



Foreign  
Investment  
Advisory  
Service

# Implementing Regulatory Reform

## Third South Asia Investment Roundtable

### ROUNDTABLE OBJECTIVES

- Following the success of the first two South Asia FDI roundtables held in Bangladesh, and the Maldives, this third roundtable specifically focuses on implementing regulatory reform to promote a competitive investment environment operating in the national interest.
- The objective of the two-day, by invitation only, roundtable is to promote an open exchange and sharing of experience about the practicalities of implementing meaningful regulatory reform, between a limited number (approximately 50), high level public and private sector participants from across the eight countries in the region. The expected outcome is an increased awareness and understanding by the public sector participants of how institutions and agencies of government can work on a 'whole of government' basis in the national interest to reform regulations and remove unnecessary burdens imposed upon investors by poorly framed regulations.
- It is hoped that by exposure to and detailed discussion of area and country specific case studies from within and outside the region, as well as to the direct experience and views of the private sector participants, the public sector participants will take away practical ideas for effective change strategies for regulatory reform relevant to their respective investment environments
- regulation in developed countries often works just as well in developing countries.
- This Roundtable is intended to draw upon the key findings of the 'Doing Business' report, as well as a study of successful regulatory experience in OECD countries prepared by OECD's Regulatory Management and Reform Division, to promote greater understanding and awareness within the South Asia region of the importance and benefits of regulatory reform and to provide best practice guidelines on how reform processes in the region can be most effectively designed, implemented and sustained.
- The Roundtable will discuss how international best practice in regulatory reform can be most appropriately tailored to local conditions, needs and priorities in countries of the South Asia region. The Roundtable will identify key principles and approaches used internationally in the most successful regulatory models, including regulatory impact assessment methodology, and examine their relevance and applicability to countries in the region.

### ROUNDTABLE FORMAT

- There are two core sessions of one and a half hours each day. These four core sessions each examine in detail key areas of regulatory reform, namely, setting the scene for reform, successful regulatory reform – options and process, regulatory impact assessment-- the OECD experience, and regulatory impact assessment-- challenges for developing countries. The format is designed to facilitate detailed and highly interactive exchanges among participants.

### THE KEY ISSUES

- An important finding of the recent World Bank report, 'Doing Business in 2004' is that what works well in business

Prepared for  
the **Third South  
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ment Round-  
table on Best  
Practice in  
Implementing  
Regulatory  
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13-14 June  
2005



- Each day time is set aside for four break-out groups with about twelve participants:
  - each to discuss and workshop key issues raised by the two core sessions; and
  - each to report their discussion in plenary session.
- A short background paper for each of the principal presentations and one on benchmarking of investors' perceptions will be prepared and circulated in advance;
- Other documents will be provided on the day. An overall Roundtable Rapporteur will prepare a summary of proceedings which will be distributed to participants during August.

#### BACKGROUND BENCHMARKING PAPER

##### Perceptions of South Asia as an FDI destination

*Aminur Rahman, Investment Policy Officer, FIAS*

- Providing an overview of perceptions from outside as indicative of the dimensions of the challenge facing the policy makers' participants;
- Drawing on over twenty identified, comprehensive data sets published by learned and independent commentators, using a mixture of selected South Asia, FDI-relevant, quantitative and qualitative data.

#### THE SESSION TOPICS

##### Session #1 Keynote Address

##### The Profile of South Asia's Regulatory Environment- Lessons from Doing Business in 2005

*Tom Davenport                      Manager, FIAS, Washington DC*

- Comparing eight South Asian Countries both within South Asia and internationally in terms of various indicators of the Doing Business Study.
- Demonstrating which countries in the region seem to be the best reformers could be replicable/adaptable to other countries in the region.
- Highlighting the key lessons regarding regulatory reforms in South Asia in light of the "Doing Business in 2005".

##### Session #2      Setting the Scene

##### Topic (a)

##### Lessons from the World Development Report, 2005: A Better Investment Climate for Everyone

*James Crittle*

*South Asia Regional Program  
Coordinator, FIAS South Asia  
Regional Office Dhaka*

- Describing the role of FDI in the rapid and efficient transfer and adoption of 'best practice' across borders.
- Highlighting evidence on the role and importance of regulatory reform in promoting an appropriate environment for both foreign and domestic investment.

##### Topic (b)

##### Regulatory Reform Needs in South Asia

*Scott Jacobs*

*Managing Director, Jacobs  
and Associates, Washington  
DC*

- Synthesizing the key features of the business/commercial regulatory system in South Asian Countries
- Assessing the effectiveness and efficiency of the existing business/commercial regulatory systems in South Asia. and discussing how they affect the foreign and domestic investment in South Asia.
- Identifying the key business/commercial regulatory reform needs in light of international best practice experiences.

##### Session #3      Successful Regulatory Reform: Op- tion & Process

##### Topic (a)

##### Case Studies of Successful Regulatory Reform

*Andy Stone*

*Senior PSD Specialist, World  
Bank Group, Washington DC*

- Providing key policy lessons to decision-makers of South Asian countries on regulatory reforms by drawing from successful reform experiences.
- Identifying the critical factors that lead to successful reforms.
- Analyzing to what extent successful reform experiences can be extrapolated to provide practical policy advice to other South Asian countries.

**Topic (b)**  
**Financial Market Reform in Pakistan**

*Haroon Shariff*      *Economic Adviser, DFID Pakistan*

- Highlighting the key features and progress of the financial market reform process in Pakistan in recent years.
- Assessing the key constraints and impediments in the financial system and how these were tackled.

