Doing Business in Egypt 2008

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Doing Business in Egypt 2008 is the first subnational Doing Business report in the Middle East and North Africa. The report covers three cities and governorates (administrative regions)—Cairo, Alexandria and Assiut—that are compared with each other, and with 178 countries around the world. Comparisons with other cities, regions and countries are based on the indicators in Doing Business 2008.

Doing Business in Egypt 2008 measures the ways in which government regulations enhance business activity or restrain it at the subnational level. The report studies three Doing Business topics: starting a business, dealing with licenses and registering property. These indicators cover areas of governorate or district jurisdiction. Doing Business in Egypt 2008 also provides information on reform efforts undertaken by the Egyptian government in recent years that affect other Doing Business topics—getting credit, protecting investors, paying taxes and trading across borders.

The report aims to provide a tool for Egyptian cities to become globally competitive. By identifying good practices and bottlenecks, it fosters peer-learning and competition to reform across governorates. The indicators are used to analyze the economic outcomes of the regulations and to identify what reforms have worked, where and why.

The methodology has limitations. Other areas important to business—such as proximity to major markets, the quality of infrastructure services (other than those related to trading across borders), the security of property from theft and looting, the transparency of government procurement, macroeconomic conditions or the underlying strength of institutions—are not studied directly by Doing Business. To make the data comparable across countries, the indicators refer to a specific type of business—generally a limited liability company.

Doing Business in Egypt 2008 is the result of a request from the Egyptian Ministry of Investment to FIAS, a multi-donor investment climate advisory service of the World Bank Group. The report was produced with the assistance of the General Authority for Investments and Free Zones and the financial support of the United States Agency for International Development and the IFC.
If you opened a business in Assiut two years ago, you would probably have ended up traveling to Cairo to submit the needed paperwork. In addition to the travel expenses, the trip would take many hours and require overnight stay at a hotel or with relatives. Why not take care of it in Assiut directly? Because every single permit, document and authorization had to be approved in Cairo. Today, you can save time and money—opening a business at the one-stop shop in Assiut or Alexandria is as easy and almost as fast as it is in the capital. Soon, it will be even easier.

This example illustrates two points. First, decentralization works. In Egypt, reforms are initiated by the central government and tend to be implemented first in Cairo. Once the reforms demonstrate their utility, they can be adopted in the governorates all over the country. In the case of business start-up, the General Authority for Investments and Free Zones (GAFI) created a one-stop shop in Cairo that now also processes tax registration and chamber of commerce membership. The reforms reduced 10 procedures to 7 and cut start-up costs and time by more than half. Following the success in Cairo, the reforms were expanded across the country. The chairman of GAFI delegated the authority to process business registration to the regional one-stop shops. As a result, entrepreneurs no longer have to travel to Cairo to start their business.

Second, inter-agency cooperation bridges administrative gaps. Business start-up reforms proved successful, because the different agencies delegated approval authority to the officials assigned to the one-stop shops. A similar approach is needed to implement other reforms, such as in dealing with licenses.

Doing Business in Egypt 2008 covers three Doing Business topics at the subnational level: starting a business, dealing with licenses and registering property. These indicators have been selected because they cover areas of local jurisdiction and practice. The governorates benchmarked are: Cairo, the nation's capital; Assiut, representing Upper Egypt; and Alexandria, the gate to the Mediterranean in the north. The results are presented here. Overall, doing business is easiest in Assiut, most difficult in Alexandria, with Cairo in between. This ranking may in part reflect the lower demand for business services in the more rural administrative regions.

Egypt, as measured by Cairo, is the Doing Business 2008 top reformer across 178 economies (table 1.1). Egypt made the single fastest climb in the overall ranking—jumping 26 places in one year. Its reforms cut deep—with reforms in 5 of the 10 areas that are studied as indicators of the ease of doing business. This is the second time in 5 years that Egypt is among the 10 most reformist countries in the world.

Egypt is not the only large emerging economy to reform. China, Colombia, India, Indonesia, Nigeria, Turkey and Vietnam all improved the ease of doing business. Other countries are reforming too. Two hundred reforms were introduced in 98 economies between April 2006 and June 2007. Reformers simplified business regulations, strengthened property rights, eased tax burdens, improved access to credit and facilitated trade across borders.
With an average rank of 96 out of 178, countries in the Middle East and North Africa are not globally competitive. Doing business became easier in the majority of Middle Eastern and North African countries between April 2006 and June 2007. The region saw 25 reforms—including three changes for the worse—in 11 of its economies. Still, the Middle East and North Africa ranks only fourth in the world on the pace of reform—behind Eastern Europe and Central Asia, South Asia, and the OECD high-income countries (figure 1.1).

Comparing business regulations in Assiut, Alexandria and Cairo

The requirements to start a business across districts and governorates in Egypt are similar, unlike in federal countries such as India or Brazil. All governorates share the same legal and regulatory framework—the company law 159 of 1981 and law 8 of 1997—which guides business start-up procedures. Once GAFI streamlined the start-up process in Cairo, all it took was a decision by the chairman to delegate decision-making authority to the one-stop shops in the governorates for them to implement the same easy process. Today, Assiut and Alexandria have only one procedure not found in Cairo, because the regional one-stop shops do not have access to check the company name directly. In addition, there is a 5-day delay in Alexandria and Assiut because tax cards are still centrally issued in Cairo. Soon this will change. Then, opening a business will take the same time in all 3 cities.

Throughout the country, builders face bureaucracy in getting construction permits. In Assiut, construction permit-related activities require 19 procedures and 109 days; in Cairo, 28 procedures and 249 days; and in Alexandria 30 procedures and 207 days. This is because cities can impose additional inspections and pre-construction procedures. Yet, the experience of other countries shows that more inspections do not necessarily mean safer buildings.

Property registries are operated by the governorates, but procedures and costs are set centrally. This is in contrast to a federal country like Mexico, where states regulate as well as operate property registries, resulting in different procedures, time and costs across locations. What differs in Egypt is the time it takes to meet all the legal requirements to register a property—33 days in Assiut but 159 days on the outskirts of Alexandria. The process is most time-consuming in Cairo, where entrepreneurs have to wait more than 6 months.

In the last two years, doing business in Egypt has become more affordable—the minimum capital required to start a business and the costs of registering property and dealing with licenses have been slashed. The costs are very similar across cities for the three indicators measured at the subnational level. But from an international perspective, the cost remains relatively high. Egyptian cities rank 102 of 178 economies in the cost of starting a business, and 119 in the cost of dealing with licenses. Egypt fares better in the cost to register property. Assiut, where the cost is 0.7% of the property value, would rank 20 globally.

### TABLE 1.1
The top 10 reformers in 2006/07

<table>
<thead>
<tr>
<th>Economy</th>
<th>Starting a business</th>
<th>Dealing with licenses</th>
<th>Employing workers</th>
<th>Registering property</th>
<th>Getting credit</th>
<th>Protecting investors</th>
<th>Paying taxes</th>
<th>Trading across borders</th>
<th>Enforcing contracts</th>
<th>Closing a business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Egypt</td>
<td></td>
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<td></td>
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<tr>
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<td>Macedonia, FYR</td>
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<tr>
<td>Georgia</td>
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<td></td>
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<tr>
<td>Colombia</td>
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</tr>
<tr>
<td>Saudi Arabia</td>
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<td>Kenya</td>
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<td></td>
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<tr>
<td>China</td>
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<td>✓</td>
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<tr>
<td>Bulgaria</td>
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</tr>
</tbody>
</table>

Note: Economies are ranked on the number and impact of reforms. First, Doing Business selects the economies that reformed in 3 or more of the Doing Business topics. Second, it ranks these economies on the increase in rank on the ease of doing business from the previous year. The larger the improvement, the higher the ranking as a reformer.

Source: Doing Business database.
What gets measured, gets done

Publishing comparable data on the ease of doing business inspires governments to act. In September 2006, Doing Business ranked Egypt 152 out of 175 economies on the ease of doing business—last in the Middle East. To address this unfavorable ranking, GAFI formed a task force with representatives from 10 different government agencies to study the rankings. The group's first reaction was to criticize the report's methodology, use of private sector respondents and narrow focus. Despite these concerns, it concluded that the report reflected a fundamental reality: regulatory ‘red tape’ was indeed a challenge and likely discouraged new business in Egypt.

The Ministry of Investment took note. Doing Business is the world’s most widely quoted report of its kind and a better ranking would attract positive international attention. Because the report identified specific areas in need of reform, it enabled the ministry to mobilize efforts across government agencies to work toward improving performance in Doing Business indicators. This cooperation, in turn, had the potential to improve the investment climate even in areas not covered by the 10 indicators. It was time to act.

A process of self-questioning began: What do we need to do to accelerate the pace of reform? How can Egypt become more competitive? To seek clarity on these questions and develop a reform strategy, Minister Mahmoud Mohieldin and GAFI’s (then) chairman Dr. Ziad Bahaa El-Din conferred with the Doing Business authors. As a result, three decisions were taken: First, the Doing Business methodology would be explained in detail to the agencies undertaking reform at a workshop in Cairo. Second, a special in-depth subnational study based on the Doing Business methodology, but measuring business regulations in governorates other than Cairo, would be done. Third, GAFI would convene a working group of approximately 50 professionals from all government agencies to periodically assess the regulatory environment.

The result was a reform focus that went beyond the topics measured by Doing Business to encompass the entire business environment. Over a period of 4 months, the working group—or specialized sub-groups—held 15 meetings. Participants discussed the 10 Doing Business indicators in detail, identified specific reforms and searched for methods of implementing and monitoring them. Steadily, public officials started to see themselves as facilitators rather than regulators.

Egypt’s turnaround was the result of strong resolve and hard work. Egypt’s Doing Business global ranking improved markedly in 5 of the 10 areas measured by Doing Business. Some of the reforms involved legal changes and administrative streamlining of requirements and processes. It has become easier, faster and, especially, less expensive to do business in Egypt. This pace of reform needs to be maintained for Egypt to catch up with the best-performing countries.

Comparisons among cities—strong driver of reform

Comparisons among cities within a country are strong drivers of reform. That was the case in Mexico, where a subnational Doing Business study covering 12 states was first published in 2005. The study created competition to reform, as governors and mayors found it difficult to explain why it cost more to comply with administrative procedures in their state or city as compared to their neighbors—despite sharing identical federal laws and regulations. The second benchmarking in 2006 showed that 9 of the 12 states measured one year earlier had reformed in at least one of the areas benchmarked by Doing Business. Governors realized that simple administrative reforms could make their states and cities nationally and globally competitive. Most importantly, states could adopt best practices from their reforming neighbors.

In Egypt, officials in governorates and districts can learn from each other by adopting good regulations and practices that already exist elsewhere in the country. This is especially true when it comes to the time it takes to register property or deal with licenses. If Cairo were to adopt Assiut’s speedy property registration processes, for example, the time to register property would drop from...
193 to 33 days, just slightly longer than Austria or Chile. Cutting the time to deal with licenses to the level of Assiut would make builders in other Egyptian cities competitive with builders in Singapore. Just adopting good practices of other governorates, without having to change any laws or regulations can make Egypt more competitive. Currently, even the best Egyptian cities are not internationally competitive on some indicators (table 1.2).

Sometimes reforms are implemented in Cairo without well a articulated communication strategy. The result is that, for example, certain fees may be charged in the administrative regions even after they have been abolished by law. Egyptian reformers need not travel far for ideas on how to communicate their efforts to a national audience. They can learn from the successful media campaign launched by the Ministry of Finance to advertise the tax reforms of 2005/06.

Payoffs from reform can be large. Higher rankings on the ease of doing business are associated with more growth, more jobs and a smaller share of the economy in the informal sector. 4 Georgia, last year’s top reformer, now has 15 registered businesses per 100 people—the same as Malaysia. 5 Egypt is an example of how simplified regulations encourage entrepreneurs to start their own business (figure 1.2).

It is the upside potential of a country that creates expectations and attracts investors. They find it in economies that are reforming—regardless of the starting point. Indeed, equity returns are highest in countries that are reforming the most (figure 1.3). With emerging markets aggressively improving their business regulations, there has hardly been a better time to invest.

Notes
1. Cairo and Alexandria are urban governorates, that is, the city and governorate are contiguous. Assiut is a city in a demographically mixed (urban and rural) governorate of the same name. Governorates are divided into districts.
3. This ranking reflects corrections to the ease of doing business index.
Rasha wants to sell her scarves in a store instead of a stall at the marketplace in Alexandria. Though her business is good, she cannot expand it. The good news for Rasha is that starting a formal business is simpler, faster and more affordable than ever before. She can now register her business in a new office in Alexandria rather than go to Cairo. Once her business is legal, she can formally employ someone to help her—and she can get a business loan.

Simpler start-up procedures are associated with new formal businesses. In countries where the procedures are cumbersome and costly, entrepreneurs like Rasha may have no choice but to remain in the informal sector. Without access to courts and credit, and in constant fear of harassment by public officials, informal businesses remain small and have low productivity. When reforms make it easier to legalize their operations, the informal businesses are the first to register. Furthermore, the reforms to ease the entry of new firms are relatively easy and not too costly to implement. Often they do not require major legislative changes.

Reforms to ease the entry of new firms are popular. Egypt is one of the 39 countries that made business start-up simpler, faster or cheaper in 2006/07 and one of the 18 that reformed for the second year in a row. In this area, Egypt was the second biggest reformer in the world, surpassed only by Saudi Arabia (figure 2.1).

Egypt simplified procedures, cut costs and sharply reduced the minimum capital requirement. In 2004, opening a business in Egypt, represented by Cairo, required 13 procedures, 43 days and cost 63% of income per capita. The minimum capital requirement—the put-aside-capital—was 815.6% of income per capita. Today, the same can be done with only 7 procedures, 9 days and costs of 28.6% of income per capita. The minimum capital requirement is now 12.9% of income per capita.

The boldest reform in 2006/07 was to cut the minimum capital requirement. Last year, new firms had to put aside 50,000 Egyptian pounds. A ministerial decree amended article 57 of the Executive Regulation of the Company Law, cutting the minimum capital requirement to 1,000 Egyptian pounds or 12.9% of income per capita. Entrepreneurs now have an extra 49,000 Egyptian pounds to invest in their businesses. In the future, Egypt could follow the example of Saudi Arabia, which scrapped the requirement entirely last year. It would join the 65 countries that have no minimum capital requirement.

Improvements continued at the GAFI one-stop shop in Cairo. The number of procedures fell from 10 to 7.

<table>
<thead>
<tr>
<th>Top reformers in business start-up</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average improvement</strong></td>
</tr>
<tr>
<td>2006</td>
</tr>
<tr>
<td>30%</td>
</tr>
<tr>
<td>Top reformers</td>
</tr>
<tr>
<td>Saudi Arabia</td>
</tr>
<tr>
<td>Egypt</td>
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<tr>
<td>Georgia</td>
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<tr>
<td>Madagascar</td>
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<tr>
<td>Paraguay</td>
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<tr>
<td>Estonia</td>
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<tr>
<td>Belarus</td>
</tr>
<tr>
<td>Macedonia, FYR</td>
</tr>
<tr>
<td>Belgium</td>
</tr>
<tr>
<td>Mauritius</td>
</tr>
</tbody>
</table>

Source: Doing Business database.
Fees dropped too. The entrepreneur can now register for taxes at the chamber of commerce directly through the one-stop shop. As a result of the reforms, the start-up time and costs were cut by more than half. Furthermore, following the model in Cairo, one-stop shops are now operating in three other cities—Alexandria, Assiut and Ismailia. Local entrepreneurs do not need to go to Cairo to open their businesses.

