



HUMAN CAPITAL
NATIONAL COHESION STRATEGY



**MINISTRY
OF ECONOMY**

EUROPEAN UNION
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SOCIAL FUND



Regulatory Reform

Report on the implementation of Regulatory Reform activities in 2009



Ministry of Economy
Economic Regulation Department

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MINISTRY OF ECONOMY
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It is with pleasure that I provide you with this report on implementation of the Regulatory Reform by the Ministry of Economy in Poland during 2009. This report describes the achievements and difficulties that we faced in the area of passing better legislation and improving laws that are currently in effect, as well as the challenges in front of us, related to matters including the upcoming Polish presidency in the European Union and the current economic slowdown around the world.

Better legal regulations are one of the priorities for the Ministry of Economy. High quality law, effective, consistent, stable and transparent, is a means to create the best business conditions in Europe, which is the mission of the Ministry of Economy. Taking actions described in this report is successfully bringing us closer to this goal.

Completed and planned activities in the area of Regulatory Reform in Poland put our country in the lead of European Union member countries, with respect to progress in implementing the *Better Regulation* initiative, after Great Britain, Holland and Denmark. I wholeheartedly assure you that work on improving the system of Regulatory Impact Assessment, simplification of domestic regulations, reduction of administrative burdens and increasing the effectiveness of the consultation process in the legislative process, i.e. the foundation of the Regulatory Reform, will still be decisively conducted by the Ministry of Economy and will facilitate the creation of an efficient and rational system of law in Poland, stimulating the country's economic development.



Waldemar Pawlak
Deputy Prime Minister
Minister of Economy

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1. Simplification of the law



The Ministry of Economy perceives the problem of high scale of regulation and the huge quantity of regulatory burdens, not commensurating with the needs arising from consumer safety, business trade, state security and other social-economic conditions. Analyses conducted within the Ministry of Economy confirm that the scope for reducing regulation is huge. In connection with this, last year we continued activities, aimed primarily at simplifying the law. Achieving the above goals is conducted mainly within the framework of the *Entrepreneurship Growth Package*. The primary goal of this package containing amendments to over 20 legal acts is to facilitate the commencement and conduct of business (amendments to legislation primarily pertain to broadly defined business and tax law). By creating new legislative solutions, the Ministry of Economy is looking to the necessity for creating a legislative environment that is favourable to SMEs (micro, small and medium enterprises). Simplification activities with respect to SMEs also include areas such as: access to capital, commercialisation of technology, conducting research and development activities and establishing technology companies. Liquidation or limitation of redundant provisions, decreasing regulation, increasing the freedom of business activities and improving the transparency and clarity of applicable regulations are to result in creating a regulatory environment that is friendly to the citizens and businesses.

So far, sixteen of legislative acts of the *Package* have been enacted; work on the others continues.

Progress in work on legislation making up the *Entrepreneurship Growth Package*

In 2009, the legislative process was completed and the following acts from the *Package* have become effective.

★ **Act on Public-Private Partnership (PPP)** – is one of the key legislative acts of the package, written by unique method, typical of Anglo-Saxon practice. The Act has eliminated unnecessary administrative burdens and liquidated excessive limitations, on the subject and content of the agreement

itself. The solutions introduced, *inter alia*, do not impose the obligation of preparing analyses, leaving this decision to the interested parties themselves;

★ **II stage of amending the Act on Freedom of Economic Activity** – during the initial period (transition period), this Act has introduced a so-called „one stop shop“, in which all formalities related to commencement of business activities can be taken care of. The Ultimate solution will be the so-called “no stop shop” (beginning July 1, 2011), i.e. full service of citizens electronically, without the necessity of visiting government offices. For this purpose a business platform will be created, named *Business Activity Central Register and Information Record*. Furthermore, the rules and time for auditing businesses have been radically simplified and limited. At the same time several dozen other legislative acts were amended, in addition to the Act on Business Freedom, so that business law is more favourable to entrepreneurs;