**Topic (c)**  
**Reform Program in Orissa State**

*Meenakshi Nath*      *Economic Adviser, DFID India*

- Highlighting Orissa State as one of the leading states in India in recent years in implementing wide reaching policy and regulatory reform.
- Summarizing the key features of development partner's support to the reform process and assessing progress achieved

**Topic (d)**  
**Competition Policy and Competitive Markets as a Substitute for Regulation**

*Rughvir S. Khemani,*      *Adviser, Investment Climate, Dept. World Bank Group,*

- Discussing the interface between competition policy and regulation through country and sector specific examples.
- Analyzing the political economy of excess regulation,.
- Providing illustrative examples of various regulatory policies involving competition in South/South East Asian countries that are impeding foreign and domestic investment
- Highlighting how modern competition policy framework can play a critical role in South Asian countries in promoting competition and the attainment of social objectives in a market friendly way.

**Session #4**      **Breakout Session, Presentation & Discussion**

Regulatory Reform Implementation in South Asia: Participants Viewpoint on Key Political Economy Issues

**Session #5**      **Regulatory Impact Assessment: the OECD Experience**

**Topic (a)**  
**Regulatory Impact Analysis in OECD Countries**

*Delia Rodrigo*      *Administrator, Directorate for Public Governance and*

*Territorial Development, OECD*

- Highlighting the impact of regulatory impact assessment (RIA) on the quality of the regulatory environment in the OECD.
- Introducing effective RIA – lessons from the OECD experience

**Topic (b)**  
**The UK Regulatory Impact Assessment System**

*Faisal Naru*      *Regulatory Impact Unit, UK Cabinet Office*

- Examining features of the UK integrated regulatory impact assessment system
- Highlighting some of the key features of the UK system with reference to its applicability and adaptability to developing countries.

**Session #6**      **Regulatory Impact Assessment: Challenges & Relevance for Developing Countries**

**Topic (a)**  
**The Relevance of Regulatory Impact Assessment in Developing Countries**

*Colin Kirkpatrick*      *Professor of Development Economics, University of Manchester*

*David Parker*      *Professor of Business Economics, University of Cranfield*

- Presenting the key features of the RIA systems used in the UK and OECD
- Examining the challenges of implementing RIA systems in developing countries, drawing on international experience in this area
- Identifying the key issues in designing and implementing appropriate RIA systems in the South Asian context
- Analysing how RIA methodologies may need to be modified to be effective in South Asia.

**Topic (b)**  
**Challenges to Introducing Regulatory Impact Assessment in Developing Countries**

*Darren Welch*      *Bannock Consultants, London UK*

- Highlighting the objectives and benefits of establishing RIA systems in developing countries
- Identifying the key issues in designing and implementing appropriate RIA systems in developing country contexts
- Analysing how RIA methodologies need to be modified to be effective in developing countries

- Examining the challenges of implementing RIA systems in developing countries

### Topic (c)

#### Regulatory Impact Assessment in Sri Lanka

*Malathy Knight-John* Head Public Enterprise Reform, Competition and Regulatory Policy Research Unit, Colombo Sri Lanka

- Focusing on recent efforts in Sri Lanka to establish a Regulatory Impact Assessment system in central government.
- Drawing out some of the key issues faced by reformers, the progress achieved, and plans for the future

#### Session #7 Breakout Session, Presentation & Discussion

Regulatory Reform Implementation in South Asia: Participants Viewpoint on Key Capacity Issues

#### Session #8 Plenary Session on "Regulatory Reform

#### in South Asia-The Role of Donors, Government and the Private Sector"

A panel discussion led by five high profile speakers representing development partners, governments, and the private sector.

## South Asia FDI Roundtable – Agenda

### SUNDAY 12TH JUNE

#### pm

- Participants arrive and transfer to hotel.
- 3.00 Meeting of sponsors, resource persons and session chairs.
- 6.30 Welcome reception to be hosted by sponsors (DFID/FIAS/SEDF). Location -- Sonargaon Hotel

### MONDAY 13TH JUNE

#### am

- 8.30 Registration.
- 9.00 Opening: *Honourable Minister of Finance*  
Address *Government of Bangladesh*
- 9.15 Welcoming: *British High Commissioner*  
Address
- 9.20 Keynote *Tom Davenport*  
Address: *Manager, FIAS*
- 10.15 Tea and Coffee.
- 10.30 Session 2: Setting the Scene

#### pm

- 12.30 Lunch.
- 1.30 Session 3: Successful Regulatory Reform: Options and Process
- 3.15 Tea and Coffee
- 3.30 Session 4: Breakout Session, Presentation & Discussion

- 5.30 Discussions conclude.
- 7.00 Reception hosted at Sonargaon Hotel hosted by Board of Investment, Government of Bangladesh.

### TUESDAY 14TH JUNE

#### am

- 9.00 Session 5: Regulatory Impact Assessment: the OECD Experience
- 10.15 Tea and Coffee
- 10.30 Session 6: Regulatory Impact Assessment: Challenges & Relevance for Developing Countries

#### pm

- 12.00 Lunch.
- 1.30 Session 7: Breakout Session, Presentation & Discussion
- 2.45 Tea and Coffee
- 3.00 Session 8: Plenary Session on "Regulatory Reform in South Asia-The Role of Donors, Government and the Private Sector"
- 5.30 Roundtable concludes.