Business start-up takes 7 procedures in Cairo and one additional procedure in both Alexandria and Assiut (table 2.1). In both cities, the GAFI one-stop shops need to send a fax to the central commercial registry in Cairo to check that the company name is not already being used by another company. By reducing procedures to 7 or 8, the three Egyptian cities are approaching the OECD average of 6 procedures.

It takes 9 days to establish a business in Cairo. The same process takes 14 days in Assiut and 15 days in Alexandria (figure 2.2). The process is longer outside of Cairo because only temporary tax cards can be issued in Assiut and Alexandria. The tax authority in Cairo processes the final tax card, which the business owner receives in the mail. A computerization project is under-way so that one-stop shops outside Cairo can issue the tax registration card locally. It also takes 1 day longer to register employees with the national authority of social insurance in Alexandria. The time to open a business in Egypt compares well with 11 days in Tunisia, 12 days in Morocco and 15 days in Saudi Arabia, and is much shorter than the 35 days in Kuwait (figure 2.3).

The cost of starting a business is the same across the three cities—28.6% of income per capita. It dropped by more than half last year after the fees to publish the company’s notice in the Investment Gazette fell from 2,000 to 150 Egyptian pounds. Start-up costs in Egypt compare well with 32.3% of income per capita in Saudi Arabia and 36.9% of income per capita in the United Arab Emirates. Nevertheless, starting a business is cheaper in Kuwait (1.6%), Tunisia (8.3%) and Morocco (11.5%). In the 10 best-performing countries globally, the entrepreneurs pay less than 1% of income per capita to start a business.

Evidence shows that reform efforts pay off. Reducing the minimum capital requirement from 50,000 Egyptian pounds to 1,000 allows more companies to register. From February to June 2007, following the issuance of the related decree, more than 200 such companies registered. This represents 33.4% of new limited liability companies registered during the period. Overall, the number of companies registered in the 3 cities studied during the 6 months after the reform grew by 72% compared with 2006 (figure 2.4). Since the reform of the GAFI one-stop shop in 2004, the total number of companies registered in Cairo has more than doubled: 5,700 were registered in 2005 compared with 2,660 in 2003.

New business registrations in Assiut and Alexandria remain relatively low. The impact of reforms in cities outside of Cairo may be lagging because the reforms were not communicated sufficiently. It could also be that long-

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**TABLE 2.1**

<table>
<thead>
<tr>
<th>City</th>
<th>Procedures (number)</th>
<th>Time (days)</th>
<th>Cost (% of income per capita)</th>
<th>Paid-in minimum capital (% of income per capita)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alexandria</td>
<td>8</td>
<td>15</td>
<td>28.6</td>
<td>12.89</td>
</tr>
<tr>
<td>Assiut</td>
<td>8</td>
<td>14</td>
<td>28.6</td>
<td>12.89</td>
</tr>
<tr>
<td>Cairo</td>
<td>7</td>
<td>9</td>
<td>28.6</td>
<td>12.89</td>
</tr>
</tbody>
</table>

Source: Doing Business database
entrenched habits take time to change. Finally, lower registration numbers may mean that more decentralization is necessary. While basic business registration can be completed at any of the one-stop shops, some additional administrative procedures must still be completed in Cairo. For example, manufacturing firms need to obtain operating licenses from the Industrial Development Authority in the capital. But this is changing: an ongoing project with the IFC will allow entrepreneurs in Alexandria to obtain their licenses at the GAFI one-stop shop.

What to reform?

Establish one-stop shops in more governorates

The GAFI one-stop shops work. Other Egyptian cities could benefit too. One-stop shops can show results quickly when their officials have decision making power. Since 2003, one-stop shops cut on average 5 procedures and more than halved delays in 24 countries.6

Communicate reforms to the public

Most reformers are bad marketers. Advertising the changes can ensure that entrepreneurs know how much easier registration has become. Egypt's successful marketing campaign after the tax reform is a good example to follow. Another example is El Salvador, where the president himself inaugurated the improved one-stop shop—widespread media coverage made sure that everyone knew about the new system.

Make registration electronic

Technology can create a unified database of business information to be shared across districts, governorates and government agencies. Egypt took the first step by starting the computerization of the commercial registry at the GAFI one-stop shop. This will make it possible to certify without delay that the company name is not already in use. The next step is to allow entrepreneurs to search for the company name online. The internet can also provide them with other information such as details on procedures, fee schedules and working hours of the relevant agencies. With some simple legislation to allow electronic signatures, the internet can be used to file business registrations, as in Australia, Belgium, Canada, Singapore and the United States, as well as in Moldova and Vietnam. Almost half of the countries benchmarked by Doing Business have such laws, and a dozen others have draft laws in parliament. Making registration electronic cuts time—by more than 50% on average. Paper registration remains available for those without Internet access.

Lower start-up fees

Egypt cut start-up fees by half last year by reducing publication fees. Still, lowering other fees could make the cost of starting a business in Egypt comparable to Tunisia and Morocco. To start, several fees—notary fees, legal fees, chamber of commerce fees, service charges and establishment fees—are charged as a percentage of company capital. When combined, they amount to 1.1% of the capital. Yet, the services required are the same regardless of the size of the capital. Countries with the most efficient registration systems, such as Canada and Australia, charge fixed fees. Egypt could adopt this practice, establishing fixed fees based on the service rendered.

Notes

4. Data on new businesses provided by GAFI.
“The first time I applied for a building permit, I felt like I had dropped my carefully prepared files into a black hole. It took me several months to understand how the process worked. I’m not even sure I completely understand it now,” comments Hashim, a young Egyptian engineer. Magdy, a seasoned architect, still has trouble explaining the rules and regulations for obtaining a building permit after two decades in the business. “I guess it’s all about whom you know in the district and how often you’ve been through the process. I rely on my contacts to work out the details for me.” The lesson here? If you’re a first-time applicant for a building permit in Egypt, you’re out of luck.

Doing Business studies the construction industry as an example of licensing regulations that businesses face. It measures the procedures, time and cost to build a commercial warehouse; hook it up to basic utilities; and formally register it. In Cairo, the process consists of 28 procedures that take 249 days and cost 474.9% of income per capita. By contrast, in OECD countries it takes an average of 14 procedures, 153 days and 62.2% of income per capita. In the Middle East and North Africa, only Iran scores lower than Egypt.

The good news is that dealing with licenses is easier in other Egyptian cities than in Cairo (table 3.1). In fact, ranked against other regions around the world, Assiut outperforms the average country in Latin America and the Caribbean, the Middle East and North Africa, South Asia, Sub-Saharan Africa and Eastern Europe and Central Asia. Alexandria and Cairo lag behind these regions (figure 3.1). Still, Assiut can do more to facilitate the licensing process. Cutting down on pre-approval procedures and reducing the permit processing time could put Assiut on par with OECD countries.

It takes 26 procedures on average to get a construction license in Egypt. However, there are wide variations in the number of procedures necessary across governorates and districts. In Alexandria, for example, the municipal licensing office requires two additional pre-

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**TABLE 3.1**

<table>
<thead>
<tr>
<th>City</th>
<th>Procedures (number)</th>
<th>Time (days)</th>
<th>Cost (% of income per capita)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alexandria</td>
<td>30</td>
<td>207</td>
<td>474.9</td>
</tr>
<tr>
<td>Assiut</td>
<td>19</td>
<td>109</td>
<td>475.4</td>
</tr>
<tr>
<td>Cairo</td>
<td>28</td>
<td>249</td>
<td>474.9</td>
</tr>
</tbody>
</table>

Source: Doing Business database

**FIGURE 3.1**

How Egyptian cities rank globally on dealing with licenses

Source: Doing Business database
DEALING WITH LICENSES

construction procedures (figure 3.2). First, Alexandrians have to obtain a location permit—in addition to the cadastral extract required in all cities—before submitting their permit applications. This is because the zoning maps are outdated and there is no master plan. This permit alone adds 5 days to the total time to get a license.

The second procedure unique to Alexandria is the requirement for project clearance from the Ministry of Agriculture. White ants infest significant portions of land in the city. Rather than exterminating the pest themselves, the ministry officials in Alexandria inspect construction sites before excavation begins to make sure that builders have dealt with the ant problem. Ants end up being a costly and time-consuming factor every time a business decides to start a construction project.

In Assiut there are only two inspections from the municipality—one after laying the foundations and one after construction is completed. Compare this to Cairo and Alexandria, where inspectors sometimes visit a construction site every week—11 times on average—for a 30-week construction project. When asked about the inspections in his district of Cairo, one municipal administrator admits: “The process is random. An inspector can decide to visit a site on his way home from work as often as every week.” Random inspections waste municipal resources and offer opportunities for bribes. The authorities lose out because they cannot systematically monitor the structural soundness of their buildings and businesses lose time and money every time they have to stop construction to pay off an inspector.

The construction regulations themselves are one of the main causes of the delays. Law 106 of 1976 and Law 101 of 1997 stipulate a 30-day statutory time limit for municipal authorities to issue a building permit. Does this put Egypt on par with France or Spain, countries that introduced a 30-day statutory time limit for issuing building permits in 2006? Definitely not. In Egypt, a builder submits the application for a building permit at the municipal licensing office and then requests pre-approval project clearances from various government agencies such as the water authority, the electricity authority, the tax authority and civil defense. However, the municipality does not start counting the 30 days until all pre-approval procedures are completed. Moreover, municipal officials can indefinitely delay the issuance of the building permit beyond the statutory limit. As a result, it takes an average of 90 days to obtain a building permit in each of the three cities from the submission of the application to the issuance of the permit. Experiences from around the world show that statutory time limits are more effective when coupled with “silence is consent” rules. The latter keep bureaucrats on track and lessen the chances of lost or neglected permit applications and endless delay tactics.

Pre-approval clearances are another cause of delay in Egyptian cities. For example, obtaining a clearance from civil defense typically takes 60 days in Cairo, 45 days in Assiut and 30 days in Alexandria. Only a handful of countries in the world even require an approval from the civil defense agency or local police to obtain a building permit. Lebanon, Mauritania, Russia, Tunisia and Turkey are in this group. None of them belongs to the top 25 countries on the ease of dealing with licenses.

The cost of dealing with licenses is the same in Cairo and Alexandria—474.9% of income per capita. Costs are only slightly higher in Assiut—475.4% of income per capita, where municipal authorities charge a small fee of 20 Egyptian pounds for every inspection.

Two reforms in 2 years significantly cut construction-related licensing costs for builders. First, building permit fees dropped from 1% to 0.2% of the building value in early 2006. Second, Law 83 of 2006 amended Law 70 of 1964 governing notarization and registration costs at the real estate registry. Previously, registering a newly constructed building cost 3% of the building value. Law 83 introduced a low flat fee of 2,000 Egyptian pounds (US$ 348) to register a property or building. Combined, the reforms have led to cost reductions of almost 700% of income per capita (figure 3.3).

There are other initiatives underway in various cities to reform the licensing process. In Cairo, three districts launched pilot one-stop shops in 2006. These one-stop shops are examples of how Egypt’s cumbersome permitting process could be improved. Applicants
enter the district of Maadi’s one-stop shop and almost forget that they are in a government office. Inside the air-conditioned and organized room, applicants encounter a modern client attention center, including LCD panels displaying registration numbers and flashing tips for applicants. More disarming, however, are the friendly faces behind the glass windows—Egyptian officials offering fast service with a smile. “After 6 months of computer and customer service training, I’m ready to start work and do my best to facilitate the process for citizens,” comments Rawya, a newly trained employee at the one-stop shop. Applicants submit their applications at one window. Then they make their payments and receive a registration number to track their application. To cite the district head, “This system removes the possibility of ‘wasta’ (connections)—it will no longer matter whom you know in the licensing office.”

What to reform?

Create one-stop shops for licenses and permits

There is no need to re-invent the wheel: one-stop shops work. Governorates and the Ministry of Housing, Utilities and Urban Communities can find inspiration in GAFI one-stop shops for business start-ups. The reduction in procedures, time and cost are proof that the single window principle is especially effective in Egypt, where a complex system of approvals permeates most facets of doing business.

The challenge is convincing the various agencies like Civil Defense, the Tax Authority and utility authorities to send a representative to a centralized location. The current system does not allow governors to request staff from the central agencies. Meanwhile, ministries are reluctant to shift their employees to the municipalities on a permanent basis. One solution would be to work out a part-time system, whereby representatives from the different agencies work at the one-stop shop a few times a week. GAFI set up such an agreement with the Ministry of Defense, and now a ministry representative is available at the one-stop shop twice a week.

Make the permitting process transparent

The licensing one-stop shop facility in the Maadi district of Cairo prominently displays billboards featuring the building permit requirements. The billboards allow business owners to access the information they need after working hours. But builders need more than a checklist of required documents. They need to understand how the process works. In 2001, the municipal authorities in Riga (Latvia) created a step-by-step guide with a list of required documents and flowcharts showing which offices to visit and their addresses and working hours. This manual helped cut 2 months off of what used to be a 2-year process. Following the Latvian example would give builders in Egypt confidence and trust in the construction permit process and empower them to demand the enforcement of statutory time limits.

Computerize licensing applications and processing

The governorate of Assiut and the Ministry of Housing, Utilities and Urban Communities list the requirements to obtain a building permit on their respective web sites. This is not the case in Alexandria. Information about the procedures and process for obtaining a building permit helps businesses with their project planning. In Oman and Singapore, free downloadable application forms and online documentation processing save builders time and money. In Egypt, having forms online can save businesses at least one trip to the municipality—that can mean a whole afternoon not wasted in traffic.

Introduce risk-based inspections

Countries with a system of risk-based inspections have fewer inspections than countries with random inspections. Countries with risk-based inspections do not compromise the general safety of their citizens. Instead of visiting the site at whim, inspectors stick to a schedule based on the completion of each construction phase. In countries as diverse as Finland and Nigeria, certified testing companies conduct testing only after major stages of the construction project are completed. In
Singapore, engineers and technical experts are trained to become “qualified experts.” These experts are employed by private companies, but have a professional duty to the state to inspect construction sites and report any safety breaches they find.

**Digitize zoning maps**

Governorates should digitalize zoning maps and cadastral records and update them regularly so that businesses do not need to obtain zoning permits and cadastral extracts prior to applying for a building license. No European Union country requires a zoning permit or a cadastral extract to submit a building permit application.
"My house is mine and not mine. It is mine because I inherited it from my father. It is not mine because it is not registered in my name. I cannot spend 6 months without work in order to go through the property registration process. My mother works at home. I often worry that people will seize my house when I’m away." So says Hani, who sells newspapers in the streets of Cairo.

