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## Cabinet "approves incentives to support investment activities related to the green economy"



The Cabinet, at its meeting today headed by Dr. Mostafa Madbouly, approved a number of decisions presented by Counselor Mohamed Abdel Wahab, CEO of the General Authority for Investment and Free Zones. The aim is to: Provide incentives and support to investment activities related to the green economy, artificial intelligence, innovation, and scientific research projects; and to localize industry and streamline the business environment in Egypt by simplifying procedures and

setting a specific timeframe for the performance of services for investors.

[Link to the News Story](#)

## Our Views

- To start, we would like to emphasize that supporting and stimulating the green economy is a step in the right direction that must be supported and built on, because it aims to achieve economic growth in a sustainable framework that prevents disruption to the ecosystem. Any ecological imbalance (high temperatures, water and air pollution and other imbalances) has economic and social consequences; most importantly it is a threat to water, food and health security, especially for the poorest and most vulnerable groups in society, at a time these groups are already suffering from stressful economic conditions.
- Several studies have shown that opting for green projects would maintain natural capital while increasing output, creating wealth, and reducing poverty rates in society, thus preserving the rights of future generations. For example, a study conducted on thirteen million farms in different parts of Africa and Asia demonstrated that the application of green practices in agriculture led to an increase in yield by 79 percent, while preserving existing agricultural assets from deterioration.
- In addition, there are many jobs that will be created because of the shift towards a green economy. In this regard, UN studies have confirmed that the number of these new jobs will over time outnumber the traditional jobs lost during the

transition process. To take full advantage of the new jobs, there must be implementation plans for the advancement of human capital in parallel with the incentive policies offered to companies.

### **Regarding the decision mentioned in the news:**

- Exaggeration in the description and specification of areas as mentioned in the decision, such as projects to produce green ammonia, green hydrogen, and the operation and management of schools and institutes, etc., will lead to: firstly, opening the door to discretion of the competent officer to determine the projects to which the decision applies, which leads to illegal practices, and secondly, limiting and disrupting new ideas.
- What truly matters is to set broad titles for activities and areas, and to open the door for creativity and innovation by the investors themselves.
- The investor is the one who bears the consequences of his investment decisions, and therefore, he is the most eager for their success. The State's interference in determining the mechanisms of the project's work goes beyond what it is authorized to do, hinders investment, and prevents the achievement of the desired goal. In the end, those in charge of investment know the nature of the market and its needs.
- Returning to the original objective, which is to facilitate the work of these projects: How could these incentives be effective when the most important obstacles related to the procedures for obtaining the necessary approvals and permits remain unchanged? The crux of the matter is to simplify the procedures by shortening and speeding them up, not just compiling and presenting them as they are via one window.

- The decision indicated that the applicant is notified of acceptance or rejection within five working days after the end of the 20 days specified for issuing the necessary licenses for investment projects, while a lack of response after the end of the 20-day period means automatic approval.
- Providing incentives is undoubtedly important, but the decision mentioned in the news did not specify the types of these incentives, how they are applied, and whether they are uniform or differ from one sector to another according to the nature of the activity.

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