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## SUMMARY REPORT

### *Introduction*

The Regulatory Governance Initiative (RGI) is a Regional Flagship Initiative of the Investment Compact, which co-ordinates regional actions and events based on the priorities set by South East European (SEE) countries and the private sector to improve the investment climate. In 2003, the RGI continued to establish a framework for policy dialogue on regulatory governance between SEE and OECD countries through the hosting of multidisciplinary regional seminars focused on prioritised themes in the regulatory governance agenda. This seminar, held in Bucharest on 10-11 December 2003, is the 6<sup>th</sup> seminar organised as part of the RGI<sup>1</sup> and was devoted to *Reducing Administrative Barriers to Business Creation and Development*. The seminar benefited from the substantial input of the Foreign Investment Advisory Service (FIAS), a World Bank Group member.

### *Administrative barriers to business creation and development*

Administrative regulations are important tools to support public policies in many areas such as taxation, and safety and environmental protection. Well designed regulations can have beneficial effects for businesses through the setting-up of market frameworks in which commercial transactions can take place in a pro-competitive and low-cost environment. There is a risk, however, that badly-designed administrative regulations can impede innovation or create unnecessary barriers to trade, investment and economic efficiency, and even threaten competition and the legitimacy of the regulation. The cumulative effect of too many regulations and formalities coming from multiple institutions and layers of government slows down business responsiveness, diverts resources away from productive investments, hampers entry into markets, reduces innovation and job creation, and generally discourages entrepreneurship. At worst, it invites corruption and cronyism.

### *The Seminar*

To address this problem, the 6<sup>th</sup> RGI seminar provided senior government officials from SEE with an overview of experiences and best practices, which can serve as an inspiration in the development and implementation of administrative and regulatory *simplification* policies in SEE countries. The event brought together more than 50 participants, including high level SEE officials, and was opened and chaired by **Dr. Panagiotis Karkatsoulis**; Scientific Advisor to the Ministry of the Interior, Public Administration and Decentralisation (Greece). **Mr. Catalin Arjoca** (Director in the Ministry of Foreign Affairs, Romania) welcomed the participants on behalf of the Romanian government (the first regional co-chair of the Investment Compact), together with Austria and the OECD. He summarized the terms of the Bucharest Process (launched in May 2003), that accelerate the implementation of regulatory governance reforms. In his opening remarks, **Mr. Josef Konvitz**, Head of the OECD Regulatory Management and Reform Division, referred, *inter alia*, to the OECD Charter

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<sup>1</sup> The other seminars in 2003 were: The Use of Regulatory Impact Analysis to Foster Economic Efficiency and Policy Coherence (Sofia, January 2003), Building Sectoral Regulators in Key Economic Sectors (Prague, June 2003). See past proceedings for seminars in 2002 and 2001.

stating that the *OECD shall promote sustainable economic development worldwide* (both in member countries and non-member countries). The RGI Initiative and the policy dialogue that it promotes have played a prominent role in serving the principal set out by the Charter.

Discussions during the seminar revealed the *high relevance of the topic* for the SEE region. Administrative burdens are among the most important barriers to business creation and development in the region and represent a major barrier to FDI. Most of the countries have already tackled the issue of the reduction of this burden, although to different extents and facing various problems, especially in implementation. Many SEE governments implemented programmes to create and develop the SME sector or to attract FDI. The seminar highlighted the importance of designing and implementing coherent administrative simplification programmes. To this end, governments must ensure that co-operation and collaboration take place across all branches and levels of government. It is equally important that they consider potential barrier-raising effects generated after when new regulations are produced. In this context the seminar discussed the use of alternatives to regulation, and tools such as RIA. Practical tools like one-stop shops and E-Government solutions were demonstrated to the participants along with best practices in OECD and SEE countries.

### **Session 1 Measuring and identifying administrative burdens in SEE**

This session introduced key analytical studies identifying administrative barriers to business in the region. **Ms. Jacqueline Coolidge**, Foreign Investment Advisory Service of the World Bank Group (FIAS) presented the main findings of the FIAS study on *“International Benchmarks for Administrative Barriers and Lessons Concerning Reforms”* and **Mr. Antonio Fanelli**, Directorate for Financial Fiscal, and Enterprise Affairs (OECD) discussed the findings of the joint EBRD-OECD study on *“Enterprise Policy Performance Assessments in South east Europe”*. Business views on *“The need for regulatory and administrative reforms in the region in order to support investment opportunities”* were presented by **Dr. Ovidiu Nicolescu** from the Romanian National Council for SMEs.

The ensuing discussion pointed to the advantages and drawbacks of opinion-based indicators, as used in the FIAS study. **Ms. Coolidge** agreed that there may be a significant time lapse between the implementation of reforms and changing opinions, and that opinion surveys can in fact unduly influence how a ‘problem’ is perceived (e.g. people may perceive a higher level of corruption than may exist because they are continually reminded of its presence). This therefore produces biased results. For these reasons, opinion-based surveys are difficult to apply to cross-country comparisons. Nevertheless, they are very useful for measuring changes over time. She also pointed to the measures that governments may take in order to reduce the gap between regulatory and behavioural changes, using the example of training civil servants. **Dr. Slavica Penev**, Economics Institute (Belgrade) further underlined the importance of the FIAS study in producing interesting and valuable results for the countries in the region. She used in particular the example of an exceptionally high number of labour inspections carried out in Serbia. The problem of using inspections as rent-seeking tools, extorting resources from the inspected entities, has in fact been recognised in Serbia.

### **Session 2: Designing and implementing coherent administrative simplification programmes**

The session dealt with the design of administrative simplification programmes such as single purpose entities, administrative simplification agencies, regulatory reform agencies and external committees. **Mr. Cesar Cordova Novion**, Regulatory Management and Reform Division (OECD) presented the lessons learned from the *Institutional design of administrative simplification programmes in OECD countries*. **Ms. Victoria Younghusband**, Better Regulation Task Force (BRTF, United Kingdom) outlined the recent *experiences of the BRTF in improving the business*

*environment*. Finally, **Mr. Krunoslav Placko**, Ministry of Foreign Affairs (Croatia) shared his country experience in the *Organisational and institutional design of the government co-ordination body set up to remove administrative barriers in Croatia*.

The discussions addressed a number of issues vital to the design and implementation of reforms. First and foremost are: transparency and consultation, as noted by **Mr. Cordova Novion**. At the reforms' design stage, broad consultation guarantees access to expertise, helps build expectations as to the reform outcomes and secures ownership of reforms among stake-holders. Communication of reforms is, however, as important at their introduction as at their implementation, and can be communicated through the media, or through different forms of dialogue with the regulated community. As pointed out by **Ms. Younghusband**, lobbying can be seen as one form of dialogue. She stressed that, according to the UK experience, lobbying is in particular an important means of providing regulators with information about the regulated market and entities. She added further, that education and training of regulators is an essential element in implementing reforms.

Secondly, the quality and *quality-design tools* of a regulatory framework were discussed in more detail. **Mr. Cordova Novion** highlighted the role Regulatory Impact Analysis (RIA) plays in the design of reforms and new regulations. He used the UK as an example where RIA is employed as a key tool of reforms. He stressed, however, that in applying RIA to new regulations, visible results are to be expected in the long term (5-10 years) as a better quality regulatory stock builds up. It is equally important to address the existing stock of regulation, for example, through introducing administrative simplification programmes. Taking the example of Mexico, he outlined different stages/forms of introducing such a programme. First, an inventory of all formalities was produced; and second, a register was created, including all the formalities that had positively passed a RIA exercise, i.e. which had proven indispensable. **Mr. Stephane Jacobzone**, Regulatory Management and Reform Division (OECD) pointed to certain risks associated with simplification programmes. In France the number of regulations was brought down from 4300 in 1996 to 3300 in 1997 and further reduced to less than 2000 regulations in the year 2002. However, the result of this reduction exercise demonstrated that the public administration, which was solely responsible for identifying burdensome regulations, tended to cut only those regulations that generated extra work for its own departments. This example highlighted again the importance of bringing in external (other than governmental) expertise and consultation in order to balance different interests vested in the reform process. **Ms. Younghusband** concluded by drawing the participants' attention to the underlying principle of market-oriented reforms – the assumption that regulations are detrimental.

### **Session 3: Initiatives to improve administrative frameworks for business creation**

This session reviewed actions undertaken by SEE countries to implement effective administrative simplification reforms. **Ms. Jacqueline Coolidge**, Foreign Investment Advisory Service of the World Bank Group (FIAS) gave a *Regional overview of administrative barriers to business and their removal*. She also drew on the Latvian experience. **Dr. Slavica Penev**, Economics Institute (Serbia) discussed her country's simplification experience in *Successes and difficulties faced by Serbian policy-makers in their efforts to improve construction permits and the challenges of co-ordination in this process*. An outside-of-government perspective was brought in by **Mr. Boris Divjak**, International Consulting Partners (Bosnia and Herzegovina) who discussed the *Successes and difficulties in establishing public/private dialog and partnership and, in particular the challenge to get the government to focus on issues such as administrative barriers and to organise itself*, concentrating mostly on public-private partnership (PPP) issues. And finally, **Mr. Jacek Jedruszak**, Regulatory Reform Co-ordination Unit (Poland) introduced the participants to the *Polish initiatives to simplify licences and permits requirement in its preparation for EU accession*, tackling the main challenges, obstacles and successes of the simplification process in the EU accession context.