★ **Act on Packed Products** – this Act simplified regulations pertaining to packaging, removing unnecessary requirements in this area. It more precisely defined the necessary and eliminated the unnecessary obligations of businesses that package goods or introduce packaged goods into commerce. It excluded groups marked “e” within the territory of the EU from administrative supervision; it released manufacturers of aerosols from the necessity of complying with strictly defined package volumes, and in other cases completely eliminated the obligation to package;

★ **Act on Amending the Labour Code** – amending the provisions pertaining to obligations of the employer under circumstances of threats – emergencies, fires, evacuation of employees. The goal of the amendments was to avoid application of regulations on fire protection, with respect to qualification requirements and training for officers of fire protection units and individuals performing activities related to fire protection (legislative path as a legislator’s initiative);

★ **Act on Graduate Traineeship** – the second, after the *Act on Public-Private Partnership*, act based on a novel model of writing law (the Anglo-Saxon model). It is a light, framework act, which created a stable legal framework and simplifications in accepting graduates for internships, in order for them to obtain professional experience. It has eliminated administrative and bureaucratic requirements pertaining to internships in Poland, basically including labour law;

★ **Act on Service Activities** – this act introduced simplifications for entities commencing and performing business activities in Poland, not only service providers. It eliminated many requirements in this area, but primarily introduced new legal and technical solutions. The former include introduction of the institution of presuming public administrative permission, and the later include - the introduction of single contact units, where a Polish business or a foreign one could take care of all registration and information matters. The Act defined uniform rules for performing business activities and the principle of administrative cooperation with appropriate authorities of EU and EEA countries, not belonging to the EU. Furthermore, the regulation guaranteed freedom of providing trans-border services.

Currently, our work is underway on sixteen legislative acts. One of them is already in the stage of work by the legislature:

★ **Act on the Access to Commercial Information** – the goals of the new Act are to strengthen the safety of commerce, prevent payment delays, improve the system of exchanging business information and improve operating conditions of business information bureaus. An important issue will be to increase the protection of creditors, also by creating an open catalogue of creditors authorised to cooperate with the Bureau (also natural persons). Cooperation between business information bureaus and credit information bureau will also be simplified. This act is also anti-crisis in its nature.

Project of The Human Capital Operational Programme - 5.3. Simplification of national legal acts

Activities in this area, co-financed with the EU funding, aim on creating a list of acts for simplification, containing a total of 70 proposals for simplification of legislation that would be the most important from the standpoint of business activities. Afterwards there is planned an introduction of 30 solutions that would facilitate the conduct of business activities.



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Other legislative acts which have been delivered for consideration by the Committee of the Council of Ministers, the Committee for European Affairs or for coordination between ministries include three acts:

- ★ *the Hallmarking Law;*
- ★ *the Act amending the Act on the Conformity Assessment System;*
- ★ *the Act on Electronic Signatures and Amendment of Other Acts.*

Act on the Reduction of Administrative Barriers for Citizens and Entrepreneurs

The most important legislation being prepared by the Ministry of Economy is the *Act on the Reduction of Administrative Barriers for Citizens and Entrepreneurs*, the so-called deregulation act. The initial point for creating this act was the necessity of redefining the proportions between the scope of limitations imposed on the businesses and the freedom of business activities, guaranteed by the Constitution. During the work on this legislation, a re-evaluation was performed concerning the values protected by the state in the respective legislative

acts in consideration with the need to liquidate unnecessary barriers to commencing and conducting business activities. The degree of state intervention must correspond to requirements of public safety, protection of health and human life, as well as care for the natural environment, but it must also consider the substantiated interests of businesses. In this draft legislation, there were included many postulates suggested by citizens associations and business organisations, with respect to facilitating contacts with public administration, including the conduct of business activities.

The primary goal of the project is to limit the quantity of restrictions imposed on business activities (licenses, permits, registers of regulated activities, accordance) by eliminating or changing limitations to less restrictive ones.

The draft of the *Act on the Reduction of Administrative Barriers for Citizens and Entrepreneurs* was prepared after an unprecedented, comprehensive review of Polish business law.

