

Time: 28 days

Cost: No cost

Comments: The buyer submits the authenticated contract to the main office of the Real Estate Registry for final approval. Once the Registry has granted its approval, a registration number is issued and the contract is marked as "transcribed for transmission" (*naqil liltakleef*). The buyer receives a copy of the registered contract and the registration process is complete.

REGISTERING PROPERTY

Fayoum

Property value: EGP 945,334 (US\$ 150,000)

Data as of: June 2013

Procedure 1. Obtain Property Tax Certificate (*kashf rasmy*) from Property Tax Authority

Time: 1 day

Cost: EGP 2 (EGP 1.75 fee for issuance of official property tax certificate + EGP 0.5 for expedited service)

Comments: Prior to transferring any property, a Property Tax Certificate must be obtained from the local Property Tax Authority. This certificate is one of the documents to be presented at the Real Estate Registry together with the registration request. This is a national requirement established by Law No. 114 of 1946. The Property Tax Certificate proves that the property has undergone a tax assessment and it is registered at the Property Tax Authority.

Procedure 2. Pay property registration fees at Real Estate Registry

Time: 1 day

Cost: EGP 2,000 (see comments)

Comments: As per Law No. 83 of 2006, registration fees are based on the size of the property, with a maximum registration fee of EGP 2,000.

The fee schedule is as follows:

- Up to and including 100 square meters: EGP 500;
- Above this, up to and including 200 square meters: EGP 1,000;
- Above this, up to and including 300 square meters: EGP 1,500;
- More than 300 square meters: EGP 2,000.

Procedure 3. Obtain preliminary approval of registration request from Real Estate Registry (*maqbul lilshahr*)

Time: 16 days

Cost: No cost

Comments: The Real Estate Registry conducts a technical and legal review of the request and ensures the existing cadastral information matches that of the property being registered. Once the review has taken place, the documents are marked as "approved to be authenticated" (*maqbul lilshahr*) and released to the parties together with a stamped form that will later be used to draft the sales contract.

Procedure 4. Draft and present draft sales contract (*mashroa moharar*) to Lawyers' Syndicate for verification

Time: 2 days

Cost: EGP 4,727 (0.5% of property value)

Comments: The parties' lawyer drafts a sales contract (*mashroa moharar*) on the stamped form obtained at the Real Estate Registry. The contract is submitted to the Lawyers' Syndicate for verification. The lawyer who drafts the contract reports his/her syndicate identification number on the form and the Lawyers' Syndicate verifies

if the lawyer is indeed a registered member. The verification fees are based on the property value, with a maximum of EGP 5,000.

Procedure 5. Obtain the Real Estate Registry's approval (*saleh lilshahr*) on the sales contract (*mashroa moharar*)

Time: 5 days

Cost: No cost

Comments: After collecting the contract from the Lawyers' Syndicate, the parties submit it to the Real Estate Registry for review. Once the review has taken place, the contract is marked as "approved to be registered" (*saleh lilshahr*).

Procedure 6. Authenticate sales contract at Authentication Office of Real Estate Registry (*tawtheeq*)

Time: 1 day

Cost: No cost

Comments: Once the contract is marked as "approved to be registered", the parties proceed before the competent public official (*mowathiq*) to sign and authenticate it.

Procedure 7. Submit contract to Real Estate Registry for legalization of the contract (*naqil liltakleef*) and obtain registration number

Time: 9 days

Cost: No cost

Comments: The buyer submits the authenticated contract to the main office of the Real Estate Registry for final approval. Once the Registry has granted its approval, a registration number is issued and the contract is marked as "transcribed for transmission" (*naqil liltakleef*). The buyer receives a copy of the registered contract and the registration process is complete.

REGISTERING PROPERTY

Giza

Property value: EGP 945,334 (US\$ 150,000)

Data as of: June 2013

Procedure 1. Obtain Property Tax Certificate (*kashf rasmy*) from Property Tax Authority

Time: 3 days

Cost: EGP 2 (EGP 1.75 fee for issuance of official property tax certificate + EGP 0.5 for expedited service)

Comments: Prior to transferring any property, a Property Tax Certificate must be obtained from the local Property Tax Authority. This certificate is one of the documents to be presented at the Real Estate Registry together with the registration request. This is a national requirement established by Law No. 114 of 1946. The Property Tax Certificate proves that the property has undergone a tax assessment and it is registered at the Property Tax Authority.

Procedure 2. Pay property registration fees at Real Estate Registry

Time: 1 day

Cost: EGP 2,000 (see comments)

Comments: As per Law No. 83 of 2006, registration fees are based on the size of the property, with a maximum registration fee of EGP 2,000.

The fee schedule is as follows:

- Up to and including 100 square meters: EGP 500;
- Above this, up to and including 200 square meters: EGP 1,000;
- Above this, up to and including 300 square meters: EGP 1,500;
- More than 300 square meters: EGP 2,000.

Procedure 3. Obtain preliminary approval of registration request from Real Estate Registry (*maqbul lilshahr*)

Time: 24 days

Cost: No cost

Comments: The Real Estate Registry conducts a technical and legal review of the request and ensures the existing cadastral information matches that of the property being registered. Once the review has taken place, the documents are marked as "approved to be authenticated" (*maqbul lilshahr*) and released to the parties together with a stamped form that will later be used to draft the sales contract.

Procedure 4. Draft and present draft sales contract (*mashroa moharar*) to Lawyers' Syndicate for verification

Time: 5 days

Cost: EGP 4,727 (0.5% of property value)

Comments: The parties' lawyer drafts a sales contract (*mashroa moharar*) on the stamped form obtained at the Real Estate Registry. The contract is submitted to the Lawyers' Syndicate for verification. The lawyer who drafts the contract reports his/her syndicate identification number on the form and the Lawyers' Syndicate verifies if the lawyer is indeed a registered member. The verification fees are based on the property value, with a maximum of EGP 5,000.

Procedure 5. Obtain the Real Estate Registry's approval (*saleh lilshahr*) on the sales contract (*mashroa moharar*)

Time: 4 days

Cost: No cost

Comments: After collecting the contract from the Lawyers' Syndicate, the parties submit it the Real Estate Registry for review. Once the review has taken place, the contract is marked as "approved to be registered" (*saleh lilshahr*).

Procedure 6. Authenticate sales contract at Authentication Office of Real Estate Registry (*tawtheeq*)

Time: 7 days

Cost: No cost

Comments: Once the contract is marked as "approved to be registered", the parties proceed before the competent public official (*mowathiq*) to sign and authenticate it.

Procedure 7. Submit contract to Real Estate Registry for legalization of the contract (*naqil liltakleef*) and obtain registration number

Time: 21 days

Cost: No cost

Comments: The buyer submits the authenticated contract to the main office of the Real Estate Registry for final approval. Once the Registry has granted its approval, a registration number is issued and the contract is marked as "transcribed for transmission" (*naqil liltakleef*). The buyer receives a copy of the registered contract and the registration process is complete.

REGISTERING PROPERTY

Ismailia

Property value: EGP 945,334 (US\$ 150,000)

Data as of: June 2013

Procedure 1. Obtain Property Tax Certificate (*kashf rasmy*) from Property Tax Authority

Time: 1 day

Cost: EGP 2 (EGP 1.75 fee for issuance of official property tax certificate + EGP 0.5 for expedited service)

Comments: Prior to transferring any property, a Property Tax Certificate must be obtained from the local Property Tax Authority. This certificate is one of the documents to be presented at the Real Estate Registry together with the registration request. This is a national requirement established by Law No. 114 of 1946. The Property Tax Certificate proves that the property has undergone a tax assessment and it is registered at the Property Tax Authority.

Procedure 2. Pay property registration fees at Real Estate Registry

Time: 1 day

Cost: EGP 2,000 (see comments)

Comments: As per Law No. 83 of 2006, registration fees are based on the size of the property, with a maximum registration fee of EGP 2,000.

The fee schedule is as follows:

- Up to and including 100 square meters: EGP 500;
- Above this, up to and including 200 square meters: EGP 1,000;
- Above this, up to and including 300 square meters: EGP 1,500;
- More than 300 square meters: EGP 2,000.

Procedure 3. Obtain preliminary approval of registration request from Real Estate Registry (*maqbul lilshahr*)

Time: 20 days

Cost: No cost

Comments: The Real Estate Registry conducts a technical and legal review of the request and ensures the existing cadastral information matches that of the property being registered. Once the review has taken place, the documents are marked as "approved to be authenticated" (*maqbul lilshahr*) and released to the parties together with a stamped form that will later be used to draft the sales contract.

Procedure 4. Draft and present draft sales contract (*mashroa moharar*) to Lawyers' Syndicate for verification

Time: 5 days

Cost: EGP 4,727 (0.5% of property value)

Comments: The parties' lawyer drafts a sales contract (*mashroa moharar*) on the stamped form obtained at the Real Estate Registry. The contract is submitted to the Lawyers' Syndicate for verification. The lawyer who drafts the contract reports his/her syndicate identification number on the form and the Lawyers' Syndicate verifies if the lawyer is indeed a registered member. The verification fees are based on the property value, with a maximum of EGP 5,000.

Procedure 5. Obtain the Real Estate Registry's approval (*saleh lilshahr*) on the sales contract (*mashroa moharar*)

Time: 3 days

Cost: No cost

Comments: After collecting the contract from the Lawyers' Syndicate, the parties submit it the Real Estate Registry for review. Once the review has taken place, the contract is marked as "approved to be registered" (*saleh lilshahr*).

Procedure 6. Authenticate sales contract at Authentication Office of Real Estate Registry (*tawtheeq*)

Time: 1 day

Cost: No cost

Comments: Once the contract is marked as "approved to be registered", the parties proceed before the competent public official (*mowathiq*) to sign and authenticate it.

Procedure 7. Submit contract to Real Estate Registry for legalization of the contract (*naqil liltakleef*) and obtain registration number

Time: 21 days

Cost: No cost

Comments: The buyer submits the authenticated contract to the main office of the Real Estate Registry for final approval. Once the Registry has granted its approval, a registration number is issued and the contract is marked as "transcribed for transmission" (*naqil liltakleef*). The buyer receives a copy of the registered contract and the registration process is complete.

REGISTERING PROPERTY

Kharga

Property value: EGP 945,334 (US\$ 150,000)

Data as of: June 2013

Procedure 1. Obtain Property Tax Certificate (*kashf rasmy*) from Property Tax Authority

Time: 1 day

Cost: EGP 2 (EGP 1.75 fee for issuance of official property tax certificate + EGP 0.5 for expedited service)

Comments: Prior to transferring any property, a Property Tax Certificate must be obtained from the local Property Tax Authority. This certificate is one of the documents to be presented at the Real Estate Registry together with the registration

request. This is a national requirement established by Law No. 114 of 1946. The Property Tax Certificate proves that the property has undergone a tax assessment and it is registered at the Property Tax Authority.

Procedure 2. Pay property registration fees at Real Estate Registry

Time: 1 day

Cost: EGP 2,650 (see comments)

Comments: As per Law No. 83 of 2006, registration fees are based on the size of the property, with a maximum registration fee of EGP 2,000.

