

SOUTH EAST EUROPE INVESTMENT COMMITTEE
Third Meeting of the Regulatory Working Group
co-organized with
THE REGIONAL COOPERATION COUNCIL

*Comparative analysis on regulatory reform in the
European Union and South East Europe (Western
Balkans)*

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Regulatory reform and regulations

- Regulatory reform is a process in which the focus is placed on improving regulatory quality by enhancing:
 - performance
 - cost-effectiveness
 - quality
 - implementation of regulations
- The principal role of regulations should be to address market failures, which inhibit productive investments and growth

Regulatory reform and regulations

- Regulatory reform is driven by the need to further promote competitiveness
- In transition countries it is also driven by the need for a substantial change of their legal systems from a socialist to a market economy one

Regulatory reform and regulations

- Regulatory reform in European Union is implemented both at:
 - the EU level
 - EU member states level
- Regulatory reform in Western Balkan countries is developed predominantly at a country level
- However, some regional regulatory activities have been initiated by the international community since 2001

“Better regulation” agenda at the EU level

- The importance of regulatory reform at the EU level was acknowledged since the early 1990s
- It remained partial and sectoral until the end of 1990s
- “Better regulation” agenda in the EU was launched in 2002, defined as a broad strategy to simplify and generally to improve the regulatory environment.
- It gained high-level political support after the adoption of:
 - Lisbon Strategy (EC 2000) and
 - White Paper on European Governance (EC 2001)

“Better regulation” agenda at the EU level

- **Lisbon Strategy** sought to establish a strategy to:
 - simplify the regulatory environment, including the performance of public administration
 - rationalize the transposition of Community legislation
- **White Paper on European Governance** set up a comprehensive and consistent agenda for the establishment of better regulation standards in the EU
- **Mandelkern Group on Better Regulation**, *as a group of experts in its Final Report (2001)* set principal elements of the regulatory reform agenda on the EU and member states level

“Better regulation” agenda at the EU level

- Better Regulation program included a mix of different actions:
 - introducing a system for assessing the impact and improving the design of major commission proposals
 - implementing a program of simplification of existing legislation
 - testing commission proposals still being looked at by the Council of ministers and the European parliament, to see whether they should be withdrawn
 - factoring consultation into all commission initiatives
 - looking at alternatives to laws and regulations

“Better regulation” agenda at the EU level

- Simplification and administrative burdens reduction is an important part of the EU regulatory reform agenda
- In 2006 the EC proposed to measure administrative costs arising from legislation in the EU and to reduce administrative burdens by 25 percent (150 billion euros) until 2012
- It is predicted that these EC activities will reduce the Acquis by almost 10 percent

The impact of the EU “Better regulation” agenda on the Western Balkans regulatory reform

- EU Better regulation agenda was strictly related to the EU institutions and EU member states, but it had impact on the Western Balkan countries which have implemented some of its segments, such as:
 - the simplification of the existing legislation
 - administrative burden reduction
 - obligation to perform RIA
- The developing awareness of the importance of a strategic approach to regulatory reform at the EU level, has affected practice in the Western Balkan countries

Simplification of existing regulations and reduction of administrative burdens in Western Balkan countries

Country		Implemented	In progress	Initiated	None
Albania			X		
Bosnia and Herzegovina	- State level				X
	- BH Federation			X	
	- Republika Srpska	X			
Macedonia		X			
Montenegro					X
Serbia			X		

