



ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

**REGULATORY GOVERNANCE INITIATIVE
IN SOUTH EAST EUROPE**

SEMINAR ON REGULATORY GOVERNANCE:

**THE USE OF REGULATORY IMPACT ANALYSIS TO FOSTER
ECONOMIC EFFICIENCY AND POLICY COHERENCE**

**REGIONAL FLAGSHIP INITIATIVE
IN THE FRAMEWORK OF THE INVESTMENT COMPACT
OF THE STABILITY PACT**

FINAL AGENDA

**23 – 24 JANUARY 2003
SOFIA, BULGARIA**

**Rodina Hotel
8, Tottleben Blvd.
Sofia, Bulgaria**

REGULATORY GOVERNANCE INITIATIVE IN SOUTH EAST EUROPE

A REGIONAL FLAGSHIP INITIATIVE IN THE FRAMEWORK OF THE INVESTMENT COMPACT OF THE STABILITY PACT

Background

On 18 July 2002, a Ministerial Conference in the framework of the Investment Compact was held in Vienna. One important result of the meeting was the adoption of the Ministerial Declaration *Attracting Investment to South East Europe: Common Principles and Best Practices*. The Declaration acknowledged that “sustained and intensified efforts are needed within the framework of the Investment Compact to implement economic, legal, and administrative reforms and to provide for good governance structures, which are essential for creating confidence in public administration and the efficient functioning of markets and enterprises”.

The central aim of the Regulatory Governance Initiative (RGI) seminars is to assist the signing countries in implementing the principles identified as contributing to a favourable climate for both international and regional investment. The RGI seminars will provide multidisciplinary discussions, where speakers and participants will share their policy expertise in topics addressing a set of prioritised themes in the regulatory governance agenda:

1. Regulatory Impact Analysis
2. Sectoral regulators of network industries (telecom, energy, transport, etc.)
3. Reforming business licensing and permits

To monitor efforts and progress made in the implementation of each of these pillars, OECD will assist the SEE countries in preparing individual *Action Plans* for the regulatory reform process. The *Action Plans* will be based on a *Self-Assessment Questionnaire* prepared by the OECD Secretariat, and the Plans will constitute an integrate part of the *Monitoring Instruments*.

Objective of the 2003 Sofia Seminar

As one of the key strategies for regulatory quality, the Sofia Seminar will focus on how to incorporate Regulatory Impact Analysis (RIA) into the regulatory framework, and identify the challenges and best practices in the actual implementation of the RIA. RIA has helped many countries reduce regulatory costs on businesses, while maximising the effectiveness of government action in protecting public interests. It has been instrumental in improving transparency and communication with concerned interests.

RIA is particularly useful to countries undergoing major reform of their legal framework, as it helps explore alternatives and provides relevant information to select the best option. The focus of the seminar will be on the contribution of RIA to the improvement of the regulatory environment affecting national and foreign investment. The seminar will be hosted and co-organised by the Bulgarian Government.

The seminar builds on the launching seminar on Foundations for Investment: Progress and Challenges in Regulatory Reform in South East Europe (Thessaloniki, October 2001), the seminar on Regulatory Governance and Network industries (Sarajevo, April 2002), and the seminar on Regulatory Transparency: The Use of Public Consultation to Improve the Investment Climate (Thessaloniki, November 2002).

Aim of the Regulatory Governance Initiative

The Regulatory Governance Initiative (RGI) aims at improving the foundations for a sound regulatory environment conducive to investment in South East Europe (SEE) countries. The intended outcome of the RGI is to strengthen the institutional, knowledge, and process capacities for developing and implementing efficient and effective regulation, supportive of sound and competitive markets. The RGI is a Regional Flagship Initiative of the Investment Compact, which co-ordinates regional actions and events based on the priorities set by SEE countries and the private sector to attract investment and improve the climate for investment. The RGI was launched in October 2001 in Thessaloniki, which established a framework for policy dialogue on regulatory reform between the countries of SEE and the OECD.

Rationale of the RGI

The Investment Compact programme is based on the assumption that "improvement of the investment climate and acceleration of economic reform through sound market-oriented policies is the only way to promote a vibrant private sector and increase investment in the economy, both domestic and foreign". The RGI contributes to the achievement of better regulatory outcomes by applying OECD's experience on regulatory management and reform, developed over a ten-year period.

The Regulatory Quality Concept

The RGI builds on the central concept of *Regulatory Quality*, which is the backbone of the OECD *Regulatory Reform Programme*¹. Adopted in the 1997 *OECD Report to Ministers on Regulatory Reform*, the *Regulatory Quality Concept* is built on two pillars:

- Economic development through liberalisation, privatisation, selective deregulation, and re-regulation
- Good governance through efficient, transparent, and accountable government policies and institutions to protect consumers and achieve social and environmental goals

Further Information

To obtain further information on the RGI and download proceedings of past seminars, please consult www.oecd.org/regreform.

Contact

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¹ Since 1998, the OECD Regulatory Reform Programme has been documenting reform efforts that boosts sectoral efficiency and innovation, enhancing economy-wide flexibility and potential growth, increasing consumer choice and welfare, and increasing government effectiveness in maintaining high standards of environmental, consumer, and safety protections.

FINAL AGENDA

Thursday 23, January 2003

9:00 – 9:30

Registration

9:30 – 10:00

Welcome by Mr. Constantine Palicarsky, Council of Ministers (Bulgaria).

Opening statement by Mr. Jani Bogoevski, Stability Pact for South Eastern Europe.

Introduction by Mr. Cesar Cordova-Novion, Regulatory Reform Programme (OECD).