The fee schedule is as follows:

- Up to and including 100 square meters: EGP 500;
- Above this, up to and including 200 square meters: EGP 1,000;
- Above this, up to and including 300 square meters: EGP 1,500;
- More than 300 square meters: EGP 2,000.

In the case of a transfer of property such as the one described in this indicator, authorities in Kharga also charge EGP 150 as court fees and EGP 500 as registration fee for the part of the plot of land that is not covered by the building (i.e. 92.9 square meters).

Procedure 3. Obtain preliminary approval of registration request from Real Estate Registry (*maqbul lilshahr*)

Time: 17 days

Cost: No cost

Comments: The Real Estate Registry conducts a technical and legal review of the request and ensures the existing cadastral information matches that of the property being registered. Once the review has taken place, the documents are marked as "approved to be authenticated" (*maqbul lilshahr*) and released to the parties together with a stamped form that will later be used to draft the sales contract.

Procedure 4. Draft and present draft sales contract (*mashroa moharar*) to Lawyers' Syndicate for verification

Time: 1 day

Cost: EGP 4,727 (0.5% of property value)

Comments: The parties' lawyer drafts a sales contract (*mashroa moharar*) on the stamped form obtained at the Real Estate Registry. The contract is submitted to the Lawyers' Syndicate for verification. The lawyer who drafts the contract reports his/her syndicate identification number on the form and the Lawyers' Syndicate verifies if the lawyer is indeed a registered member. The verification fees are based on the property value, with a maximum of EGP 5,000.

Procedure 5. Obtain the Real Estate Registry's approval (*saleh lilshahr*) on the sales contract (*mashroa moharar*)

Time: 5 days

Cost: No cost

Comments: After collecting the contract from the Lawyers' Syndicate, the parties submit it the Real Estate Registry for review. Once the review has taken place, the contract is marked as "approved to be registered" (*saleh lilshahr*).

Procedure 6. Authenticate sales contract at Authentication Office of Real Estate Registry (*tawtheeq*)

Time: 1 day

Cost: EGP 20 (authentication fee)

Comments: Once the contract is marked as "approved to be registered", the parties proceed before the competent public official (*mowathiq*) to sign and authenticate it. In Kharga, both the buyer and the seller must pay an authentication fee of EGP 10.

Procedure 7. Submit contract to Real Estate Registry for legalization of the contract (*naqil liltakleef*) and obtain registration number

Time: 2 days

Cost: No cost

Comments: The buyer submits the authenticated contract to the main office of the Real Estate Registry for final approval. Once the Registry has granted its approval, a registration number is issued and the contract is marked as "transcribed for transmission" (*naqil liltakleef*). The buyer receives a copy of the registered contract and the registration process is complete.

REGISTERING PROPERTY

Mansoura

Property value: EGP 945,334 (US\$ 150,000)

Date as of: June 2013

Procedure 1. Obtain Property Tax Certificate (*kashf rasmy*) from Property Tax Authority

Time: 1 day

Cost: EGP 2 (EGP 1.75 fee for issuance of official property tax certificate + EGP 0.5 for expedited service)

Comments: Prior to transferring any property, a Property Tax Certificate must be obtained from the local Property Tax Authority. This certificate is one of the documents to be presented at the Real Estate Registry together with the registration request. This is a national requirement established by Law No. 114 of 1946. The Property Tax Certificate proves that the property has undergone a tax assessment and it is registered at the Property Tax Authority.

Procedure 2. Pay property registration fees at Real Estate Registry

Time: 1 day

Cost: EGP 2,000 (see comments)

Comments: As per Law No. 83 of 2006, registration fees are based on the size of the property, with a maximum registration fee of EGP 2,000.

The fee schedule is as follows:

- Up to and including 100 square meters: EGP 500;
- Above this, up to and including 200 square meters: EGP 1,000;
- Above this, up to and including 300 square meters: EGP 1,500;
- More than 300 square meters: EGP 2,000.

Procedure 3. Obtain preliminary approval of registration request from Real Estate Registry (*maqbul lilshahr*)

Time: 7 days

Cost: No cost

Comments: The Real Estate Registry conducts a technical and legal review of the request and ensures the existing cadastral information matches that of the property being registered. Once the review has taken place, the documents are marked as "approved to be authenticated" (*maqbul lilshahr*) and released to the parties together with a stamped form that will later be used to draft the sales contract.

Procedure 4. Draft and present draft sales contract (*mashroa moharar*) to Lawyers' Syndicate for verification

Time: 1 day

Cost: EGP 4,727 (0.5% of property value)

Comments: The parties' lawyer drafts a sales contract (*mashroa moharar*) on the stamped form obtained at the Real Estate Registry. The contract is submitted to the Lawyers' Syndicate for verification. The lawyer who drafts the contract reports his/her syndicate identification number on the form and the Lawyers' Syndicate verifies if the lawyer is indeed a registered member. The verification fees are based on the property value, with a maximum of EGP 5,000.

Procedure 5. Obtain the Real Estate Registry's approval (*saleh lilshahr*) on the sales contract (*mashroa moharar*)

Time: 5 days

Cost: No cost

Comments: After collecting the contract from the Lawyers' Syndicate, the parties submit it the Real Estate Registry for review. Once the review has taken place, the contract is marked as "approved to be registered" (*saleh lilshahr*).

Procedure 6. Authenticate sales contract at Authentication Office of Real Estate Registry (*tawtheeq*)

Time: 7 days

Cost: No cost

Comments: Once the contract is marked as "approved to be registered", the parties proceed before the competent public official (*mowathiq*) to sign and authenticate it.

Procedure 7. Submit contract to Real Estate Registry for legalization of the contract (*naqil liltakleef*) and obtain registration number

Time: 7 days

Cost: No cost

Comments: The buyer submits the authenticated contract to the main office of the Real Estate Registry for final approval. Once the Registry has granted its approval, a registration number is issued and the contract is marked as "transcribed for transmission" (*naqil liltakleef*). The buyer receives a copy of the registered contract and the registration process is complete.

* This procedure can be completed simultaneously with previous procedures.

REGISTERING PROPERTY

Port Said

Property value: EGP 945,334 (US\$ 150,000)

Data as of: June 2013

Procedure 1. Obtain Property Tax Certificate (*kashf rasmy*) from Property Tax Authority

Time: 1 day

Cost: EGP 2 (EGP 1.75 fee for issuance of official property tax certificate + EGP 0.5 for expedited service)

Comments: Prior to transferring any property, a Property Tax Certificate must be obtained from the local Property Tax Authority. This certificate is one of the documents to be presented at the Real Estate Registry together with the registration request. This is a national requirement established by Law No. 114 of 1946. The Property Tax Certificate proves that the property has undergone a tax assessment and it is registered at the Property Tax Authority.

Procedure 2. Pay property registration fees at Real Estate Registry

Time: 1 day

Cost: EGP 2,000 (see comments)

Comments: As per Law No. 83 of 2006, registration fees are based on the size of the property, with a maximum registration fee of EGP 2,000.

The fee schedule is as follows:

- Up to and including 100 square meters: EGP 500;
- Above this, up to and including 200 square meters: EGP 1,000;
- Above this, up to and including 300 square meters: EGP 1,500;
- More than 300 square meters: EGP 2,000.

Procedure 3. Obtain preliminary approval of registration request from Real Estate Registry (*maqbul lilshahr*)

Time: 13 days

Cost: No cost

Comments: The Real Estate Registry conducts a technical and legal review of the request and ensures the existing cadastral information matches that of the property being registered. Once the review has taken place, the documents are marked as "approved to be authenticated" (*maqbul lilshahr*) and released to the parties together with a stamped form that will later be used to draft the sales contract.

Procedure 4. Draft and present draft sales contract (*mashroa moharar*) to Lawyers' Syndicate for verification

Time: 1 day

Cost: EGP 4,727 (0.5% of property value)

Comments: The parties' lawyer drafts a sales contract (*mashroa moharar*) on the stamped form obtained at the Real Estate Registry. The contract is submitted to the Lawyers' Syndicate for verification. The lawyer who drafts the contract reports his/her syndicate identification number on the form and the Lawyers' Syndicate verifies

if the lawyer is indeed a registered member. The verification fees are based on the property value, with a maximum of EGP 5,000.

Procedure 5. Obtain the Real Estate Registry's approval (*saleh lilshahr*) on the sales contract (*mashroa moharar*)

Time: 4 days

Cost: No cost

Comments: After collecting the contract from the Lawyers' Syndicate, the parties submit it to the Real Estate Registry for review. Once the review has taken place, the contract is marked as "approved to be registered" (*saleh lilshahr*).

Procedure 6. Authenticate sales contract at Authentication Office of Real Estate Registry (*tawtheeq*)

Time: 1 day

Cost: No cost

Comments: Once the contract is marked as "approved to be registered", the parties proceed before the competent public official (*mowathiq*) to sign and authenticate it.

Procedure 7. Submit contract to Real Estate Registry for legalization of the contract (*naqil liltakleef*) and obtain registration number

Time: 3 days

Cost: No cost

Comments: The buyer submits the authenticated contract to the main office of the Real Estate Registry for final approval. Once the Registry has granted its approval, a registration number is issued and the contract is marked as "transcribed for transmission" (*naqil liltakleef*). The buyer receives a copy of the registered contract and the registration process is complete.

REGISTERING PROPERTY

Sohag

Property value: EGP 945,334 (US\$ 150,000)

Data as of: June 2013

Procedure 1. Obtain Property Tax Certificate (*kashf rasmy*) from Property Tax Authority

Time: 1 day

Cost: EGP 2 (EGP 1.75 fee for issuance of official property tax certificate + EGP 0.5 for expedited service)

Comments: Prior to transferring any property, a Property Tax Certificate must be obtained from the local Property Tax Authority. This certificate is one of the documents to be presented at the Real Estate Registry together with the registration request. This is a national requirement established by Law No. 114 of 1946. The Property Tax Certificate proves that the property has undergone a tax assessment and it is registered at the Property Tax Authority.

Procedure 2. Pay property registration fees at Real Estate Registry

Time: 1 day

Cost: EGP 2,000 (see comments)

Comments: As per Law No. 83 of 2006, registration fees are based on the size of the property, with a maximum registration fee of EGP 2,000.

The fee schedule is as follows:

- Up to and including 100 square meters: EGP 500;
- Above this, up to and including 200 square meters: EGP 1,000;
- Above this, up to and including 300 square meters: EGP 1,500;
- More than 300 square meters: EGP 2,000.

Procedure 3. Obtain preliminary approval of registration request from Real Estate Registry (*maqbul lilshahr*)

Time: 8 days

Cost: No cost

Comments: The Real Estate Registry conducts a technical and legal review of the request and ensures the existing cadastral information matches that of the property being registered. Once the review has taken place, the documents are marked as "approved to be authenticated" (*maqbul lilshahr*) and released to the parties together with a stamped form that will later be used to draft the sales contract.

Procedure 4. Draft and present draft sales contract (*mashroa moharar*) to Lawyers' Syndicate for verification

Time: 2 days

Cost: EGP 4,727 (0.5% of property value)

Comments: The parties' lawyer drafts a sales contract (*mashroa moharar*) on the stamped form obtained at the Real Estate Registry. The contract is submitted to the Lawyers' Syndicate for verification. The lawyer who drafts the contract reports his/her syndicate identification number on the form and the Lawyers' Syndicate verifies if the lawyer is indeed a registered member. The verification fees are based on the property value, with a maximum of EGP 5,000.

