



ORGANISATION FOR ECONOMIC  
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# OECD Investment Reform Index

Draft Results:

The Role of Parliaments in the Economic Reform Process

**Third Regulatory Reform Working Group**

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**Sarajevo**

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**OECD Investment Compact for South East Europe**

# Objectives of the presentation

Present preliminary results of the Investment Reform Index dimension on:

## **The role of parliaments in economic reform**

- Sub-dimension 1: Better legislation and regulation
- Sub-dimension 2: Transparency and dialogue

# Sub-dimension 1: Better legislation and regulation

Four indicators examined:

1. Review and simplification of laws/regulations related to economic policy.
2. Use of Regulatory Impact Analysis (RIA).
3. Extent of harmonization of domestic laws with EU Acquis Communautaire.
4. Existence of forward planning mechanisms between Government and Parliament.

# Review and simplification of laws/regulations

- Particular importance due to obsolete laws from former Yugoslav Federation
- Most economies have conducted comprehensive “regulatory guillotine” reviews with the support of international donors.
- There is now extensive evidence that these reviews have culminated in elimination of redundant legislation and regulations.
- In Bosnia and Herzegovina, no regulatory simplification process has yet taken place at State level. The Council of Ministers signed an agreement with FIAS recently to engage in a partnership to start a regulatory Guillotine Review.

# Use of Regulatory Impact Analysis (RIA)

- Regulatory Impact Analysis is applied systematically in Moldova, Romania, and Serbia.
- More effort is needed to incorporate the RIA conclusions in draft laws.
- RIA remains in its infancy in many SEE economies.
- This is a key problem, because many of those economies require extensive and rapid adoption of EU laws and regulations to comply with the Acquis Communautaire.

# Harmonisation with Acquis Communautaire

- Western Balkan economies are firmly on the path of the accession process to the European Union.
- Essential element of the accession process is: harmonisation of stock of laws and regulations with Acquis Communautaire + new laws verified for compatibility.
- All economies examined under this indicator have adopted legal frameworks to ensure that draft legislation is reviewed on its compatibility with the Acquis Communautaire.
- All economies engaged in programmes harmonising the legislative stock.
- Implementation differs and approximately corresponds to the accession status.
- Croatia and the former Yugoslav Republic of Macedonia performing well.

# Forward planning mechanisms

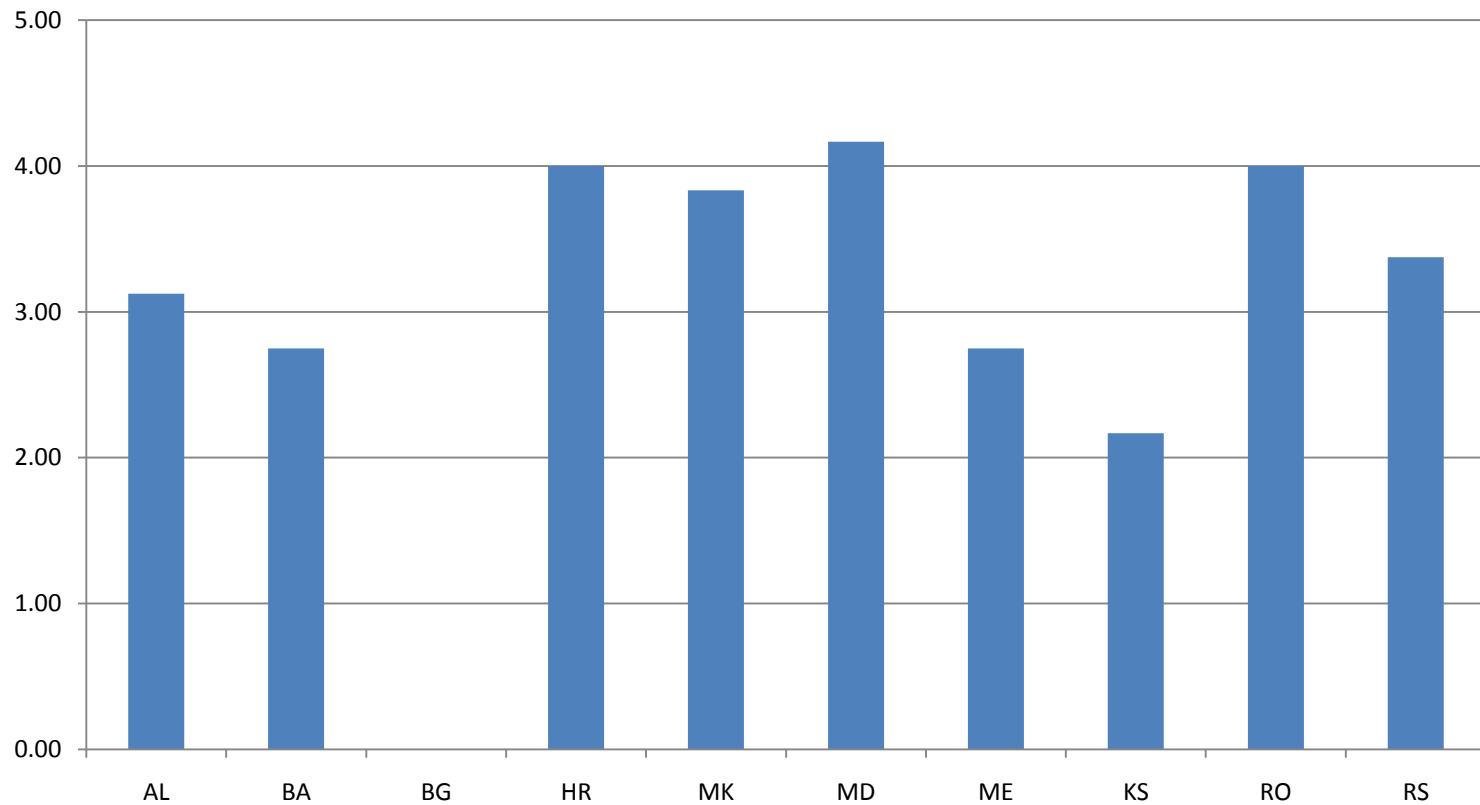
- Forward legislative planning is a means of raising awareness of proposed new laws that provides greater notice to stakeholders
- SEE economies have developed the foundations of forward planning mechanisms, although approaches vary from economy to economy.
- Most governments request that the ministers present to the Centre of Government a detailed draft programme of the draft acts that they plan to propose during the coming year.
- In some cases this planning is co-ordinated by a specific structure in the government or parliament.
- In some economies, the forward planning is linked to the EU transposition process.
- Parliaments in SEE still complain of an excessive burden regarding legislative proposals.