A total of 205 legislative acts were analysed. As a result of this analysis, the draft proposed to amend 108 legislative acts. This means that the draft act, together with other legislation of the *Entrepreneurship Growth Package* will be the first really comprehensive reform of business law from the beginning of the 90s.

Other tasks performed within the framework of simplifying the law

In addition to continuing activities connected with the *Entrepreneurship Growth Package*, the Economic Regulation Department of the Ministry of Economy completed the following tasks in 2009, which were aimed at simplifying the law:

★ **Report pertaining to analysis of legal conditions for entities operating on the Venture Capital/Private Equity market.** One of the significant barriers to the development of entrepreneurship in Poland is impeded access to capital. The Ministry of Economy has conducted an analysis, aimed at identifying and indicating ways to reduce existing regulatory barriers slowing down the process of businesses obtaining capital. The first part of the analysis was devoted to legal regulations governing Venture Capital/Private Equity Funds operating in a high risk market, which are becoming an increasingly significant component of economic policy in Poland. Venture Capital Funds are committing increasing amounts of financing to Polish businesses in the SME sector, resulting in growth for the entire national economy. The nature of Venture Capital Funds' operations is about investing a specific amount of assets in businesses, operating primarily in the region where the respective fund has its headquarters or branch. The regional nature of Venture Capital Funds investments and the fact that they pay taxes in the country where they are registered, makes a significant incentive for creating favourable conditions for such enterprises in Poland;

★ **Report pertaining to guidelines for unification of lease law UNIDROIT with provisions of domestic law.** UNIDROIT is an independent, intergovernmental organisation, established to analyse methods for harmonizing and coordinating private law of countries and groups of countries, by drafting uniform acts of model law, for adoption by its member countries. UNIDROIT has a total of 59 members, including all member countries of the European Union. The report allowed for establishing and evaluating amendments necessary to harmonise UNIDROIT regulations with domestic provisions. The need to change regulations in the area of leasing is necessary from the standpoint of developing the domestic leasing sector, which constitutes a very important source for obtaining capital, especially for small and medium enterprises.

2. Reduction of Administrative Burdens



Reduction of administrative burdens is one of the chief priorities of the European Union *Better Regulation* initiative. For the first time, the issues of administrative burdens were presented in a Communication of the Commission in 2005, *Better Regulation for Growth and Jobs in the European Union*, in which the European Commission recommended that EU institutions and member countries should include the costs of administrative burdens in the process of conducting an integrated impact assessment.

The time consuming nature and costs of complying with Information Obligations (IO) related, for example, with the requirements to fill in forms or submit various reports, are an important determinant of conditions for conducting business activities in a country. It is estimated that these costs have presently reached the level of 3.5% of GDP in the EU. The reduction will allow businesses to spend more time conducting their basic business activities, thus increasing work efficiency. This in turn will favourably affect the efficiency of businesses and lower production costs. Accordingly, this constitutes an important strategic goal in achieving economic and employment growth.

In January 2007, the European Commission presented ambitious program of activities aimed at measuring and reducing administrative burdens imposed on businesses in the EU by 25% by the end of 2012. In order to measure the administrative burdens, the *Standard Cost Model (SCM)* was employed. The program of activities pertaining to reducing administrative burdens in the EU was approved at the meeting of the European Council in March 2007. The Council specifically agreed to establish a common goal concerning the reduction of burdens and therefore requested, that member countries set equally ambitious domestic targets. Furthermore, member countries have been obligated by the European Commission to perform measurement of administrative burdens related to implementing community law and regional law, therefore, developing appropriate proposals for the reduction. In order to achieve this ambitious

Project of The Human Capital Operational Programme - 5.3. Reduction of Administrative Burdens

European Union funding was used to finance in 2009 the identification of information obligations in approximately 500 legal acts pertaining to business law. Over 6,000 information obligations were identified, compliance with which generates costs for businesses. The measurements of these cost in conformance with the Dutch *Standard Cost Model* began in 2009.



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goal, which is reducing administrative burdens by 25% until the end of 2012, member countries and the European Commission must jointly cooperate in identifying, measuring and decreasing excessive burdens for businesses.

