

ERRADA

Egyptian Regulatory Reform & Development Activity

**ERRADA: Inventory Phase
Evaluation Report**

February 2009





Acknowledgements

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Acronyms

| | |
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| BAC | Business Advisory Council |
| GMU | Government Ministerial Unit |
| GRU | General Review Unit |
| LADIS | Legislation and Development Information Systems |
| RIA | Regulatory Impact Assessment |



Executive Summary

This evaluation of the Inventory Phase of ERRADA was conducted towards the completion of Inventory. ERRADA (Egyptian Regulatory Reform and Development Activity) is an ***Egyptian initiative*** which aims to build an Egyptian regulatory management system of public-private institutions based on openness and fairness that promotes a competitive Egyptian economy. The Initiative, which was officially launched in July 2007, was co-financed by the USAID/TAPR II and the Government of Egypt, where currently the latter provides the majority of funds.

In the initial phase of the Initiative (July 2007 - December 2008) 11 ministries (trade and industry, investment, finance, petroleum, tourism, housing, transport, agriculture, health, administrative development and local development) joined.

The evaluation, which was conducted during the period December 2008 – February 2009, aims to assess whether the objectives of building the inventory have been achieved and identify the lessons learnt for other ministries that would join the Initiative.

Key Findings

- GMUs were established in the 11 participating ministries by ministerial decree, outlining the purpose, scope of work, functions of the GMU and their main members.
- A participatory approach was adopted, and GMUs were engaged by the GRU throughout the Inventory Phase. ERRADA community working as a whole developed Quick Guide for Inventory approved by the Legal Task Force. This gave legal guidance to the community and make sure that the developed Quick Guide conformed to the Egyptian legal context.
- The software application was acquired from Croatia after evaluation by a committee. A Software Acceptance Group as a subset of the Legal Task Force managed the successful customization/ Arabization of the software.
- The GRU has generally supported the requests of GMUs (in terms of equipment requirements and recruitment of qualified staff) during the inventory process.
- GMUs generally followed the Quick Guide for Inventory in compiling the regulations in terms of types of regulations to be included.
- The flexible structure of the Initiative allowed them to conduct the inventory process in the way that best suited their ministries. However variances occurred where GMUs: (a) have entered all/most of the

relevant regulations on ERRADA database; (b) have compiled but are at an early stage of data entry; (c) are still compiling regulations from subordinate authorities at the time of the evaluation.

- By 10 February 2009, the GMUs have identified around 25,000 regulations that affect business environment in Egypt and put them on ERRADA electronic database in preparation for their review in the next phase. It should be noted that without the Inventory, the review could not have taken place as there was no stock of regulations readily available.
- A key contribution of building the inventory is maintaining the *institutional memory* of participating ministries. The Inventory allows the compilation of up-to-date valid regulations (including other non-business related regulations) and their depository in a single location within participating ministries.
- Notwithstanding these achievements, the following challenges were highlighted during the evaluation:
 - The process of compiling the inventory proved to be more challenging than was thought by the different stakeholders at the beginning due to:
 - § The complexity of the Egyptian regulatory system and the lack of prior knowledge of the size of regulations. As a result, the deadline for completion of the Inventory was shifted twice.
 - § Many of the subordinate authorities were slow in responding to GMUs' requests which affected the progress of the inventory.
 - § Searching in ministry's archives was not an easy task because of the lack organization of the archives.
 - § GMUs had to rely on several sources (such as ministry's archives, subordinate authorities and LADIS) due to the lack of a comprehensive, complete and accurate stock of Egyptian regulations.
 - § Although LADIS was one of the main sources utilized by GMUs, it was pointed out in the interviews that it contained some errors in specifying valid/invalid regulations, classification of regulations as index, and sometimes it had wrong attachments.
 - Lack of political support for some GMUs within their ministries has a damaging effect on their work and the cooperation they receive from the ministry's subordinate authorities.

- As the role of GMU as a depository of regulations within the ministry has not been established, subordinate authorities do not send a copy of newly issued regulations automatically to the GMU.
- Despite modifications in the software, some limitations still persist.
- A number of GMUs did not have the appropriate physical conditions to perform their functions promptly.

Key Recommendations

a) ERRADA Leadership

- The ERRADA Leadership needs to advocate ERRADA within participating ministries (those already part of the Initiative and those that will join it later), explaining the purpose of the Initiative, its significance and position in the government's structure.
- ERRADA leadership needs to seek to institutionalize GMUs within participating ministries as the Depository of Regulations.
- The GRU and ERRADA leadership should work on cultivating a strong sense of community within the Initiative to ensure that GMUs exchange experiences and support each other.
- GRU needs to reconsider the request of GMU senior management signing off the Inventory. One option could be to postpone signing off until the completion of the review, as GMUs would be signing off reviewed regulations.

b) Expanding ERRADA

The current practice of establishing GMU by a ministerial decree should continue. This will enable the GMU to receive full support and recognition within its own ministry.