Procedure 5. Obtain the Real Estate Registry's approval (*saleh lilshahr*) on the sales contract (*mashroa moharar*)

Time: 2 days

Cost: EGP 30 (registry fees for stamp of approval)

Comments: After collecting the contract from the Lawyers' Syndicate, the parties submit it to the Real Estate Registry for review. Once the review has taken place, the contract is marked as "approved to be registered" (*saleh lilshahr*).

* This procedure can be completed simultaneously with previous procedures.

Procedure 6. Authenticate sales contract at Authentication Office of Real Estate Registry (*tawtheeq*)

Time: 2 days

Cost: EGP 30 (authentication fee)

Comments: Once the contract is marked as "approved to be registered", the parties proceed before the competent public official (*mowathiq*) to sign and authenticate it. In Sohag, the parties must pay a EGP 30 authentication fee to the *mowathiq*.

Procedure 7. Submit contract to Real Estate Registry for legalization of the contract (*naqil liltakleef*) and obtain registration number

Time: 2 days

Cost: No cost

Comments: The buyer submits the authenticated contract to the main office of the Real Estate Registry for final approval. Once the Registry has granted its approval, a registration number is issued and the contract is marked as "transcribed for transmission" (*naqil liltakleef*). The buyer receives a copy of the registered contract and the registration process is complete.

REGISTERING PROPERTY

Suez

Property value: EGP 945,334 (US\$ 150,000)

Data as of: June 2013

Procedure 1. Obtain Property Tax Certificate (*kashf rasmy*) from Property Tax Authority

Time: 1 day

Cost: EGP 2 (EGP 1.75 fee for issuance of official property tax certificate + EGP 0.5 for expedited service)

Comments: Prior to transferring any property, a Property Tax Certificate must be obtained from the local Property Tax Authority. This certificate is one of the documents to be presented at the Real Estate Registry together with the registration request. This is a national requirement established by Law No. 114 of 1946. The Property Tax Certificate proves that the property has undergone a tax assessment and it is registered at the Property Tax Authority.

Procedure 2. Pay property registration fees at Real Estate Registry

Time: 1 day

Cost: EGP 2,000 (see comments)

Comments: As per Law No. 83 of 2006, registration fees are based on the size of the property, with a maximum registration fee of EGP 2,000.

The fee schedule is as follows:

- Up to and including 100 square meters: EGP 500;
- Above this, up to and including 200 square meters: EGP 1,000;
- Above this, up to and including 300 square meters: EGP 1,500;
- More than 300 square meters: EGP 2,000.

Procedure 3. Obtain site inspection by the Egyptian Surveying Authority and approval of inspection report by Measurement Department

Time: 15 days

Cost: No cost

Comments: The Egyptian Surveying Authority inspects the property and prepares a report of its findings, called *kashf tahdeed*, that is delivered to the Measurement Department for approval. Once approved, the report is sent to the Real Estate Registry.

Procedure 4. Obtain preliminary approval of registration request from Real Estate Registry (*maqbul lilshahr*)

Time: 15 days

Cost: No cost

Comments: The Real Estate Registry conducts a technical and legal review of the request and ensures the existing cadastral information matches that of the property being registered. Once the review has taken place, the documents are marked as "approved to be authenticated" (*maqbul lilshahr*) and released to the parties together with a stamped form that will later be used to draft the sales contract.

Procedure 5. Draft and present draft sales contract (*mashroa moharar*) to Lawyers' Syndicate for verification

Time: 5 days

Cost: EGP 4,727 (0.5% of property value)

Comments: The parties' lawyer drafts a sales contract (*mashroa moharar*) on the stamped form obtained at the Real Estate Registry. The contract is submitted to the Lawyers' Syndicate for verification. The lawyer who drafts the contract reports his/her syndicate identification number on the form and the Lawyers' Syndicate verifies if the lawyer is indeed a registered member. The verification fees are based on the property value, with a maximum of EGP 5,000.

Procedure 6. Obtain the Real Estate Registry's approval (*saleh lilshahr*) on the sales contract (*mashroa moharar*)

Time: 7 days

Cost: No cost

Comments: After collecting the contract from the Lawyers' Syndicate, the parties submit it the Real Estate Registry for review. Once the review has taken place, the contract is marked as "approved to be registered" (*saleh lilshahr*).

Procedure 7. Authenticate sales contract at Authentication Office of Real Estate Registry (*tawtheeq*)

Time: 1 day

Cost: No cost

Comments: Once the contract is marked as "approved to be registered", the parties proceed before the competent public official (*mowathiq*) to sign and authenticate it.

Procedure 8. Submit contract to Real Estate Registry for legalization of the contract (*naqil liltakleef*) and obtain registration number

Time: 6 days

Cost: No cost

Comments: The buyer submits the authenticated contract to the main office of the Real Estate Registry for final approval. Once the Registry has granted its approval, a registration number is issued and the contract is marked as "transcribed for transmission" (*naqil liltakleef*). The buyer receives a copy of the registered contract and the registration process is complete.

REGISTERING PROPERTY

Tanta

Property value: EGP 945,334 (US\$ 150,000)

Data as of: June 2013

Procedure 1. Obtain Property Tax Certificate (*kashf rasmy*) from Property Tax Authority

Time: 1 day

Cost: EGP 2 (EGP 1.75 fee for issuance of official property tax certificate + EGP 0.5 for expedited service)

Comments: Prior to transferring any property, a Property Tax Certificate must be obtained from the local Property Tax Authority. This certificate is one of the documents to be presented at the Real Estate Registry together with the registration request. This is a national requirement established by Law No. 114 of 1946. The Property Tax Certificate proves that the property has undergone a tax assessment and it is registered at the Property Tax Authority.

Procedure 2. Pay property registration fees at Real Estate Registry

Time: 1 day

Cost: EGP 2,092 (see comments)

Comments: As per Law No. 83 of 2006, registration fees are based on the size of the property, with a maximum registration fee of EGP 2,000.

The fee schedule is as follows:

- Up to and including 100 square meters: EGP 500;
- Above this, up to and including 200 square meters: EGP 1,000;
- Above this, up to and including 300 square meters: EGP 1,500;
- More than 300 square meters: EGP 2,000.

In the case of a transfer of property such as the one described in this indicator, additional fees are charged in Tanta. Namely:

- Application fee: EGP 20;
- Record preservation fee: EGP 30;
- Court fees: EGP 42.

Procedure 3. Obtain preliminary approval of registration request from Real Estate Registry (*maqbul lilshahr*)

Time: 23 days

Cost: No cost

Comments: The Real Estate Registry conducts a technical and legal review of the request and ensures the existing cadastral information matches that of the property being registered. Once the review has taken place, the documents are marked as "approved to be authenticated" (*maqbul lilshahr*) and released to the parties together with a stamped form that will later be used to draft the sales contract.

Procedure 4. Draft and present draft sales contract (*mashroa moharar*) to Lawyers' Syndicate for verification

Time: 13 days

Cost: EGP 4,727 (0.5% of property value)

Comments: The parties' lawyer drafts a sales contract (*mashroa moharar*) on the stamped form obtained at the Real Estate Registry. The contract is submitted to the Lawyers' Syndicate for verification. The lawyer who drafts the contract reports his/her syndicate identification number on the form and the Lawyers' Syndicate verifies if the lawyer is indeed a registered member. The verification fees are based on the property value, with a maximum of EGP 5,000.

Procedure 5. Obtain the Real Estate Registry's approval (*saleh lilshahr*) on the sales contract (*mashroa moharar*)

Time: 3 days

Cost: No cost

Comments: After collecting the contract from the Lawyers' Syndicate, the parties submit it the Real Estate Registry for review. Once the review has taken place, the contract is marked as "approved to be registered" (*saleh lilshahr*).

Procedure 6. Authenticate sales contract at Authentication Office of Real Estate Registry (*tawtheeq*)

Time: 2 days

Cost: No cost

Comments: Once the contract is marked as "approved to be registered", the parties proceed before the competent public official (*mowathiq*) to sign and authenticate it.

Procedure 7. Submit contract to Real Estate Registry for legalization of the contract (*naqil liltakleef*) and obtain registration number

Time: 15 days

Cost: No cost

Comments: The buyer submits the authenticated contract to the main office of the Real Estate Registry for final approval. Once the Registry has granted its approval, a registration number is issued and the contract is marked as "transcribed for transmission" (*naqil liltakleef*). The buyer receives a copy of the registered contract and the registration process is complete.

REGISTERING PROPERTY

Zagazig

Property value: EGP 945,334 (US\$ 150,000)

Data as of: June 2013

Procedure 1. Obtain Property Tax Certificate (*kashf rasmy*) from Property Tax Authority

Time: 2 days

Cost: EGP 2 (EGP 1.75 fee for issuance of official property tax certificate + EGP 0.5 for expedited service)

Comments: Prior to transferring any property, a Property Tax Certificate must be obtained from the local Property Tax Authority. This certificate is one of the documents to be presented at the Real Estate Registry together with the registration request. This is a national requirement established by Law No. 114 of 1946. The Property Tax Certificate proves that the property has undergone a tax assessment and it is registered at the Property Tax Authority.

Procedure 2. Pay property registration fees at Real Estate Registry

Time: 1 day

Cost: EGP 2,000 (see comments)

Comments: As per Law No. 83 of 2006, registration fees are based on the size of the property, with a maximum registration fee of EGP 2,000.

The fee schedule is as follows:

- Up to and including 100 square meters: EGP 500;
- Above this, up to and including 200 square meters: EGP 1,000;
- Above this, up to and including 300 square meters: EGP 1,500;
- More than 300 square meters: EGP 2,000.

Procedure 3. Obtain preliminary approval of registration request from Real Estate Registry (*maqbul lilshahr*)

Time: 23 days

Cost: No cost

Comments: The Real Estate Registry conducts a technical and legal review of the request and ensures the existing cadastral information matches that of the property being registered. Once the review has taken place, the documents are marked as "approved to be authenticated" (*maqbul lilshahr*) and released to the parties together with a stamped form that will later be used to draft the sales contract.

Procedure 4. Draft and present draft sales contract (*mashroa moharar*) to Lawyers' Syndicate for verification

Time: 1 day

Cost: EGP 4,727 (0.5% of property value)

Comments: The parties' lawyer drafts a sales contract (*mashroa moharar*) on the stamped form obtained at the Real Estate Registry. The contract is submitted to the Lawyers' Syndicate for verification. The lawyer who drafts the contract reports his/her syndicate identification number on the form and the Lawyers' Syndicate verifies

if the lawyer is indeed a registered member. The verification fees are based on the property value, with a maximum of EGP 5,000.

Procedure 5. Obtain the Real Estate Registry's approval (*saleh lilshahr*) on the sales contract (*mashroa moharar*)

Time: 3 days

Cost: No cost

Comments: After collecting the contract from the Lawyers' Syndicate, the parties submit it the Real Estate Registry for review. Once the review has taken place, the contract is marked as "approved to be registered" (*saleh lilshahr*).