Reduction in the priority areas of law – first stage of the reduction

Considering the recommendations of the European Commission and the assumptions of the *Action Programme for Reducing Administrative Burdens in the European Union*, on March 11, 2008, the Council of Ministers of Poland set the goal of reducing administrative burdens by 25% by the end of 2010. This is to occur in seven designated priority areas of the law:

- ★ environment;
- ★ land development plan;
- ★ economic activity law;
- ★ social security;
- ★ hallmarking law;
- ★ tourist services
- ★ and employment law.

In 2007, there were completed measurements of administrative burdens for the designated priority areas of law. Currently, there is work underway on enacting legislative proposals, aimed at reducing identified information obligations. Some of those proposals have already been enacted. It should be emphasized that the measurement (and accordingly the reduction) only pertain to the most important legislative acts in a given area, i.e. those that generate the greatest burdens.

During the first quarter of 2010, the Ministry of Economy developed a *Report on achieving the goal of reducing administrative burdens in the seven priority areas of law*. The document presents previous and planned activities of respective ministries to reduce administrative burdens.

Reduction in other areas of business law – second stage of the reduction

In addition to reducing administrative burdens in the above mentioned seven areas of the law, the Ministry of Economy is implementing the guidelines of Regulatory Reform by preparing reduction plans for the remaining areas of business law. As a part of performing this task, an identification of information obligations within the acts of business law was completed in 2009. In 482 legal acts, 6187 information obligations were identified. Once again, the *Standard Cost Model* was utilised. Application of this method involves analysis of four factors used to calculate the total Information Obligation (IO) cost for the entire economy. These factors include: the time to perform the obligation by an average businessman, the costs of staff employed to perform the obligation, the quantity of employees involved in performing the obligation and the annual frequency of performing the IO. The conducted analysis will create a roadmap for establishing the goal for reductions in this area and completing appropriate legislative amendments.



3. Regulatory Impact Assessment (RIA)



Regulatory Impact Assessment (RIA) was introduced into the Polish legal system in 2001 through the amendments to the *Procedural Rules of the Council of Ministers*. The RIA is an analytical tool, aimed at improving the quality of laws being enacted, by ensuring systematic evaluation of the benefits and costs of potential solutions. When performed at a sufficiently early stage, RIA supports legislative decision making, and prevents introduction of expensive regulations. The guidelines prepared for drafts of legislative acts, on the basis of a properly conducted RIA, result in efficient implementation and operation of the law.

The experiences of the European Union member countries demonstrate that systematic utilisation of RIA results in a better adaptation of legislation to market requirements and streamlines the functioning of the legal system as a whole, resulting in a more competitive economy.

Principles for preparing RIA were presented in the *Guidelines for Regulatory Impact Assessment*, adopted by the Council of Ministers in October 2006. The process of RIA is very broad and involves the following elements:

- ★ identification and analysis of the problem;
- ★ definition of goals;
- ★ determining alternative solutions;
- ★ consultation process;
- ★ analysis of costs and benefits;
- ★ implementation plan
- ★ and comparing the options and recommending the best one.

Perceiving the imperfections of the RIA system in Poland, despite its having functioned for many years in the Polish legal system, in order to make the process more effective, the Ministry of Economy commenced the following activities during 2009:

- ★ ensuring an effective training system that will increase awareness and competence of administrative employees in the process of creating law based on evidence;
- ★ creation of an electronic platform, facilitating the preparation of RIAs by enabling universal access to analytical tools and good practices;
- ★ introduction of a mechanism verifying the quality of prepared RIAs (RIA audit, RIA ex-post).

Project of The Human Capital Operational Programme - 5.3. Optimisation of the Regulatory Impact Assessment

Training for 2880 government employees and management in the area of Regulatory Impact Assessment is being 85% co-financed by European Union funds and will be continued during 2010-2011. The training is being conducted by an external firm. The result of this task will be increased awareness of administration on the importance of properly completing RIA and its influence on the quality of law.



