

EGYPT

CWA REFORM COMMITMENTS IN 2018	PROGRESS ON REFORM COMMITMENTS SINCE 2018	ADDITIONAL REFORM INITIATIVES	PARTNER SUPPORT
Macroeconomic Framework:			
Macroeconomic stability:			
Manage fiscal risks through the newly established fiscal risk committee.	Fuel subsidy reform completed in 2019. The government has been publishing a summary of fiscal risks including risks in its annual budget documentation.	The government is considering publishing a stand-alone fiscal risks report clarifying risks associated with the fiscal and macroeconomic forecasts, financial sector stability, contingent liabilities (potential claims on budgetary resources due to guarantees granted by the government) and debt risks (liquidity and refinancing, interest rate and foreign exchange risks), among others.	The WB is not clear how this stand-alone report would extend the existing published report on fiscal risks, or whether this report is forward- or backwards-looking.
Announce an IPO action plan to divest stake in public entities	The IPO program has been subject to delays since it was first announced during 2018; with only the secondary offering of 4.5% of Eastern Tobacco stakes in March 2019 taking place. It is worthy to highlight that in March 2018; when the IPO program was first announced, the government intended to offer a 15-30% stake in 23 of the state-owned companies; throughout 30 months. The first five companies - announced in July 2018 - were (i) Alexandria Mineral Oils Company; (ii) Eastern Tobacco; (iii) Alexandria Container and Cargo handling; (iv) Abou Kir Fertilizers; and (v) Heliopolis Housing; of these only the Eastern Tobacco transaction took place.		
Continue the transition of the monetary policy framework towards inflation targeting.	The CBE has revised its inflation target to be 7 percent (± 2 percentage points) on average during the fourth quarter of 2022, down from 9 percent (± 3 percentage points) on average.		The CBE continues to state its intention to put in place a formal inflation targeting framework to anchor monetary policy once the fundamental prerequisites are met.
Domestic Revenue Mobilization:			
Implementation of a simplified SME tax regime	A new MSMEs Development Law No. 152 of 2020 was enacted in July 2020.	The Cabinet is yet to approve the MSMEs Law's executive	

	The Law gives both tax and non-tax incentives to MSMEs.	regulations. The old Law's regulations remain in effect.	
Implementation of the international standards on exchange of information for tax purposes			

Public Investment Management (procurement, PPPs, SOEs, utilities):

Improve public procurement practices and transparency.	<p>New Public Procurement Law approved in 2018 and Executive Regulations were issued in November 2019. The new law includes provisions to facilitate SME access to and participation in Egypt's public procurement market. Initial findings from an assessment indicate that since implementation of the law, the number of SMEs awarded contracts has increased ~12%.</p> <p>Capacity Building Strategy drafted.</p> <p>Communication Strategy drafted.</p> <p>Support for an e-GP system, including knowledge sharing events, drafting e-GP strategy and roadmap, supporting the drafting of a Concept Note for an e-GP system.</p>	<p>Additional reforms under discussion include: (i) drafting of procurement manuals and standard bidding documents; (ii) implementation of the capacity building strategy; (iii) capacity assessment of GAGS will be conducted and recommendation of institutional strengthening will be included under the current ASA; (iv) development and implementation of e-Government Procurement system; (v) disseminating the findings from the study on the SME/public procurement nexus, developing policy briefs to facilitate SME participation in Egypt's public procurement market, and (vi) Training on contract management to improve the management of contract under Banks financing projects</p>	<p>The reform of public procurement needs further impetus. Exploring the possibility of conducting a MAPS-II assessment (Methodology for the Assessment of Procurement Systems)</p>
Reform the process for appraisal, selection and monitoring of public investments: to improve quality of public investment portfolio consistent with macro-economic framework	<p>In September 2020, Law No. 185 was issued amending the Public Business Sector Law No. 203 of 1991, which covers a subset of SOEs in Egypt. The amendments mainly aimed to enhance corporate governance and to bring this law closer to the General Companies Law, which covers private sector corporations. For example, the amendments require: (i) separating the positions of the chairman of the board and the CEO; (ii) limiting the labor representative seats on the board of directors of subsidiary companies to two members only, down from 50 percent; and (iii) requiring SOEs that are not</p>	<p>The executive regulations of Law 185 of 2020 should be approved by the prime minister in March 2021.</p>	