# Overall Key Findings – Sub-dimension 1

1. Most economies have conducted “regulatory guillotine” reviews with the support of international donors.
2. There is now extensive evidence that these reviews have culminated in extensive elimination of redundant legislation and regulations. The exception is Bosnia and Herzegovina, which needs to prioritise actions in this field.
3. Regulatory Impact Analysis, although applied systematically to draft legislation in Moldova, Romania, and Serbia, remains in its infancy in many SEE economies. This is a key problem, because many SEE economies require extensive and rapid adoption of EU laws and regulations to comply with the Acquis Communautaire. This context enhances the importance of a review system of draft legislation.
4. SEE economies have developed the foundations of forward legislative planning mechanisms. Progress needs to be sustained, as parliaments are still overburdened at short notice with a flood of complex legislative proposals.

# Preliminary Results

Scores for Better Regulation and Legislation



## Sub-dimension 2 – Transparency and Dialogue

Five indicators examined:

1. Lobby Law
2. Website of Parliaments for external users
3. Use of Transparency law by Economic Commissions
4. Centralized system to record amendments to normative acts
5. Consultations with civil society on normative acts

Four indicators scored – Centralized system to record amendments to normative act – not detailed

# Parliaments/Assemblies in SEE economies

SEE economy	Type of Assembly/Parliament	Latest elections
<b>Albania</b>	<b>Unicameral</b>	<b>June 2009</b>
Bosnia and Herzegovina	Bicameral	October 2006
<b>Bulgaria*</b>	<b>Unicameral</b>	<b>July 2009</b>
Croatia	Unicameral (Bicameral between 1990 – 2001)	November 2007
Kosovo under UNSCR 1244/99	Unicameral	November 2007
FYR Macedonia	Unicameral	June 2008
<b>Republic of Moldova</b>	<b>Unicameral</b>	<b>March - June 2009</b>
<b>Montenegro</b>	<b>Unicameral</b>	<b>March 2009</b>
Romania	Bicameral	November 2008
Serbia	Unicameral	May 2008

Four economies had legislative elections in 2009  
 Three economies had legislative elections in 2008

\*Bulgaria is missing from the following assessment, as no information has been provided by the government on this dimension, as of 19 October 2009

# Why Transparency and Dialogue

Two main assumptions\*:

**“Transparency is needed to ensure a proper functioning of the decision making process.**

A closed system will always produce bad policies because it is deaf and disconnected. However, a fully open system will turn decision-making institutions into talking shops, which will be long on talk and short on decisions.