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Trainings in the area of RIA

The Ministry of Economy has developed a cycle of trainings on Regulatory Impact Assessment for government administration employees. Experience with the pilot programs of the training, conducted during 2006-2007, organised to train approximately 600 administration employees involved in the legislative process, indicated the need for continuation of the trainings, in order to permanently increase the competencies of officials in the area of RIA. The Ministry of Economy has planned trainings for 2880 individuals from various ministries during 2009-2011. The trainings are directed at developing skills for analysing social-economic processes and to solve identified problems.

The training cycle has been divided into two educational paths, reflecting the varying requirements of administration workers. The course for employees directly involved in the process of creating law consists of the basic module, primarily aimed at providing theoretical knowledge and the advanced module, consisting of case studies for respective RIA stages. The trainings will also include management staff of the central government administration.



Electronic platform

In order to improve the operation of the RIA system in Poland, the Ministry of Economy has begun work on creating an electronic platform. Currently, after acceptance of a legal act, the grounds together with the attached RIA cease to be a part of it. It is fully justified to facilitate universal access to prepared RIAs. The electronic platform will contain a collection of existing and developed RIAs, as well as analytical tools useful in preparing RIAs and at the same time identifying examples of good practices. The Platform will perform two roles: it will be an instrument supporting the process of Regulatory Impact Assessments preparation and strengthen the role and importance of RIA inside the administration. It will also support public debate in the subject of the quality of legislation in Poland. The electronic platform will be available on the website www.reforma-regulacji.gov.pl.

RIA Audit

In cooperation with the Ministry of Finance and the Chancellery of the Prime Minister, the Ministry of Economy has drafted substantive and organisational guidelines for audits of commissioned Regulatory Impact Assessments. The purpose of the audit, which will be performed in 2010, will be to evaluate the formal and substantive correctness of RIA preparation in government administration and the compliance between adopted guidelines for legislation and legislative drafts with previously prepared RIAs. The results of this audit will be a great source of information, allowing for a comprehensive and empirical identification of barriers in the development of the RIA system, which in consequence will allow for proposals on systematic changes.

RIA *ex-post*

The Ministry of Economy has introduced a periodic, systematic and comprehensive review of applicable regulations, within the scope of its authority (internal RIA *ex-post*). Evaluation of applicable law is aimed at verifying the actual costs and benefits of adopted law and verifying the accuracy of Regulatory Impact Assessments prepared prior to introducing regulations in force. The adopted form of *ex-post* verification of the RIAs will undoubtedly improve their quality.



4. Consultations of government documents



In order to find out about the practice of conducting consultations in Poland, the Ministry of Economy conducted research in 2006-2007, aimed at evaluating the existing methods of consulting newly prepared legal acts. The targets of the research were businesses and their organisations, and during the research in 2007, also trade unions, public administration employees and representatives of Parliament.

Analysing the results of the research demonstrated that currently this process has many defects, which result that it is not transparent for social partners and accordingly, they are not eager to participate. The most frequently cited irregularities include:

- ★ completed drafts of documents are consulted, not the guidelines under which the drafts will be prepared;
- ★ consulted entities have too little time to analyse and submit answers (in some cases, the draft reached the addressee only after expiration of the date for submitting comments);
- ★ consulted entities are not sufficiently informed of the results of consultations, so they don't feel their own impact on the final shape of the document;
- ★ currently, mandatory consultations of legal acts are not considered by the administration as a source of information, but only a burden placed on the officials by law.

Introducing clear rules on obtaining opinions and bringing order to the legal status in this area will result in improving the quality of the consultation process.

Accordingly, in the form of a manual (guidelines), the Ministry of Economy has developed a catalogue of principles for consulting legal acts at two stages: creating guidelines and consulting completed drafts. The manual *Principles of Consultations Conducted During Preparation of Government Documents* was adopted by the Committee of the Council of Ministers on July 30, 2009 as a supplement to the *Guidelines on Regulatory Impact Assessment*.

Furthermore, in 2009 the Ministry of Economy developed guidelines for a new project, aimed at creating a pilot system for on-line consultations, which will increase the transparency of the legislative process by effectively supporting the procedure for obtaining opinions on draft legal acts.