	<p>listed on the Egyptian stock exchanges to publish semi-annual performance reports.</p> <p>Infrastructure sector governance reform and openness to private sector participation.</p>		
	<p>The government reduced the price of natural gas and decreased electricity tariffs to all industries whilst fixing these tariffs for at least the next three years, in order to improve their cost structures and price-predictability.</p>		

Business Framework:

Regulations and Institutions:

<p>Trade</p> <p>Implement National Single Window in preparation for Regional Single Window (RSW) and International Single Window (ISW)</p> <p>Introduce systems integration</p> <p>Implement the Single Administrative Document (SAD) for custom clearance and realize full integration between the entities of International trade.</p>	<p>New customs law has been approved by the Parliament; Ministry of Finance finalizing the executive regulations.</p> <p>Rollout of the National Single Window is underway in ports and airports.</p> <p>Egypt recently ratified the WTO Trade Facilitation Agreement (TFA).</p> <p>Four Doing Business reforms implemented: Starting a Business, Protecting Minority Investors, Getting Credit and Paying Taxes – as per DB team comments on GoE proposed reforms for DB2021 cycle.</p> <p>The national single window “Nafeza” was established by Prime Minister decree. Initial full rollout planned for 2020 but delayed implementation in some ports.</p>		<p>Several constraints to the full and effective implementation of <i>Nafeza</i> need to be removed for its desired potential and full utilization to be achieved.</p> <p>These constraints are mostly related to legislation and business processes, which need to be streamlined to take full advantage of the new electronic environment. The institutional basis for the governance and operation of <i>Nafeza</i> also needs to be strengthened by introducing formal lines of control between the governing body and the operating entity. The accountability of the operator to the users and Government also needs to be strengthened in order to offer clients and government the necessary guarantees of quality of service.</p>
<p>Industrial development</p> <p>Facilitating industrial land provision through the General Authority for Industrial Development and the Industrial Licensing Law through a transparent process.</p>	<p>The industrial licensing law introduced in 2017 has streamlined processes.</p> <p>Reform of industrial land allocation process to include open, transparent and competitive bidding process.</p> <p>Revised draft competition law approved by the Government and submitted to the Parliament. The new law promotes the independence of Competition Authority and introduces provisions for merger and acquisition control.</p>		<p>Submission of the revised Competition law to the Parliament is part of IMF SBA program</p>
	<p>Adopt amended competition law to strengthen Competition Authority.</p>		

Investor protection and dispute resolution:

<p>Effective implementation of the Bankruptcy law</p>	<p>Amendments to the newly introduced insolvency law have been approved by the Government and submitted to the Parliament. The amendments aim to</p>	<p>Amendments to the insolvency law are timely with the expected rise of</p>	<p>WB is providing TA to the MoJ on a range of justice issues including on the insolvency law.</p>
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	encourage restructuring and improve the balance between creditor and debtor rights.	insolvency cases due to COVID	
Financing Framework:			
Investment risk mitigation:			
Promotion of a cashless society	<p>Executive regulations for the cashless transactions law have been adopted.</p> <p>Online tax payment is underway.</p> <p>Secured transactions law adopted and currently being revised to bring it closer to international best practices; collateral registry for movable assets has been operational since 2016.</p> <p>New banking law has been issued, including payment chapter and fintech chapter.</p> <p>FRA has developed a draft fintechlaw for NBFIs, currently being discussed by the Council of Ministers.</p>		IBRD and IFC providing TA on financial inclusion and financial infrastructure.
Mobilization of private and institutional investments:			
<p>Domestic debt market</p> <p>Establish Clearing, Settlement and Depository for Government Securities system</p> <p>Safeguard sound debt management</p>	<p>After the publication of a medium-term debt strategy (MTDS) for FY2018/19-FY2020/21 in May 2019, an update of the MTDS was published in December 2020 to cover FY2020/21-FY2024, supported by a MTDS mission delivered by the World Bank in November.</p>		<p>Coverage of the MTDS has improved with the inclusion of external bi- and multi-lateral debt, however more detailed information on terms and conditions of the debt is needed for an improved cost-and-risk assessment. Inclusion of non-tradable debt is also a missing step to be pursued.</p>