Countries that make property registration simple, fast and reasonably priced have more properties registered formally. That leads to greater access to finance and greater opportunities to invest.1 Country experience shows the benefits of formalizing titles. According to a recent study in Peru, property titling increases total labor force working hours by reallocating work hours from inside the home to the formal labor market.2 Another study, in Argentina, found up to 47% higher investment rates when properties are formally registered.3 Similar research in Peru showed a 60% increase.4

New Zealand is the world’s best performer in property registration: the entire process can be completed with 2 online procedures at a cost of 0.1% of the property value. Lawyers certify land transfer documents on behalf of their clients and submit them electronically for registration. Confirmation is returned within minutes. But this efficiency is not limited to OECD countries—some of the countries in the Middle East and North Africa are not far behind. In Oman it takes 2 procedures and 16 days to transfer a property from one domestic private company to another. In contrast, Egypt, as represented by Cairo in the global Doing Business report, ranks low on the ease of registering property in the world—101 out of 178 countries.

While the same 7 procedures are required to register property nationwide, the time and cost to register property vary across governorates due to different local practices. Registering property is easiest in Assiut—with 33 days at a cost of 0.7% of property value. An entrepreneur in Alexandria spends 5 months to do the same. In Cairo, registering property is the most challenging—it takes 193 days and costs 1.0% of property value (table 4.1).

The example of well-performing Assiut shows that districts and governorates can look for good practices within Egypt—not just internationally. If other locations were to adopt Assiut’s time and cost to register property, Egypt would climb 50 places in the global ranking regarding timely and inexpensive property registration, comparable to Germany.

In Alexandria and Cairo, the longest procedure is the drafting and approval of the purchase and sales contract by the lawyers syndicate. The entrepreneur has to wait 1-and-a-half months in Alexandria and more than 2 months in Cairo. Then it takes another month in both cities for the contract to be signed at the real estate registry. Compare that with Assiut where both procedures can be completed in 12 days (figure 4.1). Having the site

<table>
<thead>
<tr>
<th>Table 4.1</th>
<th>Where is it easy to register property—and where not?</th>
</tr>
</thead>
<tbody>
<tr>
<td>City</td>
<td>Procedures (number)</td>
</tr>
<tr>
<td>Alexandria</td>
<td>7</td>
</tr>
<tr>
<td>Assiut</td>
<td>7</td>
</tr>
<tr>
<td>Cairo</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: Doing Business database
REGISTERING PROPERTY

13

inspected and obtaining the inspection report are other sources of delay—it takes the measurement department one month to do the inspection in Cairo and additional 42 days to issue the inspection report. In Alexandria, the two procedures take a little over 2 months. The causes of the delay in Alexandria and Cairo include lack of qualified personnel and outdated or inadequate equipment. In Assiut, the longest delay is at the real estate registry—almost half of the total time needed to register property.

It is also cheaper to complete all registration procedures in Assiut—0.7% of property value as compared to 1% in both Alexandria and Cairo. One of the reasons are lower legal costs in Assiut. Theoretically, drafting the final sales contract at the lawyers syndicate costs 0.5% of property value (capped at 5,000 Egyptian pounds) in any Egyptian city. In practice, the lawyers syndicate in Assiut accepts a lower rate, 500 Egyptian pounds on average.

The increase in revenue from new registrations can make up for the reduction in fees to register property, as the recent reform in Egypt shows. One year ago, registering a property in Cairo cost 5.9% of property value. Ninety percent of properties were either not registered or registered at below market values. Then the government decided to lower the rate. Today, it costs 1% of property value—one-fifth of the cost in Casablanca. As a result, revenues from title registrations rose by 39% between the 6 months before the reform and the 6 months after (figure 4.2).

How did this happen? A property registration reform working group was created to look at how fees could be lowered. With the stroke of a pen, they converted the registration fee paid by the buyer to obtain the contract from the real estate registry from 3% of the property value to a low fixed fee schedule capped at 2,000 Egyptian pounds. Other fees were abolished too—such as the fee charged when submitting the request for registration to the real estate registry, the 500 Egyptian pounds to get the property inspected by the measurement department and the 10,000 Egyptian pounds to obtain the inspection report. As a result, the total cost to register dropped from 5.9% to 1%. This reform made Egypt the top reformer in the Middle East and North Africa. The reform paid off: property registration increased in both urban and rural areas in the 5 months after the reform (figure 4.3).
What to reform?

Simplify and combine procedures

Each procedure can cause corruption and delays. Global data show that there is no need to have 7 separate procedures to register a property. The procedures related to obtaining the contract from the real estate registry, signing it, and picking up the new title could easily be combined. Egyptian cities could look to Armenia, Croatia, Ghana and the Dominican Republic as recent examples of successful reforms.

Publicize reforms

Entrepreneurs in Assiut continue to pay property registration fees that have been officially abolished with the reforms in 2006. For example, an entrepreneur in Assiut is charged 3 Egyptian pounds for submitting the registration request to the real estate registry, 250 Egyptian pounds for getting the property inspected by the measurement department, and 30 Egyptian pounds for signing the contract at the real estate registry. This is because she is not aware of the reforms. Effectively communicating central reforms to governorates and districts and keeping local personnel informed should be a priority.

Keep registry records updated and continue to digitize records

Keeping records updated would cut the need for a new valuation and site inspection by the measurement department each time a property is transferred. Countries that transfer records from paper to electronic form benefit from shorter processing times. Going electronic makes it easier to identify errors and overlapping titles, improving title security. Electronic records would solve the numbering and filing problems in Assiut and provide a better organizational framework for Alexandria.

Introduce fast-track procedures

An important percentage of the property registration time is spent in the real estate registry. Fast-track procedures help prioritize the work of the registry and allow entrepreneurs to focus on their business. Another approach to expedite registration is to set time limits at the registry. This works best when registrars are evaluated in their staff evaluation on whether they meet agreed targets.
With improvements in 5 of the 10 topics studied by Doing Business, Egypt became the top reformer for 2006/07. Three of these topics are studied in more detail at the subnational level in previous chapters. This chapter describes reforms in other Doing Business areas undertaken by the central government in recent years.

Egypt made access to credit easier by establishing a private credit bureau. It promoted corporate governance by becoming the first country in the Middle East to draft a voluntary corporate governance code for companies listed on the stock exchange. It made it easier for businesses to pay taxes by reducing tax rates, simplifying tax compliance, reforming tax inspections and adopting the presumption that taxpayers are honest. The Egyptian government also worked hard to encourage trading across borders by reforming customs and increasing port efficiency.

**Getting credit**

“The greatest obstacle to starting a business in Egypt is getting the money for it,” comments Ziad, a young entrepreneur attempting to start his own business. “There are thousands of gaps in the Egyptian market waiting for entrepreneurs to fill, but getting the financing is impossible.” One of the reasons is that banks do not have enough information on the credit history of potential clients—they cannot distinguish between low-risk and high-risk borrowers. They end up rationing credit or charging high interest rates.

Access to credit may be expanded significantly with the help of credit registries— institutions that collect and distribute credit information on borrowers. The information-sharing role of credit registries helps lenders assess risk and allocate credit more efficiently, which means that entrepreneurs do not need to rely on personal relations when trying to obtain credit. Lenders can look at a borrower’s credit history in deciding whether to extend credit and what interest to charge—for banks, past payment behavior is the best indicator of future payment behavior.

Where credit registries and effective collateral laws are lacking—as they are in most poor countries—banks make fewer loans. Credit to the private sector averages 8% of GDP in the 10 economies ranking at the bottom on how well credit registries and collateral laws facilitate credit markets. In the top 10 economies, it exceeds 130% of GDP.

**FIGURE 5.1Credit information reform—faster in the Middle East**

<table>
<thead>
<tr>
<th>Region</th>
<th>2005/06</th>
<th>2006/07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle East &amp; North Africa</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Eastern Europe &amp; Central Asia</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Latin America &amp; Caribbean</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>South Asia</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>East Asia &amp; Pacific</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>OECD high income</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

Source: Doing Business database.
Expanding the set of information collected in credit registries was the most popular credit-related reform in 2006/07. The Middle East and North Africa implemented the most reforms in this area—with 5 countries launching credit bureaus or improving existing ones (figure 5.1). Egypt is a good example.

The Egyptian banking federation has long pushed for the creation of a private credit bureau. Initially, the idea was to create the credit bureau within the Central Bank. However, a change in the Central Bank’s leadership changed the course of the reform. The new chairman, Farouk El Okdah, decided that Egypt would follow the global trend and outsource the credit bureau to the private sector. This would allow the Central Bank to focus on supervision and regulation. In January 2006, the board of directors of the Central Bank issued rules and regulations for private credit bureaus, granting the new credit bureau—named “I-score”—a license to operate. The company was legally established in late 2005. The Social Fund for Development and 25 banks are all equal shareholders in the bureau.

The credit bureau uses the data-sharing mechanism already established between commercial banks and the Central Bank. This approach avoids duplicating investments in data transmission technology. To jump-start operations, the bureau initially concentrated on obtaining credit information from the 9 main banks, representing around 70% of the credit market. “I-score” then turned to consumer associations, which agreed to guarantee borrowers access to their credit records. Most recently, telecommunication firms agreed to supply information too. Throughout the process, the bureau focused on building a strong network with the most accurate data possible.

Almost 2 years after the decision was taken to launch a private credit bureau, “I-score” is starting to show signs of life. According to the bureau’s managing director, Mohamed Refaat, “the biggest lesson we take away from this experience is the importance of doing things in parallel rather than sequentially. It was important for us to work on several different fronts at the same time.” The results of this approach have been impressive, but more remains to be done. Data quality issues have slowed down the issuance of credit reports and a targeted public awareness campaign is yet to be launched. Nevertheless, Egypt’s first credit bureau has the potential to become a powerful tool to improve access to credit in Egypt.

Protecting investors

A good way for companies to get the cash they need to expand is to sell company stock to equity investors. This requires good corporate governance so that investors can provide financing without needing to oversee daily business operations. But minority shareholder protections continue to be weak in the Middle East and North Africa and local entrepreneurs face major challenges to get equity capital. For example, on one measure of investor protections, the ease of shareholder suits, Iran scores zero out of 10, Morocco scores 1 and the United Arab Emirates 2. Egypt does better—it scores 5.

The “protecting investors” index measured by Doing Business takes a common case of self-dealing—the use of corporate assets for personal gain. Three indices of investor protection are constructed based on three groups of questions: Do minority shareholders learn about the related-party transaction and the conflict of interest? If they are harmed, what can they do about it? And finally, if they were to sue, how would they go about proving their case? All three indices—the extent of disclosure index, the extent of director liability index and the ease of shareholder suits index—vary from 0 to 10, with higher values indicating more protections or higher disclosure.

Rather than making legal changes, Egyptian authorities have focused on raising awareness about the rights that investors have under existing laws. The laws do offer some strong protections, for example, the rights of minorities to request that the company open its books to investor scrutiny. This helps investors know what stakes directors have in proposed deals, so that they can stop potentially harmful activities or sue for damages. Sharing information with investors is one of the key building blocks in protecting minority shareholders. But disclosure alone is not enough. Equally important is that looting by corporate insiders be punished.

Egypt relies more on public regulators than private lawsuits to enforce investor rights. The securities regulator—Capital Market Authority—functions as a special court for shareholder disputes. Shareholders with 5% of share capital can file a complaint. The Authority has the power to suspend shareholder resolutions that unfairly favor a group of shareholders. Since 1995, shareholders submitted 50 complaints to the Authority and its board ruled in favor of the petitioning shareholders 29 times.

Relying on public regulators does not replace the courts. It is important for unhappy investors to be able to sue managers directly for misdeeds—including
improper personal gains, oppression of minority shareholder interests and negligence in running the company. In Egypt, the existing legal framework needs upgrading. Only then will investors feel they can rely on the strength of the law to bring suit before a court and win.

Protecting investors against self-dealing is just one corporate governance issue, albeit an important one. Other investor protections—the election of directors, disclosure of remuneration or rules on takeover bids—are also important. Minority shareholders are not protected in takeover transactions involving 66%–76% of shares, for example, because the buyer is not required to make a mandatory tender offer to all shareholders.

Some years ago, Egypt became the first country in the Middle East to draft a voluntary corporate governance code for companies listed on the stock exchange. In 2005, the corporate governance code for private enterprises was issued. In 2006, a code of corporate governance for public enterprises was also issued.

The government has also created an Institute of Directors, sponsored by the Ministry of Investment, to train directors and raise awareness. Global experience suggests that government ownership can undermine the private sector culture that can best reach the intended audience—corporate directors and business owners.

The disclosure and approval of related-party transactions as well as the private rights of action for minority shareholders are important for developing strong equity markets. Countries that provide both protections have larger and more active stock markets, smaller block premiums and more new listings (figure 5.2). In addition, reforms that counter self-dealing are associated with higher equity returns. Investors look for upside potential, and they find it in reforming markets (figure 1.3).

**Paying taxes**

When it comes to taxes, there is always something to complain about. But taxes are essential. Without them there would be no money to build schools, hospitals, courts, roads, airports or other infrastructure that help business to be more productive and society to be better off. Despite the fact that tax reforms attract intense political debate, they are widespread. The second most popular reform reported by Doing Business 2008 is in the area of paying taxes. Compared globally, business taxes are lowest in the Middle East and North Africa. Still, some countries are better at collecting taxes than others.

Egypt ranks 150 out of 178 economies around the world on the ease of paying taxes. Yet, it is also accomplishing much reform in little time.

Egypt started to reform its tax system in 2004, with the aim of attracting new taxpayers into the system. This was to be achieved by lowering tax rates, eliminating exemptions, simplifying compliance, reducing the discretionary power of tax inspectors and trusting the taxpayer to act lawfully, but imposing harsh penalties otherwise. All this was done in just 1 year (figure 5.3).

In 2005, the Egyptian parliament approved Law 91/2005. It decreed that companies across the board would pay 20% tax on profit. Tax holidays and exemptions were eliminated. The withholding tax on interest and royalties was reduced to a 20% flat rate. The personal income tax was changed in the same law. In addition to lower tax rates, tax administration was made easier and more transparent. Under the old law, the taxpayer was considered guilty until proven innocent. Now, it is the other way around. The system places trust in the taxpayer, but noncompliance can mean the payment of harsh fines or even jail time.
Changing from administrative assessment to self-assessment meant a whole new way of doing business for the tax authority. The major challenge was implementing the reform. There was a perceived loss of control, and mid-level management had to be convinced that the changes were positive. Taxpayers also encountered problems. They were used to being told what to pay. Now they had to compute the tax obligation themselves. Some found it difficult to complete the tax forms. Mistakes were common. Several sections of the form were left blank, because the taxpayers did not know how to complete them and many tax officers were unable to explain the changes.

To address these challenges, the Ministry of Finance launched one of the most comprehensive and widespread public awareness campaigns in Egyptian history. In the meantime, the tax authority extended the filing period, so that people could correct their mistakes without having to pay fines. The pay-off was immediate: more than 2.5 million taxpayers submitted their tax returns, up from 1.7 million in 2005. Tax revenues increased from 7% of GDP to 9%.8

In 2006, the Ministry of Finance continued its efforts to reduce the tax burden by abolishing the tax on check transactions. It also passed a stamp duty law which lowered the stamp duty rate on advertising from 36% to 15%, cut the number of tax payments by 5 and decreased the total tax rate on a medium-size limited company 2.5 percentage points. A new VAT law is expected to be approved by the end of 2008.