The discussion that followed highlighted a number of key issues. **Mr. Divjak** emphasised a number of important reform elements, such as: the need for “a national champion” for reforms who will provide political leadership and drive the reforms; “a secretariat” to professionally implement political decisions and finally, a monitoring system to make sure that reforms are enforced. The Monitoring Instruments of the Investment Compact may serve as an example. Taking Bosnia and Herzegovina, he also pointed to the *subsidiarity principle* in a multi-level governance context. He used as a particular example measures such as the vertical integration of institutions, which is designed to reduce the number of inspections performed at all government levels. This spurred an interesting discussion of the benefits and risks of decentralisation. **Mr. Karkatsoulis** reminded the participants that though decentralization seems to be a requirement, it can carry certain risks, especially when done for only political reasons. Further on, **Ms. Coolidge** stressed that the mobility of capital between different localities is an important reform issue. Competition among municipalities to attract investment is a positive phenomenon that can help boost economic development. Investors can “vote with their feet” for the best regulatory solution. In this sense, competition is not necessarily a race for the lowest taxes: municipalities can also compete for the best service rather than only for the lowest cost, which gives further motivation for greater quality of local governments. The size of a country determines to a significant extent its regulatory competition potential.

**Mr. Jedruszak** supplemented the discussion with a number of examples from the Polish experience. He stressed the need for the government to respond to the country’s economic situation which is characterised by high unemployment and economic stagnation, by undertaking more far-reaching liberalization measures to boost entrepreneurship and FDI. Certain measures have already been taken, especially at a lower level and the One-stop-shop for business start-ups will be introduced as of January 2004. Others, however, have been more resource and time intensive. Among them, the decision to reform the 1999 law on economic activity represented a significant step. This law was already seen to be very liberal at the time of its adoption. However, a significant scope for improvement was identified based on the lessons from its implementation and in particular following feedback from the business community. Environmental inspectorates represent another difficult example given the way in which they are regulated: any reorganisation would involve a fully-fledged parliamentary procedure for each inspectorate.

#### **Session 4: Practical tools to reduce administrative burdens**

This session focussed on the tools applied in SEE and OECD countries to simplify administrative procedures and improve the business climate. **Mr. Staffan Sandstrom**, Ministry of Industry, Employment and Communication (Sweden) introduced the *Ex-post evaluation of regulatory tools and institution in Sweden*, followed by the presentation by **Dr. Fiorenza Barazzoni**, Policies for Innovation in Public Administration (Italy) on *The concession system and the involvement of the competition authorities to suggest alternatives*. The specific challenges in the SEE countries were considered in the presentation by **Ms. Stanka Delcheva**, Strategma Agency (Bulgaria) discussing the *Context, challenges and obstacles faced in the implementation of the Bulgarian pilot partial impact assessment*. Ms. Delcheva analyzed in particular, the results of the study in terms of legislative reforms and organizational modifications.

The ensuing discussion concentrated on a number of burden-reduction tools, including e-government tools. **Dr. Alexander Boehmer**, Business and Industry Advisory Committee (BIAC) emphasized the importance of adopting e-measures in the business community. He agreed that these have to take into account conditions specific to a country and should be introduced gradually. Nevertheless, their role in enhancing the investment climate and counteracting corruption is crucial. He highlighted the role of e-customs in enhancing risk assessment and reducing corruption, and concluded by recommending the E-government solutions to the SEE countries. A number of speakers

pointed to codification measures, including **Mr. Karkatsoulis**, who also stressed the role parliament plays in the process. In this context, **Mr. Jacobzone** pointed to certain risks associated with such measures. In France, for example, codification has become an obstacle rather than a complement to administrative simplification. Laws had often been codified, but not simultaneously simplified. This has resulted in a large stock of legislation which is difficult to reduce, as the ministries had acquired in the process a strong feeling of ownership of the codes.

## **Session 5: Establishing one-stop shops in South East Europe**

Finally, the role and design of one-stop shops in reducing administrative burdens were discussed. Participants discussed how to ensure the necessary human and physical resources for running efficient one-stop shops and how to overcome co-ordination problems among regulatory authorities and between levels of government. **Mr. Joost Dieleman**, Ministry of Economic Affairs (Netherlands) presented *Dutch one-stop shops*. A number of presentations shared the SEE country experience; among them the Romanian experience was discussed by **Ms. Cornelia Simion**, Department for Business Environment Improving and Monitoring (Romania) in the presentation on *Governmental progresses for improving the business environment and company registration through one-stop shop in Romania* and by **Ms. Adriana Iacob**, National Trade Register Office (Romania) on *Romanian one-stop shops*. Ms. Aneta Gradinaru, Moldovan Export Promotion Organisation (Moldova) presented *Moldovan one-stop shops*.

The presentations spurred an interesting discussion highlighting different approaches to one-stop shops. Referring to the Moldovan licensing reform example, **Ms. Coolidge** spoke in favour of a modest, step-by-step approach. Speaking on behalf of the investor community, **Dr. Boehmer** would rather welcome a more ambitious approach, in particular with regards to establishing one-stop shops for licensing purposes. **Mr. Cordova Novion** agreed that licensing constitutes an important reform area that can bring quick, spectacular results and for that reason investing into its simplification, by, among other measures, establishing one-stop shops deserves priority consideration. This point was complemented by **Mr. Jacobzone** who brought in the example of France, where one-stop shop services are performed by the French chambers of commerce, which testifies to the possibility of different institutional solutions.

**Mr. Cordova Novion** further highlighted the risk that one-stop-shops become another layer of bureaucracy. To avoid this risk, their introduction should go hand-in-hand with the re-organization of the *back office*. **Mr. Dieleman** commented that one-stop shops in Holland were introduced in parallel with a project to reduce *back office* costs that measures the effects of burden-reduction as well as the final results of the project itself. He also added that the Dutch chambers of commerce (financed by business though supervised by the Ministry of Economy) play a significant role in one-stop shops, including in delivering business numbers. The results of the reform have shown a significant reduction of administrative burdens. Adding further to the bureaucratic risks discussion, **Dr. Barazzoni** admitted that the problem has been recognised by the Italian government as well. The systematic reform that has recently taken place involved the implementation of a number of measures across levels of government. At the central level the number of ministries was reduced from 22 to 12 and their functions limited to policy making. Many of the responsibilities and functions were subsequently delegated to the lower level. As the result, the one-stop-shops at the local level were granted a real public service function instead of the previous information-provider role.

### ***Related activities and next steps***

The Seminar on Reducing Administrative Barriers to Business Creation and Development took place back-to-back with the First Meeting of the Steering Group on Regulatory Governance, under the

co-ordination of the RGI. This group was established at the proposal of the Romanian co-chair of the Investment Compact, with a view to preparing for the 2004 Ministerial Meeting of the Investment Compact, to be held in July in Vienna. This is called the **Bucharest Process**. This meeting drew input from SEE governments, business sector representatives, the investment community, international organisations and NGOs. It took stock of the work accomplished by the Regulatory Governance Initiative and made decisive steps towards preparing for the 2004 Ministerial Meeting.

The 7<sup>th</sup> *RGI Seminar* is planned for early May 2004 and will address the following topic: ***Improving Conditions for High Quality Regulations: Information and Enforcement***. The seminar will discuss mechanisms to improve the overall administrative and legal environment in SEE countries, to foster foreign direct investment and boost economic growth. In order to be effective in achieving policy objectives, regulation must not only be adequately enforced, but stakeholders also need to be offered fair and transparent possibilities for legal appeals. This seminar will complement previous seminars discussing how the implementation of regulations can be improved and will be organised in liaison with the relevant partners.

## AGENDA

**Wednesday 10, DECEMBER 2003**

**Chair: Mr. Panagiotis Karkatsoulis,**

**Ministry of the Interior, Public Administration and Decentralisation (Greece)**

**9:00 – 9:15**

Registration and coffee

Welcome and opening remarks

*Speakers:*

- Mr. Christian Diaconescu, Ministry of Foreign Affairs (Romania)
- Mr. Josef Konvitz, Regulatory Management and Reform Division (OECD)
- Dr. Panagiotis Karkatsoulis, Ministry of the Interior, Public Administration and Decentralisation (Greece)

**9:15 – 10:45**

### **Session 1: Measuring and identifying administrative burdens in SEE**

A predictable, transparent and non-discriminatory regulatory environment and an absence of undue administrative impediments to business are, more generally, the major factors in an investors' choice of location. Administrative burdens are among the most important barriers to business creation and development in the region. By provoking non-compliance and the development of an informal sector, poor quality administrative regulations nourish unfair competition within the economy and maintain barriers to market access. Rapid and resolute action to streamline or eliminate this type of regulation can swiftly bring economic gains and build a constituency among stakeholders for further reform. Based on empirical studies undertaken in the region, this session sets out to discuss the impact and scope of administrative and regulatory burdens in the region.

*Speakers:*

- Ms. Jacqueline Coolidge, Foreign Investment Advisory Service of the World Bank Group (FIAS)
- Mr. Antonio Fanelli, Directorate for Financial Fiscal and Enterprise Affairs (OECD)
- Dr. Ovidiu Nicolescu, National Council for SMEs (Romania)

***Supporting documents:***

*International Benchmarks for Administrative Barriers and Lessons Concerning Reforms* submitted by Ms. Jacqueline Coolidge (FIAS)

Synthesis of *Enterprise Policy Performance Assessments in South East Europe* (prepared jointly by the OECD and the EBRD) submitted by the Regulatory Governance Initiative (OECD)

*Doing Business in 2004: South East Europe (Region Profile)* submitted by the World Bank

**10:45 – 11:00**

**Coffee break**

**11:00 – 13:00**

**Session 2: Designing and implementing coherent administrative simplification programmes**

To design coherent administrative simplification programmes, governments must ensure that co-operation and collaboration take place across levels of government. There is considerable variety in the organisational models that countries use to implement administrative simplification policies: single purpose entities, administrative simplification agencies, regulatory reform agencies and external committees. In addition, an important distinction also needs to be drawn between permanent and ad-hoc bodies or committees. This variety reflects the different political and administrative structures (and the underlying political cultures), as well as different conceptions of the nature of the administrative simplification task.