- The appointed GMU Political Director needs to be an influential figure within the ministry. He also has to be a believer in the significance of the Initiative so that he empowers the GMU and facilitate its work. The GMU Manager should enjoy direct and continuous access to the Political Director to provide them with support wherever required.
- GMU should be established with a dedicated/full-time GMU manager; an IT staff to deal with IT issues; and two or more admin staff at the beginning as the work involves photocopying and data entry. It is also recommended for the GMU to have a



technical member who is familiar with and has experience in the regulations of the ministry.

- Staff from well established GMUs could be assigned to newly established GMUs in other ministries that will join the Initiative (for a limited period) in order to ensure the transfer of accumulated experience and best practices within ERRADA.
- It is important for GMU staff to attend all meetings (especially IT meetings) to engage with other members of the community; exchange ideas with them and learn from them.



Background

ERRADA (Egyptian Regulatory Reform and Development Activity) is an ***Egyptian initiative*** which aims to build an Egyptian regulatory management system of public-private institutions based on openness and fairness that promotes a competitive Egyptian economy. The Initiative was officially launched in July 2007.

The Initiative has four main objectives:

1. Assemble an inventory of all valid regulations (including laws and decrees) in each of the participating ministries that affect business operations in Egypt.
2. Undertake reviews of this inventory by: i) Government ministerial units – GMUs; ii) general review unit – GRU; and iii) Business Advisory Council – BAC, which is a coalition of private business and professional organizations.
3. Demonstrate an open process of inventory and review by allowing Internet access to build an electronic registry of laws and regulations impacting business in Egypt.
4. Lay the groundwork of systems, institutions and principles for the effective use of *regulatory impact assessment* (RIA) as the foundation of economic governance in Egypt.

Based on the abovementioned objectives, the Initiative could be divided into four phases: the inventory; review; depository; and RIA.

The Initiative is part of the sub-Cabinet Committee of the Productive Sector, chaired by the Minister of Trade and Industry, H.E. Eng. Rachid Mohamed Rachid.

In the initial phase of the Initiative (July 2007 - December 2008) 11 ministries (trade and industry, investment, finance, petroleum, tourism, housing, transport, agriculture, health, administrative development and local development) joined.

Funding

Originally the Initiative was co-financed by USAID/Technical Assistance for Policy Reform (TAPR II) and the Egyptian government, where the former offered IT hardware (servers and computers) and software (database application). Support from USAID /TAPR II also included technical assistance offered through an international resident advisor and training to IT staff. In addition, USAID/TAPR II covered the cost of the study tour to Croatia and Moldavia, workshop held in Alexandria as well as recruitment costs of GMUs until December 2008, when half of which was taken over by the Egyptian government. As for GRU recruitment costs (starting from June 2008), they have always been financed by the Egyptian government. Between February



and July 2008, a bridge fund of LE5m was extended by the sub-Cabinet Committee of the Productive Sector. Since July 2008, the Initiative has been funded by the Government of Egypt.

The Inventory Phase

The overall objective of the Inventory Phase was to create an inventory of all valid regulations, related to the scope of work of participating ministries, that affect business environment in Egypt and put them on an electronic database in preparation for their review in the next phase. The Inventory Phase was originally planned to be completed by 15 March 2008.

Activities

To achieve the abovementioned objective, the Inventory Phase included the following activities:

1. Establish GRU.
2. Identify participating ministries and related subordinate authorities (political advocacy).
3. Create GMUs in participating ministries and supply them with needed equipment.
4. Recruit qualified staff for GRU and GMUs.
5. Develop, jointly between GRU and GMUs, a Quick Guide for Inventory.
6. Compile regulations related to ministry functions and go through them to identify valid regulations (from all sources) directly and indirectly affecting businesses in Egypt.
7. Maintain a register of all compiled regulations.
8. Set up a web-based electronic database system to enter regulations and link related ones within each ministry.
9. Train GMU staff on use of the database.
10. Make database accessible to ERRADA community.

Outputs

- 1- Twelve GMUs within participating ministries to undertake the inventory;
- 2- Arabic web-based software for business related regulations;
- 3- Business related regulations entered on database;¹

¹ At the beginning of the Initiative, the number of regulations was not known. It could not even be estimated.



Purpose of the Evaluation

As many of the participating ministries have approached the completion of the Inventory Phase, and start the Review Phase, ERRADA leadership considered it relevant and important to evaluate this phase and share the findings within the community and with ERRADA leadership. It is believed that this would help shed light on the value of the Initiative and its progress. This would in turn guide the relevant stakeholders concerning the way forward and how to build upon the accomplished achievements. In addition, the evaluation is timely before more ministries join the Initiative so that they can adopt best practices and learn from the shortcomings of those that preceded them.