One unintended consequence of the reforms was an increase in the time that taxpayers spent preparing their tax forms. Taxpayers now fill out 42 pages of information compared to the 25-page tax return they filled out in 2005. “The new corporate tax return is larger and more complex than the previous one,” complained one accountant in Alexandria.

Trading across borders

Easing trade across borders can diversify exports and boost employment.9 Much is lost from delays in trading. Each day that an export product is delayed reduces exports by more than 1%. For time-sensitive agricultural products, reducing delays by 10% increases exports by more than 30%.10 Complicated trading procedures also inhibit investment: in a survey of large European multinational corporations, 65% indicated that they would add new investments in Africa and the Middle East if trade was easier.11 For now, many multinationals opt to locate closer to home, in Eastern Europe. One example: in 2005 Tunisia lost a bid for a new factory for a German car manufacturer—and the 1,700 jobs it would have created. Romania was chosen instead.12

Egyptian government agencies and traders used to blame each other for the excessive time goods spent in port. Traders claimed that customs inspections by the General Organization on Export and Import Control and other port procedures were at fault. Government agencies accused traders for not understanding the rules or failing to comply with their requirements. The reality was that goods sat in the ports for weeks undergoing multiple requirements and paperwork—some 45 different procedures and 24 signatures were required to release goods from Egyptian customs in 2003.

In November 2004, the Ministry of Trade and In-
dustry appointed a new customs commissioner and gave more autonomy to the customs reform unit to implement changes. Immediate reforms reduced and simplified tariffs, eliminated service fees and surcharges and reduced the number of signatures required for customs clearance. The new commissioner also started to engage the private sector—brokers, shippers, small importers, freight forwarders, business associations—in planning and sequencing longer-term reforms.

First, customs and the General Organization on Export and Import Control streamlined their regulations into a single set of executive regulations enacted in 2006. The Ministry of Trade and Industry revamped Egypt’s export and import regulations. Second, customs underwent an internal reorganization to become more efficient. The reform made it possible to obtain the provisional customs release order even before the goods arrived. Third, risk management—basing the decision to inspect on a series of risk factors—started to become part of the clearance process, reducing physical customs inspections. Fourth, a new system created for the 500 largest importers transferred the risk analysis for these importers from “transaction by transaction” to “company by company.”

Reform efforts continued in 2006/07, as new logistic areas acting as one-stop shops were launched for traders at the ports. Further, the selective cargo inspection regime was broadened, the port facilities at Domiat and Alexandria were enhanced and electronic tracking systems were installed at the ports. Customs officials are now being trained systematically, cutting customs administration time for export by 1 day.

The Egyptian government has worked hard to shorten the time goods spend at the border. The results are starting to show. Of the 10 indicators measured by Doing Business, Egypt performs best on the ease of trading across borders—ranking 26 out of 178 countries. Three years ago, exporting a container from the port of Alexandria would have required on average 8 documents, 27 days and US$ 1,014. Today, exporting the same container requires on average 6 documents, 15 days and US$ 714 (figure 5.4). Egypt has made remarkable strides, but it must remember not to be complacent—25 spots still remain to get to the level of Singapore, the global best.

**Notes**

4. A related-party transaction is a transaction between a director or controlling shareholder and the company, such as the example considered by Doing Business.
Data notes

Starting a business
Dealing with licenses
Registering property
Getting credit
Protecting investors
Paying taxes
Trading across borders

The indicators presented and analyzed in *Doing Business in Egypt 2008* measure government regulation and the protection of property rights—and their effect on businesses, especially small and medium-size domestic firms. First, the indicators document the degree of regulation, such as the number of procedures to start a business or register commercial property. Second, they gauge regulatory outcomes, such as the time and cost to enforce a contract. Third, they measure the extent of legal protections of property, for example, the scope of assets that can be used as collateral according to secured transactions laws. The data for all sets of indicators in *Doing Business in Egypt 2008* are for July 2007. In this project, *Doing Business* indicators have been created for three of the country’s governorates: Cairo, Alexandria and Assiut. *Doing Business in Egypt 2008* also provides information on reform efforts undertaken by the Egyptian government in recent years that affect other *Doing Business* topics: getting credit, protecting investors, paying taxes and trading across borders. The data presented in this report is based on the global report *Doing Business in 2008*.

Methodology

Based on the study of laws and regulations—with input and verification by more than 70 lawyers, construction experts, accountants, businesspeople and public officials routinely administering or advising on legal and regulatory requirements—the *Doing Business* methodology offers several advantages. It uses factual information about what laws and regulations say and allows for multiple interactions with local respondents to clarify potential misinterpretations of questions. Having representative samples of respondents is not an issue, as the texts of the relevant laws and regulations are collected and answers checked for accuracy. The methodology is inexpensive, so data can be collected in a large sample of economies—178 published in the global report *Doing Business* in 2008 and the 2 cities in Egypt for this report. Because the same standard assumptions are applied in the data collection, which is transparent and easily replicable, comparisons and benchmarks are valid across countries and states. And the data not only highlight the extent of obstacles but also help identify their source, supporting policymakers in designing reform.

Limitations to what is measured

The *Doing Business* methodology has 5 limitations that should be considered when interpreting the data. First, the collected data refer to businesses in the selected cities and may not be representative of regulatory practices in other parts of the state. Second, the data often focus on a specific business form—a limited liability company of a specified size—and may not be representative of the regulation on other businesses, for example, sole proprietorships. Third, transactions described in a standardized case study refer to a specific set of issues and may not represent the full set of issues a business encounters. Fourth, 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 in Egypt 2008* represent the median values of several responses given under the assumptions of the standardized case. Finally, the methodology assumes that the business has full information on what is required and does not waste time in completing procedures. In practice, completing a procedure may take longer if the business lacks information or is unable to follow up promptly.
Data corrections

Questions on the methodology and challenges to data may be submitted through the “Ask a Question” function on the Doing Business website at http://www.doingbusiness.org. Updated indicators, as well as any revisions of or corrections to the printed data, are posted on the website.

Economy characteristics

Exchange rate

The exchange rate used in this report is 1 USD = 5.75 EGP.

Gross national income (GNI) per capita

Doing Business in Egypt 2008 reports 2006 income per capita as published in the World Bank’s World Development Indicators 2007. Income is calculated using the Atlas method (current USD). For cost indicators expressed as a percentage of income per capita, 2006 GNI in local currency units is used as the denominator.

Population


Assumptions about the Business

The business:

- Is a limited liability company. If there is more than one type of limited liability company in the country, the most popular limited liability form among domestic firms is chosen. Information on the most popular form is obtained from incorporation lawyers or the statistical office.
- Operates in the selected cities.
- Is 100% domestically owned and has 5 owners, none of whom is a legal entity.
- Has start-up capital of 10 times the country’s income per capita at the end of 2006, paid in cash.
- Performs general industrial or commercial activities, such as the production or sale of products and/or services to the public. It does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. The business is not using heavily polluting production processes.
- Leases the commercial plant and 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 nationals.
- Has a turnover at least 100 times the state’s income per capita.
- Has a company deed 10 pages long.

Procedures

A procedure is defined as any interaction of the company founder 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 are counted as separate procedures. 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. If the services of professionals are required, procedures conducted by such professionals on behalf of the company are counted separately. Both pre- and post- incorporation procedures that are officially required for an entrepreneur to formally operate a business are recorded (table 6.1).

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 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. Although procedures may take place simultaneously, they cannot start on the same day (that is, simultaneous procedures start on consecutive days). A procedure is considered completed once the company has received the final document, such as the company registration certificate or tax number. If a procedure can be accelerated for an additional cost, the fastest procedure is chosen. 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 gathering information is ignored. It is assumed that the entrepreneur is aware of all entry regulations 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 country’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. 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.

**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 country’s income per capita. The amount is typically specified in the commercial code or the company law. Many countries have a minimum capital requirement 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 Germany in June 2007 the minimum capital requirement for limited liability companies was €25,000, of which at least €12,500 was payable before registration. The paid-in minimum capital recorded for Germany is therefore €12,500, or 42.8% of income per capita. In Serbia the minimum capital requirement was €500, of which only half needed to be paid before registration. The paid-in minimum capital recorded for Serbia is therefore €250, or 8% of income per capita.

This methodology was developed in Djankov and others (2002) and is adopted here with minor changes.

**Dealing with licences**

*Doing Business in Egypt 2008* records all procedures required for a business in the construction industry to build a standardized warehouse. These procedures include submitting all relevant project-specific documents (for example, building plans and site maps) to the authorities; obtaining all necessary clearances, licenses, permits and certificates; completing all required notifications; and receiving all necessary inspections. *Doing Business* also records procedures for obtaining all utility connections. Procedures necessary to register the property so that it can be used as collateral or transferred are also counted. The survey divides the process of building a warehouse into distinct procedures and calculates the time and cost of completing each procedure in practice under normal circumstances.

Information is collected from experts in construction licensing, including architects, construction lawyers, construction firms, utility service providers and public officials who deal with building regulations, including approvals and inspections. To make the data comparable across countries, several assumptions about the business, the warehouse project and the procedures 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 20 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 and registered with the local association of architects.
- 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 insurance).
- Owns the land on which the warehouse is built.

Assumptions about the warehouse project

The warehouse:
- Has 2 stories, both above ground, with a total surface of approximately 14,000 square feet (1,300.6 square meters). Each floor is 9 feet, 10 inches (3 meters) high.
- Has road access and is located in the periurban area of the country’s most populous city (that is, is on the fringes of the city but still within its official limits). It is not located in a special economic or industrial zone.
- Is located on a land plot of 10,000 square feet (929 square meters) that is 100% owned by BuildCo and is 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 be connected to the following utilities—electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to each utility network will be 32 feet, 10 inches (10 meters) long.
- Will require a 10-ampere power connection and 140 kilowatts of electricity.
- Will require up to 100 cubic meters of water daily.
- 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.
- Will include all technical equipment required to make the warehouse fully operational.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

Procedures

A procedure is any interaction of the company’s employees or managers with external parties, including government agencies, notaries, the land registry, the cadastral, utility companies, public 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. Procedures that the company undergoes to connect to electricity, water, sewerage and phone services are included. All procedures that are legally or in practice required for building a warehouse are counted, even if they may be avoided in exceptional cases.

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. If a procedure can be accelerated legally for an additional cost, 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 country’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; getting utility connections; and registering the warehouse property. Nonrecurring taxes required for the completion of the warehouse project also are recorded. 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.

Registering property

Doing Business in Egypt 2008 records the full sequence of procedures necessary when a business purchases land and a building to transfer the property title from another business so that the buyer can use the property for expanding its business, as collateral in taking new loans or, if necessary, to sell to another business. 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.

To make the data comparable across countries, 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 country’s selected cities.
- 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 6,000 square feet (557.4 square meters). A 2-story warehouse of 10,000 square feet (929 square meters) is located on the land. The warehouse is 10 years old, is in good condition and complies with all safety standards, building codes and other legal requirements. 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 (legal or illegal), 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 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. 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 it does not employ an outside facilitator in the registration process unless legally or in practice required to do so (table 6.2).

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. Although procedures may take place simultaneously, they cannot start on the same day. 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 regulations 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.

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**TABLE 6.2**

<table>
<thead>
<tr>
<th>What does registering property measure?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Procedures to legally transfer title on real property</strong></td>
</tr>
<tr>
<td>• Preregistration (checking for liens, notarizing sales agreement)</td>
</tr>
<tr>
<td>• Registration in the economy’s most populous city</td>
</tr>
<tr>
<td>• Postregistration (paying taxes, filing title with municipality)</td>
</tr>
<tr>
<td><strong>Time required to complete each procedure</strong></td>
</tr>
<tr>
<td>• Does not include time spent gathering information</td>
</tr>
<tr>
<td>• Each procedure starts on a separate day</td>
</tr>
<tr>
<td>• Procedure completed once final document is received</td>
</tr>
<tr>
<td>• No prior contact with officials</td>
</tr>
<tr>
<td><strong>Cost required to complete each procedure</strong></td>
</tr>
<tr>
<td>• Official costs only, no bribes</td>
</tr>
<tr>
<td>• No value added or capital gains taxes included</td>
</tr>
</tbody>
</table>

Source: Doing Business database.
Getting credit

Doing Business constructs measures of the legal rights of borrowers and lenders and the sharing of credit information. The first set of indicators describes how well collateral and bankruptcy laws facilitate lending. The second set measures the coverage, scope, quality and accessibility of credit information available through public and private credit registries.

The data on the legal rights of borrowers and lenders are gathered through a survey of financial lawyers and verified through analysis of laws and regulations as well as public sources of information on collateral and bankruptcy laws. The data on credit information sharing are built in 2 stages. First, banking supervision authorities and public information sources are surveyed to confirm the presence of public credit registries and private credit information bureaus. Second, when applicable, a detailed survey on the public or private credit registry’s structure, law and associated rules is administered to the credit registry. Survey responses are verified through several rounds of follow-up communication with respondents as well as by contacting third parties and consulting public sources. The survey data are confirmed through teleconference calls or on-site visits in all countries.

Strength of legal rights index

The strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. The index includes 7 aspects related to legal rights in collateral law and 3 aspects in bankruptcy law. A score of 1 is assigned for each of the following features of the laws:

- General rather than specific description of assets is permitted in collateral agreements.
- General rather than specific description of debt is permitted in collateral agreements.
- Any legal or natural person may grant or take security in the property.
- A unified registry operates that includes charges over movable property.
- Secured creditors have priority outside of bankruptcy.
- Secured creditors, rather than other parties such as government or workers, are paid first out of the proceeds from liquidating a bankrupt firm.
- Secured creditors are able to seize their collateral when a debtor enters reorganization; there is no “automatic stay” or “asset freeze” imposed by the court.
- Management does not stay during reorganization. An administrator is responsible for managing the business during reorganization.
- Parties may agree on out-of-court enforcement by contract.
- By law, and without the need for a contract, creditors may both seize and sell collateral out of court without restriction.

The index ranges from 0 to 10, with higher scores indicating that collateral and bankruptcy laws are better designed to expand access to credit.

Depth of credit information index

The depth of credit information index measures rules affecting the scope, accessibility and quality of credit information available through either public or private credit registries. A score of 1 is assigned for each of the following 6 features of the public registry or the private credit bureau (or both):

- Both positive credit information (for example, loan amounts and pattern of on-time repayments) and negative information (for example, late payments, number and amount of defaults and bankruptcies) are distributed.
- Data on both firms and individuals are distributed.
- Data from retailers, trade creditors or utility companies as well as financial institutions are distributed.
- More than 2 years of historical data are distributed. Registries that erase data on defaults as soon as they are repaid obtain a score of 0 for this indicator.
- Data on loans below 1% of income per capita are distributed. A registry must have a minimum coverage of 1% of the adult population to score a 1 for this indicator.
- By law, borrowers have the right to access their data in the largest registry in the country.

The index ranges from 0 to 6, with higher values indicating the availability of more credit information, from either a public registry or a private bureau, to facilitate lending decisions. If the registry is not operational or has coverage of less than 0.1% of the adult population, the score on the depth of credit index is 0.