Project of The Human Capital Operational Programme - 5.3. On-line consultations

During 2009, work commenced on developing guidelines for a new project to be co-financed by the EU, within the framework of the European Social Fund. The new project, of which implementation is planned for 2010–2012 and system beneficiary will be the Economic Regulation Department of the Ministry of the Economy, calls for developing a system for on-line consultations. This system will increase the transparency of establishing laws and will stimulate the direct involvement of legislators in the consultation process and the creation of laws, based on a partner relation with society.



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5. International cooperation in 2009



The Ministry of Economy cooperates with many international organisations in the area of *Better Regulation*. On the one hand, active cooperation allows for the application of the best international practices, and on the other hand it provides the opportunity for proper flow of information concerning the reforms implemented in Poland, so that our efforts are noticed and appreciated.

Council of the European Union – Working Group on Competitiveness and Growth

Better Regulation guidelines are applied by all formations of the Council of the European Union, primarily due to the activities conducted by respective Presidencies. *Better Regulation* policy is conducted by the *Competitiveness Council*, supported by a Better Regulation unit, located in the Secretariat of the Council. *The Working Group on Competitiveness and Growth* is a unit operating under the Council of the European Union. The Council debates in various configurations, depending on the matters under consideration. The General Affairs Council consists of the foreign ministers of respective member countries. In other configurations, the Council consists of ministers responsible for respective areas. The Polish member of the *Competitiveness Council*, which is charged with developing Better Regulation, is the Minister of Economy.

The High Level Group of National Regulatory Experts

High Level Group of National Regulatory Experts is a group created by the European Commission. Members of the *High Level Group* are experts from respective European Union member states, providing advice in the area of improving and simplifying the quality of the EU legislation. A significant re-

sponsibility of the group is acting for the development of *Better Regulation* initiatives, especially in the area of measuring administrative burdens.

The Group acts as a liaison between the Commission and the member countries - effectively lobbying for improvement of the regulatory environment for business and industry. *Members of the High Level Group* of National Regulatory Experts are appointed by the European Commission. Its primary task is to create legislative policy with respect to businesses, industry and consumers.

Single Point of Contact on Better Regulation (SPOC)

The main task of Single Points of Contact is to ensure cooperation between the European Commission together with their experts and the administration of the member countries. Ensuring coordination is necessary from the standpoint of a uniform methodology approach and comparability of results for conducted measurements of administrative burdens in the member countries. Contact points in respective member countries receive regular information on progress of the program being implemented by the Commission as a part of the *Better Regulation* initiative.

Standard Cost Model Network (SCM)

This organisation was established in 2003 by the EU member countries which use the same methodological approach to measuring administrative burdens. The founders of the *SCM Network* pursuing a common methodology to perform measurements of administrative burdens selected the *Standard Cost Model*, recognizing it as the dominant approach in practice and providing transparent and comparable results. Membership in the organisation is open to all

countries using or intending to use the *Standard Cost Model* for making measurements. The organisation constitutes a forum for exchanging experience and good practices between the member countries.

Directors of Better Regulation (DBR)

DBR is an informal inter-government group of experts from the EU member states. This group meets usually twice a year and is chaired by the host country, usually the country, that will be serving in the European Union presidency during the next half year. In conformance with the Directors of Better Regulation *DBR* mandate, the group's purpose is promoting and monitoring progress in the area of *Better Regulation* in the member countries, candidate countries and at the level of the European Union.

Learning Team on Administrative Burdens for Citizens

Learning Team on Administrative Burdens for Citizens is a working group created under *European Public Administration Network (EUPAN)*, aimed at

creating and developing methodology for measuring and reducing administrative burdens for citizens. The subject of this group's discussions is a cyclic presentation of the activities of respective member countries in making life easier for natural persons.

International Regulatory Reform Conference (IRRC)

The goal of the International Regulatory Reform Conference (IRRC) is to present issues of regulatory reform from the standpoint of various environments, academia, administration and businesses. It allows for presentation of best practices in the European Union countries and exchange of new ideas and methodologies. In five subject blocks, there are presented issues such as reduction of bureaucracy, improving the quality of adopted law, risk analysis, regional approach to regulatory reform and participation of businesses in regulatory reform. Poland's participation in the conference strengthens its position as a country highly committed to making good quality law that is friendly to businesses.

