Law no. 95 of 2018

Promulgating Industrial Development Authority Law

In the name of the people,

The President of the Republic,

The People's Assembly has approved the following Law and it is hereby enacted:

(Article I)

The provisions of the attached law shall apply to The Industrial Development Authority (IDA)

(Article II)

Without prejudice to the provisions of the Law on Investment promulgated by Law no.72 of 2017, Law No.14 of 2012, concerning the integrated development in Sinai Peninsula and Law no.83 of 2002 on Economic Zones of a special nature, the provisions of the attached Law shall apply.

(Article III)

Any provision contrary to the provisions of this Law shall be repealed.

Article IV

The Executive Regulations of the attached Law shall be issued by a decree of the Competent Minister of Industrial Affairs within six months as of the date of its entry into force. Pending the Executive Regulations and the implementing decrees of the attached Law, the applicable regulations and resolutions in force shall remain in a manner not inconsistent with the provisions of the attached Law.

Article V

This Law shall be published in the Official Gazette, and shall be effective as of the day following the date of its publication.

This law shall be affixed by the seal of the State, and shall be enforced as one of its Laws.

Issued by the Presidency of the Republic on Ramadan 26, 1439 AH
Corresponding to June 11, 2018)
Abdelfattah Al-Sisi

The Law on The Industrial Development Authority

(CHAPTER ONE)

Definitions

Article (1)

For the purposes of the application of the provisions hereof, the following terms shall have the meanings set out for each term hereunder:

1- **The Competent Ministry**: The Ministry responsible for Industrial Affairs.

2- **The Competent Minister**: The Minister responsible for Industrial Affairs.

3- **The Authority:** The Industrial Development Authority (IDA).

4- **Industrial Project:** Each facility, company or industrial place, regardless of the size thereof, that performs a physical or chemical transformation on the raw material, or makes changes to any product, including assembly, classification, packaging, sorting, recycling, or other processes in accordance with the standards and controls issued by the Competent Minister for Industrial Affairs.

5- **Industrial Zones:** Specific areas of lands that are located inside or outside governorates' boundaries and whose external boundaries' coordinates are illustrated on cadastral maps and allocated for industrial projects and service activities thereto related in accordance with the provisions of laws and decrees governing industry.

(CHAPTER TWO)

The Industrial Development Authority

Article (2)

The Industrial Development Authority (IDA) is a general economic authority with a legal entity affiliated to the competent Minister, and its Headquarters is located in Cairo governorate.

The Authority has the right to establish branches and offices thereof inside Arab Republic of Egypt.

Article (3)

The Authority shall be the entity responsible for organizing and managing the industrial activity in The Arab Republic of Egypt, implementing industrial policies set by the competent ministry and entities affiliated thereto, setting and implementing land development policies for industrial purposes, making it available for investors and facilitating industrial license procedures thereto. For such purpose, The Authority shall:

1. Study industry related legislations and make proposal of what may be deemed necessary for such.
2. Prepare sectoral and geographical industrial development studies and plans and follow-up implementation and promotion thereof.
3. Set industrial zones' development policies and plans and take the measures necessary for developing thereof either directly or through development licenses or contracts with private sector.
4. Decide on applications for establishing industrial zones or expansion of existing ones, and set the corresponding rules and conditions, regardless of the establishing or managing entity whether governorates, other State entity or private sector.

5. Set lands allocated for industrial purposes in coordination with National Centre for Planning State Land Uses (NCPLSU), without prejudice to the provisions of Law no.7 of 1991 on some provisions related to State's private property.
6. Set regulations allowing private sector's companies to establish, facilitate supplies, manage, provide land areas of industrial zones and grant license for such activities.
7. Specify industrial activities, products and service activities thereto related that are to be practiced in industrial zones in coordination with Egyptian Environmental Affairs Agency (EEAA), governorates, other State entities and private sector. In addition to specifying prohibited industrial activities and activities that may not be practiced without special regulations.
8. Set rules and conditions regulating utilization, development and pricing of industrial zones for investors. Coordinate with governorates, other State entities or private sector who manage and supply industrial zones with facilities to make them available for investors.
9. Set general rules for incentives granted to investors inside industrial zones and linking thereof to specific production, operation and export standards or other development goals. Provide attractive investment climate in industrial zones in cooperation with The General Authority for Investment and Free Zones (GAFI), provided that such rules shall be ratified by the Cabinet.
10. Set rules and conditions governing approvals and licenses necessary for industrial projects and issuance thereof in accordance with the provisions of Law on the Facilitation of Licensing Procedure for Industrial Establishments issued by Law no.15 of 2017.

