

# INTEGRATED SAFEGUARDS DATA SHEET

## CONCEPT STAGE

**Report No.:** ISDSC1148

**Date ISDS Prepared/Updated:** 10-Dec-2014

**Date ISDS Approved/Disclosed:** 30-Jan-2015

### I. BASIC INFORMATION

#### A. Basic Project Data

<b>Country:</b>	Egypt, Arab Republic of	<b>Project ID:</b>	P153487
<b>Project Name:</b>	Equal Access and Simplified Environment for Investment (EASE) in Egypt (P153487)		
<b>Task Team Leader(s):</b>	Sherif Bahig Hamdy, Nabila Assaf		
<b>Estimated Appraisal Date:</b>	09-Mar-2015	<b>Estimated Board Date:</b>	08-Jun-2015
<b>Managing Unit:</b>	GTCDR	<b>Lending Instrument:</b>	Investment Project Financing
<b>Sector(s):</b>	Public administration- Industry and trade (100%)		
<b>Theme(s):</b>	Regulation and competition policy (40%), Micro, Small and Medium Enterprise support (40%), Managing for development results (20%)		
<b>Financing (In USD Million)</b>			
<b>Total Project Cost:</b>	6.00	<b>Total Bank Financing:</b>	0.00
<b>Financing Gap:</b>	0.00		
<b>Financing Source</b>			<b>Amount</b>
Borrower			0.00
MENA Transition Fund - IBRD as Implementing Agency			6.00
Total			6.00
<b>Environmental Category:</b>	C - Not Required		
<b>Is this a Repeater project?</b>	No		

#### B. Project Objectives

To improve the efficiency, accessibility, and transparency of key investment services by reforming industrial licensing and land allocation processes, and enhancing the capabilities of one-stop shops through which investor services are provided while supporting the Government's efforts in building a regulatory management system.

The higher level objective to which this project contributes is to increase private investment rates and job creation, particularly among SMEs, and improve productivity growth through increased competition and a leveled playing field.

### **C. Project Description**

The project seeks to transform industrial licensing and land allocation processes from two of the greatest impediments to investment in Egypt into streamlined and transparent processes. The project aims to provide technical assistance and systems to transform Industrial Development Authority (IDA) licensing and land allocation processes and support the deployment of those reforms in the General Authority for Investment and Free Zones (GAFI) One Stop Shops (OSSs) by providing technical assistance, systems and capacity building. The project will also provide technical assistance and capacity building to the Egyptian Regulatory Reform and Development Activity (ERRADA) program to reinforce ERRADA as the mechanism for catalyzing these and future reforms.

#### **Component 1: Capacity building for managing regulatory reform (ERRADA)**

The Project aims for building the capacity of the GoE regulatory reform program (ERRADA) by providing the necessary support to enable the performance of its mandate to manage business environment regulatory reform. The project will focus on supporting ERRADA around a set of horizontal (cross-cutting) reforms in the sense that they target constraints affecting firms in all sectors of the economy such as the transparency and predictability of the regulatory environment as well as vertical targeted priority areas of reform of industrial licensing and land allocation.

Within the horizontal reforms, the project will support ERRADA in:

- completing a comprehensive inventory of business related formalities/administrative procedures;
- process mapping and re-engineering of the most relevant/frequent formalities/administrative procedures with the objective of streamlining and simplifying them;
- establishing an informational portal of business related administrative procedures rendering all information related to the requirements of these procedures accessible to the general public in a simple and comprehensive manner;
- putting in place a public consultation and review mechanism to secure that all business related legislative proposals are properly reviewed and consulted with the stakeholders, including the private sector.