World Bank

From the standpoint of the Ministry of Economy, a significant role is played by the annual reports of the World Bank - *Doing Business* reports - which evaluate economies around the world with respect to promoting and restricting business activities. The new edition *Doing Business 2010* is the seventh in the series.

The main ranking of *Doing Business* is referred to as the *Ease of Doing Business Index* and is derived from component rankings relating to ten areas of typical daily business activities.



In the newest ranking of *Doing Business 2010*, Poland maintained its position (72) in the primary ranking, despite the difficult situation in the world economy (the main theme of the report). Poland was in the group of countries that completed the largest number of reforms within the analysed areas - a total of 4 areas: starting a business, getting credit, paying taxes and closing a business. As an example, due to changes introduced by the Ministry of Economy in the area of establishing companies, Poland advanced in this component ranking by 28 places. Among EU countries, only Portugal also implemented reforms in 4 areas.

OECD

Initiatives to improve the quality of regulation are consistently treated by the OECD as a priority. So far, two OECD groups focused on issues of regula-

tory reform, the *Working Party on Regulatory Management and Reform* and the *Group on Regulatory Policy* were transformed in the second half of 2009 into the *Regulatory Policy Committee*. According to the draft mandate, the primary purpose of the *Regulatory Policy Committee* is to support OECD members and other interested countries in building and strengthening potential in the area of creating high quality regulatory solutions.

The Ministry of Economy regularly participates in the work of the OECD group devoted to regulatory reform. Consistent involvement of the delegation in the meetings of OECD groups devoted to regulatory reform is a continuous sign of Poland's commitment to implement OECD initiatives and an opportunity to familiarise itself with the current activities and experiences of the member countries in the area of Better Regulation.



6. Activities planned for 2010–2011



The planned activities in the area of Regulatory Reform for the next two years are set forth in the document *Program of Regulatory Reform 2010-2011 „Better Law“*. The document is a continuation of the *Program of Regulatory Reform 2006-2008*, adopted by the Council Ministers on August 19, 2006.

The purpose of the program is to create a stable process of legislative management, which is based on evidence and limiting barriers for entrepreneurship. The above goals will be implemented in 2010-2011 by:

- ★ changing the law creation system;
- ★ optimising the Regulatory Impact Assessment system;
- ★ reduction of administrative burdens
- ★ and simplification of existing legal regulations.

Changing the law creation system

Activities in this area will consist of developing a proposal for systematic change within the scope of better business regulation and quality of constituted law. Plans call for creating a full diagram of the legislative process, including creation of law based on evidence and presenting proposals that promote the effectiveness of utilising the Regulatory Impact Assessment system and recommendations in the range of impact assessment.

The new legislative path of the Council of Ministers introduces the obligation to make RIA analysis and to conduct inter-ministerial coordination and social consultations, already at the phase of developing guidelines for drafts of legislative acts. Such a change is aimed at creating a possibility of submitting to the Council of Ministers only problems to be regulated (together with an evaluation of socio-economic consequences) and not the already completed drafts of legal acts. As a result, drafts of legislative solutions will only be created after approval

of the presented RIA. Accordingly, the only drafts that will be forwarded for implementation are the ones that will create regulations based on a proven, positive balance of anticipated benefits compared to costs. For the purpose of monitoring the quality of RIAs, it is anticipated that an appropriate team will be created within the structures of the Chancellery of the Prime Minister that will issue opinions on guidelines for the draft legislative act, prepared in inter-ministerial consultations.

Optimising the Regulatory Impact Assessment (RIA) system

The Regulatory Impact Assessment is a key analytical tool determining the success of other activities in the area of Regulatory Reform. Information contained in RIAs constitutes an attempt to evaluate the social, economic and financial consequences of the changes being introduced, providing tangible arguments on the feasibility of introducing those changes in legal acts. For this reason, it is important that RIAs are prepared at the earliest possible stage of the legislative process, consistent with the proper methodology. *The Better Law* program focuses on:

- ★ continuing and expanding the system of RIA training;

In mid January, the Ministry of Economy began a new series of training in the area of properly preparing RIAs for line employees and management staff. During the next three years, it is planned that 2880 individuals will be trained.