***Speakers:***

- Mr. Cesar Cordova, Management and Regulatory Reform Division (OECD)
- Ms. Victoria Younghusband, Better Regulation Task Force (United Kingdom)
- Mr. Krunoslav Placko, Ministry of Economy (Croatia)

***Supporting documents:***

OECD Policy Brief on the thematic study *From Red Tape to Smart Tape* submitted by the Regulatory Governance and Territorial Development Directorate (OECD)

**13:00 – 14:30**

**Lunch**

**14:30 – 16:30**

**Session 3: Initiatives to improve administrative frameworks for business creation**

Excessive, burdensome and overlapping administrative procedures have the potential for causing serious economic harm and supporting anti-competitive behaviour, since incumbent firms have strong incentives to lobby regulators to use the licensing arrangements as a means to protect them from new

entrants. In sum, they raise real and perceived barriers to investments, innovation and competitiveness. By controlling the number of formalities and information requirements, for example, administrative simplification programmes can reduce the range of bureaucratic discretions over new business and other groups as well as minimise the opportunities and incentives for the development of corruption within the administration. The strength of SEE countries in light of the increased globalisation and harmonisation with EU standards will depend on the dynamism of a business sector that is free to develop the key capabilities that drive long-term success – the ability to innovate, to maximise operating efficiency and to adapt to change over time.

This session will review actions undertaken by SEE countries' to implement effective administrative simplification reforms. What do governments need to do to provide the right frameworks for economic regulation, and what are the obstacles to implementation? All countries are invited to intervene in the discussions. Discussions will cover the main regulatory hurdles existing during the initial phase of business development:

- Business registration
- License requirements
- Access to land
- Construction permits

***Speakers:***

- Ms. Jacqueline Coolidge, Foreign Investment Advisory Service of the World Bank Group (FIAS)
- Dr. Slavica Penev, Economics Institute (Serbia)
- Mr. Boris Divjak, International Consulting Partners (Bosnia and Herzegovina)
- Mr. Jacek Jedruszak, Regulatory Reform Co-ordination Unit (Poland)

**16:30 – 16:45**

**Coffee break**

**16:45 – 18:00**

**Session 4: Practical tools to reduce administrative burdens**

This session will discuss a selection of ex ante tools applied in OECD and SEE countries to simplify administrative procedures and improve the business climate. Based on practical experience, the session will discuss the use of

- Regulatory Impact Analysis and consultation to ensure that unnecessary and overly burdensome regulations are not implemented in the first place
- Non-regulatory instruments as alternatives to regulation

- Administrative simplification tools to reduce administrative burdens on SMEs

***Speakers:***

- Dr. Fiorenza Barazzoni, Presidency of the Council of Ministers (Italy)
- Mr. Staffan Sandstrom, Ministry of Industry, Employment and Communications (Sweden)
- Ms. Stanka Delcheva, Strategma Agency (Bulgaria)
- The floor will be open to government representatives in South East Europe

**18:00**

Closing of the day

Cocktail hosted by the Romanian Government

**Thursday 11, DECEMBER 2003**

**9:00 – 10:30**

**Session 5: Establishing one-stop shops in South East Europe**

One-stop shops have the potential to deliver substantial savings in time and costs for users by providing seamless, integrated and easily accessible points of contact for certain common procedures. In addition to simple burden reduction, they can also facilitate process re-engineering. Bringing together the full range of information requirements, as well as key licences and permits required in relation to a given business tends to highlight areas of overlap and/or duplication and point out redundancies. Additional benefits can also be gained by increasing accountability and objectivity, and by placing decision-making as close to the citizens and enterprises as possible. One possible concern is that one-stop shops can, in some cases, shift burdens rather than eliminate them. This session will discuss issues, among other, concerning

- How to ensure the necessary human and physical equipment for running competitive one-stop shop (e.g. can the private sector be given opportunities to run one-stop shops?)?
- How to overcome co-ordination problems between regulatory authorities and between levels of government?

This session will invite country representatives to report on actual steps undertaken in establishing one-stop shops. What are the benefits, obstacles and constraints?

***Speakers:***

- Mr. Joost Dieleman, Ministry of Economic Affairs (Netherlands)
- Ms. Cornelia Simion, Department for Business Environment Improving and Monitoring (Romania)
- Ms. Adriana Iacob, National Trade Register Office (Romania)
- Ms. Aneta Gradinaru, Moldovan Export Promotion Organisation (Moldova)

***Supporting documents:***

*Evaluating One-Stop Shops: Lessons from the Dutch Case* submitted by the Public Governance and Territorial Development Directorate (OECD)

*One-Stop Shops in Transition and Developing Countries* submitted by FIAS

*Portuguese Business Formalities Centre: Simplifying the Establishment of Companies* submitted by Mr. Antonio Souta (Portugal)

**10:30 – 11:00**

**Coffee break**

**Closing of seminar**

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## **Practical Tools To Reduce Administrative Burdens: The Italian Experience**

by

**Fiorenza Barazzoni,  
Director, Office for Innovation, Presidency of the Council of Ministers of Italy**

Administrative simplification policies in Italy have been the key element for the reduction of burdens to citizens and enterprises. Administrative simplification is strictly linked with broader regulatory reform programs as well as with the devolution process and the e-government program. In the early nineties, administrative simplification policies have been undertaken through parliamentary laws, and introduced a series of instruments and ad hoc interventions for a procedural simplification of the regulatory system.

With the adoption and enactment of the Administrative Procedure Law of 1990 a set of tools have been introduced, in order to make the administration more accountable and efficient, such as:

(i) Specific time limits for administrative decision-making (and a general time limit of 3 months);

(ii) The rule of “silent is consent”, which applies unless otherwise stated;

(iii) The notification of the beginning of an activity, instead of licences and permits previously needed;

(iv) The agreements between stakeholders and private administrations, substituting the formal administrative act in some cases.

A following law (537/93) has pursued the procedural simplification process and, in particular, the reduction of times and costs of the administrative activities. In the second half of the nineties, simplification has become one of the key elements of a broader regulatory reform on-going process, characterised by the delegation of powers from the Parliament to the Government in order to simplify the regulatory environment through secondary regulation (so called de-legislation). The approach to regulatory reform, although keeping its emphasis on simplification, presented new distinctive characters. In particular, the objectives of administrative simplification policies were not only aimed at reducing the times and costs of the administrative activities, but also at cutting off public intervention and useless administrative burdens. The one-stop shops for productive activities, introduced in 1998, and the initiatives for a widespread use of self-certifications, instead of the public certifications, are among the range of instruments introduced to realise such objectives. Moreover, simplification policies have become one of the aspects of a wide regulatory reform agenda, enriched with the introduction of regulatory impact assessments for all new regulations, and the production of consolidated codes (containing primary and secondary regulations).

With the so-called Bassanini law (59/1997, 50/99, 340/200), procedural simplification has been carried out through a general de-legification tool, consisting of the indication of specific administrative procedures, to be reviewed and streamlined through regulations (secondary norms). Regions and Municipalities adopt the simplified procedures in some cases (so called administrative federalism). For example, the Governmental Decree of liberalisation of trade transferred to the Municipalities the power of licence issuing

Another tool, that of the annual simplification laws tool has been introduced, allowing the Government to continuously update the simplification process and its results, following parliamentary criteria and principles. Finally, with the aim of supporting the regulatory reform program a central ad-hoc body of experts for the simplification of the norms and procedures has been created, from 1999 to 2002. The simplification policies and instruments introduced have been aimed at realising a systematic regulatory reform. However, the implementation phase has faced difficulties in some cases: for example, the regulatory impact assessments have been carried at an experimental stage only, and more training as well as a cultural change in regulatory and administrative decision making are needed for a full use of its potential. Regulatory reforms framework is now being profoundly reshaped in Italy, with the new allocation of powers, between the State, the Regions and the local entities, following the constitutional reform of 2001. Indeed, the transfer to Regions of concurrent and exclusive legislative, as well as regulatory powers (the latter in all areas not expressly under the State exclusive responsibility), and the devolution of administrative functions to local entities urge the need for a wide-spread awareness of simplification policies and tools among regional and local decision-makers and administrators.

The implementation of the e-government Action Plan (2000) is also having a great impact on simplification policies, enabling the administration to work faster, more efficiently, and with lower costs, in particular in the areas of e-procurement, tax filing, and one-stop shops. According to a new Public Procurement Program, Central Government Administrations are required to purchase within frame contracts drawn up by “Consip”, a State totally owned company. Public Administrations can use innovative e-procurement procedures, also above EU thresholds, using digital signatures. The program has decreased transaction costs for public administrations and business, as well as enhanced transparency and quality of services. One-Stop Shops have been created at local level in 69% of municipalities, covering 84.3% of the population, responding to the needs of business and citizens to interact with a single administration and to receive a single answer, through a single procedure, substituting up to 43 previously needed authorizations and acts. This tool has notably decreased costs and shortened times, as well as favoured the territorial development.

Finally, with the new annual simplification law, approved in July 2003, a new phase of regulatory reform started. Administrative interventions should be eliminated, or substituted with the notification of beginning of an activity, silence is consent, or self regulation, in a broader range of cases. As far as regulatory simplification is concerned, the technique of consolidating primary and secondary regulations in a unique code should be substituted with a new form of “codification”: substantial interventions in strategic subject matters will be made possible through the issuing of Government legislative decrees, primary laws “codes” aimed at recasting and reducing the legislative stock. Among others, a recasting code will be issued in the area of normative production, simplification, and quality of regulation. As far as procedural simplification is concerned, de-legification is now only one possible tool of simplification, and the simplification law and the legislative decrees have to determine on a case by case basis if secondary rules are necessary for simplification purposes, also in consideration of the different allocation of regulatory powers between State and Regions. Mandatory RIA is extended to Independent Authority Regulatory acts. A Register of administrative formalities for the enterprises has been introduced, following the experiences of France and Mexico.