In Turkey, for example, both a public and a private registry operate. Both distribute positive and negative information (a score of 1). The private bureau distributes data only on individuals, but the public registry covers firms as well as individuals (a score of 1). The public and private registries share data among financial institutions only; no data are collected from retailers or utilities (a score of 0). The private bureau distributes more than 2 years of historical data (a score of 1). The public registry collects data only on loans of $3,493 (64% of income per capita) or more, but the private bureau collects information on loans of any value (a score of 1). Borrowers have the right to access their data in both the private and the public registry (a score of 1). Summing across the indicators gives Turkey a total score of 5.

Public credit registry coverage

The public credit registry coverage indicator reports the number of individuals and firms listed in a public credit registry with current information on repayment history, unpaid debts or credit outstanding. The number is expressed as a percentage of the adult population. A public credit registry is defined as a database managed by the public sector, usually by the central bank or the superintendent of banks, that collects information on the creditworthiness of borrowers (persons
or businesses) in the financial system and makes it available to financial institutions. If no public registry operates, the coverage value is 0.

**Private credit bureau coverage**
The private credit bureau coverage indicator reports the number of individuals and firms listed by a private credit bureau with current information on repayment history, unpaid debts or credit outstanding. The number is expressed as a percentage of the adult population. A private credit bureau is defined as a private firm or nonprofit organization that maintains a database on the creditworthiness of borrowers (persons or businesses) in the financial system and facilitates the exchange of credit information among banks and financial institutions. Credit investigative bureaus and credit reporting firms that do not directly facilitate information exchange among banks and other financial institutions are not considered. If no private bureau operates, the coverage value is 0.

This methodology was developed in Djankov, McLiesh and Shleifer (2007) and is adopted here with minor changes.

**Protecting investors**

*Doing Business* measures the strength of minority shareholder protections against directors’ misuse of corporate assets for personal gain. The indicators distinguish 3 dimensions of investor protection: transparency of related-party transactions (extent of disclosure index), liability for self-dealing (extent of director liability index) and shareholders’ ability to sue officers and directors for misconduct (ease of shareholder suits index). The data come from a survey of corporate lawyers and are based on securities regulations, company laws and court rules of evidence.

To make the data comparable across countries, several assumptions about the business and the transaction are used.

**Assumptions about the business**
The business (Buyer):

- Is a publicly traded corporation listed on the country’s most important stock exchange. If the number of publicly traded companies listed on that exchange is less than 10, or if there is no stock exchange in the country, it is assumed that Buyer is a large private company with multiple shareholders.
- Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law.
- Is a food manufacturer.
- Has its own distribution network.

**Assumptions about the transaction**

- Mr. James is Buyer’s controlling shareholder and a member of Buyer’s board of directors. He owns 60% of Buyer and elected 2 directors to Buyer’s 5-member board.
- Mr. James also owns 90% of Seller, a company that operates a chain of retail hardware stores. Seller recently closed a large number of its stores.
- Mr. James proposes to Buyer that it purchase Seller’s unused fleet of trucks to expand Buyer’s distribution of its food products. Buyer agrees. The price is equal to 10% of Buyer’s assets and is higher than the market value.
- The proposed transaction is part of the company’s ordinary course of business and is not outside the authority of the company.
- Buyer enters into the transaction. All required approvals are obtained, and all required disclosures made (that is, the transaction is not fraudulent).
- The transaction is unfair to Buyer. Shareholders sue Mr. James and the other parties that approved the transaction.

**Extent of disclosure index**
The extent of disclosure index has 5 components:

- What corporate body can provide legally sufficient approval for the transaction. A score of 0 is assigned if it is the CEO or the managing director alone; 1 if the board of directors or shareholders must vote and Mr. James is permitted to vote; 2 if the board of directors must vote and Mr. James is not permitted to vote; 3 if shareholders must vote and Mr. James is not permitted to vote.
- Whether immediate disclosure of the transaction to the public, the regulator or the shareholders is required. A score of 0 is assigned if no disclosure is required; 1 if disclosure on the terms of the transaction but not Mr. James’s conflict of interest is required; 2 if disclosure on both the terms and Mr. James’s conflict of interest is required.
- Whether disclosure in the annual report is required. A score of 0 is assigned if no disclosure on the transaction is required; 1 if disclosure on the terms of the transaction but not Mr. James’s conflict of interest is required; 2 if disclosure on both the terms and Mr. James’s conflict of interest is required.
- Whether disclosure by Mr. James to the board of directors is required. A score of 0 is assigned if no disclosure is required; 1 if a general disclosure of the existence of a conflict of interest is required without any specifics; 2 if full disclosure of all material facts relating to Mr. James’s interest in the Buyer-Seller transaction is required.
- Whether it is required that an external body, for example, an external auditor, review the transaction before it takes place. A score of 0 is assigned if no; 1 if yes.

The index ranges from 0 to 10, with higher values indicating greater disclosure. In Poland, for example, the board of directors must approve the transaction and Mr. James is not allowed to vote (a score of 2). Buyer is required to disclose immediately all information affecting the stock price, includ-
ing the conflict of interest (a score of 2). In its annual report Buyer must also disclose the terms of the transaction and Mr. James’s ownership in Buyer and Seller (a score of 2). Before the transaction Mr. James must disclose his conflict of interest to the other directors, but he is not required to provide specific information about it (a score of 1). Poland does not require an external body to review the transaction (a score of 0). Adding these numbers gives Panama a score of 4 on the extent of director liability index.

**Ease of shareholder suits index**

The ease of shareholder suits index has 6 components.

- What range of documents is available to the shareholder plaintiff from the defendant and witnesses during trial. A score of 1 is assigned for each of the following types of documents available: information that the defendant has indicated he intends to rely on for his defense; information that directly proves specific facts in the plaintiff’s claim; any information relevant to the subject matter of the claim; and any information that may lead to the discovery of relevant information.
- Whether the plaintiff can directly examine the defendant and witnesses during trial. A score of 0 is assigned if no; 1 if yes, with prior approval of the questions by the judge; 2 if yes, without prior approval.
- Whether the plaintiff can obtain categories of relevant documents from the defendant without identifying each specifically. A score of 0 assigned if no; 1 if yes.
- Whether shareholders owning 10% or less of the company’s share capital can request that a government inspector investigate the Buyer-Seller transaction without filing suit in court. A score of 0 is assigned if no; 1 if yes.
- Whether shareholders owning 10% or less of the company’s share capital have the right to inspect the transaction documents before filing suit. A score of 0 is assigned if no; 1 if yes.
- Whether the standard of proof for civil suits is lower than that for a criminal case. A score of 0 is assigned if no; 1 if yes.

The index ranges from 0 to 10, with higher values indicating greater powers of shareholders to challenge the transaction. In Greece, for example, the plaintiff can access documents that the defendant intends to rely on for his defense and that directly prove facts in the plaintiff’s claim (a score of 2). The plaintiff can examine the defendant and witnesses during trial, though only with prior approval of the questions by the court (a score of 1). The plaintiff must specifically identify the documents being sought (for example, the Buyer-Seller purchase agreement of July 15, 2006) and cannot just request categories (for example, all documents related to the transaction) (a score of 0). A shareholder holding 5% of Buyer’s shares can request that a government inspector review suspected mismanagement by Mr. James and the CEO without filing suit in court (a score of 1). And any shareholder can inspect the transaction documents before deciding whether to sue (a score of 1). The standard of proof for civil suits is the same as that for a criminal case (a score of 0). Adding these numbers gives Greece a score of 5 on the ease of shareholder suits index.
Strength of investor protection index

The strength of investor protection index is the average of the extent of disclosure index, the extent of director liability index and the ease of shareholder suits index. The index ranges from 0 to 10, with higher values indicating more investor protection.

This methodology was developed in Djankov and others (forthcoming) and is adopted here with minor changes.

Assumptions about the business

The business:

- Is a limited liability, taxable company. If there is more than one type of limited liability company in the country, the limited liability form most popular among domestic firms is chosen. The most popular form is reported by incorporation lawyers or the statistical office.
- Started operations on January 1, 2005. At that time the company purchased all the assets shown in its balance sheet and hired all its workers.
- Operates in the country’s most populous city.
- Is 100% domestically owned and has 5 owners, all of whom are natural persons.
- Has a start-up capital of 102 times income per capita at the end of 2005.
- Performs general industrial or commercial activities. Specifically, it produces ceramic flowerpots and sells them at retail. It does not participate in foreign trade (no import or export) and does not handle products subject to a special tax regime, for example, liquor or tobacco.
- Owns 2 plots of land, 1 building, machinery, office equipment, computers and 1 truck and leases 1 truck.
- Does not qualify for investment incentives or any benefits apart from those related to the age or size of the company.
- Has 60 employees—4 managers, 8 assistants and 48 workers. All are nationals, and 1 manager is also an owner.
- Has a turnover of 1,050 times income per capita.
- Makes a loss in the first year of operation.
- Has a gross margin (pretax) of 20% (that is, sales are 120% of the cost of goods sold).
- Distributes 50% of its profits as dividends to the owners at the end of the 2nd year.
- Sells one of its plots of land at a profit during the 2nd year.
- Has annual fuel costs for its trucks equal to twice income per capita.
- Is subject to a series of detailed assumptions on expenses and transactions to further standardize the case. All financial statement variables are proportional to 2005 income per capita. For example, the owner who is also a manager spends 10% of income per capita on traveling for the company (20% of the expenses are purely private, 20% for entertaining customers and 60% for business travel).

Assumptions about the taxes and contributions

- All the taxes and contributions paid or withheld in the second year of operation (fiscal 2006) are recorded. A tax or contribution is considered distinct if it has a different name or is collected by a different agency. Taxes and contributions with the same name and agency, but charged at different rates depending on the business, are counted as the same tax or contribution (table 6.3).
The number of times the company pays or withholds taxes and contributions in a year is the number of different taxes or contributions multiplied by the frequency of payment (or withholding) for each one. The frequency of payment includes advance payments (or withholding) as well as regular payments (or withholding).

**Tax payments**

The tax payments indicator reflects the total number of taxes and contributions paid, the method of payment, the frequency of payment and the number of agencies involved for this standardized case during the second year of operation. It includes payments made by the company on consumption taxes, such as sales tax or value added tax. These taxes are traditionally withheld on behalf of the consumer. Although they do not affect the income statements of the company, they add to the administrative burden of complying with the tax system and so are included in the tax payments measure.

The number of payments takes into account electronic filing. Where full electronic filing is allowed and it is used by the majority of medium-size businesses, the tax is counted as paid once a year even if the payment is more frequent. For taxes paid through third parties, such as tax on interest paid by a financial institution or fuel tax paid by the fuel distributor, only one payment is included even if payments are more frequent. These are taxes withheld at source where no filing is made by the company.

Where 2 or more taxes or contributions are paid jointly using the same form, each of these joint payments is counted once. For example, if mandatory health insurance contributions and mandatory pension contributions are filed and paid together, only one of these contributions would be included in the number of payments.

**Time**

Time is recorded in hours per year. The indicator measures the time to prepare, file and pay (or withhold) 3 major types of taxes and contributions: the corporate income tax, value added or sales tax and labor taxes, including payroll taxes and social contributions. Preparation time includes the time to collect all information necessary to compute the tax payable. If separate accounting books must be kept for tax purposes—or separate calculations made—the time associated with these processes is included. This extra time is included only if the regular accounting work is not enough to fulfill the tax accounting requirements. Filing time includes the time to complete all necessary tax forms and make all necessary calculations. Payment time is the hours needed to make the payment online or at the tax office. Where taxes and contributions are paid in person, the time includes delays while waiting.

**Total tax rate**

The total tax rate measures the amount of taxes and mandatory contributions payable by the business in the second year of operation, expressed as a share of commercial profits. *Doing Business* 2008 reports the total tax rate for fiscal 2006. The total amount of taxes is the sum of all the different taxes and contributions payable after accounting for deductions and exemptions. The taxes withheld (such as sales or value added tax or personal income tax) but not paid by the company are excluded. The taxes included can be divided into 5 categories: profit or corporate income tax, social contributions and labor taxes paid by the employer (for which all mandatory contributions are included, even if paid to a private entity such as a required pension fund), property taxes, turnover taxes and other small taxes (such as municipal fees and vehicle and fuel taxes).

Commercial profits are defined as sales minus cost of goods sold, minus gross salaries, minus administrative expenses, minus other expenses, minus provisions, plus capital gains (from the property sale) minus interest expense, plus interest income and minus commercial depreciation. To compute the commercial depreciation, a straight-line depreciation method is applied with the following rates: 0% for the land, 5% for the building, 10% for the machinery, 33% for the computers, 20% for the office equipment, 20% for the truck and 10% for business development expenses. The assumption on the interest expense was changed this year, reducing the value of this expense. Commercial profits therefore changed from 57.8 times income per capita to 59.4 times.

The methodology is consistent with the calculation of total tax contribution by PricewaterhouseCoopers. The total tax contribution measures the taxes that are borne by companies and affect their income statements, as in *Doing Business*. However, PricewaterhouseCoopers bases its calculation on data from the largest companies in the country, while *Doing Business* focuses on a standardized medium-size company.

This methodology was developed in Djankov and others (2007).
Trading across borders

Doing Business compiles procedural requirements for exporting and importing a standardized cargo of goods by ocean transport. Every official procedure for exporting and importing the goods is recorded—from the contractual agreement between the 2 parties to the delivery of goods—along with the time and cost necessary for completion. All documents required for clearance of the goods across the border are also recorded. For exporting goods, procedures range from packing the goods at the factory 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 factory warehouse. Payment is made by letter of credit.

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

Assumptions about the business

The business:
- Has 100 or more employees.
- Is located in the country’s most populous city.
- Is a private, limited liability company. It does not operate within an export processing zone or an industrial estate with special export or import privileges.
- Is domestically owned with no foreign ownership.
- Exports more than 10% of its sales.

Assumptions about the traded goods

The traded product travels in a dry-cargo, 20-foot, full container load. The product:
- Is not hazardous nor does it include military items.
- Does not require refrigeration or any other special environment.
- Does not require any special phytosanitary or environmental safety standards other than accepted international standards.

Documents

All documents required to export and import the goods are recorded. It is assumed that the contract has already been agreed upon and signed by both parties. Documents include bank documents, customs declaration and clearance documents, port filing documents, import licenses and other official documents exchanged between the concerned parties. Documents filed simultaneously are considered different documents but with the same time frame for completion.

Time

Time 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, the fastest legal procedure is chosen. 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 as simultaneous. The waiting time between procedures—for example, during unloading of the cargo—is included in the measure (table 6.4).

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 included. These include costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and inland transport. The cost measure does not include tariffs or trade taxes. Only official costs are recorded.

Ease of doing business

The ease of doing business index ranks selected cities from 1 to 3. The index is calculated as the ranking on the simple average of country percentile rankings on each of the 3 topics covered in Doing Business in Egypt 2008. The ranking on each topic is the simple average of the percentile rankings on its component indicators.

