Global Indicators of Regulatory Governance: Trends in Participatory Rulemaking

A Case Study
Using data from the World Bank’s Global Indicators of Regulatory Governance (GIRG) project, this case study assesses how governments interact with the public when shaping regulation that affects their business community. The indicators were created in response to an increasing recognition of the importance of transparency and accountability in government rulemaking. Public participation in the process can strengthen both the quality and legitimacy of regulation—an important precursor for trust. Beyond being ends in themselves, these outcomes enhance the ability of regulators to achieve social goals.1 When citizens know the rules that govern their society and have a role in shaping them, they are more likely to comply with those rules; corruption is lower2 and public institutions are more likely to be politically stable.3 Good governance depends on stakeholder involvement.4

Given the importance of when and how citizens are involved in the crafting of regulation, the GIRG were developed to allow for analyses to be undertaken using up-to-date and objective data. To identify regional and income-related patterns in the level of stakeholder engagement in rulemaking, the GIRG include a composite score, designed to measure good regulatory practices in three areas: transparency around proposed regulations, consultation on their content and the use of regulatory impact assessments. Sub-components of the core areas include whether regulators: i) publish the text of proposed regulations; ii) publicly request comments; iii) publicly report on the results of consultation processes; iv) conduct regulatory impact assessments; v) have a specialized government body tasked with reviewing regulatory impact assessments; and vi) publicly distribute the results of regulatory impact assessments. This scoring technique was used to analyze data at the aggregate level and observe income-level and regional variations. These variations are the backdrop against which this case study examines the current state of stakeholder engagement in rulemaking around the world.

AN OVERVIEW OF INCLUSIVE RULEMAKING PRACTICES

Of the 185 economies included in the GIRG dataset, 135 notify the general public of new regulation proposals and include a wide range of information in these notices. This kind of access to the rulemaking process is central to creating a business environment in which investors make long-term plans and investments.5 Accordingly, most economically-prosperous countries are very open to their citizens’ input in the regulatory process and tend to engage stakeholders on the scope, content and intended impact of proposed regulations before their implementation. The government of Estonia, for example, provides the public with a summary of proposed laws, including a justification for why a new law is necessary, what the law is intended to change and when it will enter into force. Policymakers in Lithuania go further, outlining the anticipated impact of regulatory changes—both positive and negative—and giving details on the public consultation process. Similarly, in Moldova, notices of proposed regulations include justification for new regulations, the deadline and means by which interested parties may submit feedback as well as the contact details of the civil servants in charge of the proposed regulations.

In economies where the government solicits feedback on proposed regulation, more than two-thirds also report back on the results of the consultation process. This feedback can be either in the form of a consolidated response (as
is the case in 60% of these economies) or a customized response designed for diverse audiences (30%). Consolidated responses are distributed in Ireland, Jamaica and Peru, for example, while Jordan, Montenegro and Mozambique give tailored responses. In Vietnam, both consolidated and customized responses are prepared and distributed through a unified online platform, as well as through workshops.

In practice, these reports are distributed in various ways. Unsurprisingly, high-income countries favor online platforms to reach large cross-sections of the population. Belgium, for example, distributes reports through both a unified online platform (which hosts all consultation reports) and the websites of the ministry or regulator responsible for the regulation. Dedicated websites are used in 18% of the economies sampled, while 10% publish reports on ministry websites. In 20% of countries, reports are directly communicated to stakeholders. Reports are printed in a federal journal or other publication in another 6% of economies.

**THE DIVIDE IN PRACTICE BETWEEN DEVELOPED AND DEVELOPING ECONOMIES**

Since the late 1990s, many OECD countries have been developing forward regulatory plans, outlining anticipated regulatory changes and making these publicly available. Government departments in the United Kingdom, for example, publish Single Departmental Plans that include information on forward regulatory planning activities and serve as a roadmap for addressing the government’s priorities and objectives. Similarly, ministers in Hungary publish their legislative briefs online during the government’s legislative planning period. Cyprus also allows public access to government plans for upcoming regulatory changes.

While developing economies have made strides in improving the transparency and inclusiveness of their rulemaking systems in recent years, there remains a significant gap in practices between developed and developing countries. With few exceptions, the public availability of forward regulatory plans is positively correlated with income level (figure 1). Of the 96 economies that develop forward regulatory plans, 76 make these available to the public. Of 58 high-income economies, 33 make their forward regulatory plans available publicly, while only 22 of 48 upper-middle-income, 17 of 51 lower-middle-income and four of 29 low-income economies do so. Kosovo develops an annual legislative program, listing all primary legislation to be adopted in the coming year. This information, which is required by law to be made available to the public, is published online. Similarly, Morocco makes its forward regulatory plans available to the public through an online platform that can be accessed from the website of the government’s General Secretariat. Having established a public-private sector dialogue in the Office of the Prime Minister, Belize is in the process of formalizing a mechanism through which the government can involve the private sector in the crafting of new policies and a reform agenda.