## **International Benchmarks For Administrative Barriers And Lessons Concerning Reforms**

by

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It is widely recognized that administrative barriers have a negative impact on investment. The FIAS study of administrative and regulatory costs uses both perception-based indicators and hard data collected from government officials and business people. So far 18 countries have undertaken this exercise, 7 of which are in S. E. Europe. The perception questions are useful for ranking problems within a country and for examining the change in those rankings over time. However to make cross-country comparisons it is more precise to use hard data, e.g. management time spent dealing with regulatory procedures that varies from 24% in Bosnia to 14% in Albania. Also these data allow identifying variations in sets of procedures, e.g. the time required for registration that varies from 97 days in Croatia to 4 days in Albania.

The paper summarizes key lessons to be learnt from efforts to remove administrative barriers for investment, including:

- Reforming regulations across a range of overlapping mandates and jurisdictions is extremely complicated. Contradictions between different laws are common, and were almost inevitable during the transition programs in Central and S. E. Europe.
- Each individual reform may seem relatively unimportant and low-priority, and vested bureaucratic interests resist reform because they claim it has only a minor impact. Cumulatively, however, these minor barriers can lead to very lengthy delays for business.
- Multiple levels of government bear the risk of additional burdens like duplicated registrations and licenses from the various levels of government, which adds wastefully to the total regulatory burden on business. National governments need to guard against inconsistent enforcement of laws and regulations in different parts of the country.
- Inconsistent interpretation of vague laws and regulations is a problem because it can give rise both to discrimination between different types of investors (foreign/domestic, large/small) and to corruption.
- Many administrative barriers are actually manifestations of major policy constraints, for which there may be strong political pressure to maintain and therefore hard to remove.
- Civil servants might resist or even ignore new regulations for various reasons e.g. fear for their influence and their positions.
- The established business community that benefits from regulations might resist a reform, because it could strengthen competitor because regulations often serve as an entrance barrier to the market
- Eliminating unnecessary administrative procedures can reduce opportunities for corruption.

The paper draws on the experiences from Latvia, where the Government has engaged in close cooperation with the public and private sectors to develop an Action Plan for the removal of administrative barriers. Improvements since 1999 have been made in tax policy and tax administration, customs and border crossing, administration of real estate, cooperation in anti-corruption efforts, coordination of government inspections, and enhancement of administrative culture.

Latvia followed a four part cycle of reform:

1. A list of recommendations based on methodical identification of problems;
2. A dialogue between government and the business community to agree on an Action Plan;
3. The implementation of the agreed reform program; and
4. The assessment of the effectiveness of these activities and identification of new problems.

In this process, Latvia has built the capacity to undertake updates of the administrative barriers analysis on a self-assessment basis. Latvia is also in the process of integrating Regulatory Impact Analysis (RIA) into the overall institutional framework. Based on the Latvian example, the paper identifies key features of a successful program to remove administrative barriers to investment.

The example of Latvia shows that the key features of successful removal of administrative barriers to investment are:

- Government commitment – both general and at high level
- A Steering Committee within Government, including senior technocrats and an interested business community to develop a dialog between the public sector and private sector
- An active and committed secretariat within Government
- An active support by donors

## **The Strategma Agency In Bulgaria**

by

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In the beginning of 2002 Strategma Agency carried out the Administrative Service Standards Improvements Project, which was assigned and funded by the World Bank. The beneficiary was the Council of Ministers of the Republic of Bulgaria. Duration of the project was five months.

This resume presents the approach of implementation of the research, the most interesting findings in it and the relevant recommendations.

### **The Reforms In Bulgarian Public Administration**

In early 1998 the Government adopted the Strategy for establishment of a modern administrative system. The Strategy outlined the modern vision of the role of the state, distribution of government powers and the organization of the administrative system.

The realization of the policy for modernization of the governance and of the administrative system started with the adoption of several acts – the Public Administration Act, the Civil Servant Act, the Administrative Services for Physical and Legal Entities Act, the Access to Public Information Act.

Since the end of 1999 the government undertook the implementation of the measures for optimisation and lessening of the regulatory regimes. A functional review was made of the current licensing, permits and registration regimes. The purpose of this review was a future liberalisation of the conditions for economic activity and as a result of the review the minimally acceptable conditions for introduction of licensing, permit and registration regimes were formulated and the principle for introducing such regimes only by primary legislation was coined.

In early 2000, an inter-ministerial working group identified and in part reviewed 526 licensing, permit, and registration requirements under various ministries and agencies. The analysis resulted in a recommendation for adopting an administrative procedures optimisation program, beginning with the removal or simplification of 63 such requirements in year 2000, and another 58 in the process of being revised.

However, the procedures reviewed were those administered by central administration. Work still remains to simplify the environment governed by municipal authorities.

As a result of the reviews recommendations for assessment of the administrative environment where the business is functioning have been formulated:

- Preparation of sector analyses;

- Study of the regulations implementation model, including all the administrative levels – central, regional and local.

### **Service Standards Improvements Project Objectives**

The main goal of the Service Standards Improvements Project was to support the business environment through assessment and improvement of:

- the administrative regulation;
- the standards of administrating the services related to the issuing of licenses, permits and registrations;
- the mechanisms for control and accounting of the administrative procedures.

The process of the implementation of three selected economic activities has been analyzed and proposals for improvement of the different components of the environment have been formulated.

### **Project Scope**

- study of the administrative regulations of three economic activities
- Activity DA-15.11 (13) Production of fresh or frozen meat and/or meat products;
- Activity F-45.31 Construction of installations – lifts and escalators;
- Activity H-55.11 Hotels and motels with restaurants

The selection of economic activities was made through the National classification of economic activities NACE.BG-2001. The selection of economic activities was made on the basis of three groups of criteria: statistical data on the status of the economic activity, priorities for the country's development according to the Government program, legal "burden"– number of regulatory acts (primary and secondary) which govern the activity of agents within the respective business and which are related to the administrative service.

- tracing the development life cycle of the economic agents with a focus on the launching and current performance;
- review of the general and specific normative regulations;
- study of the specific normative regulations implementation practice by the administrative structures at the various levels.

In the course of our study, we examined 31 administrative procedures, directly related to the examined economic activities. In the framework of this project, we have made a general review of a single complete process – construction of new production sites. The administrative procedures related to the construction or reconstruction of production sites is of general character and they are related to the general conditions enabling the economic activity. The analysis of these procedures is included in the study because of their impact of the examined economic activities.

## **Framework of the Study of Pilot Economic Activities**

- creation of a functional model for the performance of the studied economic activities;
- determining the administrative structures that are related to the implementation of the functional model;
- analysis of the influence of the structure and status of the economic agents on their capacity to comply with the requirements of the regulations and the existing organization of the administrative service.

## **Methodology of the Study**

Study of the main characteristics and interdependence of:

- the normative conditions under which the three specific economic activities are carried out;
- the practices in the administrative structures, directly providing the administration of the studied economic activities;
- the opinions of the economic agents, performing the studied economic activities, on the regulation and the work of the administration; and
- the opinions of the branch organizations of the economic agents involved in the studied economic activities regarding the general regulatory framework.

## **Challenges and Obstacles**

*Challenges:*

- Further advancing of the reforms in the administration in order to achieve high economic growth and enhance the competitiveness of the Bulgarian economy.

*Obstacles:*

- Insufficient methodological capacity that would guarantee efficiency and effectiveness of the procedures, set out in the law.
- The management of the information flows is not good enough and lack of a model for identification of the economic agents at the level of the economic activity.

## **Main Results of the Analyses**

- The administration burdens the economic agents with the responsibility for the coordination of the service-provision processes, related to the compliance with the regulation requirements;
- There are no impact assessment standards for new and the application of existing administrative regulations;

- The economic agents have not yet turned into real and fully active market agents, possessing the necessary organizational and management skills for effective business activities.

In this context, the processes for improving and optimising the administrative service as well as simplifying the regulatory framework have been considered as a factor stimulating the organizational and managerial development of the economic agents.

## **Recommendations**

The main conclusion is that shifting the responsibility for the coordination of the processes of administrative service provision from the economic agents to the public institutions by means of an integrated approach for optimization of the organization, management and control of the administrative procedures.

*General recommendations include:*

- Drafting a strategy for integrated administrative services: introduction of ‘window points’ for access to administrative service, use of the natural potential of the administrative system for internal (official) coordination of administrative procedures and activities.
- .Improvement of the normative arrangements: codifying administrative procedure legislation, introduction of binding standards for preliminary evaluation of the impact of the adoption of new and the implementation of existing administrative regulations, development of the Register of the Administrative Structures and State Bodies’ Acts
- Improvement of the organization of the administrative services: design of manuals of the administrative procedures for offering various kinds of administrative services, directed both at the administration and the entrepreneurs according to the economic activities, raising the qualification and motivation of the administrative personnel, optimizing the information aggregates and removing redundant information or documentation flows.
- Development and implementation of a system of quality of the administrative services: design of measurable indicators for performance assessment of the administrative procedures, quality control mechanisms of the administrative service, policy which will maintain and raise the quality of the administrative service
- Developing measures that will form and enhance the management culture of the SMEs.

Specific recommendations include optimization of the studied regimes for each of three economic activities. For each of the economic activities, proposals have been made concerning the removal of part of the regimes as well as the optimization of those ones that need to be preserved in order to ensure the public interest’s protection.

As a result of the proposals, there have been changed the general duration of the specific administrative procedures necessary in order to launch a business. For two of the economic activities, the reduction of the necessary duration amounts to more than four times.

## **Conclusion**

The improvement of the business environment is a result of the dynamic balance between the desire for minimum intrusion of the state in the activities of the economic agents and the requirement for maximum protection of the public interest.

## **Dutch One-Stop Shops**

by

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In the Netherlands, the one-stop shop concept for entrepreneurs is part of the policy to reduce administrative burden and stimulate government innovation with the demand-driven approach and the help of ICT.

We asked entrepreneurs what the bottlenecks are in starting-up a business or doing business. As we see in most other countries, one of the conclusions is that the service level of public organisations is low. And there are a lot of constraints due to unnecessary or illogical regulations. Entrepreneurs feel that a lot of new regulations from the national and European government are implemented without looking upon the effects in relation to existing regulations.