The ease of doing business index is limited in scope. It does not account for a selected cities’ proximity to large markets, the quality of its infrastructure services (other than
services related to trading across borders), the security of property from theft and looting, macroeconomic conditions or the strength of underlying institutions. There remains a large unfinished agenda for research into what regulation constitutes binding constraints, what package of reforms is most effective and how these issues are shaped by the country context. The Doing Business indicators provide a new empirical data set that may improve understanding of these issues.
## City tables

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List of procedures
**Starting a Business**

**Alexandria**

*Standard company legal form: Sharikat that Massouliyyah Mahdoodah*

*Paid in minimum capital requirement: EGP 1,000*

*Date as of: July 2007*

**Procedure 1. Check the company name**

*Time to complete: 1 day*

*Cost to complete: No cost*

*Comments: GAFI Alexandria sends a fax to the central commercial registry in Cairo. The commercial registry will check that the desired company name is not in use and respond within a few hours.*

**Procedure 2. Obtain a certificate from an authorized bank**

*Time to complete: 1 day*

*Cost to complete: No cost*

*Comments: The Commercial International Bank branch at GAFI issues and delivers the certificate within 1-2 days. The bank certificate is free of charge but the account opening fees range from EGP 200 to 500 depending on the bank. Upon an agreement between GAFI and the Central Bank of Egypt regarding the bank certificate, there is no longer the need to submit the company contract and the certificate clarifying that the name of the company is not in use to any bank.*

**Procedure 3. Submit documents to the Companies Department and obtain invoice**

*Time to complete: 1 day*

*Cost to complete: EGP 1,811*

*Comments: The entrepreneur needs to submit the approved company contract, along with the rest of the required documentation: the certificate issued by the commercial registry regarding the name of the company and the power of attorney. The entrepreneur presents 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 the costs below, which should be paid at once, with the exception of legal fees.*

*Notary Public Office:*

0.25% of capital capped at EGP 1,000 with a minimum of EGP 125

*Establishment fees:*

0.1% of the capital capped EGP 1,000 with a minimum of EGP 100 as per article 17 D of the Company Law

*Service charge:*

0.1% of the capital capped at EGP 10,000 with a minimum of EGP 1,000 for services rendered by the Companies department

*Commercial syndicate fee:*

EGP 125 if the capital is less than or equal to EGP 500,000, if the capital is more than EGP 500,000 the fee is EGP 250

*Publication: EGP 150 for Arabic, EGP 300 for Arabic and English*

*Chamber of commerce fees:*

0.2% of the capital capped at EGP 2,000 with a minimum of EGP 100

*Commercial registration: EGP 56.2*

*Issuance of operation certificate: EGP 30.80*

*Ratification of lawyer’s signature at lawyer’s syndicate: 0.5% of capital capped at EGP 5,000 with a minimum of EGP 100 plus EGP 20 for the stamp tax paid to the Egyptian bar association.*

*All corporations under both Law 8/1997 and Law 159/1981 assume legal responsibility as soon as they are registered in the commercial registry, and do not have to wait 15 days like in the past, unless GAFI decides otherwise, with exceptions for specific activities mentioned in the decree.*

**Procedure 4. Pay fees**

*Time to complete: 1 day*

*Cost to complete: EGP 408*

*Comments: Fees can be paid at the Commercial International Bank GAFI branch*

**Procedure 5. Notarize the company contract**

*Time to complete: 1 day*

*Cost to complete: No cost*

*Comments: The notarization can be done at the notary counter in the one-stop shop. No stamp duty has to be paid as per the amendments of July 1, 2006 to the Stamp Duty Law No. 111 of 1980. The required documents are the original copy of the company contract and the power of attorney.*

**Procedure 6. Obtain the notification of incorporation**

*Time to complete: 1 day*

*Cost to complete: No cost*

*Comments: Once the company contract has been submitted, the competent authority must ratify it and give the applicant a certificate confirming the receipt of all required documents. This certificate allows for the registration of the company in the commercial registry and is issued within 24 hours following the submission of the notarized contract. The applicant receives also the approval of the chamber of commerce. The company assumes legal responsibility and judicial personality on the date of registration. Where the competent authority has no objection, the Companies department is thereafter responsible for publishing the company notice in the Investment Gazette at the expense of the company.*

**Procedure 7. Register for taxes**

*Time to complete: 7 days*

*Cost to complete: No cost*

*Comments: Tax registration, including obtaining the tax card can be completed at the tax counter at the one-stop shop once incorporation is completed.*

*Unlike in Cairo, the tax card is not issued immediately in Alexandria. Instead, the applicant receives a temporary document, which is valid for 1 month. The tax authority in Cairo processes and sends the applicant the final tax card within one month. Doing Business assumes that it takes 2 days to process the request for the tax card (as it does in Cairo) and 5 days to mail it to the applicant in Alexandria.*

*The company can also register for sales tax at this point. Companies may also choose to register for sales tax only once they have started production. Companies are only obliged to register for sales tax once they reach at least EGP 54,000 in sales for industrial activities and EGP 150,000 for commercial activities. The required documents include the bank confirmation of the authenticity of the signature that the manager issues on behalf of the company in favor of the person working on the matter, the tax card, an original extract from the commercial registry of the company and the original copy of the lease agreement of the premises of the company.*

**Procedure 8. Register employees with the National Authority of Social Insurance**

*Time to complete: 2 days*

*Cost to complete: No cost*

*Comments: Social insurance provides disability and retirement pensions and compensation for unemployment and work-related injuries. This procedure is required by law; otherwise the employer may be subjected to sanctions. The following documents shall be submitted to the competent authority office:*

a. Lease agreement of the premises of the employer;

b. Tax card of the employer;

c. A copy of the identification card, birth certificate, and the graduation certificate of the employee as well as the employer;

d. Application forms number 1 and 2, issued by the authority completed with the required information.*
Starting a Business

Assiut

Standard company legal form: Sharikat That Massouliyah Mahdooodah

Paid in minimum capital requirement: EGP 1,000

Date as of: July 2007

Procedure 1. Check the company name

Time to complete: 1 day
Cost to complete: No cost
Comments: GAFI Assiut sends a fax to the central commercial registry in Cairo. The commercial registry will check that the desired company name is not in use and respond within a few hours.

Procedure 2. Obtain a certificate from an authorized bank

Time to complete: 1 day
Cost to complete: No cost
Comments: There are no bank branches within the Assiut one stop shop as there are in Cairo and Alexandria so applicants may go to their own bank. The bank certificate is free of charge but the account opening fees range from EGP 200 to 500 depending on the bank. Upon an agreement between GAFI and the Central Bank of Egypt regarding the bank certificate, there is no longer the need to submit the company contract and the certificate clarifying that the name of the company is not in use to any bank.

Procedure 3. Submit documents to the Companies Department and obtain invoice

Time to complete: 1 day
Cost to complete: EGP 1,811
Comments: The entrepreneur needs to submit the approved company contract, along with the rest of the required documentation: the certificate issued by the commercial registry regarding the name of the company and the power of attorney. The entrepreneur presents 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 the costs below, which should be paid at once, with the exception of legal fees.

Notary Public Office:
0.25% of capital capped at EGP 1,000 with a minimum of EGP 125
Establishment fees:
0.1% of the capital capped EGP 1,000 with a minimum of EGP 100 as per article 17 D of the Company Law
Service charge:
0.1% of the capital capped at EGP 10,000 with a minimum of EGP 1,000 for services rendered by the Companies department
Commercial syndicate fee:
EGP 125 if the capital is less than or equal to EGP 500,000, if the capital is more than EGP 500,000 the fee is EGP 250
Publication: EGP 150 for Arabic, EGP 300 for Arabic and English
Chamber of commerce fees:
0.2% of the capital capped EGP 1,000 with a minimum of EGP 100
Commercial registration: EGP 56.2
Issuance of operation certificate: EGP 30.80
Ratification of lawyer’s signature at lawyer’s syndicate: 0.5% of capital capped at EGP 5,000 with a minimum of EGP 100 plus EGP 20 for the stamp tax paid to the Egyptian bar association.

All corporations under both Law 8/1997 and Law 159/1981 assume legal responsibility as soon as they are registered in the commercial registry, and do not have to wait 15 days like in the past, unless GAFI decides otherwise; with exceptions for specific activities mentioned in the decree.

Procedure 4. Pay fees

Time to complete: 1 day
Cost to complete: EGP 408
Comments: Fees are paid at the bank.

Procedure 5. Notarize the company contract

Time to complete: 1 day
Cost to complete: No cost
Comments: The notarization can be done at the notary counter in the one-stop shop. No stamp duty has to be paid as per the amendments of July 1, 2006 to the Stamp Duty Law No. 111 of 1980. The required documents are the original copy of the company contract and the power of attorney.

Procedure 6. Obtain the notification of incorporation

Time to complete: 1 day
Cost to complete: No cost
Comments: Once the company contract has been submitted, the competent authority must ratify the company contract and give the applicant a certificate confirming the receipt of all required documents. This certificate allows for the registration of the company in the commercial registry and is issued within 24 hours following the submission of the notarized contract. The applicant receives also the approval of the chamber of commerce. The company assumes legal responsibility and judicial personality on the date of registration. Where the competent authority has no objection, the Companies department is thereafter responsible for publishing the company notice in the Investment Gazette at the expense of the company.

Procedure 7. Register for taxes

Time to complete: 7 days
Cost to complete: No cost
Comments: Tax registration, including obtaining the tax card can be completed at the tax counter at the one-stop shop once incorporation is completed. Unlike in Cairo, the tax card is not issued immediately in Alexandria. Instead, the applicant receives a temporary document, which is valid for 1 month. The tax authority in Cairo processes and sends the applicant the final tax card within one month. Doing Business assumes that it takes 2 days to process the request for the tax card (as it does in Cairo) and 5 days to mail it to the applicant in Alexandria. The company can also register for sales tax at this point. Companies may also choose to register for sales tax only once they have started production. Companies are only obliged to register for sales tax once they reach at least EGP 54,000 in sales for industrial activities and EGP 150,000 for commercial activities. The required documents include the bank confirmation of the authenticity of the signature that the manager issues on behalf of the company in favor of the person working on the matter, the tax card, an original extract from the commercial registry of the company and the original copy of the lease agreement of the premises of the company.

Procedure 8. Register employees with the National Authority of Social Insurance

Time to complete: 1 day
Cost to complete: No cost
Comments: Social insurance provides disability and retirement pensions and compensation for unemployment and work-related injuries. This procedure is required by law; otherwise the employer may be subjected to sanctions. The following documents shall be submitted to the competent authority office:
- Lease agreement of the premises of the employer;
- Tax card of the employer;
- A copy of the identification card, birth certificate, and the graduation certificate of the employee as well as the employer;
- Application forms number 1 and 2, issued by the authority as per article 17 D and E of the Labour Law.

Procedure 9. Register for compulsory health insurance

Time to complete: 1 day
Cost to complete: No cost
Comments: The procedure is required by law; otherwise the employer may be subjected to sanctions. The following documents are required:
- A copy of the identification card, birth certificate, and the graduation certificate of the employee as well as the employer;
Procedure 1. Obtain a certificate from an authorized bank

Time to complete: 1 day
Cost to complete: No cost

Comments: The Bank of Alexandria branch at GAFI issues and delivers the certificate within 1-2 days. The bank certificate is free of charge but the account opening fees range from EGP 200 to 500 depending on the bank. Upon an agreement between GAFI and the Central Bank of Egypt regarding the bank certificate, there is no longer the need to submit the company contract and the certificate clarifying that the name of the company is not in use to any bank.

Procedure 2. Submit documents to the Companies Department and obtain invoice

Time to complete: 1 day
Cost to complete: EGP 1,811

Comments: The entrepreneur needs to submit the approved company contract, along with the rest of the required documentation: the certificate issued by the commercial registry regarding the name of the company and the power of attorney. The entrepreneur presents 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 the costs below, which should be paid at once, with the exception of legal fees.

Notary Public Office:
0.25% of capital capped at EGP 1,000 with a minimum of EGP 125

Establishment fees:
0.1% of the capital capped EGP 1,000 with a minimum of EGP 100 as per article 17 D of the Company Law

Service charge:
0.1% of the capital capped at EGP 10,000 with a minimum of EGP 1,000 for services rendered by the Companies department

Commercial syndicate fee:
EGP 125 if the capital is less than or equal to EGP 500,000, if the capital is more than EGP 500,000 the fee is EGP 250

Publication:
EGP 150 for Arabic, EGP 300 for Arabic and English

Chamber of commerce fees:
0.2% of the capital capped at EGP 2,000 with a minimum of EGP 100

Commercial registration:
EGP 56.2

Issuance of operation certificate:
EGP 30.80

Ratification of lawyer’s signature at lawyer’s syndicate:
0.5% of capital capped at EGP 5,000 with a minimum of EGP 100 plus EGP 20 for the stamp tax paid to the Egyptian bar association.

All corporations under both Law 8/1997 and Law 158/1981 assume legal responsibility as soon as they are registered in the commercial registry, and do not have to wait 15 days like in the past, unless GAFI decides otherwise; with exceptions for specific activities mentioned in the decree.

Procedure 3. Pay fees

Time to complete: 1 day
Cost to complete: EGP 408
Comments: Fees can be paid at the Bank of Alexandria GAFI branch.

Procedure 4. Notarize the company contract

Time to complete: 1 day
Cost to complete: No cost

Comments: The notarization can be done at the notary counter in the one-stop shop. No stamp duty has to be paid as per the amendments of July 1, 2006 to the Stamp Duty Law No. 111 of 1980. The required documents are the original copy of the company contract and the power of attorney.

Procedure 5. Obtain the notification of incorporation

Time to complete: 1 day
Cost to complete: No cost

Comments: Once the company contract has been submitted, the competent authority must ratify the company contract and give the applicant a certificate confirming the receipt of all required documents. This certificate allows for the registration of the company in the commercial registry and is issued within 24 hours following the submission of the notarized contract. The applicant receives also the approval of the chamber of commerce. The company assumes legal responsibility and judicial personality on the date of registration. Where the competent authority has no objection, the Companies department is thereafter responsible for publishing the company notice in the Investment Gazette at the expense of the company.

Procedure 6. Register for taxes

Time to complete: 2 days
Cost to complete: No cost

Comments: Tax registration, including obtaining the tax card can be completed at the tax counter at the one-stop shop once incorporation is completed. The company can also register for sales tax at this point. Companies may also choose to register for sales tax only once they have started production. Companies are only obliged to register for sales tax once they reach at least EGP 54,000 in sales for industrial activities and EGP 150,000 for commercial activities. The required documents include the bank confirmation of the authenticity of the signature that the manager issues on behalf of the company in favor of the person working on the matter, the tax card, an original extract from the commercial registry of the company and the original copy of the lease agreement of the premises of the company.

Procedure 7. Register employees with the National Authority of Social Insurance

Time to complete: 1-2 days
Cost to complete: No cost

Comments: Social insurance provides disability and retirement pensions and compensation for unemployment and work-related injuries. This procedure is required by law; otherwise the employer may be subjected to sanctions. The following documents shall be submitted to the competent authority office:

a. Lease agreement of the premises of the employer;
b. Tax card of the employer;
c. A copy of the identification card, birth certificate, and the graduation certificate of the employee as well as the employer;
d. Application forms number 1 and 2, issued by the authority completed with the required information.
**Alexandria**

Procedures to build a warehouse

Data as of: July 2007

**Procedure 1. Obtain cadastral documents from the survey department**

Time to complete: 7 days

Cost to complete: EGP 110

Comments: The measurement specification documents include: cadastral delimitation statement, cadastral map signed by survey authority, and colored cadastral map taken by airplane for the construction site. The survey department usually has to obtain documents from Cairo, which takes a few days.