Scope of the Evaluation

This evaluation seeks to assess the Inventory Phase with the aim of:

1. determining whether objectives of the Inventory Phase have been achieved;
2. identifying the challenges faced by the relevant stakeholders (GRU and GMUs) in this phase and how they addressed them;
3. determining positive and negative (intended and unintended) outcomes of the phase in question;
4. identifying best practices used by GMUs and the GRU; and
5. identifying lessons learnt for other ministries that will join Initiative and the ministries that are still in the process of compiling the inventory.

To achieve these goals, the evaluation, which was conducted during the period December 2008 – February 2009, mainly assessed the relevance, effectiveness, efficiency, and sustainability of the inventory.

Methodology

The evaluation team read the relevant available documents of the Initiative.²

The evaluation team also conducted qualitative interviews with the relevant key stakeholders who took part in the Inventory Phase, namely, GRU and GMU staff, and the international technical adviser from USAID/TAPR II.³

The purpose of these interviews was to capture significant unintended byproducts (whether positive or negative) of and experiences learnt in the

² See Annex 1 for a list of documents consulted.

³ See Annex 2 for a list of those interviewed.



Inventory Phase that go beyond the quantitative achievements (reflected in the number of checked regulations or those entered on ERRADA database).

Engaging relevant stakeholders in the evaluation process aimed at strengthening the sense of ownership within the community and cultivating a culture of learning from experience (both positive and negative).

Findings

The idea of the Initiative was first conceived in February 2007 and was more fully developed and the GRU was established by April 2007. During the period April-June 2007, the GRU presented and advocated the Initiative to 13 ministries (trade and industry, investment, finance, petroleum, tourism, housing, transport, agriculture, health, administrative development, local development, electricity and military production). Although the Chair of the sub-Cabinet Committee of the Productive Sector, Eng. Rachid encouraged ministries to join the Initiative, joining was done on a voluntary basis to ensure commitment of participating ministries. Only 11 ministries decided to join (trade and industry, investment, finance, petroleum, tourism, housing, transport, agriculture, health, administrative development, local development). The GRU coordinated, with USAID Missions in Eastern Europe, a study tour of Croatia and Moldova, which included two members from each GMU, in September 2007. The aim of the tour was to learn from the experience of those countries in successful regulatory reform.

Subsequently, a workshop was held in Alexandria, in December 2007, where speakers from Croatia and Moldavia were invited to talk to participating ministries about regulatory reform in their countries. The speakers mainly focused on the review and the criteria (need for, business friendliness and legality of regulations). It seemed that other countries did not have problems with the inventory of regulations which was readily available.

Interviews revealed that the vision was not clear from the beginning as to what GMUs would be doing and they did not fully appreciate the significance of the endeavor. Most GMU staff thought GMUs would be dissolved once the inventory and review were over. There was a lot of uncertainty surrounding the future of the Initiative. The idea of GMUs becoming sustainable and turning into RIA units within ministries started to crystallize for GMUs only in November 2008.

According to GMUs, the GRU has generally been supportive and accommodated the requests of GMUs during the inventory process. Each GMU was supplied with the needed equipment to undertake the inventory.⁴ GMU staff were recruited by the GRU according to the requirements identified by GMU in terms of number of staff and skills needed.⁵

⁴ See Annex 3 for a list of the equipment supplied to each of the 12 GMUs.

⁵ See Annex 4 for a list of the staff recruited in each of the 12 GMUs, highlighting their qualifications and whether they are full time or part time.

Inventory Process

Based on the documents and interviews, a participatory approach was adopted, and GMUs were engaged by the GRU throughout the Inventory Phase. At the beginning, there was not a standard set methodology to follow, due to the uniqueness of the Egyptian experience given the size, history, complexity and lack of organization of public administration. Thus, many GMUs compiled all regulations related to their ministries mainly from Legislation and Development Information Systems (LADIS).⁶

By time, and as GMUs were learning about the Initiative and their ministries' regulations, other sources was identified. A common understanding of the whole inventory process (including all five stages outlined below) gradually developed among participating GMUs. A Quick Guide for Inventory was jointly developed by GRU and GMUs since the beginning of the Initiative and over nine months. It was finalized in September 2008.⁷ A Legal Task Force,⁸ which was set up to give legal guidance to the community and make sure that the developed Quick Guide conformed to the Egyptian legal context, finally approved the Quick Guide.

Once developed, the Quick Guide served as a general framework. However, the structure of the Initiative was flexible enough to allow GMUs to undertake the inventory in the manner that best suited their ministries, which have different history, structure and complexity. This was reflected in the size of their regulatory heritage.⁹ Thus, GMUs adjusted the Guide to the internal organization structure and the nature of their respective ministries.

Interviews revealed that GMUs generally followed the Quick Guide for Inventory in compiling the regulations, which outlined all types of regulations to be included in the inventory.¹⁰ Generally, it was agreed that the inventory would include all valid: treaties and agreements; laws and their amendments, executive regulations of these laws and their amendments; prime ministerial, ministerial and governors' decrees, directives and circulars.