Procedure 6. Authenticate sales contract at Authentication Office of Real Estate Registry (*tawtheeq*)

Time: 1 day

Cost: EGP 50 (authentication fee)

Comments: Once the contract is marked as "approved to be registered", the parties proceed before the competent public official (*mowathiq*) to sign and authenticate it. In Zagazig, the parties must pay EGP 50 as authentication fee to the *mowathiq*.

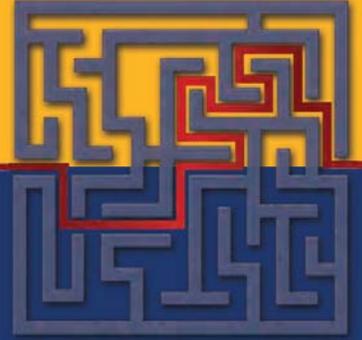
Procedure 7. Submit contract to Real Estate Registry for legalization of the contract (*naqil liltakleef*) and obtain registration number

Time: 25 days

Cost: No cost

Comments: The buyer submits the authenticated contract to the main office of the Real Estate Registry for final approval. Once the Registry has granted its approval, a registration number is issued and the contract is marked as "transcribed for transmission" (*naqil liltakleef*). The buyer receives a copy of the registered contract and the registration process is complete.

Indicator details



Enforcing contracts									
	Procedures (number)	Time (days)				Cost (% of claim)			
		Filing	Judgement	Enforcement	Total days	Attorney	Court	Enforcement	Total cost
Alexandria <i>Alexandria</i>	42	20	678	225	923	18.0	1.3	6.9	26.2
Assuit <i>Assuit</i>	42	20	675	270	965	18.0	1.3	6.9	26.2
Aswan <i>Aswan</i>	42	20	535	190	745	17.9	1.3	6.9	26.1
Cairo <i>Cairo</i>	42	20	720	270	1,010	18.0	1.3	6.9	26.2
Damietta <i>Damietta</i>	42	15	600	195	810	10.0	1.3	6.9	18.2
Fayoum <i>Fayoum</i>	42	20	630	180	830	10.0	1.3	6.9	18.2
Giza <i>Giza</i>	42	20	565	225	810	17.5	1.3	6.9	25.7
Ismailia <i>Ismailia</i>	42	11	535	160	706	12.5	1.3	6.9	20.7
Kharga <i>New Valley</i>	42	11	660	275	946	15.0	1.3	6.9	23.2
Mansoura <i>Dakahlia</i>	42	20	760	270	1,050	17.5	1.3	6.9	25.7
Port Said <i>Port Said</i>	42	14	740	210	964	11.3	1.3	6.9	19.5
Sohag <i>Sohag</i>	42	20	625	270	915	14.3	1.3	6.9	22.5
Suez <i>Suez</i>	42	10	685	150	845	17.5	1.3	6.9	25.7
Tanta <i>Gharbia</i>	42	20	560	250	830	16.4	1.3	6.9	24.6
Zagazig <i>Sharqia</i>	42	25	730	350	1,105	17.5	1.3	6.9	25.7

Trading across borders										
	Alexandria		Damietta		Port Said East		Port Said West		Sokhna (Suez)	
	Time (days)	Cost (US\$)	Time (days)	Cost (US\$)	Time (days)	Cost (US\$)	Time (days)	Cost (US\$)	Time (days)	Cost (US\$)
Export	11	615	10	585	11	694	11	532	12	667
Document preparation	7	125	7	125	7	125	7	125	7	125
Inland transportation and handling	1	220	1	275	1	284	1	205	1	320
Customs	1	100	1	95	1	110	1	95	1	100
Port and terminal handling	2	170	1	90	2	175	2	107	3	122
Import	14	780	14	857	15	884	14	831	16	1,047
Document preparation	8	210	8	210	8	210	8	210	8	210
Inland transportation and handling	1	220	1	275	1	284	1	205	1	295
Customs	2	100	3	100	4	90	3	90	4	90
Port and terminal handling	3	250	2	272	2	300	2	326	3	452

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PRIVATE SECTOR CONTRIBUTORS

Abdalthamed Alsereef
EGY TRANS

Abdelrahman Megahid
DAR ELTASMIAT ENGINEERING CONSULTANCIES

Abdulhamid Ibrahim Hashim
ATTORNEY AT LAW

Adel El Guinedy
ADEL EL GENEEDY LAW FIRM

Adel Ismaeil
NOSCO

Adel Mourise Sohyoun
MINA MARKO ENGINEERING CONSULTANCY

Adel Omar
EL-FAROUK CONSULTANTS

Adel Sayed Abdelfattah
CONSULTANCY GROUP FOR ARCHITECTURE AND DÉCOR

Ahmad Al-Asaas
WORKERS' SYNDICATE FUND

Ahmed Abdelhafiz Alsayed
ATTORNEY AT LAW

Ahmed Abou El-Hassan
EL-HASSAN ENGINEERING CONSULTANCY OFFICE

Ahmed El Sedeq
AHMED SEDEQ AND DIAALDIN DAWOOD LAW FIRM

Ahmed El-Abbady
EL-SHAYMAA ENGINEERING OFFICE

Ahmed Farag
AHMED FARAG LAW FIRM

Ahmed Gomaa
AHMED GOMAA LEGAL OFFICE

Ahmed Kilany
AHMED EL KILANY & ASSOCIATES

Ahmed Mostafa
STUDY CENTER AND ENGINEERING CONSULTANCY

Ahmed Shalaby
AHMED TAHA SHALABY LAW FIRM

Ahmed Soliman
AHMED SHAHER ASHOUR LAW FIRM

Ahmed Yousef
DAR EL-EMARA FOR CONSULTING AND ENGINEERING

Ali Aboul Magd Ali
ALI ABOUL MAGD ALI LAW FIRM

Ali Mohamed Ibrahim
EL-RAWADA ARCHITECTURAL AND ENGINEERING DESIGNS

Amin Abbasy
MAKKA EL-MOKARRAMA

Ashraf Boseila
EGY TRANS

Ashraf Khalil Ismail
ATTORNEY AT LAW

Ashraf Morkos Zaky
DAMAC

Asmaa Abo Alhassan
UNI FREIGHT

Ateya Henain
ATEYA HENAIN PLANNING AND ARCHITECTURE CONSULTANCY

Azza Salama
CONSULTANCY GROUP FOR ARCHITECTURE AND DÉCOR

Daifallah Al-Tayeb
DAIF ALLAH AL TAYEB LAW FIRM

Diaaldin Dawood
DIAALDIN DAWOOD LAW FIRM

Emad Yassin
EGY TRANS

Eslam Howedy
HOWEDY & PARTNERS

Esraa Mahmoud
UNI FREIGHT

Galal Shalaby
GALAL SHALABY LAW FIRM

Gamal Kandil
GAMAL KANDIL LAW FIRM

Ghada Ragab
ELGHAD ELMOSHREK URBAN DEVELOPMENT CONSULTANTS

Hamdy El-Herzawy
ATTORNEY AT LAW

Hani Shatla
HANI SHATLA LEGAL OFFICE

Hany Abdalrashid
UNI FREIGHT

Hany Khater
OFFICE FOR DESIGNS AND ENGINEERING

Hassan Ibrahim Hassan
HASSAN MOHAMED HASSAN LAW FIRM

Hassan Ramadan
EGY TRANS

Haytham Hussin
KADMAR

Heshmat Sawires
ALAM ELBENAA ENGINEERING COMPANY

Ibrahim El-Said
EL-EMAN ENGINEERING CONSULTANCY

Islam Abusamra
FAIRTRANS MARINE, TRADING & FORWARDING S A E

Khaled Abd Alhamed
NOSCO

Khaled Abdin
UNITED GROUP ENGINEERING CONSULTANCY

Khaled AboKresha
KHALED ABOKRESHA LAW FIRM

Khaled El-Agamy
EL-AGAMY ENGINEERING CONSULTANCY

Khaled Ghonaim
EGY TRANS

Lamia Mobada
LAMIA MOBADA OFFICE OF LAW AND CONSULTING

Lasheen Lasheen
ENGINEERING OFFICE FOR COMMERCE AND CONTRACTS

Magdi Dahman
MODERN ENGINEERING OFFICE

Magdi El-Beshr
MAKKA CENTER FOR ENGINEERING AND ARCHITECTURAL CONSULTANCIES

Magdy Sakhy
MAGDY SAKHY LAW FIRM

Maha Abubakr
MAHA ABO BAKR LAW FIRM

Mahmoud El-Gamal
MAHMOUD EL-GAMAL ENGINEERING CONSULTANTS

Mahmoud Mohamad
Abdelhafeth
ATTORNEY AT LAW

Mansour El-Desouky
ATTORNEY AT LAW

Modaser Abd Asmeaa
KADMAR

Mohamed Abbas Moussa
Ahmed
SUEZ ENGINEERING AND CONTRACTING COMPANY

Mohamed Abd algawad
KADMAR

Mohamed Abdulaal
ATTORNEY AT LAW

Mohamed Ahmed Fayad
FAYAD ENGINEERING OFFICE

Mohamed Akef
ATTORNEY AT LAW

Mohamed Beshir
ATTORNEY AT LAW

Mohamed Darwish
ELMAGED ENGINEERING CONSULTANTS

Mohamed El-Agouz
EL-AGOUZ ENGINEERING & DESIGN COMPANY

Mohamed El-Deeb
EL-DEEB ENGINEERING CONSULTANTS

Mohamed Fadel
ATTORNEY AT LAW

Mohamed Ibrahim Abdelgawad
DAR ELMURAD ENGINEERING

Mohamed Mustafa Hassan
MODERN DESIGNS FOR ENGINEERING (EL-SAEIDI)

Mohamed Nour El-Amin
MOHAMED NOUR ENGINEERING OFFICE

Mohamed Rashwan
ARAB GROUP FOR ARCHITECTURAL DESIGNS AND CONSTRUCTION

Mohamed Reda Afifi
ENGINEERING CONSULTANCIES COMPANY

Mohamed Shabaan
OHOD CONSULTANCY OFFICE

Mohammad Abo Alfetoh
AFFIFY

Moheb Abdelatif
ATTORNEY AT LAW

Mona Raslan
SHAIMAA MOSAAD LAW FIRM

Nadia Amin
AL AMEEN LAW FIRM

Naglaa Hussein
ATTORNEY AT LAW

Osama Ashour
OSAMA ASHOUR LAW FIRM

Rabea El-Saadany
RABEA EL-SAADANY ENGINEERING COMPANY

Ragab Salim
RAGAB SELIM LAW FIRM

Ramez Magdi
DAMAC

Saber Ammar
AMMAR & ASSOCIATES - LEGAL CONSULTANTS

Saber Magd
SABER BUILDING & CONSTRUCTIONS

Said Abuelkhair
INTERBULD ENGINEERING CONSULTANTS

Samir El-Tabeeey
SAMIR EL-TABEEY & ASSOCIATES - ENGINEERING CONSULTANCY

Sayed Abdelghany
Abdelmotalab
ARAB GROUP FOR LEGAL CONSULTING AND ARBITRATION

Suzan Saad Ahmed
AL-SAAD FOR ENGINEERING DESIGNS

Tarek Nageeb Abdullah
TAREK NAGEEB ABDULLAH CONSULTING & ENGINEERING COMPANY

Tareq Ismaeil
NOSCO

Tawfik Sha'ban
AFFIFY

Walid Ahmed Fouad
EL-WALID DESIGN AND ENGINEERING COMPANY

Walid Gamaledin
ONEST OFFICE FOR DESIGNS AND ENGINEERING

Walid Saeed
WALEED SAID HAMED LAW FIRM

Yasser El-Zeftawy
AL-MADINA AL-MONAWARA CONTRACTORS

Yasser Hassan
YASSER HASSAN & PARTNERS

Yasser Saad
YASSER SAAD LAW FIRM

Youssef Kazlak
KADMAR

PUBLIC SECTOR CONTRIBUTORS

ALEXANDRIA

Sherif Ahmed Abulfadl
GENERAL ORGANISATION FOR EXPORT AND IMPORT CONTROL (GOEIC)