10:00 – 11:00

Statement by the Chairman Mr. Panagiotis Karkatsoulis, Ministry of Interior, Public Administration and Decentralisation (Greece).

Session 1: Is RIA useful and applicable for governments in South East Europe?

Implementing Regulatory Impact Analysis (RIA) into the legislative framework is a key priority and challenge for most OECD Member countries. In an era of competitive global markets and rapid technological change, governments have found themselves in the need to improve their understanding of the costs and benefits of regulation. Furthermore, the importance of developing evidence-based inputs to the regulation-making processes has become essential to the SEE countries in their transition into market-oriented economies. This session will examine

- The costs and benefits of establishing a RIA system.
- Building political support for launching a RIA programme.
- Recent OECD and European experiences in developing and sustaining a RIA system.

Speakers:

- Ms. Mona Björklund, DG Enterprise Regulatory Co-ordination Unit (EU)
- Mr. Dobrosav Milovanovic, Ministry of International Economic Relations (Serbia)
- Mr. Charles Kovacs, Member of Supervisory Board (BIAC)
- Mr. Daniel Trnka, Unit for Co-ordination of Regulatory Reform and Reform of Central State Administration (Czech Republic)

11:00 – 11:30

Coffee break

11:30 – 13:30

Session 2: Setting up the institutional framework for a successful RIA system

RIA needs to be adequately implemented into the institutional framework to provide the right incentives for rule makers to produce high quality regulation. Therefore, successful RIA systems should be based on enforceable administrative procedures and sufficient resources dedicated at constantly maintaining and improving the system. The session will address

- The legal and administrative procedures needed to support a RIA system, including the scope and enforcement of RIA requirements and its possible exemptions.
 - Is it desirable to establish a unit in charge of RIA? What is the alternative?
 - How to ensure sufficient human and financial capacities?
- Strategies to start a RIA programme: top down and bottom up approaches.
- The relationship between the RIA drafter and the RIA reviewer: How to ensure ownership by the regulator and at the same time guarantee quality and consistency?

Speakers:

- Mr. Cesar Cordova-Novion, Regulatory Reform Programme (OECD)
- Dr. Antonio La Spina, University of Palermo (Italy)
- Mr. Daimar Liiv, Estonian Law Centre Foundation (Estonia)
- Ms. Monika Szwarc, Government Legislation Centre (Poland)

13:30 – 14:30

Lunch

14:30 – 18:00

Session 3: Country experience roundtable

Introduction by Ms. Eva Rytter, Regulatory Reform Programme (OECD)

The main objective of the Regulatory Governance Initiative is to foster dialogue between the countries in South East Europe on regulatory reform issues. This session will discuss the implementation of regulatory reforms, the main obstacles and challenges facing policy makers, and future steps in the reform process. SEE country representatives are encouraged to give reference to initiatives in implementing:

- Regulatory Impact Analysis
- Consideration of regulatory alternatives
- Public consultation
- Transparency/freedom of information
- Plain language drafting

Coffee break at the Chairman's discretion

18:00

Cocktail

Friday, 24 January 2003

9:30 – 13:00

Session 4: Analytical tools and methods in RIA systems

At the core of RIA is the evidence-based assessment of the costs and benefits of regulation. However, countries vary in the approach they take to identify costs and benefits and the range of questions asked in a RIA. As for all processes, the quality of RIA is related to the approximation of criteria selected for assessing regulations. The tests need to be clear enough to force rule makers to ensure that a future regulation is warranted. On the other hand, the standards cannot be as high to make the preparation of a RIA too costly. A RIA system needs to balance the need for simplicity and timeliness with precision and robustness. Typical standard tests vary from business compliance costs to benefit-cost analysis. The panel will discuss the following issues, among others:

- Pros and cons of alternative methods to measure the impacts of a regulation.
- Methods used to set up cost - benefit analysis and business impact tests.
- The use of qualitative indicators.

Speakers:

- Dr. Ulrich Karpen, University of Hamburg (Germany)
- Mr. Eoin Parker, Regulatory Impact Unit (UK)
- Mr. Jos Holtus, Competition, Deregulation and Legislative Quality Project (Netherlands)

Coffee break at the Chairman's discretion

13:00 – 14:30

Lunch

14:30 – 17:00

Session 5: RIA as a consultation and communication tool

Using RIA in parallel to public consultation and regulatory communication helps bring transparency into regulatory decision-making processes. It provides also an opportunity for the regulated parties to contest the rationale of a new regulation. More importantly, a consultation mechanism based on a RIA produces a source of important data on future impacts and, by subjecting the resulting analysis to critical assessment, helps to identify poor assumptions, duplication, overlap, and contradictions with existing regulations. Furthermore, applying RIA in decision-making improves compliance with the regulation when approved and thus decreases the enforcement costs. The panel will examine different strategies, among them:

- The use of test panels and target groups.
- Incorporating RIA into a notice and comment system.
- Incorporating RIA into e-government mechanisms.

Speakers:

- Mr. Eric Milligan, Regulatory Consulting Group Inc. (Canada)
- Dr. Krassen Stanchev, Institute for Market Economics (Bulgaria)

Coffee break at the Chairman's discretion

17:00

Closing of the seminar

Mr. Sevdalin Mavrov, Secretary General to the Council of Ministers (Bulgaria)

Mr. Daniel Trnka, Office of the Government (Czech Republic), invited participants to the upcoming seminar on Sectoral Regulators in Network Industries, which will take place in Prague Mai/June 2003 co-hosted by the Czech Government