### **The concept**

In 1999 we started some regional pilots to develop the one-stop shop concept. In 2002 we evaluate the project and decided to implement the concept in the way of an e-business module at a national level.

The development of the Dutch one-stop shop is a part of a larger program for the exchange of information between government and enterprises. The Dutch program is made in co-operation with trade and industry partners and will last till 2006.

Public organisations can participate by using the central infrastructure, but it is a choice. By means of the temptation strategy and the positive effects of the case they will be convinced. Participation means that public organisations co-operate and share the central infrastructure, but they still are responsible for the costs and improvements of their own products and processes in the back-offices. As mentioned before, the Dutch one-stop shop is an e-business module on the Internet, a virtual business counter for entrepreneurs and start-ups to obtain information from any public organisation. Furthermore, the business counter will eventually give out registrations, permits or a VAT-number.

Since the end of 2003 the first version of the e-business module is available by means of a pop-up screen on the Internet sites of the participating organisations. The Ministry of Economic Affairs has an important role by the one-stop shop policy, because of the political context. But the Chambers of Commerce will be responsible for the Dutch one-stop shop for entrepreneurs.

### **Participation of the Chamber of Commerce**

In the Netherlands we gave the development and exploitation from the one-stop shop in hands of the Association of Chambers of Commerce. We don't introduce a new organisation. The Chambers

already have the legal task from the Ministry of Economic Affairs to inform entrepreneurs and start-ups about starting or doing business, regardless their sector or scope.

The Chambers of Commerce have a central service office that can support the development of the central e-business module. And the Chamber exists of 21 regional Chambers to carry out the concept in the regions as well. They know local circumstances and participate in regional networks so they are able to recruit municipalities to join. The Chambers of Commerce are financed by the obligatory charge of entrepreneurs. That means that this organisation will have to account to them by offering the best service possible. Entrepreneurs are in the board of the Chambers, so the regional Chambers know exactly what is going on.

We concluded that because of its task and position between national and regional level and between government and entrepreneurs, the Chamber of Commerce is an obvious partner. The Dutch Chambers of Commerce are responsible for the development of the one-stop shop for business. In line with their legal tasks to entrepreneurs, they will also be the controlling and operating organisation once version 1.0 and the following enhanced versions are being launched. Another important task for the Chambers of Commerce will be the marketing and roll out of the Internet portal throughout public organisations in the country.

Because of the wishes of entrepreneurs the one-stop shop must grow with the products of new participants, especially the municipalities because of their impact on doing business. Thereby, entrepreneurs will forms that can be electronically sent to public organisations and more integrated services. And last but not least, entrepreneurs expect that their information to government will be used twice or more times if possible.

### **Key factors for success**

There are some key factors for success. Important is to start with a few public organisations, that are really involved with entrepreneurship; it is necessary to understand their motivation and incentives to participate and to use the strengths. Secondly: hold on the demand driven concept as one of the main market-principals. It prevents a situation in which each organisation preaches their own issues, instead of solving the problems of the entrepreneurs. Thirdly: be ambitious, but do it step by step, so you can realise and show concrete results and change your concept if necessary. And at last: involve entrepreneurs in the development and monitoring of the plans. Take their opinion seriously and implement their suggestions in the next steps.

The concept can only be a success when the public organisations are enthusiastic to modernise not only the front-office, but will re-organise their back-office activities as well. The one-stop shop concept, as one of the instruments, forced the organisations to do so.

## **Successes And Difficulties In Establishing Public/Private Dialogue And Partnership, And In Particular, The Challenge To Get The Government To Focus On Issues Such As Administrative Barriers And To Organise Itself**

by

**Boris Divjak,  
International Consulting Partners (Bosnia and Herzegovina)**

The governments in transition have been facing a major challenge to switch to service provision and client orientation. The concept of centocratic rule remains dominant for years after democracy has been introduced and a lack of accountability is still present. This has been affecting the business community very strongly and frequently the private sector is observed as tax evaders and petty criminals, rather than the tax payers and a major source of fiscal income. The Chambers of commerce are an outdated atavism of the former system where old politicians spend their last days before retirement, thus making the cohesive voice of the businesses quite weak.

New business associations started springing up, but remain quite weak and unsustainable, representing a smaller portion of the constituency they claim to stand for. Where Chambers of commerce membership has been made voluntary, such associations appear stronger and better organised (e.g. Republika Srpska of BiH) and vice versa (e.g. Federation of BiH).

Willingness of the government to launch a steady private-public sector partnership is in direct correlation with their maturity in coping with the administrative barriers to investment and their service orientation. While all governments sought external assistance in drafting their agenda for business environment creation, principally that of FIAS, several have upgraded this process by incorporating the private sector in the design of the reforms, thus making the Action Plan a living document and the cycle of reforms an on-going development.

In BiH a pattern of bureaucratic and tiresome administration is repeated at too many governance levels. There is a persistent lack of co-ordination and the compliance mechanism has turned into a burden on businesses, often associated with racketeering and corruption. This prompted a number of donors to intervene in this area by providing technical assistance and the governments responded by forming their working groups to lead the process. However, a number of parallel initiatives, combined with weak government teams, insufficiently prepared for the challenges and inadequately networked within their own ranks have often added to the institutional complexity and donor overlaps.

The most far-reaching initiative was that of FIAS, which aimed at the thorough assessment of administrative barriers and measuring of their impact on the business community, while at the same time working with the government counterparts in establishing and then strengthening their follow-up mechanism. However, the initiative yields mixed results.

In the centralised BiH Entity of the Republika Srpska, the Working Group had continuity and due to its flexibility and adaptation to the various donor initiatives, they succeeded in co-ordinating several programmes of the kind as well as launching an embryo of the public-private dialogue. The Federation of BiH to the contrary burdened their Working Group with the political issues and focused much less on the technical aspects, including its very organisation and day-to-day operations. This led to a much weaker ownership of the administrative barriers removal process and the donor initiatives were often perceived as externally imposed.

Nevertheless, much remains to be done with both governments in BiH, including a strengthened co-ordination at the State level and their involvement as they become more of a business environment regulator. It is vital the teams resume a more permanent role handling such affairs including their stronger links to the central decision-making level. A secretariat needs to be established as close to the Prime Minister's office as possible, thus avoiding creation of a supra-ministry. Self-assessment mechanisms must take a recurring format with full ownership of the Working Group. Finally, there must be regular consultations with the business community.

To accomplish the latter, technical assistance will significantly have to focus on strengthening of the business associations. In the system of the social partnership, they are currently the weakest component. In due course, such dialogues will have to involve stronger entrepreneurs, therefore risking some lobbying bias. Nevertheless, the cycle of dialogue must include identification of problems, for which the assessment instruments can be utilised both within the business community and the government. The actual structured dialogue must be followed by implementation of the agreed reforms' agenda, monitored and verifiable by both ends to the partnership. Finally, the next round of discussions should tick a number of issues off the Action Plan and rearrange priorities and the next steps, possibly adding arising issues to the plate. In achieving all this, it is clear that internal operational guidelines must be adopted by both the government and the business representatives. This will formalise the structure of the dialogue and automate the process so as to ensure a successful implementation of the reforms. If the government is in the driving seat and the leader of the process, this will place the ball in the businesses' yard and prompt them to respond in an organised and professional manner. The immediate impact is a much stronger client-orientation of the government as well as a more focused criticism of the business community aimed at a co-ordinated approach in improving the environment. Finally, it will prompt the donors to approach the government as the leader of the reforms and conform with the priority agenda it sets.

**Present The Main Findings Of The “Enterprise Policy Performance Assessments In South East Europe”, Which Have Been Undertaken Jointly By EBRD-OECD**

by

**Mr. Antonio Fanelli,  
Directorate for Financial Fiscal and Enterprise Affairs (OECD)**

It is widely recognised that Small and Medium-sized Enterprises (SMEs) in the SEE region confront major challenges. Not only do they face the usual problems caused by a lack scale, resources and the capacity to handle complex business management, they also suffer from a complicated and bureaucratic environment that is a legacy of the pre-transition past. The challenges of business entry, survival and growth are great. Developing a framework for dynamic entrepreneurship is fundamental in creating healthy and competitive market economies, and thus generating new jobs, exports and economic growth.

Small and medium sized enterprises (SMEs or small enterprises) are of critical importance to the economic growth prospects of developed as well as transition economies. They account for 99.8% of all enterprises and two-thirds of all jobs in European Union (EU) countries (EC, 2003); however, their importance does not rest only on being employment generators. They play an important role in strengthening economic performance, something which is particularly important during the general slowdown in global economic growth. They are adept at responding to market opportunities; and a sub-set of high growth small firms are particularly important in raising innovation, productivity and competitiveness. The challenge for governments is to:

“... provide a business environment that supports the competitiveness of this large heterogeneous business population and that promotes a vibrant entrepreneurial culture.” (OECD, 2003a, p.7)

This South East Europe (SEE) Regional Enterprise Policy Performance Assessment (EPPA) focuses on six key issues, which together constitute a framework enabling governments in the SEE region to develop a supportive environment for small businesses in the SEE region, more widely in Central and Eastern Europe, the Baltics and beyond:

- Institutional framework for SME policy
- Rule of law and the regulatory environment
- Tax policy for small businesses
- Financial instruments for fostering small businesses
- Advisory services supplied to new and small businesses

The above framework arose from detailed research and case experience with transition economies (OECD-UNIDO, 1999) and is consistent with the European Union's (EU) enterprise policy accession agenda, as set out in its Charter for Small Enterprises (EC, 2002), which the countries in the SEE region have become signatories to in June 2003. The EPPA work and the EC Charter are complementary and inter-related (see figure 1-1). Future up-dates of the Regional EPPA report will increasingly integrate with the EU's Charter, as the OECD, EBRD and DG Enterprise co-operate closely on the agenda for small enterprise development in SEE.