11. Issue industrial register registration certificates.
12. Follow-up and evaluate industrial activities, in coordination with the concerned authorities, to ensure compliance with industrial zones' usage conditions.
13. Set general policies and plans necessary for training industrial sector employees, and monitor competent ministry's projects financed by foreign grants or loans in coordination with governmental bodies and private sector in such sector in a way that qualify such employees and building capacities thereof in accordance with industry requirements.
14. Set polices and mechanisms necessary for linking between industrial sector's development requirements and corresponding technological and scientific research activities thereto with a view to maximize the benefits of scientific researches and projects to meet industry requirements.
15. Enlist companies and consulting firms working in establishment and development of integrated engineering systems related to industrial, technological and service activities in accordance with the controls set by The Authority's board of directors.
16. Develop and promote industrial zones locally and internationally with a view to increase investment therein in cooperation with The General Authority for Investment and Free Zones (GAFI) and competent entities.
17. Establish joint-stock companies individually or with other partners or have shares in existing companies in accordance with the provisions of Law on Joint Stock Companies, Partnerships Limited by Shares & Limited liability Companies issued by Law no.159 of 1981, after cabinet's approval and without prejudice to purpose thereof.

18. Issue books, journals and bulletins related to promotion of industrial zones and projects and corresponding promotional material in cooperation with The General Authority for Investment and Free Zones (GAFI).
19. Address assignments of the Competent Minister in any subject related to competencies thereof.

Article (4)

For the purpose of achieving its goals, The Authority may conclude necessary contracts, transactions and actions, request allocation or reallocation of Private State property lands or assets therefor for the purpose of usage in its administrative affairs.

The Authority may, for the same, hire the best local or international qualifications and expertise upon approval of the Board of Directors thereof. Moreover, The Authority shall not be bind, with respect to administrative and financial matters, by governmental rules and systems.

Article (5)

Except for free, investment and technological zones, The Authority shall be the administrative entity competent for planning and organizing, in the application of the provisions of Building law, industrial establishments and buildings attached thereto either inside or outside industrial zones throughout the Republic.

Article (6)

The Authority shall provide industrial projects' owners and concerned persons, upon their requests, with information, data, statistics, researches and cadastral and technical maps necessary for establishing certain industry, expanding thereof or developing thereof in return for an amount to be determined by The Authority's Board of Directors and not exceeding the actual cost of such.

Article (7)

The Authority shall have a board of directors whose formulation shall be by prime minister decree in accordance with the following:

- The Chairman (Head of the Board of Directors).
- A maximum of three deputies of the chairman.
- State Council's Consultant whose selection shall be in accordance with the Law governing State Council.
- Six members representing competent ministries of Trade and Industry, Investment, Local Development, Housing Utilities and Urban Communities, Finance and Environment and each of which shall be nominated by their competent minister.
- A representative of National Centre for Planning State Land Uses (NCPLSU) nominated by the centre.
- Three members of specialists and expertise nominated by the competent minister.
- The formulation decree shall include the financial compensation for the chairman and board members.

Article (8)

The Chairman of the Authority shall have one deputy or more to support him in his mission. The competencies of such deputy shall be specified by a decree of the competent minister.

Assignment of the Chairman and deputies thereof shall be made by a prime minister decree issued based upon the nomination of the competent minister, for four years renewable for one duration only.