It was agreed that every GMU would include in the inventory any law if its

⁶ LADIS is an IT company based in Egypt, established in 1996, specializing in business and information systems for government and public sector bodies (<http://www.tashreaat.com>). Finance GMU suggested using LADIS to other GMUs as a source of regulations because the Ministry of Finance subscribed to this database. GRU facilitated subscription to this database for all GMUs.

⁷ See Annex 5 for the Quick Guide for Inventory.

⁸ The Legal Task Force was set up in June 2008. It comprised legal counselors from all GMUs. It had a technical secretariat managed by Dr. Dalia Fouad. The Legal Task Force was suspended after the approval of the Quick Guide as it was no longer needed at the time. It will be reactivated in the Review Phase.

⁹ See Annex 6 for a list of the date of establishment of the participating ministries and Annex 7 for organization charts of all participating ministries.

¹⁰ See Annex 5 (Attachment 1) for a list of regulation instruments to be included or not included in the inventory.

ministry is concerned with implementing any part of the law in question. For the ministries that no longer existed or were merged with other ministries, those that took over their functions and participated in the Initiative were responsible for compiling their regulations. Furthermore, the Guide identified criteria for identifying regulations in/directly impacting businesses in Egypt.

According to the Quick Guide, the Inventory comprised five stages:

A. Preparing for the Inventory:

As planned, each of the 11 participating ministries issued the ministerial decree required to allow it to undertake the inventory. Although the GMUs were set up almost instantly, some of the ministerial decrees were not issued until June 2008. The implication of this was that these units did not enjoy formal status within their ministries (until the issuance of decrees) and this made it difficult for them to contact subordinate authorities to obtain regulations.

By the time of the evaluation, all ministerial decrees were issued, outlining the purpose, scope of work, functions of the GMU and their main members. Each participating ministry also appointed a director to provide political support to the GMU within the ministry.

Although all GMUs were established by a ministerial decree, each of the ministerial decrees was different in formulation.¹¹ In theory, these formulations were designed to facilitate the mission of the GMUs; however, in effect, not all GMUs enjoyed full support (in terms of premises, operational and political support) and recognition within their ministries. Hence, not all of them had full access to their respective subordinate authorities' regulations and/or other sources, or full permission to use other experts within their ministries as needed.

It was evident from the documents and interviews that GMUs do not operate in the same way within their own ministry. Some of them enjoyed the support of their political director which contributed to the efficacy and hence the success of their mission within their ministries; while others faced more challenges in searching for regulations (especially from subordinate authorities).

B. Search:

Available documents and interviews revealed that GMUs relied on internal and external sources for compiling hard copies of regulations: LADIS; ministry's central archives; ministry's library; ministry's department for legal affairs; subordinate authorities' archives (including electronic and printed archives); the Cabinet; Information Decision Support Center (IDSC) and the National Gazette (which includes the Official Newspaper and Waqai' El-Masriyah¹²). Some GMUs also used electronic databases created in the ministry by previous projects (e.g. Industry and Trade).

¹¹ See Annex 8 for ministerial decrees of the GMUs.

¹² The Official Newspaper publishes: laws; treaties and agreements; presidential decrees; some prime ministerial decrees; rulings of the Constitutional Court and fatawa issued by the State Council. The Waqai' Masriyah (which is a supplement to the Official Newspaper) publishes: ministerial decrees; government advertisements; bids and tenders.



GMUs generally wrote letters to subordinate authorities requesting all relevant regulations. This often had to be followed up with visits to the authorities to explain to them exactly what is required as it was not always clear to them. Generally, GMUs suggested that both a formal letter and a friendly approach were needed to secure the support of the subordinate agencies and obtain a copy of regulations.

C. Verification:

GMUs were advised to ask the subordinate authorities to sign the form they receive from the GMU listing the regulations they have provided. They were also required to verify the completion and accuracy of regulatory tools in the list provided by subordinate authorities by referring to external sources. Many GMUs verified the completion of stock regulations by consulting different sources wherever possible.

As some regulations could not be located even though they were supposed to be published, it was agreed by GMUs that the regulation will not be considered published by merely having authorization for publish stipulated in the regulation itself, but rather when it is confirmed to be published by the National Gazette.

D. Data Entry:

GMUs used the scanners provided by the GRU to scan all valid up-to-date regulations¹³ and their amendments and converted them into PDF files. GMUs determined whether the regulation was directly related to business based on the identified criteria.¹⁴ They filled the data entry form¹⁵ and then uploaded regulations on ERRADA database. GMUs maintained a register of the checked and excluded regulations¹⁶ as well as those that were entered on the database (including the relevant serial number and date when the form was entered on database).

Amendments on some articles of a regulation were included on the database together with the original regulation. As for laws, only the final version of the law was uploaded. Related regulations were then linked vertically to the relevant law by all GMUs on the database. Where regulations were annulled, they were not entered but were referred to briefly in remarks section.

