

ERRADA – Regulatory Reform that Makes Sense



ERRADA consultations for business friendly regulations

The Egyptian Regulatory Reform and Development Activity (ERRADA), which also means “Will” in Arabic, was launched in 2007 with USAID support, with the objective of streamlining the regulatory environment in Egypt. In short order, ERRADA has gone a long way to increase the transparency and functionality of the Egyptian regulatory system to enhance Egyptian competitiveness. Since it was launched, ERRADA succeeded in gaining the participation of 12 Egyptian government ministries that now host ERRADA regulatory reform units. The project also enjoys the support of the business community through ERRADA’s Business Advisory Council.

ERRADA’s goal is create an efficient regulatory and business environment in Egypt that is clear and easy to work with. Therefore, it organized its activities to inventory, classify, review, and investigate the regulatory impact of the existing stock of governmental regulations. These include decrees, laws and international agreements Egypt has signed, as well as administrative and executive regulations.

Through the end of December, 2010, ERRADA has inventoried 32,774 regulations, reviewed 13,000 regulations, and submitted for approval 7,150 recommendations. ERRADA’s recommendations resulted in issuing 20 Ministerial decrees to streamline 1,970 regulations. This consolidation resulted in streamlining and clarifying requirements, and procedures for a broad range of business activities.

“When we started the review process 22 months ago, it was envisaged that it would take 10 years to review the huge number of inventoried regulations which exceeded 32,000. However, we have managed through determination and perseverance to complete review of 45% of regulations and we plan to complete the review by end of June 2011,” said Sherif Fawzi, ERRADA Executive Director.

ERRADA has also identified 1,420 regulations that, while implicitly repealed, had not been formally eliminated from their written regulatory record-- resulting in

increasing the legal uncertainty for Egyptian businesses. ERRADA's identification of contradictory regulations also encouraged decision makers inside Egyptian ministries to send new regulations to ERRADA units for review before their issuance.

For example, the Ministry of Tourism issued a ministerial decree based on ERRADA recommendations, to regulate the time share agreements that were previously not regulated properly. The new regulation will clarify timesharing standards to the benefit of investors and customers, as it will increase accountability of hotels, and thus credibility of a promising tourism promoting system.

ERRADA's most recent reform activity involves reviewing regulations governing state allocation of desert land for agricultural purposes. The existing vague and overlapping land regulations led to legal disputes between the state and investors. The Government also legalized cases of informal squatters who have overridden all rules of state land acquisition. The Ministry of Agriculture, which controls allocation of desert land for agricultural purposes, assigned ERRADA to address the urgent need for new sound regulations.

Therefore, with USAID assistance, ERRADA held a consultation workshop that produced a number of recommendations which were submitted to the ERRADA working group on land allocation regulations. This working group received USAID technical assistance through international and Egyptian land use experts. ERRADA submitted reform alternatives in January, 2011 to the Minister of Agriculture, who showed his confidence in the quality of ERRADA's work by formally presenting its recommendations to the Prime Minister office.

With its level of commitment and rate of progress ERRADA is creating an Egyptian regulatory reform model that is already

attracting the attention of policy makers in several countries including Vietnam, Syria and Jordan.

"Despite achievements to date, the strategy that will impact most beneficially on the business community is the Egyptian Regulatory Reform and Development Activity, or ERRADA. If fully implemented, it will do more than any other measure to simplify administrative procedures and ensure the success of the regulatory reform policy". OECD, Business Climate Development Strategy Report.

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