Article (9)

<u>The Authority's Board of Directors shall be the supreme authority governing its affairs and managing thereof, and shall have the right to undertake measures as it may see necessary for the achievement of The Authority's goal, and shall specifically:</u>

1. Set the general policy of The Authority.
2. Set The Authority's plans and activity programs and implement thereof.
3. Establish branches and offices of The Authority inside The Arab Republic of Egypt.
4. Ratify The Authority's organizational structure and regulations of human resources, administrative and financial matters without compliance with the provisions of Law on The Central Agency for Organization and Administration (CAOA) issued by Law no.118 of 1964 and rules and applicable systems in general authorities and governmental entities and without prejudice to the provisions of Law no.63 of 2014 on The maximum wages limit for State bodies employees.
5. Approve the Authority's Budget and final statements and accounts.
6. Set fees for services provided by The Authority.
7. Set controls for industrial zones' board of directors' formulation, competencies and work plans, provided that the formulation and competencies of such shall be specified by a decree of The Authority's Chairman.

8. Accept grants and contributions and approve loans that help The Authority achieve the goals thereof, without prejudice to the provisions of governing laws and decrees related thereto.
9. Acknowledge contracts and works that allow The Authority to practice activities thereof.
10. Set rules for hiring local and international technical consulting firms and their compensation systems.
11. Review all assignments of the competent minister within The Authority's competence.
12. The Board may charge the Chairman or a committee of the members thereof with some competencies thereof. In addition, it may delegate one of its members or directors of certain mission.

Article (10)

The Chairman of the Authority shall be responsible for its affairs, implementation of Board of Director's decrees and shall represent thereof before courts and others.

Article (11)

The Board of Directors meeting shall, upon invitation of its chairman or deputy thereof, be held at least once per month. The chairman may invite the board for meeting based on necessity, and such meeting shall not be valid unless attended by the majority of the members. Decrees shall be issued by the majority of attending votes and in case of a tie, the side of the president shall prevail. The Board shall set the rules governing its work.

The Board of Directors' decrees shall be ratified be the competent minister, and shall not be enacted unless ratified or a period of two weeks as of notification thereof to the minister has passed without objection thereon.

Article (12)

The competent minister shall issue the decree regulating non-industrial activities inside industrial zones in a way that supports the goal of establishment and development thereof.

Article (13)

<u>The resources of The Authority shall include:</u>

1. Funds allocated by the State.
2. Fees of services collected by The Authority from governorates, other State entities or private sector.
3. The Authority returns from granted licenses and standard costs of services provided for others.
4. Returns for managing and disposal of lands and assets allocated for industrial purposes and owned by The Authority.
5. Grants, donations and endowments accepted by the Board of Directors.
6. Loans suggested and approved by the Board of Directors in accordance with the stipulated rules.
7. Returns on investment of The Authority's funds.
8. Any other resources issued by board od directors' decree upon Cabinet's approval.
9. The Authority's funds shall be deemed public and may not be disposed of in purposes other than that for which it was established.

Article (14)

The Authority shall have independent budget modelled upon economic budgets, and the fiscal year of The Authority shall be consistent with the fiscal year of the State; i.e. Have the same beginning and end dates. The accounts, balances and funds of the Authority shall be subject to control of Accountability State Authority without prejudice to controls stipulated in Law no.127 of 1981 on Government Accountability. The Authority's resources shall be deposited in private account in the Central Bank of Egypt (CBE) or in any of the banks registered therein upon approval of the minister of finance or as stated by the international agreements concluded by The Authority for the purpose of financing activities thereof. Payments made from such account shall be in accordance with the financial regulations set by the board of directors and the budget surplus shall be carried over to other fiscal year.

Article (15)

Employees in The Authority shall be subject to the rules and provisions stipulated in Human Resources regulation set by The Authority's Board of Directors.

