THE PROGRESS
&
THE WAY FORWARD

October 20th, 2008
New challenges - New Responses

Paradigm Shifts

- Expanding Business
- Make Doing Business Easy
- Struggling to keep up

Best Intl practice; Singapore, Malaysia, US, New Zealand, Ireland

Intl Competitive environment; risk-based approach, Emerging markets - Vietnam, China, Croatia, Tanzania

Incremental improvements to old system. Subsidies for inadequate compensating’ regulatory regime - Egypt

Time and resources
What is ERRADA?

- A demonstration of **Egyptian determination** in the drive toward an open market economy.

- A **rapid and transparent** process for simplifying Egypt’s regulatory regime to support economic growth and competitiveness.

- Designed to rapidly **count and review** a large number of regulations against agreed filters.

- Eliminates regulations not needed and **simplify regulations** that are too complex.
What is a Good Regulatory System?

No ideal regulatory model, but….

“Success as an open, innovative, competitive economy requires a low-cost, low-risk regulatory system that also reduces health, safety, and environmental risks and protects other public interests”
ERRADA

Agenda for Regulatory Reform

• Build a transparent regulatory management system for Egypt

• Build institutions at National & Governorate level to assure better regulations
  GRU – GMU – BAC

• Upgrade quality of existing regulations
  (Inventory & Review)

• Improve the quality of new regulations
  (RIA)
Participating Ministries

- Ministry of Finance
- Ministry of Trade & Industry
- Ministry of Investment
- Ministry of Tourism
- Ministry of Health
- Ministry of Agriculture
- Ministry of Petroleum
- Ministry of State for Local Development
- Ministry of Transport
- Ministry of Housing
- Ministry of State for Administrative Development
Productive Sector Ministerial Group

ERRADA Regulatory Reform Initiative
Board of Trustees - General Review Unit

Executive Director

- Process Mgmt of Review
- Maintain Central Database
- Coordinates w GMUs
- Report Recommendations to BOT

Functions
- Provides strategic advice on ERRADA implementation
- Facilitates management support to GRU and GMUs
- Coordinates TA, training, and equipment support

Director Legal

Director Communication

Director Operations

Business Advisory Council

Functions
- Coordinates business sector input to ERRADA
- Quality check on Inventory and Review Phases
- Monitors progress / builds communications campaign

Int’l Support

Inventory & Review / Ministry Database

GMU GMU GMU GMU GMU GMU GMU GMU GMU GMU GMU GMU GMU GMU
Business Advisory Council (ENCC)

Function

Coordinates business sector input to ERRADA
Ensure a comprehensive Inventory and Review phase of ERRADA
Help build communications campaign

Strategic Objective

Help open Egypt to trade and investment opportunities,
Strengthen the national economy;
Support Competitiveness.

Membership illustrative

- Egyptian / German Chamber
- FECC
- EBA
- FEI
- EJBA
- AmCham
Inventory & First Self-review

Government Management Units

- Ministry
- List of laws, Regulations
- 1st Review

Inventory: A key output is the identification and mapping of all rules under the scope of ERRADA

1. Is it needed?
2. Is it legal?
3. Is it business friendly?
Second Review
By **Business Advisory Council**

Critical endorsement from business community to ERRADA Board of Trustees

1. Is it needed?
2. Is it legal?
3. Is it business friendly?
Third Review
General Review Unit

Ministries

List of laws, regulations

1\textsuperscript{st} Review 2\textsuperscript{nd} Review 3\textsuperscript{rd} Review

Critical Need: GRU / GMU / BAC
stakeholders consultation through working groups

1. Is it needed?
2. Is it legal?
3. Is it business friendly?
Batch Packages of Reforms

GRU Prepares for Board of Trustees

Ministries
List of laws, Regulations

1st Review
2nd Review
3rd Review

ERRADA Legal adoption
Electronic Register

Public Access to Database via Internet
## Numbers from “ERRADA”

<table>
<thead>
<tr>
<th>Description</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of ministries’ representatives and experts</td>
<td>90</td>
</tr>
<tr>
<td>Part time experts</td>
<td>60</td>
</tr>
<tr>
<td>Full time experts</td>
<td>30</td>
</tr>
<tr>
<td>Number of regulations inventoried</td>
<td>260,000</td>
</tr>
<tr>
<td>Percentage affecting businesses approximately 10%</td>
<td>26,000</td>
</tr>
<tr>
<td>Regulations (dossiers) uploaded on database</td>
<td>14,925</td>
</tr>
<tr>
<td>Meetings with ministry representatives, unit managers, workshops, training sessions and study tours.</td>
<td>51</td>
</tr>
</tbody>
</table>
Data entry progress as of October 8th 2008
Findings from ERRADA database

**Impact of regulations**
- Direct Impact: 83%
- Indirect Impact: 17%
- Non-commercial Activities: 0%

**Publishing**
- Official publication: 17%
- Official Gazette: 45%
- Not published: 38%

**Source of regulations**
- Ministry Archive: 52%
- Official Publication: 17%
- Ladis: 15%

**Regulation Status**
- Active: 93%
- Amended and active: 7%
- Cancelled: 0%
Inventory stage - Main challenges

- Team building of legal, business and IT experts in some GMUs.
- Lukewarm political support.
- Resistance to cooperate from subordinate agencies and authorities.
- Enormous workload in key ministries.
- Historical & Legal complexities – difficulty to identify valid vs. annulled regulations.
Review Stage - Main challenges

- Final agreement on review criteria checklist questions.
- Strengthen participation of private sector organizations.
- Availability of experienced Egyptian professionals.
- Clarity of decision taking process to affect changes.
Future for ERRADA
Transforming Regulatory Governance

- Establish regulatory impact assessment (RIA) as the norm of governance decision taking.

- Forge the Public / Private Partnerships and human resource capacities for step-by-step systemic change.

- Breed Consensus in ERRADA Working Groups and Board of Trustees to avoid system instability.
Future for ERRADA
Transforming Regulatory Governance

Phase 1
Group one Ministries
- Phase 1.1 Transform GMUs into depository
- Phase 1.2 Transform GMUs into RIA units

Phase 2
Group two Ministries
- Phase 2.1 Transform GMUs into depository
- Phase 2.2 Transform GMUs into RIA units

Phase A
Group one Governorates

Governorates Inventory and review
Evolution of the **GRU role**

**Functions in all stages**

- Provide guidelines for international best practice
- Maintain ties with other institutions and countries to exchange experience
- Provide Technical Support and training
- Provide timely reliable advice on regulatory issues
- Advocacy through communication

**Performance evaluation**
- Risk Assessment
- Cost benefit

**Support GMU transformation into RIA**

**Establish GRU as central RIA unit**

**Support GMU transformation into depositories**

**Establish GRU as central depository**

**Develop review criteria with GMUs and BAC**

**Conduct review in WGs**

**Support GMUs to conduct the inventory**

**Verify completeness of inventory database**

**RIA**

** Depository**

**Review**

**Inventory**
ERRADA

Building Better Regulations

"Inventory of Egyptian Regulations"
Key Challenges facing ERRADA

- Finalize inventory of regulations
- Build capacity of ERRADA institutions
- Secure a stable funding stream
- Launch awareness campaign
- Access expertise in regulatory reform
- Build sustainable political support.
- Expansion to group 2 national Ministries and local Governorates.