#### **Component 2: Supporting Industrial Sector transformational reforms (IDA)**

The Project aims to support IDA focus on its strategic roles of regulation and development and transform its approach to implement risk based regulation principles. The project seeks to implement the recommendations of IDA's Strategic Assessment Paper of 2008 , specifically:

1. Eliminate technical evaluations and inspections as a precondition for industrial registration and perform inspections/evaluations on risk-assessment basis utilizing professional, accredited private practitioners,
2. Return the policy objective of industrial registration from a licensing function to its original purpose as a data collection function, and hence delink import/export and other permits from the industrial register,
3. Adopt primarily a wholesale industrial land allocation rather than the focus on the "retail" land allocation by setting and administering policies and procedures for industrial land allocation and

introducing best practice contracting instruments with private developers,

4. Support IDA's technical capacity building at the governorates' level to enable decentralization of regulatory decision making to be deployed through existing OSSs

### Component 3: Facilitating accessible and transparent regulatory services (GAFI)

The Project aims to support GAFI become the national platform for business entry, licensing, and access to investor information at the sub-national level through its One Stop Shops and GAFI Information Portal. This will be done by:

1. To streamline the business entry and licensing process for investors:
  - a. Developing systems to enable hosting of licensing services both at the central agency and in the One-Stop-Shops.
  - b. Decentralizing IDA licensing services through GAFI OSSs. This would entail addressing GAFI's processes and interfaces with all the involved regulators including primarily IDA, but also other line ministries and local authorities involved in licensing.
  - c. Capacity building and technical assistance to enable and support GAFI in this enhanced client-facing role.
2. To enhance access to quality information, transparency and connectivity:
  - a. Consolidating information on access to land through showcasing all land available for investment under the jurisdiction of the Industrial Development Authority (IDA), on GAFI's website. Information would include areas available, terms and location.
  - b. Further e-integration of the OSS network, including e-archiving and electronic connectivity between OSS branches and agencies such as IDA to enhance quality of service provided by OSS.
  - c. Developing GAFI's capabilities for the tracking, collection, analysis, and publication of quality private sector data and information to better inform policy makers, the private sector, and potential investors (both foreign and domestic).

### **D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)**

The aim of the project is to reform key investment processes and services, as well as enhance the Government of Egypt's capabilities to implement these services, which would be achieved primarily through analytical and advisory services. The project will be implemented both in Cairo and throughout Egypt, particularly since Component 3 will involve TA to the GAFI One Stop Shops which are located in governorates outside Cairo. World Bank safeguard policies are not triggered as a result of proposed activities under the components. The project will not include the construction of physical infrastructure or civil works. Increased business activity that may indirectly result from the project is not expected to have adverse environmental impacts as beneficiaries are expected to largely be SMEs in less capital intensive sectors.

### **E. Borrowers Institutional Capacity for Safeguard Policies**

It is anticipated that the project will be implemented by both the Ministry of Investment (MoI) and the Ministry of Industry, Trade, and Small Industries (MISTME) with support from the World Bank. MISTME will be primarily responsible for the implementation of Components 1 and 2, while MoI will be responsible for the implementation of Component 3. This project will be Category C as it is comprised mainly of AAA and TA aiming to improve investment related services in Egypt. None of the Bank safeguards policies will be triggered, however, the program will be contributing to streamlining of the land allocation process and introducing transparent procedures for handling land

issues. This kind of reform will contribute positively to the future investment practices and environment in the country. While both Ministries have some experience implementing Bank projects, technical assistance and capacity building will likely be required to strengthen the Ministries' capacity in implementing the project.

#### **F. Environmental and Social Safeguards Specialists on the Team**

Amal Nabil Faltas Bastorous (GSURR)

Banu Setlur (GENDR)

## **II. SAFEGUARD POLICIES THAT MIGHT APPLY**

<b>Safeguard Policies</b>	<b>Triggered?</b>	<b>Explanation (Optional)</b>
Environmental Assessment OP/BP 4.01	No	
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/ BP 4.12	No	
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/ BP 7.60	No	

## **III. SAFEGUARD PREPARATION PLAN**

**A. Tentative target date for preparing the PAD Stage ISDS:** 09-Mar-2015

**B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing<sup>1</sup> should be specified in the PAD-stage ISDS:**

As required, this section will be updated at the time of PAD-Stage ISDS.

## **IV. APPROVALS**

Task Team Leader(s):	Name: Sherif Bahig Hamdy, Nabila Assaf	
<b>Approved By:</b>		
Regional Safeguards Coordinator:	Name: Nina Chee (RSA)	Date: 30-Jan-2015

<sup>1</sup> Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.

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Practice Manager/ Manager:	Name: Najy Benhassine (PMGR)	Date: 30-Jan-2015
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