**Procedure 2. Obtain technical approvals from an independent syndicate engineer**

Time to complete: 3 days

Cost to complete: EGP 1,750

Comments: These documents include: approval of the colored cadastral map; approval of probe estimation; execution supervision certificate (cost EGP 250-350); approval of architectural drawings (cost EGP 150-200); accounting book; report confirming the quality of the building foundations (cost EGP 250 to 300); and acquiring a soil investigation report (cost EGP 1000).

**Procedure 3. Obtain location permit from the office of planning in the Alexandria governorate**

Time to complete: 5 days

Cost to complete: No cost

Comments: Alexandria lacks an updated master plan. Before applying for the building permit in Alexandria, the builder must submit an application for a land use/locational permit at the office of planning at the Alexandria governorate. The application file for this permit contains: 3 copies of the survey map, certified by a syndicate engineer, Land title, Copy of the applicant's national ID, Lot plan.

**Procedure 4. Submit building permit application to Licensing department of the Alexandria governorate**

Time to complete: 1 day

Cost to complete: EGP 2,000

Comments: The applicant must submit an extensive list of documents (included the ones described in the previous procedures) to the Licensing department. The list is as follows:

a. Original ownership contract of the plot of land (notarized)

b. Measurement specification statement from the Survey department

c. Survey plan “air photography” specifying location. Such survey plan shall be approved by an accredited syndicate engineer

d. Alignment license from the Urban planning department of Alexandria governorate

e. Probe estimation approved by a syndicated engineer

f. Execution supervision certificate from a syndicate engineer or consultant engineer in case the building's value is more than EGP 1,000,000.00

g. A receipt attesting the payment of the duty related to the examination of the drawings and details

h. A general drawing of the site at a drawing scale of a minimum 1:1000 that indicate the boundaries and dimensions of the land of the site for which the permit is required, together with the total land area, and that part on which construction is requested, as well as the facing roads and their widths

Ministerial Decree 92 of 2006, issued by the Ministry of Housing, Utilities, and Urban Communities, reduced the number of files necessary to request a building permit. Consequently, the following documents are required: one file containing a copy of the architectural drawings in respect of the horizontal projections of floors and facades, a vertical section indicating the building height as to the road's zero level and the structural drawings of the foundations, columns and the enforced ceilings together with copies of the structural calculation notes. All drawings shall be signed by an accredited engineer. Also, a report from a structural engineer must be submitted confirming that the structural skeleton and the foundations of the building will tolerate the required licensed works, are in compliance with safety provisions, will resist the natural disasters, are in accordance with the Egyptian construction standards, and illustrate the soil composition at the site. In case of any elevation or modification it is required to submit a report from a construction consultant accredited for no less than 25 years indicating that an inspection and a study of the existing buildings have proven that they will tolerate the applicable loads.

Law 4 of 2006 reduced the fee to obtain a building permit from 1% of construction cost to 0.2%.

**Procedure 5. Receive inspection and obtain project clearance from Ministry of agriculture**

Time to complete: 60 days

Cost to complete: No cost

Comments: Many areas in Alexandria are infested with white ants. Consequently, the Licensing office in the Alexandria governorate requires a clearance from the Ministry of agriculture. Applicants for a building permit must follow up with the Ministry of agriculture directly. Applicants have to show proof that the land is either not infested with white ants or that it has exterminated the white ants. A representative of the Ministry of agriculture then examines the premises and issues a clearance document.

**Procedure 6. Obtain project clearance from Civil defense bureau**

Time to complete: 30 days

Cost to complete: No cost

Comments: Once the permit application is submitted to the District bureau, it is passed on the Civil defense bureau for clearance. The Civil defense bureau checks that the design drawings comply with national fire safety regulations. The clearance usually takes 1 month, but can take longer if the applicant does not consistently follow up.

**Procedure 7. Obtain project clearance from the Alexandria Water general authority**

Time to complete: 21 days

Cost to complete: No cost

Comments: Applicants for a building permit must receive an approval of their building plans from the Alexandria water general authority. Applicants who intend to build within the city during the summer months require a special excavation permit from the Authority prior to building. Doing Business assumes that this is not the case.

**Procedure 8. Obtain project clearance from the Alexandria Electricity distribution company**

Time to complete: 21 days

Cost to complete: No cost

**Procedure 9. Receive inspection prior to permit issuance from the Licensing office**

Time to complete: 1 day

Cost to complete: No cost

Comments: An inspector from the Licensing office inspects the proposed construction site to verify the information included on the application.

**Procedure 10. Pay real estate tax at the Tax authority**

Time to complete: 1 day

Cost to complete: EGP 30

**Procedure 11. Obtain building permit from the Licensing office**

Time to complete: 30 days

Cost to complete: No cost

Comments: Law 106 of 1976 establishes a 30 day statutory time limit for issuing building permits, but these 30 days are counted only after all preliminary approvals are obtained.

**Procedure 12. Receive on-site inspection from the Licensing office (1)**

Time to complete: 1 day

Cost to complete: No cost

Comments: The Licensing office will inspect the construction site on a regular basis. Doing Business assumes that this is not the case.
Procedure 13. Receive on-site inspection from the Licensing office (2)
Time to complete: 1 day
Cost to complete: No cost
Comments: The Licensing office will inspect the construction site on a regular basis (usually once a month but inspections can occur once every 2 weeks). Each inspection takes at most one day. Doing Business assumes the site is inspected every 3 weeks on average.

Procedure 14. Receive on-site inspection from the Licensing office (3)
Time to complete: 1 day
Cost to complete: No cost
Comments: The Licensing office will inspect the construction site on a regular basis (usually once a month but inspections can occur once every 2 weeks). Each inspection takes at most one day. Doing Business assumes the site is inspected every 3 weeks on average.

Procedure 15. Receive on-site inspection from the Licensing office (4)
Time to complete: 1 day
Cost to complete: No cost
Comments: The Licensing office will inspect the construction site on a regular basis (usually once a month but inspections can occur once every 2 weeks). Each inspection takes at most one day. Doing Business assumes the site is inspected every 3 weeks on average.

Procedure 16. Receive on-site inspection from the Licensing office (5)
Time to complete: 1 day
Cost to complete: No cost
Comments: The Licensing office will inspect the construction site on a regular basis (usually once a month but inspections can occur once every 2 weeks). Each inspection takes at most one day. Doing Business assumes the site is inspected every 3 weeks on average.

Procedure 17. Receive on-site inspection from the Licensing office (6)
Time to complete: 1 day
Cost to complete: No cost
Comments: The Licensing office will inspect the construction site on a regular basis (usually once a month but inspections can occur once every 2 weeks). Each inspection takes at most one day. Doing Business assumes the site is inspected every 3 weeks on average.

Procedure 18. Receive on-site inspection from the Licensing office (7)
Time to complete: 1 day
Cost to complete: No cost
Comments: The Licensing office will inspect the construction site on a regular basis (usually once a month but inspections can occur once every 2 weeks). Each inspection takes at most one day. Doing Business assumes the site is inspected every 3 weeks on average.

Procedure 19. Receive on-site inspection from the Licensing office (8)
Time to complete: 1 day
Cost to complete: No cost
Comments: The Licensing office will inspect the construction site on a regular basis (usually once a month but inspections can occur once every 2 weeks). Each inspection takes at most one day. Doing Business assumes the site is inspected every 3 weeks on average.

Procedure 20. Receive on-site inspection from the Licensing office (9)
Time to complete: 1 day
Cost to complete: No cost
Comments: The Licensing office will inspect the construction site on a regular basis (usually once a month but inspections can occur once every 2 weeks). Each inspection takes at most one day. Doing Business assumes the site is inspected every 3 weeks on average.

Procedure 21. Receive on-site inspection from the Licensing office (10)
Time to complete: 1 day
Cost to complete: No cost
Comments: The Licensing office will inspect the construction site on a regular basis (usually once a month but inspections can occur once every 2 weeks). Each inspection takes at most one day. Doing Business assumes the site is inspected every 3 weeks on average.

Procedure 22. Receive final inspection by a committee from the Licensing office
Time to complete: 1 day
Cost to complete: No cost
Comments: Once construction is completed, a committee from the governorate makes a final inspection to certify that the warehouse conforms to the specifications outlined in the building permit.

Procedure 23. Obtain letters from Licensing office about water and sewage connection and about electricity cables installation
Time to complete: 2 days
Cost to complete: No cost
Comments: As described above the company must obtain approval letters from the Licensing office necessary for obtaining utility connections.

Procedure 24. Obtain certificate of natural disaster from an independent syndicate engineer
Time to complete: 1 day
Cost to complete: EGP 102
Comments: A supervising engineer issues the certificate of natural disaster. The cost reflects the fees for issuing the certificate.

Procedure 25. Obtain the water and sewerage connection
Time to complete: 45 days
Cost to complete: EGP 15,000
Comments: The company submits an application to the Municipal department to obtain a letter to be provided to the water company. Then, the company submits an application to the competent water authority, along with the original license and a copy of the building permit. Fees include approximately EGP 10,000 for the water connection and EGP 5,000 for the sewerage connection.

Procedure 26.* Apply for an electricity connection with the Alexandria electricity distribution company
Time to complete: 1 day
Cost to complete: No cost

Procedure 27. Receive electrical inspection
Time to complete: 1 day
Cost to complete: No cost
Comments: The Electricity authority inspects the construction site to provide an estimate for the cost.

Procedure 28.* Obtain electricity connection
Time to complete: 19 days
Cost to complete: EGP 15,000
Comments: Connection fees include the laying down of the cables.

Procedure 29.*. Obtain phone connection from Telecom Egypt
Time to complete: 18 days
Cost to complete: EGP 850
Comments: The company should submit the following documents:
  a. Title deed for the unit, or lease contract if it is not owned by the applicant;
  b. Copy of applicant's ID;
  c. Operation license for factories, stores, commercial stores and workshops.
**Procedure 30**. Register the building with the real estate registry

**Time to complete**: 45 days  
**Cost to complete**: EGP 2,000

**Comments**: The company must submit a form as well as the building permit for the warehouse and the primary purchase contract of the land on which the warehouse had been built.

LAW 83 of 2006 amended Decree no. 70 for the year 1964 to decrease registration fees to a flat fee of EGP 2,000 instead of the fee being a percentage of the building value.

* * Simultaneous with the previous procedure

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**Assiut**

**Procedures to build a warehouse**  
**Data as of: July 2007**

**Procedure 1. Obtain cadastral documents from the Survey department of the Assiut Governorate**

**Time to complete**: 7 days  
**Cost to complete**: EGP 110

**Comments**: The measurement specification documents include: cadastral delimitation statement, cadastral map signed by survey authority, and colored cadastral map taken by airplane for the construction site.

**Procedure 2. Obtain technical approvals from independent syndicate engineer**

**Time to complete**: 5 days  
**Cost to complete**: EGP 1,750

**Comments**: These documents include: approval of the colored cadastral map, approval of probe estimation, execution supervision certificate (cost EGP 250-350), approval of architectural drawings (cost EGP 150-200), accounting book, report confirming the quality of the building foundations (cost EGP 250 to 300), and acquiring a soil investigation report (cost EGP 1,000).

**Procedure 3. Submit building permit application to Licensing department of the Assiut governorate**

**Time to complete**: 1 day  
**Cost to complete**: EGP 2,000

**Comments**: The applicant must submit an extensive list of documents (included the ones described in the previous procedures) to the Licensing department. The list is as follows:

a. Original ownership contract of the plot of land (notarized)  
b. Measurement specification statement from the Survey department  
c. Survey plan “air photography” specifying location. Such survey plan shall be approved by an accredited syndicate engineer  
d. Alignment license from the Urban planning department of Assiut governorate  
e. Probe estimation approved by a syndicated engineer  
f. Execution supervision certificate from a syndicate engineer or consultant engineer in case the building’s value is more than EGP 1,000,000.00  
g. A receipt attesting the payment of the duty related to the examination of the drawings and details  
h. A general drawing of the site at a drawing scale of a minimum 1:1000 that indicates the boundaries and dimensions of the land of the site for which the permit is required, together with the total land area, and that part on which construction is requested, as well as the facing roads and their widths

Ministerial Decree 92 of 2006, issued by the Ministry of Housing, Utilities, and Urban Communities, reduced the number of files necessary to request a building permit. Consequently, the following documents are required: one file containing a copy of the architectural drawings in respect of the horizontal projections of floors and facades, a vertical section indicating the building height as to the road’s zero level and the structural drawings of the foundations, columns and the enforeced ceilings together with copies of the structural calculation notes. All drawings shall be signed by an accredited engineer. Also, a report from a structural engineer must be submitted confirming that the structural skeleton and the foundations of the building will tolerate the required licensed works, are in compliance with safety provisions, will resist the natural disasters, are in accordance with the Egyptian construction standards, and illustrate the soil composition at the site. In case of any elevation or modification it is required to submit a report from a construction consultant accredited for no less than 25 years indicating that an inspection and a study of the existing buildings have proven that they will tolerate the applicable loads.

Law 4 of 2006 reduced the fee to obtain a building permit from 1% of construction cost to 0.2%. Upon submitting the application file, building permit applicants in Assiut pay the permit fee at the cashier’s office in the Governorate.

**Procedure 4. Receive inspection and obtain project clearance from Civil defense bureau**

**Time to complete**: 45 days  
**Cost to complete**: No cost

**Comments**: Once the permit application is submitted to the District bureau, it is passed on the Civil defense bureau for clearance. The Civil defense bureau checks that the design drawings comply with national fire safety regulations. The clearance from the Civil defense bureau. The clearance takes between 1 to 2 months depending on the amount of follow up.

**Procedure 5. Obtain project clearance from Water authority**

**Time to complete**: 30 days  
**Cost to complete**: No cost

**Procedure 6. Obtain project clearance from Electricity authority**

**Time to complete**: 30 days  
**Cost to complete**: No Cost

**Procedure 7. Receive inspection prior to permit issuance from the Licensing office**

**Time to complete**: 1 day  
**Cost to complete**: No cost

**Comments**: An inspector from the municipality inspects the proposed construction site to verify the information included on the application

**Procedure 8. Pay real estate tax at the Tax authority**

**Time to complete**: 1 day  
**Cost to complete**: EGP 30

**Procedure 9. Obtain building permit from the Licensing office**

**Time to complete**: 30 days  
**Cost to complete**: No cost

**Comments**: Law 106 of 1976 establishes a 30 day statutory time limit for issuing building permits, but these 30 days are counted only after all preliminary approvals are obtained.

After the technical portion of the file is reviewed, the Licensing office of the Assiut governorate sends the file to the Social security administration and the company’s chosen insurance provider to ensure that the builder has purchased insurance for the project. After this check is completed, the builder can pick up its building permit from the governorate.

**Procedure 10. Receive on-site inspection from the Licensing office**

**Time to complete**: 1 day  
**Time to complete**: EGP 20

**Comments**: Inspections occur rarely in Assiut. The number of inspections a construction site receives during construction varies depending on the visibility of the project. For a smaller scale project such as a warehouse, inspectors may only visit the site once during construction.

There are often informal fees paid to the inspector, however the standard official fee for each inspection is EGP 20.