**Transparency is needed to gain the trust of the public.**

Political institutions can-not perform without public confidence. Legitimacy is only ensured when political institutions are exposed to transparency, when people know that what they see is what they get”.

\* Siim Kallas, The Need for a European Transparency Initiative, Nottingham, 3 March 2005

# Lobby Law (1)

## General remarks

*Lobby principle does not represent the answer to dialogue and communication in the region;*

*However, the use of lobby principle directly contributes to increasing the confidence of the civil society structures and forges a better communication with the public sector;*

*“Lobbying means all activities carried out with the objective of influencing the policy formulation and decision-making process of the European institutions” (EC Green Paper on European Transparency Initiative, 2006)*

# Lobby Law (2)

## SEE findings

- Use of the Lobby Law/principle still missing in SEE economies
- FYR Macedonia is the only economy in SEE that adopted a Lobby Law
- Romania made several attempts to adopt one, however his is still not yet completed
- Serbia mentioned its willingness to adopt such a law in the future
- The Republic of Moldova did attempt to adopt a lobby law during the legislative mandate 1997 - 2001

## International best practice

- Poland, Hungary, Lithuania adopted lobby laws
- EC, Germany, the UK regulate the registration of lobbyists and supports

# Website of Parliaments for external users (1)

## General Remarks

*A well organized website of the legislative body gives direct access to information related to the parliamentary activity, legislative process; it gives a good opportunity to foreign investors/foreign interested parties to be familiarized with the activity of the legislative body*

*Three aspects have been assessed:*

- 1. Presence of an English version of the Website*
- 2. Information on the legislative process and its level of detail*
- 3. Ways of interaction between members of Parliament and external users*

# Website of Parliaments for external users (2)

## SEE findings

- SEE economies have well organized websites, providing detailed information on their activity, role and organisation in several languages, including English
- Extended information on the activity of the assembly/parliament, committees meetings, is uploaded on the websites, however full translation of national versions into English is required
- Romania and Republic of Moldova give full information on the legislative process (date of entry of draft normative act into the parliament, commissions involved in discussions, date of plenary sessions, forms adopted)
- Serbia and Kosovo under UNSCR 1244/99 upload very detailed minutes of the committees' meetings allowing for information on the development of the legislative process, however, with no access to the actual legislative process
- Romania is the only economy that provides email addresses of all members of Parliament on the website
- In Croatia and FYR Macedonia – only the economic committee can be contacted via email, but not the members of the committee

# Use of Transparency Law by Economic Commissions (1)

## General Remarks

- 1. A separation needs to be made between Transparency and Free Access to Information (generally called FOIA): **active** transparency (prior consultation on draft normative acts) is different from **passive** transparency (access to already adopted normative acts – FOIA)*
- 1. Prior consultation on draft normative acts is one of the most important tools for improving the lawmaking process*

# Use of Transparency Law by Economic Commissions (2)

## SEE findings

- All SEE economies made progress in using the transparency principle
- The process of prior consultation is developing in all SEE economies
- Romania is the only country that adopted a Transparency law in 2003 – however its use seems to have dramatically decreased in the last year
- Serbia and FYR Macedonia are making important reform steps toward formalization of the transparency principle use
- Croatia uses the transparency principle to a large extent, however not in a very well organized way (focusing on very short notice given to the representatives of the private sector)
- Better use of the transparency principle can be made across the SEE economies assessed, as representatives of the private sector mentioned sometimes the reluctance of the parliament to consult prior to adoption of the normative acts

# Consultations with civil society on normative acts (1)

## General Remarks

- 1. Consultations are broadly necessary in the decision-making process, as they allow for direct interaction between the initiators of normative acts and the interested parties*
- 1. Consultations come as a normal continuation on transparency use – after the exchange of opinions on the written text, oral exchange of opinions is taking place*

# Consultations with civil society on normative acts (2)

## SEE findings

- Consultations do take place in all assessed economies
- However, this generally occurs on a random or ad-hoc basis, according to specific needs of the public sector on a specific normative act
- All parliaments/assemblies *allow* representatives of civil society to participate in plenary sessions and even meetings of the economic committees; however, with the exception of Romania – no economy introduced compulsory consultations yet
- Serbia is about to adopt a new law on the Parliament that will introduce compulsory consultations. Serbian parliament has a strong record of public hearings organized prior to adoption of normative acts
- FYR Macedonia organizes targeted consultations with representatives of specific branches of the private sector
- Romania needs to re-engage in real dialogue with the representatives of the private sector – as the transparency law – as it is – seems to have been neglected in the past 12 months
- In Croatia, private sector representatives do sit as observers during the Economic Committee meetings; they can discuss amendments and propose changes. However they cannot vote