Ahmed Mohamad Abdel Nabi
COURT OF FIRST INSTANCE

Ahmad Mohamad Ahmad
Abdulghani
COURT OF ALEXANDRIA

Sahar Attiah
GENERAL AUTHORITY FOR INVESTMENT AND FREE ZONES (GAFI)

Ahmed Hamed
SAFETY LINK

Wafaa Ibrahim
SAFETY LINK

Mahmoud Khalil Hasan Khalil
EGYPTIAN CUSTOMS AUTHORITY

Khalid Mahmoud Mahmoud
SALES TAX DEPARTMENT

Siham Abbass Abulezz
SALES TAX DEPARTMENT

Nabih Mohamad AlGharib
SALES TAX DEPARTMENT

Manar Ahmad Hasan Khloos
INVESTMENT DEPARTMENT

Naira Abdulmonim Ahmad
INVESTMENT DEPARTMENT

Amro Mohamad Abu Fetouh
INVESTMENT DEPARTMENT

Suhaila Mohamad Basyuni
INVESTMENT DEPARTMENT

Mohamad Taha Hasan Alkot
HOUSING DIRECTORATE

Abdin Yasin Mohamad
SOCIAL INSURANCE BUREAU - EL MONTAZAH

Nouredin Fathi Mohamad
EGYPT TELECOM

Mahmoud Attiah
REAL ESTATE REGISTRY

Ahmad Jaber Shehata
ALEXANDRIA WATER COMPANY

Ahmad Hasan Hashim
ALEXANDRIA WATER COMPANY

Khalid Hamad Sultan
ALEXANDRIA WATER COMPANY

Ashraf Mahmoud Mohammad
COMMERCIAL REGISTRY

Issam Alsayid Abdulmotalib
PORT AUTHORITY

Ahmad Mohamad
Abdulatheem
MINISTRY OF FINANCE

Mohamad Abdulmonim
Mohamad Hasan
ELECTRICITY COMPANY

Iman Jaber Jadallah
INVESTMENT DEPARTMENT

Tahani Mustafa Kamil Abu-
emera
PLANNING AND URBAN DEVELOPMENT DEPARTMENT

Mohamad Husam Mustafa
INVESTMENT DEPARTMENT

Amal Adel Hussamedin
INVESTMENT DEPARTMENT

Ahmad Mohamad Alfakhrani
ALEXANDRIA PRELIMINARY COURT - COMMERCIAL SECTION

Ashraf Ghareeb
ALEXANDRIA INTERNATIONAL CONTAINER TERMINALS (AICT)

ASSUIT

Mohamad Ali Jabir
BUDGET DEPARTMENT

Sanadat Abdulhalim
Abdulkarim
SALES TAX DEPARTMENT

Duaa Ezzeldin Sayid
SALES TAX DEPARTMENT

Safwat Abdulhalim Abdulkarim
SALES TAX DEPARTMENT

Farghali Shalaan
URBAN PLANNING DEPARTMENT

Mohieldeen Al Taher
EGYPT TELECOM

Abdelhakim Abdullah Ahad
HOUSING DIRECTORATE

Mohamad Fawzi Othman
PLANNING AND URBAN DEVELOPMENT DEPARTMENT

Imtithaal Abdulhamid ?
FINANCIAL AFFAIRS DEPARTMENT

Samir Romani Haneen
BUDGET DEPARTMENT

Mohamad Kurdi Al Habali
FIRE DEPARTMENT

Hasan Ibrahim
ENGINEERING DEPARTMENT

Hasan Abdulaleem Mohamad
ENGINEERING DEPARTMENT

Irshad Hilmi Bsarah
ELECTRICITY COMPANY

Wafaa Mahrous Yousef
TECHNICAL OFFICE FOR LICENSES

Sawsan Abdulkarim Ali
TECHNICAL OFFICE FOR LICENSES

Atef Nassan
WATER AND SANITARY DRAINAGE COMPANY

ASWAN

Noor Mohamad Senusi Abbas
GENERAL AUTHORITY FOR INVESTMENT AND FREE ZONES (GAFI)

Abdulmohsin Mohamad Ali
SALES TAX DEPARTMENT

Lamees Shahada Yasin
Mohammad
ELECTRICITY COMPANY

Yasin Shahaat
ELECTRICITY COMPANY

Atef Abdulbaset Hussein
WATER AND SANITARY DRAINAGE COMPANY

Abdulnaser Ali Masood
REAL ESTATE REGISTRY

Saeed Hashim Awadeh
CIVIL PROTECTION DEPARTMENT

Ahmad Montasir
LEGAL AFFAIRS DEPARTMENT

Mohamad Seyam
MUNICIPAL AUTHORITY

Mohsin Azmi Ishm
HOUSING DIRECTORATE

Zakaria Juma Hazin
HOUSING DIRECTORATE

Mohammad Mahmoud Ali
REVENUES DEPARTMENT

Mohammad Fahmi Mahmoud
AlQadi
INVESTMENT SERVICES OFFICE

Israa Abdelraziq Ahmad
INVESTMENT SERVICES OFFICE

Majdi Mohamad Rabie
INVESTMENT SERVICES OFFICE

Ahmad Abdulsamee Sayed
GENERAL AUTHORITY FOR URBAN PLANNING

Ahmad Mohamad Badawi
GENERAL AUTHORITY FOR URBAN PLANNING

Tariq Hamdi Abdullaadi
GOVERNORATE INFORMATION CENTER

Mohamed Fahmy
COURT OF FIRST INSTANCE

CAIRO

Gomaa Madny
EGYPTIAN CUSTOMS AUTHORITY

Badawy Ibrahim
EGYPTIAN CUSTOMS AUTHORITY

Mahmoud Mahran
GENERAL AUTHORITY FOR INVESTMENT AND FREE ZONES (GAFI)

Amr Mohamad Abo El Fetouh
GENERAL AUTHORITY FOR INVESTMENT AND FREE ZONES (GAFI)

Dalia Hassan
MINISTRY OF TRANSPORT

Hussein Al Shafi
MUNICIPAL AUTHORITY

Fayez Abdelaziz
MUNICIPAL AUTHORITY

General Jaber Bahaildin
Mahmoud
GENERAL DEPARTMENT FOR NATIONAL PROTECTION

Ahmad Omar Thab
GENERAL DEPARTMENT FOR NATIONAL PROTECTION

Mohamed Adel El Fakhrany
GENERAL DEPARTMENT FOR NATIONAL PROTECTION

Mustafa Mohamad Ibrahim
MINISTRY OF HOUSING

Salama Abdelaziz
MINISTRY OF HOUSING

Vivian Ahmad Hassan
Abdelnabi
MINISTRY OF HOUSING

Mohamad Omar Ali
HOLDING COMPANY FOR WATER AND WASTE WATER (HCWW)

Mohamed Adel
HOLDING COMPANY FOR WATER AND WASTE WATER (HCWW)

Engy Ahmed Aref
CENTRAL BANK OF EGYPT

Hoda Attia
MINISTRY OF TRANSPORT

Mamdouh Abdel Bary
GENERAL ORGANISATION FOR EXPORT AND IMPORT CONTROL (GOEIC)

Shaimaa Ali
MIFF

Sherif Tourbay
ALEXANDRIA BANK

DAMIETTA

Hana Ahmad
SOCIAL INSURANCE BUREAU

Hisham Faraj Mahmoud
SURVEYING DIRECTORATE

Mohamad Rajaie Abdullaadi
Salama
GENERAL AUTHORITY FOR INVESTMENT AND FREE ZONES (GAFI)

Ahmad Mohamad Ali Shadi
SALES TAX DEPARTMENT

Hesham M. Badawy
PORT AUTHORITY

Sami Yousef Badir
ELECTRICITY COMPANY

Elham Y.
CITY BOARD

Mohamad Saed Abu Eid
ENGINEERING DEPARTMENT

General Fareed Mustafa Ghali
CIVIL PROTECTION DEPARTMENT

Omar Mhana Homam
URBAN PLANNING DEPARTMENT

Ibrahim Abou Shehata
MUNICIPAL AUTHORITY

Ahmad AIMaofii
TELECOM EGYPT

Rifat Ahmad AIMoawad
TELECOM EGYPT

Jamal Algharib Hamada
ENGINEERS' SYNDICATE

Mohamad Issam Shatr
HOUSING DIRECTORATE

Faraj Mohamad Homam
URBAN PLANNING DEPARTMENT

Adel Mohamad Al Sharif
COMMERCIAL REGISTRY

Wafa Fahim Abu Sabr
INVESTMENT SERVICES OFFICE

Salah AlBasran
INVESTMENT SERVICES OFFICE

Carmin Kamal Musa
LEGAL AFFAIRS DEPARTMENT

Alsaidy Mahmoud Safi
LEGAL AFFAIRS DEPARTMENT

Mohamad Saad Zaghloul
DAMIETTA CONTAINER & CARGO HANDLING Co.

Bahaa Abdulqadir Ali
IMPORT DEPARTMENT

Sami Al Balkas
DAMIETTA CONTAINER & CARGO HANDLING Co.

