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Prime Minister's conference announcing the State's vision to deal with the global economic crisis (live broadcast)

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What is the “golden license” for the projects announced at the Cabinet’s world conference?



Prime Minister Dr. Mustafa Madbouly announced the start of granting a “golden license” for projects. The Golden License is simply one license granted to new projects with the aim of accelerating the start of productive and investment activity, and does not need approvals from a number of authorities as the traditional license.

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Our Views

The Prime Minister’s conference comes as a serious attempt to put forth a future plan to deal with the current challenges of the Egyptian economy, which is a promising step. The commentary in this issue of VON covers two pillars: First, general remarks about the conference and the government's future plan; second, specific comments about the golden license.

First: General comments about the conference and the government's future plan

- It includes an extensive review of global challenges and their ramifications for Egypt. These global challenges are the basis of the problems Egypt currently suffers, like other countries, but it is important to note that the impact of the global situation on countries varies in severity according to the strength of their economic structure and performance prior to the crisis. Therefore, it is important when presenting future plans to stress that Egypt suffers from obstacles that require recognition and effort in order to weather external challenges.

- When selecting countries to compare with Egypt, the appropriate countries for comparison should be top performers. This increases credibility, because acknowledging the existence of problems is the first step in finding potent solutions for them; it is the motive for development and improvement. Selecting poor performers will not provide serious benchmarks for improvement.
- One of the bright spots in the conference is the attention paid to intellectual property. For weeks, ECES has shed light on the topic and the missed opportunities that Egypt can benefit from,¹ over-which ECES organized a complementary symposium today. But what counts is the time frame for implementation.
- In general, it is important to move focus from what we want to target to the implementation mechanism, and its time frame; Egypt does not have the luxury of time.
- Many of the measures presented are exceptional, such as new incentives for investment, the golden license, and others. Although a favorable step, they do not address the roots of the various problems. They also bring up the question of who exactly benefits from these privileges. Finally, they do not seek answers for why previous attempts failed. Without addressing causes, new measures will not be effective.

¹ <https://www.eces.org.eg/EventDetails?Lang=AR&C=2&ID=357&%D8%A3%D9%8A%D9%86-%D9%85%D8%B5%D8%B1-%D9%85%D9%86-%D8%A7%D9%84%D8%B9%D8%A7%D9%84%D9%85-%D9%81%D9%8A-%D8%A7%D8%B3%D8%AA%D8%AE%D8%AF%D8%A7%D9%85-%D8%A7%D9%84%D9%85%D9%84%D9%83%D9%8A%D8%A9-%D8%A7%D9%84%D9%81%D9%83%D8%B1%D9%8A%D8%A9--%D9%83%D9%85%D8%AD%D9%81%D8%B2-%D9%84%D9%84%D9%86%D9%85%D9%88-%D9%88-%D8%A7%D9%84%D8%AA%D9%86%D8%A7%D9%81%D8%B3%D9%8A%D8%A9%D8%9F>

- ECES had previously published a View on News on the State Ownership Policy document,² raising many questions about it. There are many questions to be addressed about other proposals as well. In what follows, we shall specifically address the golden license. More measures will be discussed over the coming weeks.

Second: Specific comments about the golden license

- Proposing the idea of the golden license as a fast track to licensing is an acknowledgment of the failure of previous efforts in facilitating licenses, and an affirmation that the facilities and incentives provided previously were not taken advantage of, whether through Investment Law No. 72 of 2017, Industrial Licenses Facilitation Law No. 15 of 2017, or the Small and Medium Enterprises Law No. 152 of 2020, which raises many questions:
 - Have the reasons for the failure of the current licensing system in stimulating investment and overcoming bureaucracy been evaluated?
 - To what extent will the golden license provide a real comprehensive reform of the investment climate, and effectually remedy obstacles to granting licenses?
 - Will the golden license replace the current licensing system, specifically for industrial licenses? or is it a parallel path with the current track, which creates more

institutional complexity? Also, having two licensing paths discriminates against existing projects that contend with licensing problems.

- What is the status of the current licensing entities vis-a-vis the golden license?
- Granting golden licenses is limited to new projects. So, what is the case for existing projects that need to renew their licenses?
- Who will determine the projects that qualify for golden licenses? And on what basis? How will high-risk projects be granted a golden license without ensuring that technical requirements are met, especially that the golden licensing body is not technically qualified to perform this role?
- What are the mechanisms needed to guarantee the implementation of the golden license in light of the institutional complexity and the multiplicity of the mandates? Otherwise, the issue will end up like the “single window”, a mere collection of different entities without real delegation of their powers.

Finally, the recurrence of global, regional and local crises calls for the speedy adoption of structural reforms, and not the search for fast tracks to solve problems without addressing basic roots.

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