*Links Between EPPA and EU Charter for Small Enterprises:*

<b>EPPAs</b>	<b>EC Charter</b>
Institutions	Representation of Small Business Interests
Regulations	Cheaper and Faster Start-up
	Better Legislation and Regulation
	Improving Online Access
Taxation	Taxation and Financial Matters
Finance	Taxation and Financial Matters
Advisory Services	E-Business Models and Small Business Support
Business Incubators	E-Business Models and Small Business Support
Not covered at present	Education, Training and Entrepreneurship
	Availability of Skills
	Obtain more from the Single Market
	Strengthen Technological Capacity

The key difference between the approach used by the EPPA and the EC Charter is that SME investors are extensively researched in the EPPA process so as to provide feedback on key small enterprise policy issues, since their views and perceptions are vital to the success of government policy making and reform. These perspectives are combined with other information and analysis (e.g. costs, benchmarks, indicators of good practice, etc.), thus allowing a regional comparative analysis, focusing on highlighting good performance and trends in the region.

## **One-Stop Shops In Moldova**

**by**

**Ms. Aneta Gradinaru,  
Moldovan Export Promotion Organisation (Moldova)**

Over the last years, the Moldovan Government committed its interest in investment and business climate improvement, fostering foreign and local investments, and thus established a set of objectives for doing so.

Important steps were undertaken in reducing administrative barriers for business creation and development, therefore reforming the institutional framework to provide reliable governmental services to economic entities.

Business registration is one of the key-areas where changes took place, by Government re-organisation of the Chamber of State Registration in 2001 with the purpose of creation of a unique register of enterprises all over the country. The newly re-organized entity is assigned both with performing company registration assistance as well as elaboration of state policy towards registration of enterprises.

After re-organisation, the registration procedures scheme reduced in quantity and time, equalling to 11 procedures to perform and 41 days necessary to start up a business. The cost of registration was reduced on average to 141 EUR.

The following steps are necessary to undertake for registration of a business:

1. Verify and reserve the name of the company with the State Registration Chamber
2. Verify the name of the company with the National Center of Terminology
3. Obtain a certificate from the Registration Chamber to open a temporary bank account
4. Open a temporary bank account
5. File all the documents with the State Registration Chamber
6. Register with the local Fiscal Inspectorate
7. Obtain an official stamp
8. A notary certifies the company documents
9. Convert the company's temporary bank account to a permanent one
10. Obtain the permission from the State Inspectorate of Labour

#### 11. Register the company with the Social Security Fund

For business facilitation the procedures of business licensing were also submitted to significant changes. Thus, in 2002, The Government created the Chamber of Licensing to replace 23 state bodies.

The Chamber of Licensing has created a single national Registry of Licenses, which includes information on all types of licenses in Moldova, as well as reduced the number of activities requiring license from 300 to 57 in 2002. Time and cost for obtaining a license have been reduced from 28.6 days and USD 522 in 2001 to 22.4 days and USD 456 in 2002 accordingly. A business required on average 2.2 licenses (3 in 2001).

In order to assist local companies in development of export and to facilitate foreign investments in Moldova, the Government has created in 1999 the Moldovan Export Promotion Organization (MEPO), aimed to:

- Provide services to business and enterprise;
- Provide technical and strategic information on international trade and on Moldova's business climate;
- Represent and support all significant exporters and importers;
- Help foreign investors gain simple and low-risk entry into Moldovan business.

Set-up in 2001 within MEPO, the Department of Investment Promotion (MEPO-MIDA) is designed to assist local and foreign investors to identify opportunities in Moldova, find reliable partners for joint ventures, develop investment projects and match them with current interests. Also, MEPO-MIDA is dedicated to continuous improvement of business and investment climate, permanent contact with actual investors and aftercare services.

MEPO-MIDA provides the following services oriented to potential and current foreign and local investors:

- Information assistance (business/trade regulations, etc)
- Organization of inward investment missions
- Provide access to Government authorities
- Participation in negotiations
- Location seeking
- Consulting and logistics for foreigners
- Post-investment services

Moldovan Government engagement in conducting reforms for improvement of business environment and elimination of administrative barriers is a continuous progressive process. The Medium-term Governmental action plan envisages a set of priority measures to be undertaken:

In the sphere of Registration:

- Reduction of registration cost through elimination of paid information services
- Centralization of post-registration procedures at State Chamber of Registration
- Elimination of fixed number of business activities allowed at registration

In the sphere of Licensing:

- Reduction of the number of licenses, extension of validity period
- Reduction number of documents/authorizations necessary to obtain a license, limit involvement of other ministries
- Improvement of transparency of information, limit of bribe opportunities

In the regulatory sphere:

- Transfer to two-tier system of voluntary standards and mandatory technical regulations
- Strengthen infrastructure in the sphere of testing and certification
- Number and duration of inspections to be limited
- Reduction of number of examined documents for customs clearance
- Facilitation of VAT draw back.

## **Romanian One-Stop Office**

**by**

**Mr. Luiza Grigorescu,  
National Trade Register Office (Romania)**

Starting with 11.10.2002, the change in the legal status of the trade register according to the Government Emergency Ordinance no. 129/2002, meant that, after being organized as an accessory activity within the chambers of commerce and industry, the trade register activity is now managed by the National Trade Register Office – set up as a public institution and legal person, under the Ministry of Justice supervision and financed by own resources.

According to these legal provisions, The National Trade Register Office co-ordinates the 42 trade register offices functioning by each county Law court and their specific activity.

Applying these legal provisions meant the recognition of the core juridical nature concerning the companies' registration procedure and the confirmation of the public nature of the trade register, as well.

This major change implied a series of structural, organizational and functional changes having as result:

- An enhanced security level of the registration and legal publicity system for companies;
- A unitary approach of the specific procedures concerning the trade register activity to be implemented at national level;
- An improved quality in the services provided to the business community by the trade register offices and a larger range of these services, at the same time
- Improvement in public information concerning the legal existence of every company / individual businessmen registered in Romania

In order to provide registration services for companies and obtaining the functioning license as well, a one-stop office is being set up within each trade register office by the Law court, meaning 42 one-stop offices all over the country.

In order to adapt the Government Emergency Ordinance no. 76/2001 setting up the One-stop-offices to the specific situations occurred during its application, some changes come into force while issuing the Government Emergency Ordinance no. 60/2002, the Law no. 370/2002 and the Government Emergency Ordinance no. 129/2002. Applying these subsequently legal provisions meant the companies' registration procedure to become more fluent, through giving up on authorizing some of the activities when setting up a company or, when necessary, through authorizing these activities based on the statement by own will.

As a result, the authorizing procedure for functioning became a simple formality for about 80% of the requesting companies.

The solicitor deposits, in person or by mail, the registration request and the request for licensing the company's activity together with the deeds and documents requested by law, at the one-stop office. Based on these, the necessary procedures concerning the registration and the licensing are being initiated. The one-stop office has to register the file in a specific register and to forward it to each public authority involved in the registration and licensing procedure, as well.

Within 5, 10 or maximum 20 days from the registration date of the solicitor's file, the registration certificate is being issued and includes the unique registration code and also, the annex concerning the 5 authorizations needed for functioning.

The Government Emergency Ordinance no. 27/2003, concerning the implicit approval procedure, contributes to overcoming the administrative barriers in the business environment and to enhance economic development through implementing some conditions in favour of the entrepreneurs and implying lower costs for obtaining the authorization for functioning. According to the implicit approval procedure, authorization is being considered issued if the public administration authority fails to answer the request in time, as mentioned by Law.

In order to continue the process of simplifying the registration and authorization procedure for companies, the National Trade Register Office launched the proposal to separate the companies' registration with the trade register from the authorization of functioning. Authorization should be issued after registration, namely when starting the activity, meaning a simplified procedure and a shorter period necessary for companies' registration.

## **The Polish Experience In Improving Administrative Frameworks For Business Creation**

by

**Mr Jacek Jedruszak,  
Head of Regulatory Reform Co-ordination Unit, Ministry of Economy, Labour and Social Policy**

Administrative procedures frequently result in significant delays, uncertainties and costs for businesses. The Polish government has recognised the need to establish a business friendly environment and has taken steps to address shortcomings in this area.

By the end of 1999, Business Activity Law was created and subsequently implemented. The law provided a new legal framework for enterprises operating in Poland and broadens the scope of economic freedom by reducing state intervention in comparison to the legal system existing so far. The number of areas of activity subject to licensing was reduced from 30 to 8.

In the document 'The Plan for increasing economic growth 2003 – 2004' adopted by the Council of Ministers on 1 July 2003, it was established that increasing entrepreneurship is the key to facilitating economic growth. More specifically it was noted that barriers for businesses need to be reduced.

In the current year, the government has undertaken steps aimed at amending laws regarding business activity in Poland. This will take place in two stages. Firstly, the Business Activity Law will be amended with regard to the simplification of registration procedures for new businesses. The proposed changes have been accepted by the Parliament and will be introduced on 1st January 2004. The second stage involves the creation of a new act of law, which would supersede Business Activity Law. It can be expected that this act of law, entitled the Economic Liberty Act, will be approved by the parliament by the end of this year and will be introduced on 1 May 2004 i.e. with Poland's entry into the EU.

As part of an ongoing program aimed at the simplification of administrative procedures for businesses, the government has introduced revisions to the Business Activity Law. These will seek to simplify and speed up the process of setting up new businesses by means of a one-stop-shop. As of 1st January 2004, anyone wishing to register their own business will also be able to apply through the Registration Office so as to obtain the Business Statistical Number (REGON), the Tax Number and Social Security Number. Additionally, in order to simplify the registration of new businesses for small entrepreneurs it has been decided that private individuals will be able to register their businesses in the vicinity of the place of residence. Companies on the other hand will be required to register at the National Court Registry, which has 26 branches located in Poland.

The government is also currently working on other initiatives, aimed at simplifying business activity. These include among other simplifying registration procedure for businesses and reducing the number of licences and permits. The above-described proposed changes will be included in the Economic Liberty Act, which will, supersede the Business Activity Law.