Maher Fathalla
COURT OF FIRST INSTANCE

FAYOUM

Amin Amin Ibrahim
SOCIAL INSURANCE BUREAU

Ismail Lotfy kamel Mohamed
SURVEYING DIRECTORATE

Mohamad Kamal Al Zahshan
SALES TAX DEPARTMENT

Mustafa Ahmad Ali
ELECTRICITY COMPANY

Abdullah Ibrahim Oweiss
AUTHORITY FOR STATE CASES

Hasan Ahmad
BUSINESS INFORMATION CENTER

Ahmad Tabit Ahmad
FINANCIAL DEPARTMENT

Sayid Hussein Ali
COMMERCIAL REGISTRY

Mohamad Abdulrahman Nawah
FINANCIAL DEPARTMENT

Abdelfatah Abdelaziz
CIVIL PROTECTION DEPARTMENT

Elsayed Saber
ENGINEERING DEPARTMENT

AbdulMonim Abdulfatah
REGISTRATION OFFICE

Salah Hussein Abdallah
LEGAL AFFAIRS DEPARTMENT

Abdulhamid Ahmad Hamad
URBAN PLANNING DEPARTMENT

Ahmad Murad Abdulsalam
URBAN PLANNING DEPARTMENT

Faten Mohamad Atef Barakat
REVENUES DEPARTMENT

Rafaet Mohamad Badawi
WATER COMPANY IN FAYOUM

Hind Hasan Oweiss
ECONOMIC AFFAIRS DEPARTMENT

Raghda Mohamad Rajab
ECONOMIC AFFAIRS DEPARTMENT

Izzat Mohamad Mahmoud
CITY BOARD

Farhan Kamil Othman
CITY BOARD

Eid Abdulfattah Maghrabi
ENGINEERS' SYNDICATE

Hamda Sawfi
PLANNING DEPARTMENT

Wadeh Ghali Abdullah
CITY BOARD

Mahmoud Abdulsamad Ahmad
MUNICIPAL AUTHORITY

Mohamad Ahmad Raslan
MUNICIPAL AUTHORITY

Mohamad Al Rizli Abdallah
MUNICIPAL AUTHORITY

Mahmoud AbdelSalam
Mohamad Ashakli
MUNICIPAL AUTHORITY

Rabea' Elsayed Ahmed
YOUSSEF ELSEDEEQ CENTER

AbdulNabi Abdelhaleem
Ahmad
BUSINESS INFORMATION CENTER

Eid Kamil Hussein
BUSINESS INFORMATION CENTER

Ramadan Ibrahim AbdelBari
TELECOM EGYPT

Saad Adli Rabi
MUNICIPAL AUTHORITY

Evitte Maher
MUNICIPAL AUTHORITY

Salah Rizk
COURT OF FIRST INSTANCE

GIZA

Masad Al Faqi
PUBLIC PROPERTIES DEPARTMENT

Mohamad Mohamad
TAX DEPARTMENT

Galal Ahmad Mohamad Wajid
EGYPTIAN CUSTOMS AUTHORITY

Majdy Atallah Fahim
SURVEYING DIRECTORATE

Anas Jaffar
GOVERNORATE LEGAL DEPARTMENT

Jamal Abdel Salam
ELECTRICITY SECTOR

Mohamad Abdel Wahab
URBAN PLANNING DEPARTMENT

Mustafa Nabih Mohamad
INVESTMENT AND ECONOMIC AFFAIRS DEPARTMENT

Salamah Abdelraheem Hassan
FINANCIAL AFFAIRS DEPARTMENT

Iman Ahmed Mohamed
ECONOMIC RESEARCH DEPARTMENT

Sahar Mohamed Tawfik
ABU-RAWASH INDUSTRIAL ZONE

Zizi Kamel Asmar
URBAN PLANNING DEPARTMENT

Hoda AbdelMueaz Hasan
MUNICIPALITY - COMPANIES' DEPARTMENT

Younis Rashid
CIVIL PROTECTION DEPARTMENT

Mohamad Abed Rabo
GIZA COMPANY FOR WATER AND WASTE WATER

Fatahallah Al Jundi
INVESTMENT AND ECONOMIC AFFAIRS DEPARTMENT

Thuraya Fetouh Abdelhamid
LICENSING DEPARTMENT

Shehata Ali
GIZA COMPANY FOR WATER AND WASTE WATER

Ahmad Abbas AbdelBar
TELECOM EGYPT

Nadia El-Beltagy
MUNICIPAL AUTHORITY

ISMAILIA

Hussein Mohamad Hussein
TAX DEPARTMENT

Mohamad Mahmoud Hanafi
EGYPTIAN CUSTOMS AUTHORITY

Amal Hussien Zayan
SOCIAL INSURANCE BUREAU

Abelaziz Hussein
SURVEYING DIRECTORATE

Raithma Hassan AbdelAziz
GENERAL AUTHORITY FOR INVESTMENT AND FREE ZONES (GAFI)

Mohamad Hamad
GENERAL AUTHORITY FOR INVESTMENT AND FREE ZONES (GAFI)

Mohamad Mohamad Saeed
ELECTRICITY COMPANY

Atayet Hamed Al Qaasi
HOUSING DIRECTORATE

Sayid Hegazy
URBAN PLANNING DEPARTMENT

Sabry Ahmed
LEGAL AFFAIRS DEPARTMENT

Ali Abdullah
ENGINEERING DEPARTMENT

Makram Fawzy Ghobrial
REVENUES DEPARTMENT

Ahmad Salim Salam
ENGINEERING DEPARTMENT

Ibrahim Khalil Hamadaldin
SUZ CANAL AUTHORITY

Yasser Abulhassan
SUZ CANAL AUTHORITY

Ahmad Mohamed
ENGINEERING DEPARTMENT

Saad Amin
ENGINEERING DEPARTMENT

Abdelsalam Abdelalal
ENGINEERING DEPARTMENT

Ibrahim Ibrahim Al Najjar
ISMAILIA ONE STOP SHOP

Mohamad Jamal
ISMAILIA ONE STOP SHOP

Ashraf Abdel Karim
ISMAILIA GOVERNORATE - GOVERNOR'S OFFICE

Mohamad Ahmad Abdel Rahman
HOUSING DIRECTORATE

Hassan Ibrahim Zidan
HOUSING DIRECTORATE

Hamad Mohamad Al Yamani
MEDIA AND PRESS DEPARTMENT

Fathy Mohamed Hassouna
NATIONAL AUTHORITY FOR IRRIGATION

Mohamad Ismail Abdulhamid
REAL ESTATE REGISTRY

Ismail Ahmad
CHAMBER OF COMMERCE AND INVESTMENT

Hasan Mohamad Ali
CHAMBER OF COMMERCE AND INVESTMENT

Umaima Nasar Hasan
HOUSING DIRECTORATE

Mahmoud Shahoutah
ENGINEERS' SYNDICATE

Salim Abbas Alsaïd Alieh
COMMERCIAL REGISTRY

Mervet Ali Hassan
REAL ESTATE REGISTRY

Khalid Mostafa Mahmoud
REAL ESTATE REGISTRY

Attayah Mohammad Altaher
Imam
TELECOM EGYPT

Sami Mohamad Ismail
COURT OF FIRST INSTANCE

KHARGA

Rida Suleiman Mohamad
SOCIAL INSURANCE BUREAU

Abdulwahid Abdu Warad
SURVEYING DIRECTORATE

Ahmad Al Khatib
LEGAL AFFAIRS DEPARTMENT

Somaya Subh
PARIS DISTRICT

Mohamad Ahmad Mahmoud
Hasan
MUNICIPAL AUTHORITY

Sayed Mahmoud Abdullah
BALLAT DISTRICT

Shouq Ibrahim Mohamad
ENGINEERS' SYNDICATE

Sharif Ahmad Doudar
CIVIL PROTECTION DEPARTMENT

Mohamad Masri
HOUSING DIRECTORATE

Hasan Ali Issa Sultan
TELECOM EGYPT

Ahmad Farghali Ahmad
EXTERNAL REVENUES DEPARTMENT

Mohamad Abdulrahman Hiali
INTERNAL REVENUES DEPARTMENT

Sayid Ahmad Hasan
URBAN PLANNING - DAKAHLIA CENTER

Anwar Ahmad Qinawi
ENGINEERING DEPARTMENT

Fatima Mohamad Abdulaziz
Saad
BALLAT DISTRICT

Ahmad Kamal Eddine
Mohamad
BALLAT DISTRICT

Nahid Harb Mohamad
PARIS DISTRICT

Khalid Abdulhadi Ahmad
INVESTMENT DEPARTMENT

Alaa Abdulmonim Adam
Mohamad
URBAN PLANNING DEPARTMENT

Victor Sharom
KHARGIA CENTER - ENGINEERING AUTHORITY

Ashraf Mohamad Alarab
REGULATION SECTION - KHARGIA CENTER

Ahmad Ibrahim Ahmad
INDUSTRIAL ZONE AUTHORITY

Salah Mohammad Ali Said
LEGAL AFFAIRS DEPARTMENT

Ahmad Khalafallah
INVESTMENT DEPARTMENT

Mohamad Abdulghani Ahmad
REAL ESTATE REGISTRY

Baligh Hamood Amar
REAL ESTATE REGISTRY

Sayid Abduljawad Mohamad
ELECTRICITY COMPANY

Musaad Hussein Ismail
ELECTRICITY COMPANY

Ashraf Sayid Mohamad Alsayid
LICENSING DEPARTMENT

Alaadin Hussein Ibrahim
LICENSING DEPARTMENT

Victor Sharobeem
ENGINEERING DEPARTMENT

MANSOURA

Ayman Ibrahim Ahmad
TAX DEPARTMENT

Hosny Mohamad Alsaeed
SOCIAL INSURANCE BUREAU

Mohamad Aldayasty
SOCIAL INSURANCE BUREAU

Mustafa Mohamad Zain
ELECTRICITY COMPANY

Al Sayid Jamal
REGULATION DEPARTMENT

Adel Shalabi
WATER AND SANITATION COMPANY

Osama Shabaan
CIVIL PROTECTION DEPARTMENT

Hamdy Ali
REAL ESTATE REGISTRY

Ashraf Morsy
COURT OF FIRST INSTANCE

PORT SAID

Sa'd Ali Al-Din
PORT SAID GENERAL AUTHORITY

Wesam Yousry
SUEZ CANAL CONTAINER TERMINAL (SCCT)

Mohamamd Al-Shami
PORT SAID CUSTOMS AUTHORITY

Amin Shehata
PORT SAID CONTAINER CARGO HANDLING
COMPANY (PSCCHC)

Mustafa Sedqi Al-Se'dawy
MUNICIPAL AUTHORITY

El-sayed Abdel-Salam Fawzy
MUNICIPAL AUTHORITY

SOHAG

Osama Ahmad
SURVEYING DIRECTORATE

Taha Mohamad Abdulaal
GENERAL AUTHORITY FOR INVESTMENT AND
FREE ZONES (GAFI)

Amira Taher Ibrahim
GENERAL AUTHORITY FOR INVESTMENT AND
FREE ZONES (GAFI)

Mahmoud Nouredin
GENERAL AUTHORITY FOR INVESTMENT AND
FREE ZONES (GAFI)

Bolis Anwar Daws
SALES TAX DEPARTMENT

Makram Hashim Abdulmotalib
SALES TAX DEPARTMENT

Raslan Qays
COMMERCIAL REGISTRY

Mohamed Fahmy AlAhmr
HOUSING DIRECTORATE

Safwan Salman
HOUSING DIRECTORATE

Hosni Alsayid Mahmoud Farraj
REAL ESTATE REGISTRY

Husamaldin Saed Abdulhadi
WATER AND SANITATION COMPANY

Ahlam Abdulillah Izzat
WATER AND SANITATION COMPANY

Mohamad Attia Ibrahim
EGYPT TELECOM

Alaadin Mustafa
CIVIL PROTECTION DEPARTMENT

AbdulMonim Ahmad Sahran
URBAN PLANNING DEPARTMENT

SUEZ

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Munir Jarees
MUNICIPAL AUTHORITY

Ayman Badawy
SOKHNA PORT

TANTA

Atayet Radwan
TAX DEPARTMENT

Mohamad Ahmad Mashali
SOCIAL INSURANCE BUREAU

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ELECTRICITY COMPANY

Mohamad Fouda
REGULATION DEPARTMENT

Medhat Farouk
URBAN PLANNING DEPARTMENT

Adel Atteia
WATER AND SANITATION COMPANY

Ihab Abdulhamid
CIVIL PROTECTION DEPARTMENT

ZAGAZIG

Ibrahim Mohamad Rashad
TAX DEPARTMENT

Ahmad Abdulaati Shehata
SOCIAL INSURANCE BUREAU

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ELECTRICITY COMPANY

Jawad Mohamad Abulfetouh
REGULATION DEPARTMENT

Ahmad Abdeen
WATER AND SANITATION COMPANY

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ENGINEERING DEPARTMENT

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CIVIL PROTECTION DEPARTMENT

Nassim Abu Zaid Khamis
REAL ESTATE REGISTRY

Ahmed Azab
COURT OF FIRST INSTANCE

Trade Facilitation in Egypt and the Development of the Suez Canal Corridor Project

Ahmed Farouk Ghoneim
with the assistance of Heba El Deken

This annex goes beyond the scope of the subnational Doing Business study and the methodology used therein. It was commissioned by IFC-Cairo to analyze trade facilitation challenges in Egypt, focusing on the “Suez Canal Corridor” project as a potential solution to such challenges. The methodology for the annex was developed independently by the author and the results were obtained through tailored surveys and interviews (see methodology note at the end of the annex).