(CHAPTER THREE)
Industrial Zones Support Fund

Article (16)

Industrial Zones Support Fund shall be responsible for implementing Ministry's policy of industrial development in industrial zones, and shall especially:

1. Subsidize establishment, utility supply and development of industrial zones in The Arab Republic of Egypt.
2. Subsidize land prices and industrial, productive and service activities thereto related in industrial zones in accordance with the rules specified by The Authority's Board of Directors.
3. Support industry promotion policies to achieve ministry's industrial development plans and procedures with a view to enhance industrial zones' capability to attract investments and promote competitiveness locally and internationally.

Article (17)

The Fund shall have an independent legal entity, and shall be managed by a board od directors with the chairmanship of the Chairman of The Authority. The competent minister shall issue a decree of the formulation of Fund's Board of Directors and the work system thereof.

Article (18)

The resources of The Fund shall include:

1. Funds allocated by the State.

2. The percentage of The Authority's annually carried over budget surplus specified by a decree from the competent minister upon proposal of The Authority's board of directors.
3. Grants and donations accepted by the Fund's Board of Directors.
4. The Fund's funds shall be deemed public and may not be disposed of in purposes other than that for which it was established.

Article (19)

The Fund shall have independent budget, and the fiscal year thereof shall be consistent with the fiscal year of the State; i.e. Have the same beginning and end dates. The accounts, balances and funds of the Fund shall be subject to control of Accountability State Authority and its resources shall be deposited in private account in the Central Bank of Egypt (CBE) for the purpose of financing activities thereof. Payments made from such account shall be upon approval of The Fund's Chairman and in accordance with the rules set by the board of directors thereof and the budget surplus each year shall be carried over to the following fiscal year.

(CHAPTER FOUR)

Disposal in Real estate necessary for the Establishment of Industrial Projects

Article(٢٠)

Taking in consideration special rules for some real estate located in geographical areas governed by special laws, disposal of State property or other real- estates by public legal entities shall be with a view to establishing industrial projects in accordance with rules and controls set by The Authority in this respect.

Disposal in The Authority's owned real-estates shall be in accordance with the provisions stipulated in this Chapter.

Entities of jurisdiction may delegate The Authority in disposal of real-estates owned thereby for the purpose of establishment of industrial projects, provided that the proceeds of disposition in such real-estates shall be transferred to the entity of jurisdiction**.**

Article(٢١)

Administrative entities of jurisdiction shall, after coordination with all competent entities and The National Council for Planning State Land Uses (NCPSLU) within ninety days as of the enforcement date of this law, be responsible for providing The Authority with detailed maps specifying all real-estates lying under their jurisdiction and allocated for the establishment of industrial projects in addition to a complete database including location, area, set heights, estimated price, suitable industrial activities and means of disposition thereof. Such entities shall be obliged to update such data periodically each six months or upon The Authority's request.

Transferring ownership, jurisdiction or supervision of some real-estates from entities of jurisdiction to The Authority, may be upon presidential decree after Cabinet's approval, if necessary for the implementation of industrial development plan, provided that The Authority shall be responsible for disposal thereof in accordance with the provisions of this Chapter .

Article(٢٢)

Disposal of real-estates necessary for the establishment of industrial projects shall be in accordance of the provisions, controls and procedures stipulated in this Chapter, without prejudice to State's industrial development plan and industrial project size, nature of the activity and value of invested funds therein.

Such disposal shall not be subject to the provisions of Bids and Tenders Law, except where no other provision is contained in this Law and is not inconsistent with its provisions.

Article (23)

Real -estates necessary for industrial projects may be disposed into with any of the following means:

Sale, lease, lease-to-own and usufruct.

Such means shall be upon the concerned person’s request or The Authority’s announcement or invitation in accordance with the provisions of this law.

Entities of jurisdiction on real-estates may have shares with the same in the industrial projects as in-kind share or partnership in cases where issued by Cabinet’s decree and the participation procedures thereof in the industrial project are illustrated in the executive regulations of this law.

Article (24)

The Authority shall be committed to make data of all alienable industrial lands available in accordance with the provisions of this chapter. In addition, The Authority shall be committed to announce the disposed lands in accordance with the provisions of this chapter and as illustrated in the executive regulations of this law.