As far as registration is concerned the proposed Economic Liberty Act upholds the dualistic system of registering business activity that was first introduced in the amended Business Activity Law. Information regarding the registered businesses will be transmitted electronically from the individual Communes to a Central Database of Business Activity. The Ministry of the Economy would be responsible for the organisation and operation of this Database.

A key change in the new Act is the establishment of just one identification number that is to be used by businesses. It has been decided that the Tax Number will be the only number on the basis of which the business will be identified in the government registers and databases.

Furthermore, only one application form will need to be filled in, in order to register business activity.

The proposed Economic Liberty Act continues the liberalisation and simplification of regulatory activity with regard to businesses. In comparison to the present legislation, the Act proposes the reduction in the number of sectors requiring licensing and a change in the way permits are issued. With regard to licences, their number will be reduced to just five i.e.

- exploration, identification and excavation of minerals,
- manufacturing and trading in explosives, weapons and ammunition and goods and technology for military or police usage,
- manufacturing, processing, storing, transmitting, distributing and trading in fuels and energy,
- protecting persons and property,
- broadcasting of radio and television programmes

In order to increase the transparency of the proposed changes it has been decided that when the number of licences is limited, they will be awarded to the highest bidder in a process of public tender.

The proposed Economic Liberty Act replaces the current system of permits being granted by way of administrative decisions for certain types of business activity, by a system of automatic registration of such business activity.

While the vast majority of permits will be superseded by a new system of automatically entering the business onto a registry of regulated business activity, the proposed Economic Liberty Act foresees that the existing system of granting permits be upheld in approximately a 100 instances. These include such sectors as transport (road, rail, air), insurance, pharmaceuticals or banking. An analysis of the regulations governing business activity in these sectors concluded that changing the current system in favour of automatically registering these business activities does not serve its purpose due to the specific character or EU regulations regarding these business activities.

Regulatory reform in Poland is fundamentally connected with programmes aimed at reducing administrative burdens with special reference to small and medium sized enterprises as well as reducing the number of business licences and permits. The aim of this activity is to create in Poland a better climate for conducting business activity and to simplify and accelerate the administrative procedures for entrepreneurs. We do hope that through all these described amendments and changes in existing laws and regulations we will manage to improve business environment in our country. We have to remember that from 1 May 2004 Poland will be a part of the European Union, where the

competition will be much stronger. We firmly believe that only the country that creates the best business environment will be able to attract more investors.

## **Locating In Serbia**

by

**Dr Slavica Penev,  
Economics Institute, Belgrade**

Locating is the most serious among the administrative barriers for investors in Serbia. Locating encompasses four main areas:

- Real estate registration
- Land classification
- Spatial and town plans
- Obtaining town planning and building permit

### **Real estate registration**

The four different types of real estate registration in Serbia are: Tappi system, Land books, Cadastre and Real estate cadastre.

Tappi system is original property register, covering a small percentage of Serbian territory, and is characteristic for less developed southern Serbia. Land books property register is characteristic for 46% of the territory of Serbia, covering the whole of Vojvodina, as the most developed part of Serbia and towns in Serbia. Land Cadastre, covers the whole territory of the Republic (5 835 cadastral municipalities), while Real-estate cadastre is a modern and recently introduced real estate type of registration.

Implementation of real-estate cadastre, as a more efficient and more rational registration of real estate, will replace the three other existing types of real estate registration in Serbia. Planned introduction of the information system enabling the automated collection, processing and use of data on real estate and title to real estate, will provide more cost-effective services to the potential investors.

### **Land Classification**

The law classifies all land in two categories: Building land and Agricultural land.

The two types of building land can be: public building land and other building land.

Public building land is a land with buildings and other structures in public use (public roads, parks, squares, streets, water supply, sewerage, public lighting, educational, health and social welfare

facilities, etc.) or land intended for the construction of those facilities according to plan. This land is in state ownership and is non-transferable.

Other building land includes all other types of building land, can be in all ownership forms and is transferable.

Agricultural land can be in all ownership forms, and is classified in two groups: cultivable and uncultivable land.

### **Spatial and town plans**

According to the new law, there are five types of planning documents:

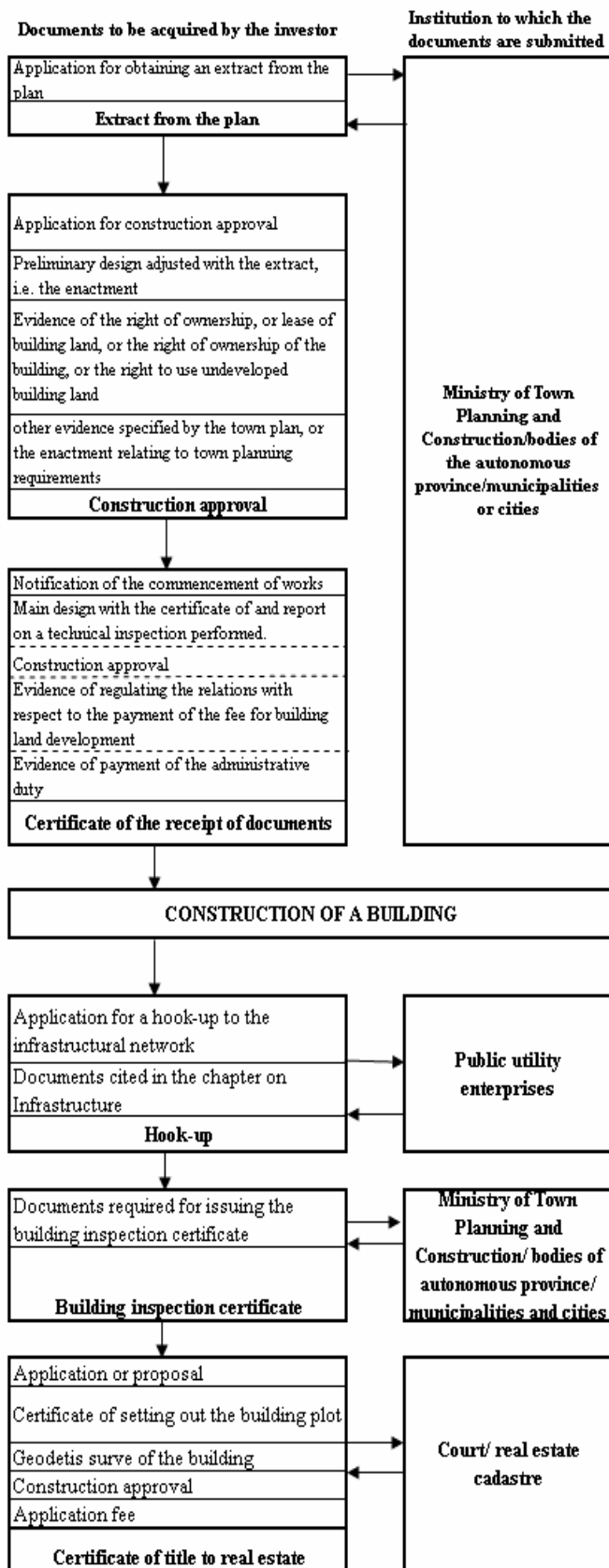
- The Space Development Strategy of the Republic of Serbia
- Space development schemes
- Space plan of special-purpose area
- Regional space plan
- County space plan

And two types of urban plans:

- Principal Urban plans
- Regulation plans.

### **Obtaining Urban and Building Permit**

Even the current procedure for obtaining urban and building permit has recently been simplified to a degree, it is still complicated and a number of regulations have to be adopted to regulate the specific segments of the existing law. The procedure of issuing urban and building permit is given in the Figure 1.



## **Ex-Post Evaluation Of Regulatory Tools And Institution In Sweden**

by

**Mr. Staffan Sandstrom,  
Ministry of Industry, Employment and Communication, Sweden**

In Sweden the evaluation is built into the administrative system. Consequently there doesn't exist any minister responsible for evaluation or any unit on government level with the central responsibility for the whole system of ex post evaluation.

On government level all decisions from the government is taken unanimously and collectively. All aspects that a legal proposal (or any other decision) may have are taken into account in the cross-ministerial negotiations, which precede any government decision. The system for negotiations includes conflict resolution on different civil servant level and at the end the political level where the whole government may end up discussing a proposal before all ministers agrees.

Besides the negotiations on the substance there are several particular functions to safe-guard aspects of regulatory quality. There is the legal and linguistic review when the legal text is prepared. At each ministry the head of legal service has the responsibility for the proposal's conformity with central legal principles. Each ministry also has the responsibility to regularly evaluate "their" laws and regulations. If a small business impact assessment is needed, the so-called SimpLex Team approves the quality of the impact assessment according to our guidelines and checklists before the proposal for a new law is sent to parliament. The SimpLex Team at the Ministry of Industry gives advice and training in the form of a half-day practical work- shop on the small business impact assessment, which also is a requirement for independent regulators. About 400 civil servants have taken part in this work-shop. Concerning RIAs on government level the SimpLex Team has an independent function and approves the quality of the small business impact assessment. The fact that all documents that are used in support of the proposal, including the impact assessment, is published together with the proposal when it is presented to parliament, is in itself an ex post evaluation of the government's preparatory work.

In some cases, before a proposal is given to parliament, the proposal is scrutinised by the Council of Legislators consisting of three judges from the two different Supreme Courts. The proposal together with their advice is published and form part of the constitutional evaluation of legal proposals. The result from the Council's review is taken into account when the final proposal is presented to parliament for adoption. Responsible for the guidelines to the ministries on the issues is on the Head of Legal Service at the Cabinet Office.

The government also has power to regulate in government's ordinances. This right is both constitutional as a part of the executive powers and a right deduced by a law adopted by parliament. In most cases it concerns executive technical matters or other details and clarifications. The same system and guidelines described above for laws are used in exception of the review of the Council of Legislators. That no likely impact on the constitution occurs is safe-guarded by the Unit for Constitutional Matters on the Ministry of Justice.