Egypt enjoys an enviable geographical advantage in terms of global shipping. Its central location and unique access to main sea routes—via the Mediterranean and Red Seas that border it to the north and east—mean the country has the potential to become a central hub for international trade. Yet Egypt has not yet taken full advantage of this competitive advantage. So far, the Suez Canal has been used as traditional gateway linking the Mediterranean and the Red Sea, without tapping the potential for value-added services and various economic activities that can be created in the canal area. If Egypt’s unique geographical position remains unutilized it will be overtaken by the surrounding ports in the region.

The following document is divided into (a) a general discussion of efforts to facilitate trade and (b) Egypt’s current plans for its ongoing Suez Canal Corridor project.

A. Trade Facilitation in Egypt

Egypt has a large number of seaports and airports that, combined with its geographical position, make it a global hub for trade shipments crossing from west to east and from north to south. Egypt already scores relatively high in the UNCTAD’s annual Liner Shipping Connectivity Index (LSCI)¹—ahead of countries such as Greece, Malta, Jordan, Lebanon and Turkey—implying a high level of untapped potential for being a world hub in trade facilitation (figure 1).

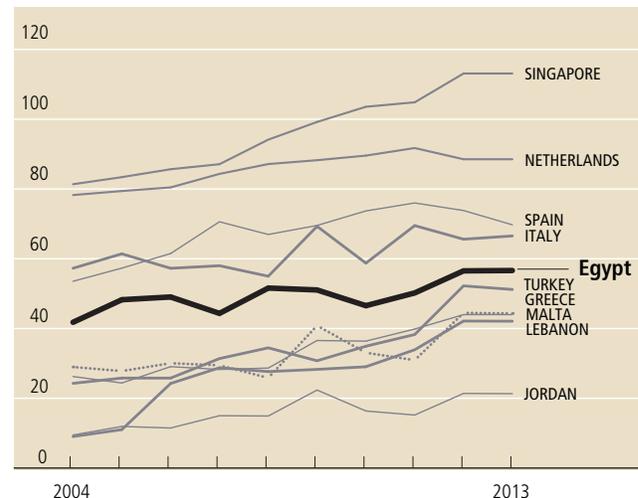
Starting in the mid-1990s, and in the wake of several regional trade agreements (including World Trade Organization accords), Egypt undertook several reforms tackling customs, compliance with sanitary and phytosanitary regulations, port facilities, and similar issues. Hoping to become better integrated into the world economy, it also developed an export promotion strategy and upgraded both physical infrastructure

and trade-associated rules and regulations. As a result, Egypt’s rank in the Logistics Performance Index improved significantly (table 1).²

Yet traders continue to face several challenges, associated mainly with inspection agencies, domestic transport and, most important, logistics and distribution centers. Egypt ports are fragmented by geographical orientation in the case of exports, and irregular or infrequent visits by shipping lines in the case of imports. Although Egypt established a number of free trade and industrial zones in the 1990s and 2000s, the zones suffer from a lack of infrastructure and utilities, bureaucratic red tape, an inadequate multimodal system, and a lack of efficient trade facilitation measures, among other things.³

Political instability in recent years has worsened trade conditions. The lack of security has increased transportation risks, resulting in extra surcharges to protect the consignments from theft. It has also caused congestion at the ports, further increasing trade-logistics costs. Fewer exports and less tourism have reduced both air and maritime traffic, pushing airlines and shipping lines to increase their charges for transporting exports. Shipping lines have begun to disregard their

FIGURE 1
Egypt’s performance on the annual Liner Shipping Connectivity Index, 2004–13



Source: UNCTADStat Database. Available at: unctadstat.unctad.org.

TABLE 1

Egypt's Improved Ranking on the Logistics Performance Index: 2007, 2010 and 2012

Item	RANK				SCORE (max=5, min=1)			
	2007	2010	2012	Change	2007	2010	2012	Change
Overall	97	92	57	+35	2.37	2.61	2.98	+0.37
Customs The efficiency of customs and border management clearance	119	122	69	+53	2.08	2.11	2.60	+0.49
Infrastructure The quality of trade and transport infrastructure	119	106	45	+61	2.00	2.22	3.07	+0.85
International shipments The ease of arranging competitively priced shipments	111	110	51	+59	2.33	2.56	3.00	+0.44
Logistics competence The competence and quality of logistics services	96	54	50	+4	2.38	2.87	2.95	+0.08
Tracking and tracing The ability to track and trace consignments	72	101	66	+35	2.62	2.56	2.86	+0.30
Timeliness The frequency with which shipments reach consignees within scheduled or expected delivery times	96	81	64	+17	2.85	3.31	3.39	+0.08
Number of countries	150	155	155		150	155	155	

Source: World Bank (2007, 2010 and 2012), *Connecting to Compete: Trade Logistics in the Global Economy*. Available at: http://siteresources.worldbank.org/INTTLF/Resources/LPI2010_for_web.pdf and http://siteresources.worldbank.org/TRADE/Resources/239070-1336654966193/LPI_2012_final.pdf

announced departure schedules for lack of sufficient uploaded containers, damaging particularly exporters of perishable goods. All these factors have reduced the overall reliability of Egyptian exporters.

Following are the main challenges identified by stakeholders in the interviews and surveys as they affect 1) choice of port, 2) port and customs procedures, 3) distribution and logistics centers and domestic transport, 4) multimodal framework and 5) electronic measures and risk management techniques.

1. CHOICE OF PORT

Although exporters' choice of port is determined largely by the cargo destination, it is also a function of the port's capacity as well as its ability to finish all loading and clearance procedures in a timely fashion. Related services, such as customs and health and agriculture quarantine, play a major role for all goods, especially in the case of agricultural and processed agricultural goods.

For imports, the choice of port depends on exporter preference, frequency of calls by shipping lines, and clearance procedures. All stakeholders identified the discretionary implementation of health and agriculture quarantine procedures as a main factor in the choice of port for importers especially, which represents a major problem associated with the weak coordination among governmental agencies.

Another problem is the irregularity and low frequency of calling of shipping lines on Egyptian ports, which limits back-loading.⁴ The lack of service centers for ships further reduces the possibility of supplementary value-added services. Several shipping lines have left Egyptian ports for other harbors in the

region where maintenance and repair are available. Establishing such service centers could increase the frequency of shipping-line calls at Egyptian ports, while enhancing the competitiveness of exports by reducing lead time.

2. PORT AND CUSTOMS PROCEDURES

Customs procedures do not seem to constitute a major bottleneck for exporters and importers, partly thanks to a major reform by the Ministry of Finance between 2004 and 2008. The only problem exporters and importers identified was the closing time of customs authorities at ports at 2 pm, which started after the 25th of January 2011 revolution. Now, trucks arriving after 2 pm must wait outside the port until the next day, resulting in higher cost and delays.

On the other hand, port operators, customs brokers and freight forwarders perceived port services and operations to be among the most problematic steps in the trade facilitation value chain, followed mainly by customs procedures. The time required for import inspection, especially for agriculture and health quarantine, varies significantly among the ports studied, ranging from a maximum of 3 days in Port Said East to 7 or even 10 days in other ports.⁵ Export procedures do not seem to suffer major bottlenecks and seem to follow standard procedures in all ports, with the exceptions associated with extra security measures and early closing of ports.

A final issue was port efficiency, which differs from one port to another. Crane efficiency rates (containers moved per hour per crane) seem to be higher in Port Said East and Alexandria compared to Suez. The frequency of ships calling on ports also differ, with the highest rate observed in Port Said East (6 ships daily) compared to other ports (average 2-3 ships daily).⁶

3. DISTRIBUTION AND LOGISTICS CENTERS

Most interviewees and survey respondents identified the lack of physical space as a major impediment. Availability of physical space—distribution and logistics centers and warehouses in the different governorates, located around production clusters and/or major domestic markets—is particularly important for producers and exporters; their ability to export, import and distribute their products domestically is heavily constrained by the lack of such centers. Additionally, the lack of laboratories at the ports delays clearance of consignments until the samples are sent to the main laboratory of the General Authority for Exports and Imports Control (GOEIC) as well as cooling facilities at the Cairo airport terminal.⁷ Interviewees indicated that distribution and logistics centers could help to solve the problem.

4. MULTIMODAL FRAMEWORK AND DOMESTIC TRANSPORT

The producers, exporters and importers interviewed did not view the lack of a multimodal legislative framework in Egypt as a major problem. However, the freight forwarders, customs brokers and port operators surveyed believe there is a need to establish and enhance the role of such a framework.

Domestic transport also remains a major bottleneck. Inadequate development of river and rail transportation to and from ports increases the dependence on trucks. Road transportation suffers from traffic congestion, bad roads, old and unsuitable vehicles, and lack of safety measures. The trucking industry does not have organized cooperatives and is dominated by the informal sector.

Unfortunately, the fragmentation of the domestic transport business makes it difficult to introduce a multimodal regulation. The absence of a reliable trucking fleet is embedded in several socioeconomic problems that make it difficult to tackle by establishing only a legislative framework.⁸ Interviews indicated that, while there are ongoing efforts to develop such legislation, they are still in their infancy. Efficient multimodal and trade facilitation could allow Egyptian producers and traders to better exploit the comparative advantage of different ports, thereby lowering the cost of and time for trading.

5. ELECTRONIC MEASURES AND RISK MANAGEMENT TECHNIQUES

In the interviews and surveys, the introduction of a single electronic window was perceived as a good step toward facilitating trade, as were the electronic data interchange (EDI) and other electronic measures. Although these measures are not yet fully implemented (the acceptance of electronic documents, for example), it does not seem to represent a major obstacle to trade.