This divide between developed and developing economies extends to practices surrounding pre-consultation procedures, before the circulation of drafted legislation. While 78% of high-income economies use pre-consultation procedures to gather input early in the rulemaking process, only 58% of upper-middle-income, 57% of lower-middle-income and 54% of low-income economies do so.

In Chile, for example, the government is mandated by law to undertake public pre-consultation sessions to allow associations and citizens to participate in the regulation drafting process. Feedback on these consultations is then made available through the website of the relevant regulatory agency. Similarly, the European Commission issues Green Papers and “roadmaps” to stimulate discussion on certain topics at the European level and to inform stakeholders about new initiatives. As well as describing the issue to be addressed, these publications outline the objectives that the European Union aims to achieve, explain the need for EU action and list alternative policy options. The results of comments made on Green Papers are made available through an online portal.

Engaging with the public at the beginning of the rulemaking process is important. Early participation has been shown to be particularly effective in providing regulators with substantive information. Moreover, the front-loading that characterizes proposal development through sunk costs and psychological commitments can create difficulties when making substantial changes further into the process. By allowing for public participation early in the process, valuable input can be incorporated into the rulemaking framework at minimal cost.

Once regulations have been proposed, the facilitation of public feedback allows rulemaking agencies to benefit from the expertise of stakeholders and also to identify public preferences and values. Moreover, empirical research shows that public feedback often results in the amendment of regulation. All OECD high-income
economies request comments on proposed legislation and, with the exception of Poland, all do so online. Studies have shown that online access to legal and regulatory information is key to fostering a robust business environment. E-government services are a means of making this information widely accessible. In 2015, the government of Spain implemented Law 40, which stipulates that electronic communication must become the normal channel through which the government communicates with its citizens. Consequently, Spain strengthened the mechanisms through which it solicits feedback on draft regulations through the websites of government ministries. Roughly 70% of upper- and lower-middle-income economies. Brazil, for example, scores well on GIRG’s measure for the publication of proposed regulatory texts, public consultations and reports detailing the results of consultations. Feedback—including suggestions as to how regulations should be implemented—can be given online through a unified website; targeted outreach to stakeholders is provided where necessary. The development of Brazil’s rulemaking system—one of Latin America’s most participatory—began with the introduction of the 1988 Citizens Constitutions which, following the end of military rule, allowed for participatory budgeting and laid the groundwork for a broader system of participatory governance.

Mexico publishes regulatory proposals on the website of its Federal Commission for Regulatory Improvement (COFEMER). The website also serves as the platform through which comments are collected. By encouraging the public to act as partners as well as clients, regulators stand to benefit from a higher quality of regulation through access to the public’s knowledge. An open process can also educate the public and improve regulatory oversight. A higher quality of regulation—and an increased public awareness of the regulations—has been shown to boost compliance by businesses and individuals, productivity growth and, ultimately, poverty alleviation.

In the 136 economies where the government provides notice of proposed regulations, the most common practice is to use a single, dedicated website to publish regulatory announcements and related materials (figure 2). This practice is widely utilized in OECD high-income countries and the countries of Europe and Central Asia. In 30% of these 136 economies, notice is given through the website of the ministry or institution in charge of the proposed regulatory change. In contrast, websites are used to share news of proposed regulations in less than 7% of all economies in Sub-Saharan Africa. While online platforms are the medium of choice for engaging with citizens in developed economies, with internet penetration rates of only 29% in lower-middle-income economies and 9.5% in low-income economies, governments in developing countries face significant obstacles to using the internet as an interface with the public. In Benin, Burundi, the Comoros and Mozambique, for example, authorities mainly gather feedback on proposed legislation through public meetings and workshops.

Economies across income groups—for example, South Africa and Tanzania—publish draft regulations and solicit feedback from external stakeholders but do not report on the results of these consultations. Indeed, although 128 of the 140 economies which publish information on proposed regulations also collect feedback, only 87 report on the outcome of these consultations. Of these, 42 are high-income countries, 20 are upper-middle-income, 18 are lower-middle-income and seven are low-income. Without mechanisms to capture feedback from public consultations, policy makers not only miss an opportunity to allow for public oversight of the decision-making process but they also run the risk of losing public trust if participants feel ignored or misled into believing that their recommendations will be implemented. Trust is not only key to making an inclusive system work, but

![FIGURE 1 Forward regulatory plans are most commonly developed and made available to the public in high-income economies](http://rulemaking.worldbank.org)
developing economies, although there are some notable exceptions. While all OECD economies request comments on proposed legislation, few of their high-income counterparts in the Middle East and North Africa do the same. Bahrain, Oman, Qatar and Saudi Arabia do not publish forward regulatory plans, nor do they make draft regulations available to the public.