¹³ The only GMU that complained about the features of scanners supplied by the GRU was Finance. They claimed that the scanners were too slow and too small which made it difficult for them to use them given the large number of instruction booklets and circulars issued by their ministry. Instead, they used the scanner of the minister's office, which broke down in the process and resulted in delay in the completion of the inventory. They conveyed their concern to the GRU and suggested leasing a quick large scanner until they have scanned all the regulations – expected by end of January 2009. It took the GRU more than two months to take action and accommodate this request as it did not wish to offer preferential treatment to one GMU over the others.

¹⁴ See Annex 5 (Attachment 2) for criteria to determine whether regulation is directly related to business.

¹⁵ See Annex 5 (Attachment 3) for data entry forms.

¹⁶ See Annex 5 (Attachment 4) for regulations register.



E. Delivering the Inventory to the GRU:

GMU managers were supposed to deliver data entry forms, as well as requisition forms and fees tables to the GRU on a specified date after signing off the inventory list from senior management at the ministry. It was agreed in ERRADA community that it was the responsibility of every GMU – namely GMU manager and political director, to sign off the completion of their inventory. At the time of the publication of this report, only Transport GMU has submitted this deliverable to the GRU. Although other GMUs completed their inventory (Housing and Trade), they have not signed off their inventory.

It was pointed out in some interviews that the request of signing off the inventory by the senior management of GMU could be unrealistic. Management might be reluctant to take the responsibility of declaring that the Inventory is complete. This might be because of concern over incompleteness and/or inaccuracy of inventory as a result of drop due to a change in the name and/or function of the ministry or damage of files over the years.

Compiling Approaches

Interviews revealed that GMUs followed different approaches in sequence of compiling and entering the regulations on the database. One could categorize these approaches into two models:

1. GMU identified all the main regulations – such as laws or presidential decrees – (mainly from LADIS) and from that identified relevant regulations to the functions of the ministry and its scope of activities, compiled and verified them from different sources. These were then either entered on the database as received by the GMU (e.g. Industry); or classified by topic and then entered on the database (e.g. Health)
2. GMU identified regulations related to the ministry's scope of work (from LADIS and/or ministry archives), then asked all subordinate authorities affiliated with the ministry to send their relevant regulations, which were either entered on the database as received (e.g. Transport).

Due to variance in approaches adopted, by mid January 2009, GMUs were at different stages of the Inventory Phase. Whereas some have compiled and entered all/most of the relevant regulations on ERRADA database, others have compiled them and were still at an early stage of data entry. Other GMUs have entered some regulations from the ministry's archives and LADIS and were still compiling regulations from subordinate authorities at the time of the evaluation.

One of the main positive aspects of the Initiative, pointed out by GMUs, is its flexibility. The absence of a standard method to follow gave GMUs the chance to benefit from using different approaches that suited the nature of their ministries. Also it meant that continuous modifications could be introduced to the methodology to improve the outcome, especially with the level of cooperation among GMUs and GRU.

Although a monitoring and evaluation (M&E) system was not put in place since the beginning of the Inventory Phase, GMUs were asked to present the



progress of work within their units in biweekly meetings held at LMDC. The GRU also developed simple tools to monitor progress in data entry in August 2008, namely statistics pulled out from ERRADA database¹⁷ and a weekly report showing the number of entered regulations and percentage of completion of inventory based on information provided by GMUs¹⁸ which were both shared with GMU staff and political directors.

ERRADA Database

There were two options to acquire a database for saving regulations: procure a readymade software application or develop a locally designed one. ERRADA Management decided to go for the first option and procure it from Croatia after evaluation by a committee.¹⁹ The software cost \$100,000 paid for by USAID/TAPR II. The software was then Arabized and customized. A committee, Software User Acceptance Group, was formed from within ERRADA community (comprising legal experts and IT staff from GMUs and GRU) to come up with suggestions to modify the software to reflect the Egyptian legal and regulatory governance norms. These modifications were then approved by the Legal Task Force. The process took around seven months; it entailed long discussions and hard work to modify the format and content of the software.

For example, they worked together to customize and enhance the software both in format and substance (e.g. the field for the title of the regulation was expanded as it was too small; the year field was modified to accept text, namely the word "repeated" which suited Egyptian context). Requests were sent to the developer in Croatia, which modified the system to the limit allowed for by the contract. A lot of modifications emerged later out of problems in practice. Nonetheless, the software is now installed and fully operational (based on a specially adapted open-source Linux system).

GMU staff were trained, by GRU IT staff in July 2008, to use the database. ERRADA IT staff then held regular biweekly meetings to discuss challenges and problems they meet in IT operations; and GRU IT staff proposed solutions to deal with these challenges. In addition, GMU IT staff called GRU IT when they needed support and GRU IT staff were prompt to help them resolve the issues. The problems and solutions were then shared with other GMU IT staff in their biweekly meetings.