Article (25)

In cases where the concerned person requests real-estates of State’s private property to establish an industrial project, the purpose, area, location of the requested real-estate shall be illustrated in the application.

The Authority shall be responsible for offering real-estates, available thereto or to any of the administrative entities of jurisdiction, that suits the requested industrial activity of the concerned person, and illustrating the nature thereof, terms thereto related, status of utilities, type of disposal, price value and any necessary data or terms.

Article (26)

Disposal in State's private property real-estate may, for the purposes of industrial development and in areas specified by a presidential decree upon Cabinet's approval, be free of charge or against a nominal charge for manufacturers who fulfil financial and technical conditions specified in Cabinet's decree. Such disposal shall apply to any form of disposal stipulated in Article (23) thereof.

In all cases of free of charge real-estate disposal, The Authority shall request the concerned person to submit cash guarantee or equivalent that doesn't exceed five percent (5%) of project's investment costs to the disposing entity, in accordance with the standards and controls illustrated in the executive regulation thereof, provided that such guarantee shall be refunded after three years of actual production subject to commitment to disposal conditions.

Article (27)

In cases where disposal in real-estates is by charged usufruct license, the license shall not exceed a period of fifty renewable years on agreed upon conditions provided that the project is continuing its activity and without prejudice to the administrative entities of jurisdiction's right to modify the usufruct value at the time of renewal.

License shall be for the manufacturers fulfilling financial and technical conditions set by The Authority's Board of Directors.

The previous provisions shall apply on disposal by means of lease.

Article (28)

In cases where disposal of real-estates is by means of sale, the concerned person shall, for the purposes of the establishment of industrial projects or expansion thereof, submit an application to contract thereof, provided that he/she meets the financial and technical conditions specified by The Authority.

Real-estate ownership shall not be transferred to the investor, in such cases, except after full price payment and actual production. The contract concluded with the concerned person must include a text for the same.

The Authority may, upon concerned person’s request in cases where disposal is made in accordance with the provisions of this chapter, agree on postponing full price payment or part thereof or any other facilitation up till the actual operation of the project, and the contract shall include necessary guarantees and procedures thereof.

The previous provisions shall apply on disposal by means of lease-to-own.

Article (29)

Upon competition among concerned persons’ disposal applications in real-estates necessary for the establishment of industrial projects; either by sale, lease, lease-to-own or usufruct license, preference shall be based on fulfilment of financial and technical conditions necessary for the industry by points-system in accordance with preferences bases including concerned person’s proposal value or other technical or financial specifications.

Where no preference among competitors is possible based on points-system, it shall be made in accordance with the highest proposed price.

The executive regulation thereof shall illustrate competition cases, preferences controls and procedures and basics thereof.

Article (30)

The Authority may make announcement for the establishment of industrial projects in specific areas and activities for development-related purposes. Real-estates and lands necessary for the establishment of such projects shall be provided for previously settled prices with a discount percentage that doesn't exceed half of the estimated value of such real-estates or lands. Disposal, in this case, shall be by one of the means set forth in Article (23) thereof.

In case of investors' competition, The Authority shall make preference, in accordance with points-system, among those fulfilling the technical and financial conditions specified thereby. Where no preference among competitors is possible based on points-system, lottery system may apply.

The executive regulation thereof shall specify industrial projects establishment invitation method, preferences controls and procedures and basics thereof.

Article (31)

Valuation of sale price, rental value or usufruct charge, shall be a committee formulated by Chairman's decree with the membership of valuation expertise and a representative of the ministry of finance and the committee shall, with a view to accomplish the assigned mission, seek the help of whom it may deem necessary.

<u>On evaluation, the following standards and controls shall be taken into account:</u>

1. The price of nearby real-estates.
2. Cost of real-estate preparation, necessary infrastructure and availability of main services.
3. The nature of activity intended to be established and the necessity of such activity in the achievement of industrial development.