One important tool for the Government to realise its policies are the independent regulators. These regulators have a right to issue regulations themselves on a mandate given to them by government (a mandate given in its turn to government from parliament in a law).

Two general ordinances govern the regulators' work. The Government's Ordinance on Government's Agencies and Institutions and the Government's Ordinance on impact assessment of regulatory effects on small business. The first one lay down a general responsibility on the General Director to regularly evaluate existing tools and regulations and take necessary measures. It also states an obligation to perform an impact assessment before a regulation is adopted. In the second ordinance a requirement for performing a small business impact assessment is laid down. The same checklist is the used as on the government level. The General Director is appointed by the Government.

*Assistance to SMEs:*

Two surveys have been undertaken where SMEs were asked about their view on government's agencies' services. The first survey was done in 1999. 2500 companies were asked about a dozen government agencies services. The survey showed that half of the companies were pleased with the service from agencies. One third however was dissatisfied. The time for handling matters, the competence at the agency about the legal framework, knowledge about entrepreneurship, and the burden for SMEs of administrative procedures were questions asked to the SMEs participating in the survey.

The second survey, which was a follow-up to the one done in 1999, was presented in 2002 and embraced 5000 enterprises. It showed a slight improvement concerning how enterprises experience agencies service. But still, SMEs found that agencies do not really understand the conditions under which enterprises work.

Partly as a response to these results, in October 2003 the government decided that 45 agencies, as well as all the ministries, should go through their legislation affecting enterprises. In June 2004 agencies and ministries are supposed to present a list of all measures that they will undertake during 2003-2006 in order to ease the administrative burdens for enterprises. This action plan will also be presented to parliament. Typical measures to be included are simplification of regulations, shorter time for handling of matters, increased cooperation between agencies and better service to enterprises. The general aim of this initiative is to reduce enterprises administrative burdens caused by regulations.

# **Assessment Of Governmental Developments For Improving The Business Environment And Company Registration In Romania**

by

**Mrs. Cornelia Simion,  
Government of Romania, Ministry of Economy and Commerce**

## **1. General background**

The governmental policy exercised for improving the business environment followed up to:

- give an answer to the business community requirements
- stimulate the investments and
- develop the private sector and the SME's especially.

There were promoted since August 2001, a set concrete of measures, some of them being the result of direct consultations with business associations and other NGO's resulting:

- The Working Group aiming to design and monitor the implementation of the Actions Plan relating to Improvement of Business Environment
- The Actions Plan for the Removal of the Administrative Barriers from Business Environment for 2001-2002
- The Actions Plan for the development of Business Environment for 2003

## **2. Assessment of the main Governmental developments for the removal of administrative barriers aiming to develop the business environment simplification of the legislative and administrative procedures for starting up and developing the business activities on competition basis :**

- Introduction and implementation of the silent approval procedure
- Creation a legal basis for consultation and dialogue with the business community in the process of the drafting laws
- Strengthening the role of the statement on own responsibility
- Implementation of the Law regarding the Unique Control Register

Efficiency of the authorizing and approving process by transferring the activity of the Trade Register related to the registration and authorization process, under the responsibility of the Ministry of Justice. Revising of some specific regulations having impact on business climate.

### **3. General presentation of the evaluation system**

Conclusions on exercising the monitoring instrument of the regulations impact on business environment. System description: it was basically an instrument to measure progress in solving problems and the impact of reform on private business experience

The system included two components:

- a quantitative survey of a nationally sample of 526 private business companies
- a qualitative study consisting of 21 in-depth interviews with governmental officials in charge of regulatory procedures

The main action characteristics:

- a comprehensive methodology based on comparing laws and regulations with actual experiences of private businesses.
- a national representative sample of private businesses that was surveyed to find out how much time, money and others resources these investors were obliged to spend on bureaucratic procedures
- analysis actual provisions regarding bureaucratic complexity and regulatory costs
- analysis and comparisons the two sets of data at national level and with international ones also
- highlight and explain for the problems and disparities

### **4. Assessment of Company Registration procedure through the One-stop Shop: results from exercising the monitoring instruments**

- Significant decrease of the processing time through One-stop Shop
- Increase of the consultancy services from National Trade Office
- Regulations are not very simple, but understandable for companies
- Reform of some administrative procedure for decreasing the number of new regulations making the decision/governing process more transparent
- Extending the online registering system
- Conduct studies case by case to determine causal factors for petty corruption

## **5. Incidence of the survey and templates results on the Business**

### Environment Action Plan

After testing the impact of the administrative procedures on business environment, there were identified 4 administrative barriers having a significant influence on business climate, as follow:

- Company registration
- Inspection and control procedure
- Fiscal administration
- Licensing and authorizing firms

Excepting the procedure concerning fiscal administration reform, which is one of the principal objectives in Ministry of Public Finances strategy, all other 3 mentioned procedures were identified as administrative barriers to be removed within governmental Action Plan; For all these, there were proposed and fulfilled concrete solutions aiming to simplify and improve the specific regulatory framework;

Additionally, the Governmental strategy contains a higher number of specific actions with a favourable impact on business environment envisaging an important part of other administrative barriers identified within the survey exercise.

## **6. Short term priorities for improving the business climate**

- Increasing the stability and transparency of the administrative regulations having impact on business environment:
- Monitoring the implementation of the Law on Transparency in Public Administration and the Law concerning silent approval ;
- Assessing and measuring the impact of administrative and procedural costs on businesses by repeating annual surveys.
- Simplification of the inspection procedures in order to decrease the percentage of punishments;
- Identification of concrete solutions aiming to eliminate the authorizing procedure;

Organizing of some specific studies in the fields considered as “weak points” during the previous survey (from 2002) on e.g.: instability and insufficiency of the legislative transparency; lack of regulations’ clarity; corruption; unfair competition; tax level; financing access.

By meeting up all mentioned above it is expected to be created a more friendly, predictable, efficient, stable and active business environment in Romania, and also to be fulfilled the necessary conditions for functional market economy.

## **Presentation On The UK Better Regulation Task Force**

by

**Ms. Victoria Younghusband,  
Better Regulation Task Force (UK)**

Victoria Younghusband explained the role of the BRTF as an independent body which gives advice to government on improving regulation and ensuring that regulation and its enforcement accord with the five principles of good regulation developed by the BRTF. The role of the Task Force is a challenge function, like non-executive directors. This means that the BRTF does not initiate policy but comments on existing and proposed regulation. Not only does the UK Government have a Regulatory Impact Unit in every Government department, whose job is to assess whether regulation is in accordance with the five principles but it has also set up and resourced the BRTF to "police" how well the Government and its departments are doing.

The BRTF's five principles of good regulation, namely proportionately; accountability; consistency; transparency; and targeting, are now widely accepted not just by Government but also by economic and independent regulators.

Victoria Younghusband explained that the members of the Task Force are appointed by the Minister of the Cabinet Office and are unpaid. They come from a wide range of backgrounds including large and small businesses, professional bodies such as lawyers and accountants, not-for-profit and consumer groups; trade unions and those responsible for enforcement, such as local authority members. All members have experience of regulatory issues. They are supported by a team of civil servants who are part of the Cabinet Office Regulatory Impact Unit.

The Task Force influences Government by publishing reports on particular issues. The sponsoring Minister is obliged to respond within 60 days. In addition, the Task Force makes responses to important Government consultations and publishes the responses on its website. These include such matters as the recent proposed reforms to pensions and to the corporate governance code.

The Task Force's previous work has included a wide range of reports ranging from employment regulation to higher education and from local delivery of central policy to regulation of scientific research. Each report takes some six months in preparation and involves consultation with all relevant stakeholders. The Minister's response is carefully analysed. Issues raised by that report are then followed up. A particular note is made where the Government in its response has promised specific action.

Some of the Task Force's successes in relation to policy include data protection where the previous Information Commissioner had proposed a four volume code of practice. This was replaced by a much simpler and targeted regulation.

Apart from having the principles of good regulation widely accepted, the Task Force has been successful in having Government wide acceptance that there should be a 12 week consultation period for the introduction of new regulations, save in an emergency. The Task Force has stimulated reforms of fire safety regulations, liquor licensing and planning law. It has also recommended statutory boards for regulators, rather than having a single regulator. This important corporate governance reform is now widely accepted. Other achievements include the agreement by the Government to have two

common commencement dates every year for changes to domestic employment regulation, which should greatly ease the burden for smaller firms. The Government is developing a single web portal to advertise public sector contracts and so make small and medium sized enterprises (SMEs) more aware of them and is piloting training to SMEs on competing for public sector contracts.

Victoria Youngusband said that the current work programme of the Task Force includes a study on compensation and litigation; a study on European simplification and on a portfolio of issues, the first relating to the employment of children, currently governed by a 1933 Act. She was part of the group working on the compensation and litigation report.

The Task Force is pleased that the framework for better regulation is now in place. The Government's Consultation Code requires 12 weeks consultation and a regulatory impact assessment must be undertaken for any new significant new regulation. There are regulatory reform orders and a Panel for regulatory accountability where Ministers can be held to account. The European Commission is now committed to better regulation, including consultation.

The challenge is making full use of the tools for better regulation. This includes raising the quality of regulatory impact assessments, including the consultation process, and giving full consideration to alternatives to prescriptive regulation. The Task Force has recently published a report "Imaginative Thinking for Better Regulation" which contains concrete examples of where alternatives to regulation have been used. The Task Force has been helping the Government to meet the challenge by referring poor regulatory impact assessments to the National Audit Office. Each Government Department is now required to report on its use of the better regulation tools.

One of the key tools of the Task Force is the annual report which highlights attention to Task Force and Government successes. The Task Force "names and shames" poor performers on consultation and regulatory impact assessments. It does also, however, point to good performance.

Victoria Youngusband finished by discussing how culture change for better regulation can be achieved. Although the Task Force believes we have a good model in the UK, we can all learn from each other and are well aware that setting inflexible codes of good practice could stifle innovation. There is plenty of scope for working together within Europe and the World generally.