¹⁷ See Annex 9 for statistics pulled from the database on 10 February 2009.

¹⁸ See Annex 10 for the latest report produced by GRU.

¹⁹ It was pointed out in the interviews that the software could have been developed locally. It would have entailed less time and work to customize and modify it and it would have been less costly (costing approximately LE50,000). Time was estimated at five months.

Contribution of the Inventory

- By 10 February 2009, the GMUs have identified 25,025 regulations²⁰ that affect business environment in Egypt (within the scope of work of their ministries) and put them on ERRADA electronic database. They have also specified related regulations in preparation for their review in the next phase. It should be noted that without the Inventory, the review could not have taken place as there was no stock of regulations readily available. The number of regulations was not even known at the beginning of the Initiative. In addition, GMU staff have developed an understanding of the regulations of their ministries and the complexity and incoherence of the regulatory system. This understanding would better enable them to review the compiled regulations in the next phase.
- The Inventory has contributed to maintaining the *institutional memory* of participating ministries as outlined below:
 - As a result of the inventory, almost all GMUs prepared a register of all their ministry's regulations. For example, some GMUs (e.g. Administrative Development) or other entities within the ministry (e.g. the minister's office in Local Development) created parallel databases for all the ministry's regulations (not only business related) to facilitate their search and retrieval. Other GMUs saved the compiled PDF regulations on CDs (e.g. Housing) and shared them with other entities in the ministry to show them the benefit of the Initiative.
 - The Inventory allowed the compilation of up-to-date valid regulations (including other non-business related regulations) and their depository in a single location within participating ministries. This included regulations of subordinate authorities that are not always published or kept in the ministry's archives. All stakeholders agreed that the value of the Inventory could not be overemphasized. In contrast to many countries undergoing regulatory reform, which had a compiled stock of regulations, Egypt did not have such a stock readily available. Stakeholders stressed that it was, therefore, an essential step towards regulatory reform and hence relevant to the needs of Egypt at the time.
 - Industry GMU compiled a list of all Egyptian laws from 1880 until 2009 (approx. 14,400), determining the valid ones (approx. 12,000). Besides being a positive outcome in itself, this could facilitate the job of the ministries that will join the Initiative later as the number of laws is known, so they have an indicator of the target and it will be easier for them to plan and set realistic deadlines.

²⁰ This figure includes duplicates as some regulations affect more than one ministry and hence were included in the Inventory and entered on ERRADA database more than once.

- Regulation dossiers are now saved as PDF files (and business regulations are saved on an electronic database). The Inventory helped save some regulations that could have eventually been lost because they were in poor condition (i.e. they were torn or the ink has faded with time). Some GMUs pointed out that such old regulations were photocopied, then scanned and saved as PDF files. Several GMUs (e.g. Health, Housing, Trade and Transport), upon completing the inventory, classified regulations by topics/authorities as relevant to the work of the ministry. In some ministries (e.g. Agriculture and Transport, Investment), the ministry's archives, minister's office, and/or subordinate authorities consult the GMU when they need a specific regulation.
 - The Inventory helped put in place a systematic process for compiling regulations. It became obvious in interviews that filing within ministries was generally done by year and then sorted by date; however, it was left to the discretion of the person in charge of the archives. The electronic database has in particular facilitated search for and retrieval of regulations by title, date, or business sector as well as related regulations. With the ministry's manual system, it was difficult to search for a regulation by title or subject if one did not have the exact year.
- As a result of the Inventory, some amendments were made to regulations:
 - Administrative Development GMU and the Central Department for Organization and Management collaborated in producing a consolidated circular²¹ concerning the rules of treating temporary staff in the state administrative body. They are planning to do the same with the incentive for excellence. The GMU also examined some regulations, such as Circular 1/2004 concerning deduction and collection of stamps for the Syndicate of Designers of Applied Arts. It was found that the Supreme Constitutional Court ruled that some items of Article 45 of Law 84/1976 concerning the Syndicate were unconstitutional; hence, the Minister of Administrative Development cancelled the circular under examination.
 - Industry GMU identified 76 outdated regulations and the minister issued a decree (no. 682/2008) cancelling them.
 - Agriculture GMU identified some regulations that have inaccuracies in the title of the regulations and presented a request to the minister to amend them.

²¹ When the minister issues a decree, the Central Department for Organization and Management issues a circular to explain it which was not always accurate.

- Local Development and Housing GMUs collaborated in identifying 342 obsolete regulations; and Local Development made a recommendation to the minister to abolish them.