# Centralized system to record amendments to normative acts (1)

## General remarks

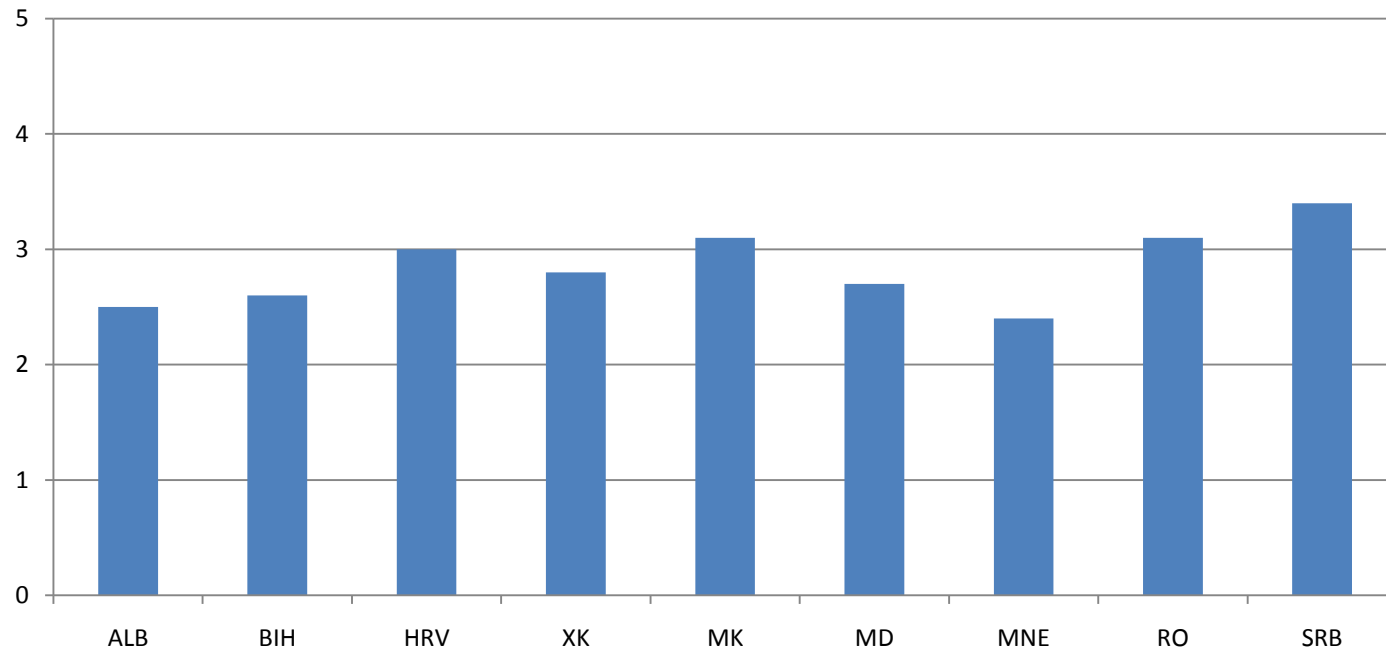
- 1. A good system to record amendments contributes to creating a transparent and organized activity system for the commissions/committees*
- 2. It provides continuity in the activity of commissions/committees, as members of such structures change with a new legislative mandate*
- 3. This indicator contributes less to the direct dialogue and communication with the interested parties, however it adds information in terms of transparency and internal organization*