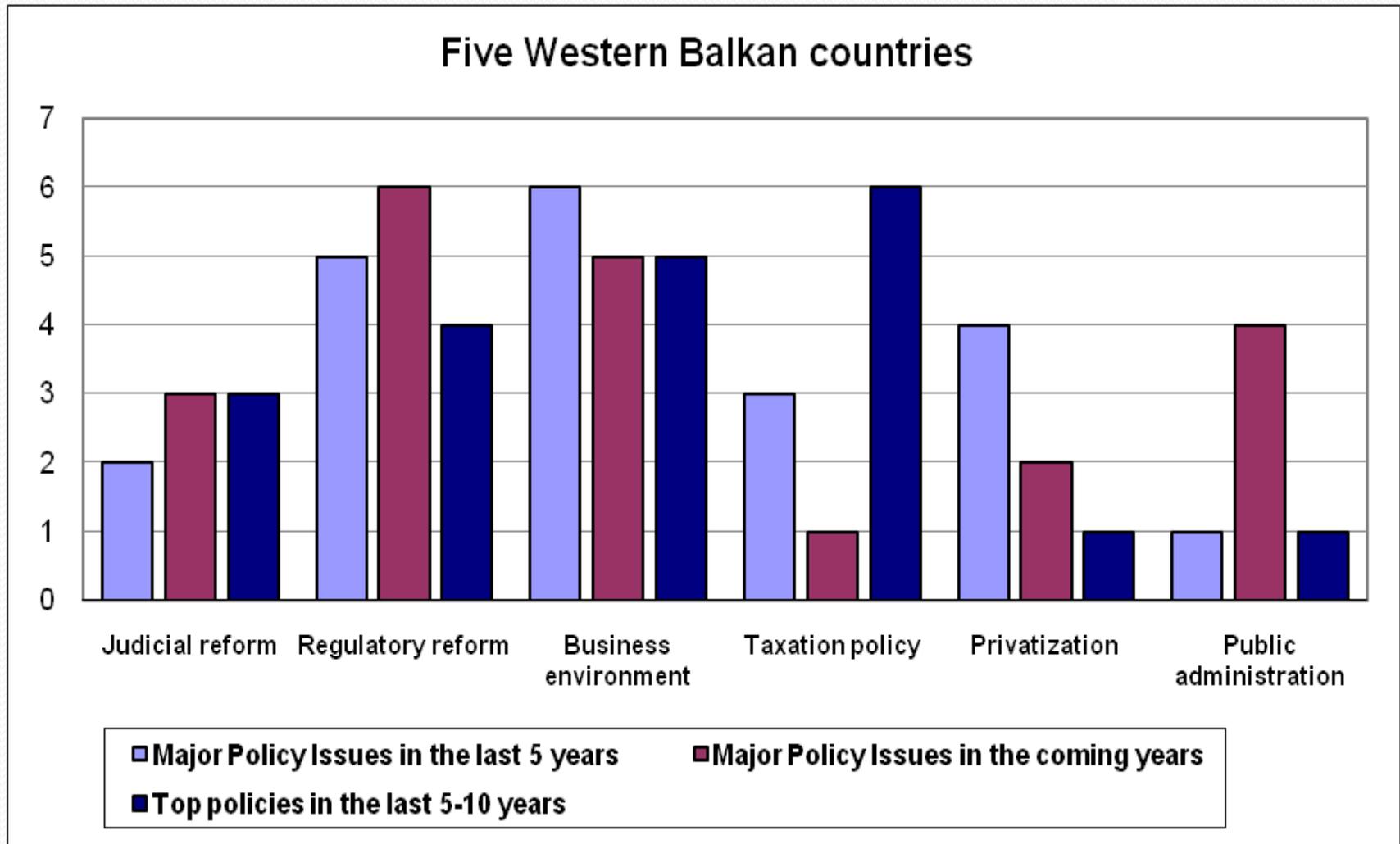
Strategic Approach to Better Regulation Agenda in Western Balkan Countries

Country	Regulatory reform strategy document	Segments of regulatory reform strategy in other country strategic documents
Albania		X
Bosnia and Herzegovina		X
Macedonia		X
Montenegro		X
Serbia	X	

Obligation to perform Regulatory Impact Analysis (RIA) in Western Balkan countries

Country		Formally introduced	In progress	None
Albania				X
Bosnia and Herzegovina	- State Level		X	
	- BH Federation			X
	- Republika Srpska		X	
Macedonia*		X		
Montenegro				X
Serbia		X		

Ranking of policies at the regional level



* Values range from 1 (lowest ranked policy) to 6 (highest ranked policy)₃

Regional approach to regulatory reform in Western Balkan countries

- Regional approach to the improvement of the legal and regulatory environment in the Western Balkans, as a part of the SEE, was identified as one of the reform priorities for cooperation among the SEE countries since 2001.
- This cooperation was supported by the OECD Investment Compact for SEE/ Stability Pact for SEE
- The countries in the region signed several ministerial declarations related to their cooperation and created a platform of their common regulatory reform agenda

Regional approach to regulatory reform in Western Balkan countries

- Several key principles from ministerial declarations were related to regulatory reform activities, including:
 - transparency of laws and regulations and administrative practices affecting foreign and domestic investment
 - coherence and stability of laws, regulations and administrative practices
 - national treatment for foreign investors
 - simplification of administrative procedures needed for the establishment or development of private investment

Regional approach to regulatory reform in Western Balkan countries

- Regional cooperation in the area of regulatory reform has continued through:
 - ***The Working Group on Regulatory Reform***, as one of the four working groups established in 2007 by the South East Europe Investment Committee
 - ***The South East Europe Network of Policy Makers***, launched in 2007 with the support of the IFC Advisory Services for Southern Europe

The benefits of regional cooperation in Western Balkan countries

- The need for regional cooperation in the area of regulatory reform has been recognized by the parliaments of the countries in the region
- Parliaments of Serbia, Montenegro, BH and Albania signed a ***Regional declaration*** which points to the necessity of regional cooperation with the aim of improving the quality and the implementation of laws on the regional level