4. Certified real-estate evaluation standards.
5. Other technical items that The Authority may see necessary for the evaluation process based on the nature of the proposed project.

   The committee shall be committed to finalize the evaluation process within a period not exceeding thirty days as of the date of evaluation application submission.

   The executive regulation thereto shall illustrate the procedures necessary for the evaluation process and the validity thereof.

Article (32)

A committee or more shall be formulated, by The Authority's Chairman decree, to include technical, financial and legal members whose expertise suits the nature and importance of the subject matter of the contract. The committee shall decide on concerned persons' applications for real-estates disposal within a period not exceeding thirty days as of the date of technical opinion receipt. The committee's decisions shall be ratified by the Chairman of The Authority.

The executive regulation thereto shall illustrate work procedures of the aforementioned committees and payment methods of price, rental value or usufruct charge as the case may be. In addition, the same shall illustrate contracts' drafting and preparation procedures in each case in accordance with contract templates certified by The Authority's board of directors after being reviewed by State Council.

Article (33)

In all cases where disposal in real-estates necessary for industrial projects, the industrial project shall comply with the purpose for which such disposal was made. Such purpose may not be changed except after The Authority's written consent, in cases where real-estate nature and location allow for such change, provided that amounts, whose value specification standards are illustrated in the executive regulation thereto, are paid.

The Authority shall reply to purpose change application within thirty days as of the date of submission thereof. In case of no reply, the concerned person shall have the right to resort to grievance committee stipulated in Article (36) of this law.

Article (34)

The Authority shall follow-up the industrial project establishment program through the competent employees thereof who submit periodic reports for the Chairman of the Authority about any breaches, and the concerned person shall help such employees in completing their mission.

Article (35)

The Authority shall, based upon submitted follow-up reports stipulated in Article (34) thereof and after warning the contractor in writing on his address mentioned in the contract to remove the causes of breach within thirty days as of the date of warning, terminate sale, lease, lease-to-own or usufruct license contract and withdraw the real-estate in any of the following cases:

1. Refrain from receiving the real-estate for a period of ninety days as of the date of receipt notification.
2. Non-commencement in project implementation within ninety days as of the date of receiving the real-estate free from obstacles without an acceptable excuse, and continued inaction after written notification for the same period.
3. Breaching financial dues' payment conditions.
4. Changing the purpose for which the real-estate is allocated, mortgaging thereof or making it a value for an in-kind share without the prior written

consent of the Authority and prior to ownership transfer thereto in accordance with the provisions of this law.

5. Concerned person's non-compliance with the project implementation program without an acceptable excuse.
6. Essentially breaching contract or usufruct license conditions in any stage of project implementation.

The executive regulation thereof shall illustrate the aforementioned essential breaches and real-estate redemption in case investor has refrained from completing project implementation. In this case, real-estate disposal may be undertaken with the same disposal provisions stipulated in this chapter.

Article (36)

A committee or more shall be formulated in the Authority for reviewing grievances from decisions issued in accordance with the provisions of this chapter. Each committee shall be headed by one vice president of State Council to be selected in accordance with State Council governing law, and with the membership of The Authority, the administrative entity of jurisdiction and The Federation of Egyptian Industries (FEI).

The formulation of the committee, convening scheme, work system and substantive secretariate shall be issued by a decree of the chairman of The Authority.

Article (37)

Grievances shall be submitted to grievances committee within fifteen working days as of the date of issuance of the grieved decree or knowledge thereof as the case may be. The committee shall contact concerned persons and competent administrative entities to request submission of documents, clarifications and response to inquiries that it may see necessary, and shall involve different expertise and specialists of The Authority and from other administrative entities.

The committee shall decide on what is proposed with a reasoned decree within fifteen working days as of finishing parties' hearing, and the decree thereof shall be final and binding for all competent entities. Suspension or abolition lawsuits of such decrees shall not be accepted before grievance thereon submission to the committee and the appeal against grievances committee shall be the competence of the competent administrative court.

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