# Centralized system to record amendments to normative acts (2)

## **SEE findings**

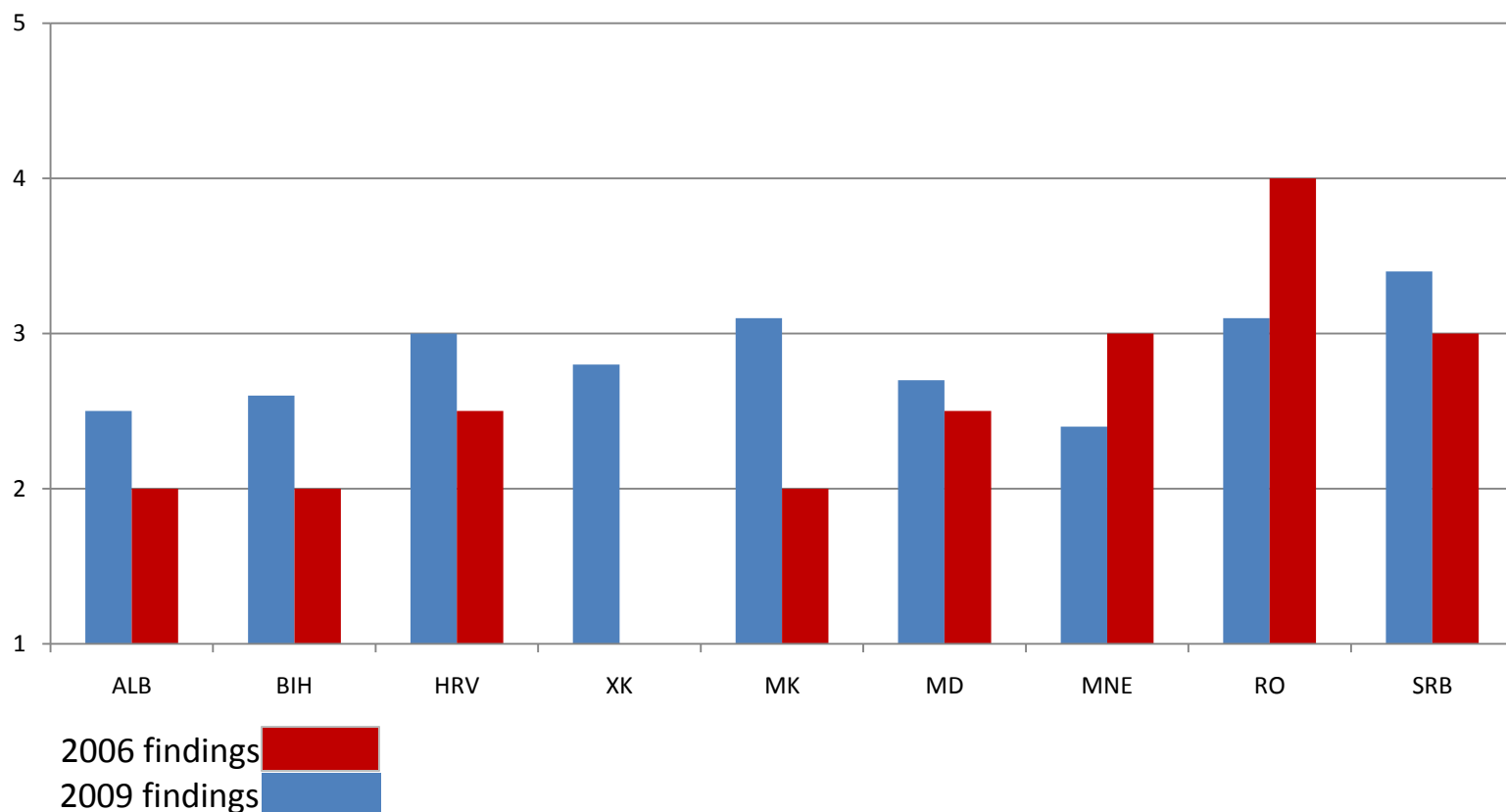
- All SEE economies have effective systems of centralizing amendments
- All SEE economies are keeping all amendments presented to normative acts (even rejected ones) either in the general archive of the Parliament/Assembly or in the archive of the economic commission/committee
- Bosnia and Herzegovina and Serbia have a special department that centralizes all amendments classified by normative act and by provenience
- Some of the economies use the rejected amendments as starting points for drafting a new normative act

# IRI 2009 Average scores by economy



1. All economies reached the score of at least 2.5
2. Overall Serbia and FYR Macedonia achieved the highest scores
3. Romania's performance decreased compared to 2006 findings

# Overall preliminary scores compared to 2006 scores on transparency and dialogue



1. Bosnia and Herzegovina, FYR Macedonia made important progress
2. Croatia, Albania, Serbia and the Republic of Moldova made steady progress
3. Romania, and Montenegro seem to have slowed

## Overall Key Findings – Sub-dimension 2

1. Parliaments/Assemblies across the region made progress as regards their internal activity/organisation
2. All Parliaments/Assemblies in the region improved their channels of communication with the civil society/interested parties
3. However, overall progress remains steady, with few spectacular changes
4. Communication with interested stakeholders is still lacking coordination, unsystematic consultations are generally used by the representatives of the public sector
5. Parliaments are still perceived as slow in adoption of normative acts and slightly disinterested in improving communication with their counterparts
6. Civil society lacks unified structures while engaging in dialogue with the public sector
7. Civil society is sometimes perceived by the parliaments as lacking continuity in developing dialogue and communication