Executive summary

Efforts at regulatory reform have been made in MENA countries for some years. The relevance of regulatory policy to economic development and social welfare places it as an important tool to support foreign and domestic efforts to create jobs, and to embrace open, inclusive government frameworks. The desire for greater civic engagement and inclusiveness can be seen in many of the countries across the region and ways of better engaging the public are being requested by the public.

The approach toward regulating is of greater importance in many of the countries in the MENA region than before. Regulations[1] are the instruments that are used by governments to implement policies and effect change in society. Regulatory policy is the approach toward regulating that continuously asks important questions before a government acts, such as: Is government regulation necessary? Why is it necessary? How will regulation help to achieve greater inclusive economic growth? How will regulation enhance social welfare? How will regulation protect citizens and the environment? Will regulation impact positively on society, the environment and the economy? The regulatory policy that a government follows will define the quality of the regulatory environment.

The *2009 OECD Charter for Regulatory Quality* and the *2012 OECD Policy Recommendations of the Council on Regulatory Policy and Governance* (2012 OECD Recommendation) provide a framework for programmes to improve the regulatory quality in MENA countries. The framework provides the ability for adjustments according to specific country needs and this report does not advocate for a "one size fits all" approach. Neither does this report recommend that sophisticated regulatory management tools be implemented in countries who have many priorities.

1. Regulations are the diverse set of instruments by which governments set requirements on enterprises and citizens. Regulations include laws, formal and informal orders and subordinate rules issued by all levels of government, and rules issued by non-governmental or self-regulatory bodies to which governments have delegated regulatory powers (*2012 Recommendation of the Council on Regulatory Policy and Governance*).

However a more basic application of regulatory management tools could have greater impact and support other reform efforts.

This report has analysed current regulatory reform efforts within certain MENA countries (Bahrain, Egypt, Jordan, Lebanon, Mauritania, Morocco, the Palestinian Authority and Tunisia) in respect to the OECD Regulatory Policy framework of: *i)* core policies; *ii)* systems, processes and tools; and *iii)* actors, institutions and capacities.

Key findings, key challenges

MENA countries in this report have started to implement various regulatory reform initiatives and programmes. However regulatory policy is still a new concept and approach within MENA countries (see Box 2.1 on *Regulatory policy and governance in Arabic: Challenging concepts*).

The MENA countries in this report do not have an explicit regulatory policy or whole-of government approach to regulating. While other ***core policies*** such as on open government and individual regulatory reform initiatives are being implemented, the lack of a core regulatory policy has contributed to the absence of a simple whole-of-government approach and programme. A simple regulatory policy would assist in better co-ordination and implementation of regulations.

Many of the regulatory reform programmes implemented have been to simplify the stock of regulations. Regulatory Impact Assessment (RIA) is still a new regulatory ***system, process and tool*** that only some MENA countries have begun to introduce. A sophisticated RIA system and methodology is not appropriate for countries implementing RIA for the first time. Other systems of regulatory management have yet to be implemented such as regular performance assessments of regulations, communication strategies and regulatory delivery reforms focussing on regulatory agencies, inspections and enforcement. These should also be phased in but according to the individual country need, capacity and context.

The institutional mechanism for implementing regulatory reform programmes varies across the MENA countries in this report. The ***actors, institutions and capacities*** employed have been dependant on the political economy of country contexts. OECD experience shows that a central oversight body for co-ordinating, implementing, monitoring and evaluating regulatory policy is a key institutional mechanism for successful reforms, but this type of body does not exist within the MENA region.

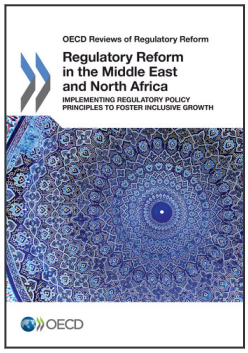
Conclusion: Sustaining regulatory policy and governance reforms

The MENA countries in this report are to be recognised for the programmes and initiatives that have been implemented to date. In most OECD countries, regulatory policy was implemented gradually and over a number of years. The important message from OECD country experience is that regulatory policy and governance will yield most results when pursued over a long period of time. It is a long-term endeavour to improve the regulatory environment for the benefit of society, the environment and the economy. Therefore the MENA countries should strategically prioritise their efforts and increase these with time, according to their specific context.

Another important lesson to learn from OECD country experience is that *ad hoc* programmes of regulatory reform have only limited achievements. To maximise the impact of those programmes, a comprehensive and systemic approach to improving the regulatory governance of the regulatory environment will achieve better results.

Finally, regulatory reform initiatives involve openness and stakeholder engagement and as such provide the opportunity to engage and manage the expectations of change. The RIAs provide a system for obtaining comments and inputs into new legislation. Through consultative mechanisms, administrative simplification programmes should identify the regulations that are most burdensome and irritating for stakeholders. Enforcement and inspection reforms seek to raise the standards of inspections and encourage more risk-based compliance methods that are more efficient for both the regulator and the regulated entity. The communication and engagement within such activities helps to address the perception of regulation as well as the actual experience of regulation.

While there are many challenges ahead for countries in the MENA region, regulatory reform initiatives provide the opportunity to address some of these challenges through some internationally recognised practices. While these good regulatory practices may be tailored to cater for the unique situation of MENA countries, their objective remains the same: improving the regulatory environment to have *better polices for better lives*.



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