Challenges and Shortcomings

- The process of compiling the inventory proved to be more challenging than was thought by the different stakeholders at the beginning. Egypt has passed through different historical eras (Ottoman, British colonialism, revolution, unity with Syria, Sadat and the current era) with all the associated ramifications for the regulatory system. Searching for and obtaining regulations, therefore, constituted a major challenge for almost all GMUs. To start with, the total number of regulations was not known; hence, it was difficult to set a deadline for the completion of the inventory and determine how much of the work they have completed as they progressed.
- Because the number of regulations was not known from the beginning, most GMUs did not meet the original deadline set for compiling the inventory, i.e. 15 March 2008. It had to be postponed first to 15 August then 31 December 2008. Some GMU managers claimed that this is because the date originally set was not realistic and did not take into consideration the different nature of the ministries and the challenges they faced in compiling the inventory. Some of these ministries are older than others (for example Finance, Agriculture and Transport), which means they had a large number of regulations. The complexity of the structure of the ministry is also reflected in the large number of subordinate authorities and their regulations (e.g. Agriculture has 12 subordinate authorities where each one has a complex organization chart). Furthermore, many of the subordinate authorities were slow in responding to GMUs' requests which affected the progress of the inventory.
- Searching for regulations in the ministry's archives was not an easy task. According to GMU staff, regulations are not organized or well maintained – in some ministries more than others (in terms of completion and sorting of material within the files). Some of them maintained a register (with the contents of archives) for certain periods while others did not. In some cases, GMU staff had to go through sacks of regulations (or all types of documents) which were not sorted in any order (e.g. alphabetical or by date). The GMU had to borrow the files, search through them, identify the relevant ones, scan them and returned them to the archives department. The lack of an effective archiving system involved risk of documents being misplaced or dumped. For example, Transport GMU located documents that outlined some of the land property of Railway Authority that were not identified as they were dumped among other documents.
- None of the sources of regulations has a comprehensive, complete and accurate stock of Egyptian regulations. Gaps were identified in stock of regulations; for example a regulation makes reference to a

preceding regulation, and the latter is missing. Unpublished regulations of subordinate authorities represented a significant challenge as they are not usually kept in the ministry's archives. Governorates regulations were also even more challenging to obtain because they are issued independently by governors and are usually not sent to ministries.²² Hence, GMUs had to rely on several sources (ministry's archives, subordinate authorities and LADIS).²³ This also meant that identifying valid regulations was quite difficult. Although LADIS was one of the main sources utilized by GMUs, it was pointed out in the interviews that in addition to being incomplete,²⁴ it contained some mistakes in specifying valid/invalid regulations,²⁵ classifying some regulations as index,²⁶ and sometimes it had wrong attachments.

- Some GMUs do not enjoy substantial support in their ministries and this affects their work and the cooperation they receive from the ministry's subordinate authorities. GMUs had to operate on two levels to secure their support. (i) *Officially*: the ministerial decree stipulated that subordinate authorities should supply the GMU with all needed regulations. GMU would send a letter to subordinate authorities asking them to provide regulations. (ii) *Unofficially*: GMUs pointed out that they visited these authorities and used their contacts to facilitate their mission.
- As the role of GMU as a depository of regulations within the ministry has not been institutionalized yet, subordinate authorities do not send a copy of newly issued regulations automatically to the GMU. The GMUs rely on themselves (through newspapers or contacts within the ministry) to learn about newly issued regulations.
- Despite the tremendous effort undertaken to modify the software application, all GMU agreed that it database still had several limitations. The electronic database was particularly useful in saving regulations, searching by year, title or number of regulation, ministry and business subsector. However, it does not enable users to search

²² GMUs used the Cabinet archives to search for governors' decrees.

²³ See Annex 9 for the contribution of each source to total regulations entered on ERRADA database.

²⁴ LADIS classifies regulations which are issued for specific or ad hoc cases or are bound by a certain time as index. GMU followed the same classification. However, they discovered in conducting the inventory that some regulations were classified as index when in fact they were related to a more general issue.

²⁵ It was pointed out in the interviews that errors in identifying valid/invalid regulations probably arise when a regulation/ruling abolishes all regulations that contradict the one in question – without explicitly specifying which ones. These regulations are not then marked as invalid on LADIS system. The GMUs addressed this shortcoming by tracing the preceding and proceeding regulations. Hence, the ERRADA database is believed to be more accurate than LADIS in this respect.

²⁶ LADIS relies on the National Gazette, Official Newspaper and Waqai' Masriyah as the source for regulations. Therefore, it does not include most decrees of subordinate authorities, directives or circulars as they are not published.

and sort search results by several criteria simultaneously such as degree of power, year and number of regulation. Many of them copy the data into Excel sheets to perform the functions they require.