Since the 25th of January revolution, the main issues related to risk management have been the cancellation of the fast-track “green line” system in March 2012⁹ and the requirement

of X-ray inspection for all containers, which has added 1 to 2 days to clearance times. It is understood that such measures were undertaken as precautionary measures in light of potential weapons smuggling. However, such measures should be announced as temporary and should be removed as soon as possible.

B. Egypt’s Current Development Plans Regarding the Suez Canal Corridor

As discussed, a number of issues have prevented producers, exporters and importers from lowering their transaction costs and competing in the world markets. The Suez Canal Corridor project is envisaged as a way to establish a fully integrated “economic corridor” alongside the Suez Canal offering trade, industry, transport, logistics and technology services. By combining these services with state-of-the-art infrastructure, the project is designed to leverage Egypt’s advantageous location to allow it to become a crossroads for the world’s major trading markets.¹⁰

Suez Canal revenues reached US\$5.2 billion in 2012–11, up from US\$5.05 billion in 2011–10 and US\$4.5 billion in 2009–10.¹¹ The government of Egypt estimates that having a zone that offers more value-added services and attracts a manufacturing base could eventually result in revenues of up to US\$100 billion and 1 million job opportunities.¹² Recently, several announcements have been made about embarking on this project and several ministries and agencies are involved. Coordination among the ministries and agencies took place through a specific ministerial committee that was recently formed following a prime ministerial decree and a technical secretariat established to handle coordination issues.¹³

The Suez Canal Corridor project is an extension of Port Said East port, which has the potential to become a leading global port, taking full advantage of the trade flows on the Mediterranean Sea, the Red Sea and the Suez Canal. Located at the northern entrance of the Suez Canal, it commands a strategic position along the main Asia–Europe sea route linking the Baltic, Atlantic, Mediterranean, Black and Caspian seas, with an extension through the Suez Canal towards the Red Sea. It is already an important port in the Mediterranean and has been performing well in the last few years in its ability to accommodate the crossing trade; its container handling rate has seen an average annual increase of 79% over the last 5 years, compared to an average of 23% in other Mediterranean ports.

The importance of the port, and of passing through the Suez Canal, has increased thanks to a number of favorable international conditions. These include increasing oil prices, the increasing importance of lead time, and increasing volumes of trade with countries like China and India. But although the Suez Canal has a large share of the global maritime trade—between 8% and 10% of the world’s seaborne trade and 23% of containers pass through the canal¹⁴—there is low added value

being derived from it. The total value added on world trade is around US\$90 per container and potentially an additional US\$50 from loading and unloading, where the maximum value added reaches only between US\$150–200 per container. In Europe the value added can reach US\$2,000 and US\$3,000 per container.

The Suez Canal Corridor project has several objectives including (a) the expansion of the existing container terminals at Port Said East port; (b) the construction of new container terminal, shipyard for ship repair, and ro-ro (roll-on/roll-off) terminal; (c) provision of comprehensive logistics services; and (d) establishment of weighbridges, parking facilities, truck maintenance and repair facilities, tanking facilities, container repair and maintenance facilities, offices, hotels, and restaurants.

DESIGN AND TIMELINE

The Suez Canal Corridor project consists of two main “poles”: (a) the South Pole, comprising Sokhna port and northwest Gulf of Suez; and (b) the North Pole, comprising Port Said East and the Industrial Zone. In between the two poles lies the Technology Valley in Ismailia (Suez and Damietta are not part of the corridor project). The Technology Valley has been allocated 16,500 feddans (about 69.3 km²) of which only 200 have been used so far to build a variety of simple structures.

The Suez Canal Corridor would become the largest port in the region and an international hub port for containers, bulk cargoes and multi-purpose cargoes. It would include an industrial and logistical zone of 1.4 km²; industrial park of 87 km²; administrative and residential areas of 5 km²; and tourism zone of 5 km². The whole area designated to the project is in the range of 160 km².

The Dutch Consultancy and Engineering Group DHV designed the original master plan in 2008 based on a contract with Port Said Port Authority. The master plan set three phases for the project to be completed by the year 2030 but it has not been implemented. Current plans, still subject to change, divide the implementation into the following four phases, to be completed by 2020:¹⁵

- The first phase was completed in 2012, included the construction of the second terminal in Port Said East Port. The expansion of the terminal was undertaken by Shipping and Oil Group AP Moeller–Maersk and has doubled the total length of the container terminal to 2,400 meters. DP World has acquired a 90% stake in the Egyptian Container Company, located near the Suez Canal, for US\$670 million.¹⁶
- The second and the third phases (2012–15) intend to complete the port dredging and elongate the internal channel to 5 km south of the current maneuvering circle. The total length of the terminals will be within 12–14 km range. The logistics and industrial projects should start

during this phase. The dredging of the South basin will address the needs of cargo handling activities. Railway operations, general cargo terminals, and electronic management of the port will start operating at this stage.

- During the fourth phase (2015–20), the storage facilities, distribution and services projects, as well as dredging an entrance for the port, will take place. Lastly, the utilization of the precautionary land and the infrastructure network and information technology requirements will be completed.

All the stakeholders interviewed welcomed the idea of establishing the Suez Canal Corridor. They believe it can become a real logistical hub that addresses the lack of distribution and logistics centers and the limitations on domestic transport. However, their enthusiasm for the project is strictly contingent on the availability of the investment funds required for the project.

Methodology Note

The analysis in this annex had four inputs. First, a desk review was conducted of official documents and literature. Second, interviews were held with producers, exporters and importers using a survey questionnaire focused on trade facilitation issues. Third, a specific trade-facilitation addendum survey was administered to five port operators, four customs brokers and five freight forwarders operating in five main seaports (Alexandria, Damietta, Port Said East, Port Said West and Sokhna). Finally, a number of meetings were carried out with representatives of related ministries and civil organizations to have their input and views on this annex.

Notes

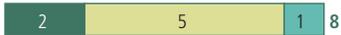
1. The Liner Shipping Connectivity Index measures the extent to which countries are connected to global shipping networks. It is computed by the United Nations Conference on Trade and Development (UNCTAD) using five components of the maritime transport sector: number of ships, their container-carrying capacity, maximum vessel size, number of services, and number of companies that deploy container ships in a country's ports. <http://data.worldbank.org/indicator/IS.SHP.GCNW.XQ>
2. The Logistics Performance Index measures the logistics “friendliness” of 155 countries. It helps countries identify the challenges and opportunities they face in their trade logistics performance and what they can do to improve. <http://go.worldbank.org/7TEVSUEAR0>
3. Multimodal transport refers to a transport system that combines, under a single contract, two or more ways of moving goods, such as air, road, rail or sea.
4. Back-loading refers to transporting cargo on a return trip using space originally used for the outward journey.

5. Agriculture and health-related inspections are not included in the *Doing Business* data given the specific case study assumptions. The products measured by *Doing Business in Egypt* are not subject to this type of inspection.
6. Self-reported data by port operators.
7. World Bank. 2011. "Trade and Transport Facilitation Assessment." Presentation at Islamic Development Bank/ World Bank capacity building workshop on trade and competitiveness. <http://www.comcec.org/UserFiles/File/ulastirma/sunumlar/Trade%20and%20Transport%20Facilitation%20Assessment.pdf>
8. Ibid.
9. The "green line" is a system where the consignments of pre-approved traders do not have to be inspected by customs authorities, but rather follow a random inspection. The system has allowed traders to save time and thus reduce transaction costs.
10. Egyptian National Competitiveness Council (ENCC). 2012. Egyptian Competitiveness Report: A Sustainable Competitiveness Strategy for Egypt. Cairo: ENCC. http://www.encc.org/inside.php?p=temp_text&pid=102&id=28.
11. Central Bank of Egypt, Time Series Statistics. <http://www.cbe.org/English/Economic+Research/Time+Series/>. Accessed on February 23rd, 2013.
12. Dr. Walid Abdel Ghaffar, the ex- head of the SCC technical secretariat, in an interview in Akhbar El Youm, February 23, 2012.
13. Decree no. 144/2013, amended by decree no. 267/2013.
14. Ministry of Investment and General Authority for Investment and Free Zones (GAFI) (2010). Invest in Egypt: Logistics and Transportation Value Proposition. Cairo: GAFI. <http://www.gafi.gov.eg/EN/Default.aspx>
15. Interview with Dr. Walid Abdel Ghaffar in Akhbar El Youm.
16. GAFI, Invest in Egypt.

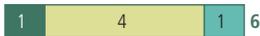
Addendum results



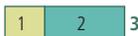
1. What is the most problematic step in the value chain of trade and transport facilitation?

Port procedures and services	 8
Customs procedures	 7
Related entities (e.g. health and agriculture quarantine)	 5
GOEIC procedures	 1
Others (warehousing and inventory management, inland transportation, (de)consolidation of cargo, ability to trace cargo, trade finance)	0

2. What is most important in enhancing trade facilitation?

Upgrading of infrastructure of port facilities	 6
Better coordination between stakeholders and responsible authorities	 4
More developed system of trade finance	 4
Policies that better regulate trade facilitation process in ports (as pricing of activities, more competition)	 3
Upgrading of transport facilities from and to port	 2
Better coordination among governmental entities involved	 2
Policies that enhance multimodal transport process (concerned with transport to and from ports while ensuring guarantees)	 2
Introduction of distribution or logistic centers	 2
Better systems for (de)consolidation of cargo	0

3. What is the most problematic issue at port and related value chain that leads to higher transaction costs?

Transparency of prices of port authorities and freight forwarders	 10
Monopoly of port authorities for some services	 5
Modest logistics	 4
Weak enforcement of regulating laws and decrees	 3
Ensuring security of your cargo	 2
Lack of adequate infrastructure	 1
Ensuring safety of your cargo	 1
Other (regulation of port and terminal activities, financing means of trade including insurance)	0

Customs Clearance Agencies
 Freight Forwarders
 Port Operators

4. Which risk management techniques have helped to reduce transaction cost?

Introduction of green line (white list) and center of large customers	5	4	5	14
Pre clearance procedures	3	4	1	8
Other (post audit systems, reduced physical inspection)	0			

5. Which e-commerce (electronic data interchange) techniques can reduce/reduced transaction costs?

More e-government services	3	3	5	11
Use of electronic manifest for vessel load planning	4	1	5	
Pre-arrival information	1	1	2	4
Accepting electronic documents (e.g. cargo declaration)	2			
Fleet tracking using GPS	2			
Introduction of e-signature	1			
Other (computerized scheduling of truck operations, tracking container status)	0			

6. Which of the following service(s) is a priority to facilitate trade?

More efficient multimodal system including liability of shipping line till point of delivery and not only ports	2	3	2	7
Establishment of distribution/logistics centers near/around ports	4	1	1	6
Development of free zones and special economic zones around/near ports	2	3	5	
Introduction of 3 PL system and full outsourcing of logistics services	1	2		

7. What urgent reforms are needed for the multimodal system?

Implementation procedures in terms of freight forwarders undertaking the whole value chain without any interference while shipping line undertaking liability till point of delivery	3	2	3	8
Customs Authority's approval and facilitation is needed	3	2	3	8
Institutional cooperation between the different governmental transport agencies	3	1	4	
Institutional cooperation between ministries of trade, finance, and transport	3			
Legal framework is needed	2			
Establishment of infrastructure (e.g. warehouses)	0			