- ★ developing and expanding the process of obtaining opinions on legal drafts;

This task consists of implementing and expanding guidelines described in the document *Principles of Consultations Conducted During Preparation of Government Documents*. This will allow for systematisation of the manner and procedure for conducting consultations, thus increasing the influence of social partners on the shape of legal solutions.

- ★ launching the RIA electronic platform; The RIA website (electronic platform) will contain analytical tools and a collection of RIAs that exist and are being developed. Access to the website will be public. By identifying examples of good RIAs, this website will be of assistance to individuals preparing an RIA.

- ★ introducing a pilot system of on-line consultations.

This project is aimed at achieving full transparency in the area of consulting and presenting of newly created regulations. In the long term, this system will make it possible to review historical versions of legal acts, together with the postulates and comments of businesses. Accordingly, the system will become a knowledge base on the subject of legal acts, making it possible for legislators to more efficiently search for possible barriers and business burdens in already existing regulations. Ultimately, on-line consultations are to replace the presently utilised process of social consultations. In its initial phase, this project will be of a pilot nature.

Reduction of Administrative Burdens

Work in the area of reducing administrative burdens during 2010 will primarily focus on achieving the reduction goal, set by the Government at 25%, in seven priority areas of law by the end of the year.

The baseline measurement of the second stage of the reduction process in which 6187 information obligations were identified in legal provisions of the business regulations, will be completed in June 2010, in conformance with the *Standard Cost Model* methodology. Development of legislative proposals on administrative burdens reduction will occur during 2010-2011.

Further activities related to achieving the goal of reducing administrative burdens call for:

- ★ development of proposals for reduction of administrative burdens in the priority areas of law where sufficient reduction was not achieved. On this basis, ministries will prepare amendments to regulations, in order to achieve the reduction goal;

- ★ adoption by the Council of Ministers the amendments to legislative acts proposals (planned for June 2010).

Simplification of the law

Activities related to implementing this task will focus on a further review and changes in the provisions of business law, by:

- ★ eliminating obsolete or unnecessary regulations;
- ★ utilising „horizontal“ regulation in place of industry oriented regulations, improving the consistency and prolonging the *vacatio legis* period;
- ★ verifying the feasibility and means of bringing order to legal acts in the area of business law;
- ★ reducing the level of restrictions on business activities (quantity of licenses and permits, their simplification at national level, or proposals for simplification at the EU level);
- ★ introducing „fast-track“ type solutions in order to eliminate deficient legal regulations.

Simplification and deregulatory changes in business law will be successively introduced as a part of the *Package for Entrepreneurship*. Specifically, the *Act on the Reduction of Administrative Barriers for Citizens and Entrepreneurs*, the so-called deregulation act, will become effective. Amendments will be introduced with special consideration of their impact on small and medium enterprises (SMEs).

International cooperation

The Ministry of Economy plans to continue a broad range of cooperation with international organisations and actively participate in the work of working groups. This is especially important in the light of Poland's upcoming Presidency of the Council of the European Union, during the second half of 2011. In order to further accelerate regulatory reform and properly direct changes being made in this area, the Ministry of Economy plans to increase cooperation with the World Bank and the OECD. This cooperation will yield two reports.

★ The World Bank will prepare a report on improving regulations in the areas covered by the annual World Bank report – *Doing Business*. Creation of this report will consist of an in-depth analysis of existing business regulations in Poland and proposals for legislative changes, facilitating the conduct of business activities in Poland. The report will be based on the best practices of economies around the world.

★ The OECD will prepare an extensive report on Polish law simplification and reduction of administrative burdens. The report will present an in-depth analysis of the present status of business law, together with recommendations. High quality analysis and practical approach utilised in OECD reports will deliver necessary suggestions to improve the activities undertaken by the Polish administration in the process of implementing the Regulatory Reform.