**Procedure 11. Receive final inspection by a committee from the Licensing office**

**Time to complete**: 1 day  
**Cost to complete**: EGP 20

**Comments**: Once construction is completed, a committee from the Licensing office makes a final inspection to certify that the warehouse conforms to the specifications outlined in the building permit.
Procedure 12. Obtain letters from Municipality about water and sewage connection and about electricity cables installation
Time to complete: 1 day
Cost to complete: No cost
Comments: As described above the company must obtain approval letters from the municipality necessary for obtaining utility connections.

Procedure 13. Obtain certificate of natural disaster from an independent syndicate engineer
Time to complete: 7 days
Cost to complete: EGP 102
Comments: A supervising engineer issues the certificate of natural disaster. The cost reflects the fees for issuing the certificate.

Procedure 14. Obtain water and sewerage connection from the Assiut water authority
Time to complete: 30 days
Cost to complete: EGP 15,000
Comments: The company submits an application to the Municipal department to obtain a letter to be provided to water company. Then, the company submits an application to the competent water authority, along with the original license and a copy of the building permit. Fees include approximately EGP 10,000 for the water connection and EGP 5,000 for the sewerage connection.

Procedure 15.* Apply for electricity connection from the Assiut electricity distribution company
Time to complete: 1 day
Cost to complete: No cost

Procedure 16.* Receive electrical inspection
Time to complete: 1 day
Cost to complete: No cost
Comments: The Electricity authority inspects the construction site to provide an estimate for the cost.

Procedure 17.* Obtain electricity connection
Time to complete: 14 days
Cost to complete: EGP 15,000
Comments: Connection fees include the laying down of the cables.

Procedure 18.* Obtain phone connection with Telecom Egypt
Time to complete: 14 days
Cost to complete: EGP 850
Comments: The company should submit the following documents:
1. Title deed for the unit, or lease contract if it is not owned by the applicant;
2. Copy of applicant’s ID;
3. Operation license for factories, stores, commercial stores and workshops.

Procedure 19. Register the building with the real estate registry
Time to complete: 30 days
Cost to complete: EGP 2,000
Comments: The company must submit a form as well as the building permit for the warehouse and the primary purchase contract of the land on which the warehouse had been built.

Law 83 of 2006 amended Decree no. 70 for the year 1964 to decrease registration fees to a flat fee of EGP 2,000 instead of the fee being a percentage of the building value.

* Simultaneous with the previous procedure
<table>
<thead>
<tr>
<th>Procedure</th>
<th>Description</th>
<th>Time to complete</th>
<th>Cost to complete</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Receive inspection and obtain project clearance from Civil defense department</td>
<td>60 days</td>
<td>No cost</td>
<td>Once the permit application is submitted to the District department, it is passed on to the Civil defense department for clearance. The Civil defense department checks that the design drawings comply with national fire safety regulations. The clearance takes between 1 to 3 months depending on the amount of follow up.</td>
</tr>
<tr>
<td>5</td>
<td>Obtain project clearance from the Greater Cairo Water authority</td>
<td>30 days</td>
<td>No cost</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Obtain project clearance from Greater Cairo Electricity authority</td>
<td>30 days</td>
<td>No cost</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Receive inspection prior to permit issuance from municipality</td>
<td>1 day</td>
<td>No cost</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Pay real estate tax at the Tax authority</td>
<td>1 day</td>
<td>No cost</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Obtain building permit from the District department</td>
<td>30 days</td>
<td>No cost</td>
<td>Law 106 of 1976 establishes a 30 day statutory time limit for issuing building permits, but these 30 days are counted only after all preliminary approvals are obtained.</td>
</tr>
<tr>
<td>10</td>
<td>Receive on-site inspection from the municipality (1)</td>
<td>1 day</td>
<td>No cost</td>
<td>The municipality will inspect the construction site on a regular basis (usually once a month but inspections can occur once every 2 weeks). Each inspection takes at most one day. Doing Business assumes the site is inspected every 3 weeks on average.</td>
</tr>
<tr>
<td>11</td>
<td>Receive on-site inspection from the municipality (2)</td>
<td>1 day</td>
<td>No cost</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Receive on-site inspection from the municipality (3)</td>
<td>1 day</td>
<td>No cost</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Receive on-site inspection from the municipality (4)</td>
<td>1 day</td>
<td>No cost</td>
<td>The municipality will inspect the construction site on a regular basis (usually once a month but inspections can occur once every 2 weeks). Each inspection takes at most one day. Doing Business assumes the site is inspected every 3 weeks on average.</td>
</tr>
<tr>
<td>14</td>
<td>Receive on-site inspection from the municipality (5)</td>
<td>1 day</td>
<td>No cost</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Receive on-site inspection from the municipality (6)</td>
<td>1 day</td>
<td>No cost</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Receive on-site inspection from the municipality (7)</td>
<td>1 day</td>
<td>No cost</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Receive on-site inspection from the municipality (8)</td>
<td>1 day</td>
<td>No cost</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Receive on-site inspection from the municipality (9)</td>
<td>1 day</td>
<td>No cost</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Receive on-site inspection from the municipality (10)</td>
<td>1 day</td>
<td>No cost</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Receive final inspection by a committee from the Municipality</td>
<td>1 day</td>
<td>No cost</td>
<td>Once construction is completed, the municipality makes a final inspection to certify that the warehouse conforms to the specifications outlined in the building permit.</td>
</tr>
</tbody>
</table>
Procedure 21. Obtain letters from Municipality about water and sewage connection and about electricity cables installation

Time to complete: 1 day
Cost to complete: No cost
Comments: As described above the company must obtain approval letters from the municipality necessary for obtaining utility connections.

Procedure 22. Obtain certificate of natural disaster from an independent syndicate engineer

Time to complete: 1 day
Cost to complete: EGP 102
Comments: A supervising engineer issues the certificate of natural disaster. The cost reflects the fees for issuing the certificate.

Procedure 23. Obtain water and sewerage connection

Time to complete: 60 days
Cost to complete: EGP 15,000
Comments: The company submits an application to the Municipal department to obtain a letter to be provided to water company. Then, the company submits an application to the competent water authority, along with the original license and a copy of the building permit. Fees include approximately EGP 10,000 for the water connection and EGP 5,000 for the sewerage connection.

Procedure 24.* Apply for electricity connection

Time to complete: 1 day
Cost to complete: No cost
Comments: In order for the electricity authority to extend the electric cables network, the company must submit the design drawings of electricity to be endorsed by the authority and electricity company.

Procedure 25.* Receive electrical inspection

Time to complete: 1 day
Cost to complete: No cost
Comments: The Greater Cairo Electricity authority inspects the construction site to provide an estimate for the cost.

Procedure 26.* Obtain electricity connection

Time to complete: 19 days
Cost to complete: EGP 15,000
Comments: Connection fees include the laying down of the cables.

Procedure 27*. Obtain phone connection with Telecom Egypt

Time to complete: 18 days
Cost to complete: EGP 850
Comments: The company should submit the following documents:
- Title deed for the unit, or lease contract if it is not owned by the applicant;
- Copy of applicant’s ID;
- Operation license for factories, stores, commercial stores and workshops.

Procedure 28. Register the building with the real estate registry

Time to complete: 75 days
Cost to complete: EGP 2,000
Comments: The company must submit a form as well as the building permit for the warehouse and the primary purchase contract of the land on which the warehouse had been built.

Law 83 of 2006 amended Decree no. 70 for the year 1964 to decrease registration fees to a flat fee of EGP 2,000 instead of a percentage of the building value.

* Simultaneous with the previous procedure

Procedure 1. Request for registration submitted by the buyer

Time to complete: 15 days
Cost to complete: No cost
Comments: The buyer submits a registration application to the real estate registry along with a copy of his personal identification, a copy of the seller's personal identification, the property value, and the property location. There is no application fee. This request is then internally transferred to the Measurement department.

Procedure 2. Site inspection by the Measurement department

Time to complete: 23 days
Cost to complete: No cost
Comments: No fees are paid at this stage. After inspecting the property and validating its specifications, the Measurement department prepares a report.

Procedure 3. Payment and issuance of the inspection report

Time to complete: 40 days
Cost to complete: No cost
Comments: The buyer visits the Measurement department located in the real estate registry and meets the measurement officer. The measurement officer is responsible for checking documents and transferring them to the head of the real estate registry for approval. After approving the report (kashf tahdeed), the measurement department transfers it back to the real estate registry. The registry has to approve it in order to be valid. After approving it, the registry issues a final approval called maqbul.

Procedure 4. Final contract is drafted and approved by the lawyer’s syndicate

Time to complete: 45 days
Cost to complete: EGP 1,940 (0.5% of property value)
Comments: The final sale agreement (blue contract) is submitted to the lawyer’s syndicate for final revision after the real estate registry approval. There is an “accepted approval” and a “final approval”. Between them there is final revision. The lawyer’s syndicate has to review and approve the final contract (mashrua). After being drafted by the parties on a special form at the lawyer’s syndicate, the final contract is submitted to the real estate registry.

Procedure 5. The buyer obtains the contract from the Real estate registry

Time to complete: 4 days
Cost to complete: EGP 2,000
Comments: The buyer obtains the contract from the real estate registry against payment of fees amounting to EGP 2,000. This registration fee was changed from 3% and capped at EGP 2,000 during 2006 to encourage all individuals to register their property.

Procedure 6. Seller and buyer sign the contract at the real estate registry

Time to complete: 31 days
Cost to complete: No cost
Comments: Seller and purchaser must sign the contract at the real estate registry. The registry reviews the contract again to make sure that the fees were paid and that the details are correct. The registry will also add a registration number to the contract.

Procedure 7. The buyer picks-up the new contract/title at the real estate registry

Time to complete: 1 day
Cost to complete: No cost
Comments: After the registry adds the new registration number to the contract, it is ready to be picked-up by the buyer.
REGISTERING PROPERTY

Assiut

Property value: EGP 387, 915.75 = US$ 67,500
Data as of: July 2007

Procedure 1. Request for registration submitted by the buyer

Time to complete: 3 days
Cost to complete: EGP 3
Comments: The buyer submits a registration application because ownership does not transfer without official registration. All official agencies require this kind of registration as a security tool. The seller goes with the buyer to the real estate registry. They both sign the application and submit all required documents.

Procedure 2. Site inspection by the measurement department

Time to complete: 7 days
Cost to complete: EGP 250
Comments: The measurement department verifies the sales-purchase contract and its validity to ensure the seller is the sole owner. The seller is the one who pays the inspection fees if he is the owner. In case the seller turns out not to be the owner, he would have to pay a penalty. After making the inspection, the measurement department prepares a report.

Procedure 3. Payment and issuance of the inspection report

Time to complete: 5 days
Cost to complete: No cost
Comments: The inspection report is used to determine whether all details about the property are valid. After approving the report, the measurement department submits it with the registration request to the real estate registry in order to have it examined and the final approval issued.

Procedure 4. Final contract is drafted and approved by the lawyer’s syndicate

Time to complete: 5 days
Cost to complete: EGP 500
Comments: The new property registration law requires that the lawyer’s syndicate reviews the contract. The lawyer’s syndicate is neutral and has the trust of the government at the same time. Its role is to review and approve the final contract. The lawyer’s syndicate usually charges the EGP 500 for a property similar to the one considered in our study.

Procedure 5. The buyer obtains the contract from the real estate registry

Time to complete: 3 days
Cost to complete: EGP 2,000
Comments: After paying the EGP 2,000 fees, the buyer obtains an original copy of the contract from the real estate registry officer, which assures ownership. If this copy is lost, the buyer can ask for another copy after paying a small fee. The registration fee was dropped from 3% and capped at EGP 2,000 during 2006 to encourage all individuals to register their property.

Procedure 6. Seller and buyer sign the contract before the real estate registry

Time to complete: 7 days
Cost to complete: EGP 30
Comments: Seller and purchaser must sign the contract before the real estate registry. The registry reviews the contract again, making sure that payments have been made and that details are correct and will add a registration number to the contract.

Procedure 7. The buyer picks-up the new contract/title at the real estate registry

Time to complete: 3 days
Cost to complete: No cost
Comments: After the registry adds the new registration number to the contract, it is ready to be picked-up by the buyer.

Cairo

Property value: EGP 387, 915.75 = US$ 67,500
Data as of: July 2007

Procedure 1. Request for registration submitted by the buyer

Time to complete: 15 days
Cost to complete: No cost
Comments: After an initial written agreement between the parties has been concluded and the buyer pays the established price to the seller, the purchaser presents to the real estate registry a request for registration. This request is then internally transferred to the measurement department.

Procedure 2. Site inspection by the measurement department

Time to complete: 30 days
Cost to complete: No cost
Comments: After payment for the inspection, the measurement department inspects the site, takes the necessary measurements and specifications and prepares a report.

Procedure 3. Payment and issuance of the inspection report (maqbul)

Time to complete: 42 days
Cost to complete: No cost
Comments: The inspection report will be approved or refused by the measurement department. The approval is called kashf tahdeed. The approved request is then transferred back to the real estate registry. The registry will examine the report and issue a final approval called maqbul.

Procedure 4. Final contract is drafted and approved by the lawyer’s syndicate

Time to complete: 67 days
Cost to complete: EGP 1,940 (0.5% of property value)
Comments: A final sale agreement is drafted by the parties on a special form at the lawyer’s syndicate. There is no need for an intervention of a notary or lawyer in filling this form. The lawyer’s syndicate reviews the final contract and will approve the contract (mashrua).

Procedure 5. The buyer obtains the contract from the real estate registry

Time to complete: 7 days
Cost to complete: EGP 2,000
Comments: The buyer obtains the contract from the real estate registry against payment of fees amounting to EGP 2,000. This registration fee was changed from 3% and capped at EGP 2,000 during 2006 to encourage all individuals to register their property.

Procedure 6. Seller and buyer sign the contract before the real estate registry

Time to complete: 31 days
Cost to complete: No cost
Comments: Seller and purchaser must sign the contract before the real estate registry (1 day). The registry reviews the contract again, making sure that payments have been made and that details are correct (30 days) and will add a registration number to the contract.

Procedure 7. The buyer picks-up the new contract/title at the real estate registry

Time to complete: 1 day
Cost to complete: No cost
Comments: After the registry adds the new registration number to the contract, it is ready to be picked-up by the buyer.
Doing Business in Egypt 2008 was prepared by a team led by Mierta Capaul. The team comprised Jamal Ibrahim Haidar, Zenaida Hernandez, Jana Malinska, Dana Omran and Luis Aldo Sanchez Ortega. Xavier Forneris provided leadership in the regional policy dialogue. Valuable assistance was received from Fernanda Almeida, Diego Borrero, Frederic Bustelo, Claudia Contreras, Allen Dennis, Manuel Enrique Garcia Huitron, Jean Michel Lobet, Rita Ramalho, Martin Steindl, Sylvia Solf and Caroline Van Coppenolle. Simeon Djankov, Sahar Nasr, Frank Sader and Damien Shiels reviewed the text. The report was edited by Linda Moll and designed by Gerry Quinn.

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More than 70 lawyers, construction experts, accountants, businesspeople and public officials participated in the analysis found in this report. Data collection in Assiut was coordinated by Gamal El-Din Abd Elmetal and Engy Nashaat of the Assiut Business Association. Respondents in Alexandria were coordinated by Ashraf Nadoury of the law firm Nadoury and Nahas. The team wishes to extend their gratitude to the public officials who made valuable observations during the consultation period. Their names are listed on the facing page.
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