



# The Investment Reform Index 2008-2009

Evolving from an Index to a Regional Process for Reform of  
the Business Climate

**Proposal for discussion**

Paris, November 12, 2007

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# IRI 2008: Objectives

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- Increase investment and competitiveness in SEE region through a comprehensive, collaborative process to evaluate, design and implement government policy to improve the business environment.
- Leverage existing diagnostic and implementation work conducted in the region by World Bank, OECD and other organizations.
- Work closely with governments and the private sector to assure maximum national ownership of reform process.
- Integrate IRI results in existing national economic plans and national investment reform agendas.
- Monitor results and impact.

# IRI 2008-2009: Evolve from an index to a regional process for reform

## Evaluate

- Evaluate business climate and policy regime in a **comprehensive** manner
- Leverage and integrate prior work
- **Incorporate additional sector-specific policy indicators to support economic diversification**

## Set Priorities

- Define (with Government leaders) time-bounded strategic priorities for each country
- Finalize strategy through consultation with private sector, partners, other stakeholders, donors, private sector.
- **Incorporate priorities in national economic plans**

## Implement

- **Advise in the design and implementation of improved policy at the national and regional level through advisory projects.**
- Mobilize relevant expertise and resources as required.
- Monitor results and impact.

# Evaluate the business climate through a more comprehensive strategic framework

## **I. Business Operational Environment**

1. Investment policy
2. Investment promotion
3. Tax policy and administration
4. Trade Policy and facilitation
5. Competition policy
6. Better business regulation
7. Financial markets development\*
8. Regional integration \*

## **II. Business Integrity**

1. Anti-corruption
2. Corporate Governance \*
3. Corporate Social Responsibility \*

## **III. Infrastructure and Human Capital**

1. Infrastructure (including transport and IT) \*
2. Human Capital development
3. Labor policy \*

\* New policy dimensions compared to IRI 2006

# Incorporate Sector Specific Analysis to make more targeted policy recommendations

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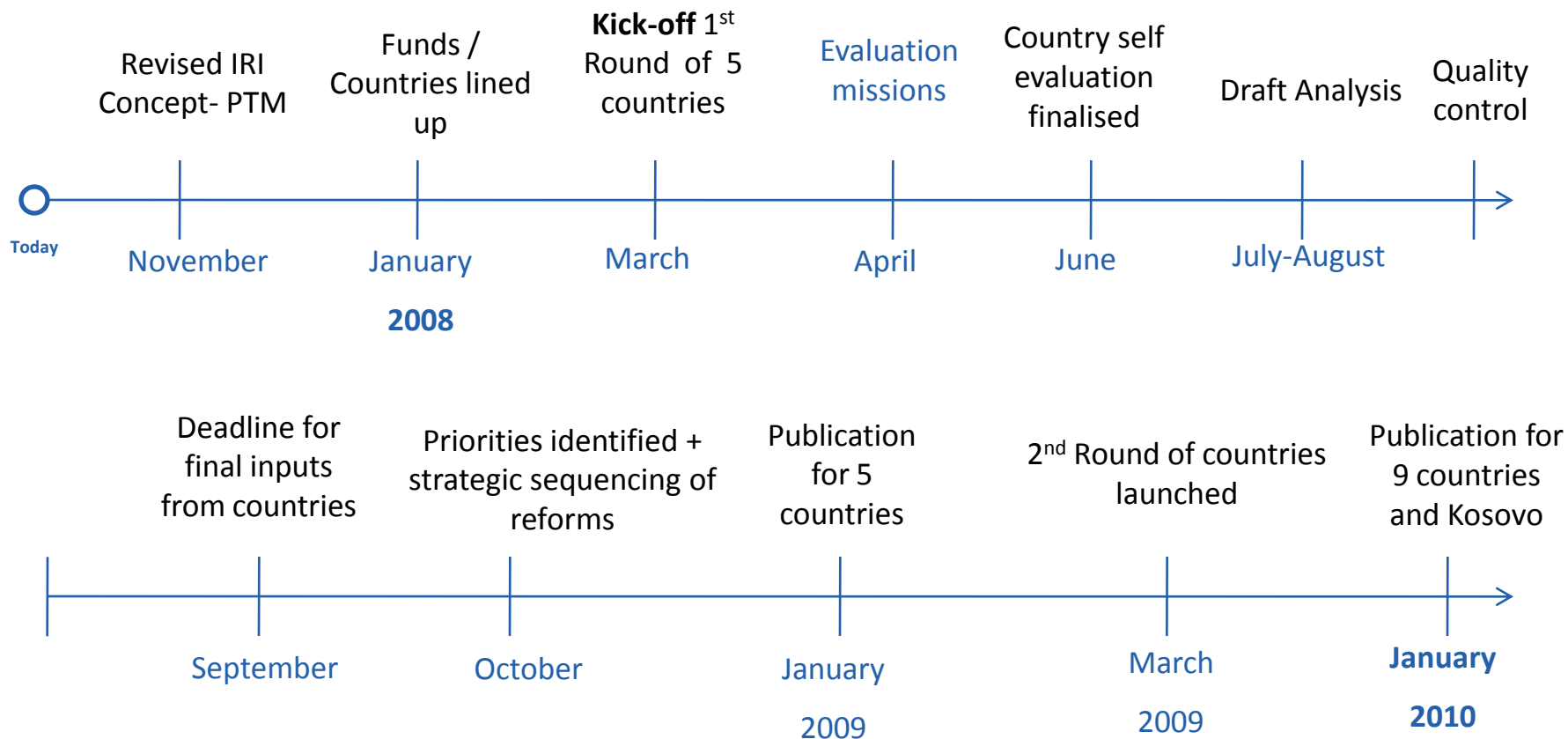
1. **Textiles and garment** – example of policy barriers: limited and expensive access to finance, significant delays at customs borders, design skills
2. **Automotive components** - example of policy barriers: lengthy and complicated trade and customs regulations, design and applied skills, adherence to quality standards
3. **Information & Communication Technology (ICT) and Business Process Outsourcing (BPO)** – example of policy barriers: skills and ICT infrastructure

# Project Deliverables

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- Comprehensive assessment of business climate covering a wide range of policy dimensions
- Jointly defined policy priorities to improve the business climate at both the national and regional level with full buy from governments
- Policy priorities incorporated in existing development plans
- Support in implementation from both the OECD and other international organisations, like the WB
- Measurement of results and impact
- Dynamic and sustainable process for reform in the SEE region

# Two-year timeframe to achieve expected results



# What new?

- Evolve from an index to a process and strategy for reform
- Expand the number of policy dimensions (financial markets development, regional integration, corporate governance, corporate social responsibility, infrastructure and labor policy)
- Reinforce and complement the broader overview of business climate with sector specific analysis
- Broaden the depth and scope of the original 2006 IRI indicators through increased co-operation and collaboration of experts both within the OECD and outside in each of the dimensions
- Improve the applicability of IRI policy recommendations, based on step-by-step “how to” instructions on implementing reforms