- Although the database was initially supposed to be made accessible to ERRADA community with the start of data entry, this did not take place. GMUs experienced technical problems pertaining to linking regulations vertically on the database, such as exhibition of linked regulations according to link date, also the deletion of a regulation from the database, does not result in its automatic removal from the section of linked regulations. This raised concerns over complications that might emerge as a result of opening regulations among all GMUs. Hence, it was decided by the community to postpone this to the next phase when these technical problems were resolved. Accordingly, there are now duplicate regulations on the database as some regulations were entered (more than once) by several GMUs because they were related to the work of their ministries. In GRU IT staff are currently working on this issue.
- Some GMUs did not have the appropriate physical conditions to perform their functions promptly. The delay in delivery of computers meant they could not start data entry late.²⁷ Some of them were able to procure PCs and use them to develop a register of compiled regulations on Excel sheets. Others did not have regular Internet access, while the physical environment of the office in a few of them was not very encouraging (i.e. limited space, or lack of appropriate filing storage).
- Insufficient number of staff (especially in some specializations such as IT and data entry) working full time in some GMUs seemed to be a challenge impeding their completion of their inventory on time.
- Attendance of meetings with GRU (GMU managers, IT or general community meetings) is quite modest. In the case of IT staff, in particular, it was noted in interviews that IT staff who do not attend do not work full time with the Initiative. The implication of this is that these GMUs miss out valuable experiences discussed in such meetings.

Recommendations

Based on the foregoing analysis and discussions with the different stakeholders, the evaluation team drew up the following recommendations for ministries: i) still working on the inventory; ii) that will join the Initiative; or iii) undertaking a similar exercise for non-business related regulations. The recommendations are categorized into two groups: one addressed to GRU/ERRADA leadership and another to ministries that will join the Initiative.

²⁷ The GRU requested the IT equipment in December 2007; however, due to USAID procedures and shipping duration, the equipment was only delivered to GMUs in April 2008.



A) GRU/ERRADA Leadership

- GRU needs to advocate ERRADA within participating ministries (those already part of the Initiative and those that will join it later), explaining the purpose of the Initiative, its significance and position in the government's structure and how it could help promote the ministry's work. In addition, it should highlight how ERRADA would contribute to the enhancement of business environment and more importantly to the Egyptian economy. This would hopefully enable subordinate authorities to understand and fully appreciate the vital role of ERRADA and hence improve their cooperation with GMUs.
- ERRADA leadership needs to seek to institutionalize GMUs within participating ministries. Although this is not part of the Inventory Phase but of the Depository Phase, the GRU ought to ensure that it is made part of the mandate of GMUs from the beginning (i.e. a copy of all regulations, including those of subordinate authorities, issued from now on is sent to GMUs). If this does not happen, there is a risk that the regulation database might become outdated by the time of the completion of the Review Phase, and another inventory would need to be conducted then.
- The GRU and ERRADA leadership should work on cultivating a strong sense of community within the Initiative to ensure that GMUs exchange experiences and support each other. Cooperation among GMUs remains limited, and there is much room for improvement in this area. It is believed that this would contribute substantially to the success of the Initiative. The GRU could play a more active role in that through workshops; it might even consider organize team building events. The website (and forum) would probably help promote exchange of ideas and experiences among GMUs.
- GRU needs to reconsider the request of GMU senior management signing off the Inventory. One option could be to postpone signing off until the completion of the review, as GMUs would be signing off review of the inventoried regulations. There is no point keeping a deliverable when it is known that a small number of GMUs would comply. Otherwise, if it is deemed essential, the GRU should work with GMUs to explain its importance and ensure compliance.
- The GRU ought to provide the needed equipment to the GMU that will join the Initiative since the first day of its operation to enable staff to start the work promptly without unnecessary delay.

B) Ministries that will join the Initiative

- GMU has to be set up by a ministerial decree, preferably close to the minister's office. This will enable the GMU to receive full support and recognition within its own ministry. It would probably allow them to enjoy premises, operational and political support, as well as full access to ministry's archives and other sources of regulations.

- The appointed GMU Political Director needs to be an influential figure within the ministry. He also has to be a believer in the significance of the Initiative so that he empowers the GMU and facilitate its work, especially when they request regulations from subordinate authorities. The GMU Manager should enjoy direct and continuous access to the Political Director to provide them with support wherever required and help them resolve outstanding issues beyond their scope of authority.
- It could be more cost effective to start GMU with a dedicated/full-time GMU manager; an IT staff to deal with IT issues; and two or more admin staff at the beginning as the work involves photocopying and data entry. It is also recommended for the GMU to have a technical member who is familiar with and has experience in the regulations of the ministry. The contribution of other expertise (legal or economic) at the early stage is quite limited; hence, their appointment might be postponed to the Review Phase.
- The participating ministry should ensure that the GMU has enough space, appropriate filing storage and enough office supplies and is well furnished to be able to work effectively. It is also important to make sure that the GMU office has access to Internet so that they could search for regulations on LADIS and access ERRADA database.
- Staff from well established GMUs could be assigned to newly established GMUs in other ministries that will join the Initiative (for a limited period) in order to ensure the transfer of accumulated experience and best practices within ERRADA.
- It is important for GMU staff to attend all meetings (especially IT meetings) to engage with other members of the community; exchange ideas with them and learn from them. GMUs should also use meetings to convey their concerns, challenges and discuss ways to enhance the Initiative.