The GIRG data also show that countries which perform poorly on inclusive practices tend to be less democratic than their more inclusive counterparts. There is a strong and positive relationship between an economy’s GIRG score and the strength of its democratic institutions. Indeed, economies with well-functioning and robust democracies tend to have highly-inclusive rulemaking processes. Conversely, economies that do not respect civil liberties, lack political pluralism, curtail freedom of expressions and beliefs and do not have well-functioning bureaucracies tend to exclude stakeholders from decision-making processes. Citizen participation in rulemaking and transparent governance can enhance democratic legitimacy by bridging the gap between governmental agencies and their constituents. Democratic values and social welfare are impacted directly by the ways in which rules are designed and implemented.  

While democratic openness and electoral competition are associated with transparency and the public availability of information, the divide in rulemaking practices between developed and developing economies is also a product of governmental capacity. Two attempts by Mexico City’s government to institute inclusive policymaking practices between 1997 and 2003 failed owing to a weak legal framework, a lack of financial resources and insufficient political will. Developing economies often lack the institutions that enable wide-spread public participation in the rulemaking process—something that is taken for granted in developed economies. Such institutions are necessary to provide the structure for democratic life and economic growth and to allow for equal opportunities for citizens to engage with their government.

Although not all high-income economies prepare a consolidated response detailing the results of consultations—Austria, for example, attaches reports (Ergebnisdarstellung) to draft legislation which accompany it through all stages of the rulemaking process—more than half deliver their reports in this way. Low-income economies, by contrast, tend to provide customized responses to certain audiences and stakeholders. This is mainly the result of the limited options available to governments whose citizens are largely without access to the internet.

The GIRG data also show that citizens have more opportunities to participate directly in the rulemaking process in developed economies than they do in developing economies, although there are some notable exceptions. While all OECD economies request comments on proposed legislation, few of their high-income counterparts in the Middle East and North Africa do the same. Bahrain, Oman, Qatar and Saudi Arabia do not publish forward regulatory plans, nor do they make draft regulations available to the public.

Despite capacity-related challenges, the developing world is not without success stories. A study examining the effect of regulation on income inequality in 26 Sub-Saharan African economies from 1970 to 2005, for example, shows that government transparency, investment and regulation are positively and significantly correlated with socio-economic development in the region. The GIRG data highlight several developing economies which attain strong scores and exemplify good practices. Kenya, with an overall GIRG score of 4.8 out of 6, has some of Sub-Saharan Africa’s most inclusive rulemaking processes. Charged with engaging in extensive community consultation, Kenya’s dedicated Law Reform Com-

FIGURE 2  Comments on proposed legislation are most commonly received on unified websites in high-income economies

mission is obligated by law to produce discussion papers outlining proposed regulatory changes. These papers also detail the research on good practices that inform the proposals and form the basis of pre-consultation discussions with external stakeholders. The results of the pre-consultation process are made available to the public through the media, government gazette notices and government offices. Kenya’s experience mirrors empirical research showing that regulators can often maximize the benefits of public engagement and transparency while minimizing the costs by extending these practices to the beginning of the rulemaking process, including the priority-setting stage.

REGIONAL TRENDS IN FORWARD REGULATORY PLANNING

Forward regulatory plans are commonly developed in Europe and Central Asia (figure 3), where 21 of the 24 economies which develop plans make them available to the public (the only exceptions being Azerbaijan, the Kyrgyz Republic and Romania). Of the 14 Latin American and Caribbean economies which develop plans, all but one (Grenada) make them publicly available. In South Asia, Bhutan—the only economy to develop forward regulatory plans—makes them available to the public through public notifications as well as on the website of the Office of the Prime Minister and Cabinet. In Sub-Saharan Africa, nine of the 17 economies which develop forward regulatory plans make these available to the public. Of the six economies which develop forward regulatory plans in East Asia and the Pacific, nine make these publicly available. Hong Kong SAR, China, disseminates these through an online platform, as well by distributing hard copies of its consultation documents. In the Middle East and North Africa, two of the seven countries which develop forward regulatory plans make these available to the public and all 24 OECD high-income economies which develop these plans do the same.

Germany launched a central website in December 2015 directing visitors to the websites of ministries responsible for new regulation, increasing the number of opportunities for public consultations. In May 2015, the European Commission adopted a Better Regulation Package, which consolidates and further strengthens the Commission’s planning, consultation and evaluation procedures. Fewer of these initiatives can be found in low-income economies. In 2016, Uganda created a Department of Policy Development and Capacity Building that is responsible for institutionalizing good practices in rulemaking in the country.

While the use of websites to disseminate forward regulatory plans is widespread among OECD high-income economies, it is less common in other regions. Only five of the 13 economies in Latin America and the Caribbean that develop plans use websites to do so. Belize and Costa Rica rely primarily on workshops and public presentations while El Salvador, St. Lucia and St. Vincent and the Grenadines use electronic and written media; Uruguay engages in direct contact with interested parties. In Sub-Saharan Africa, only four of the nine economies that develop plans use the internet to disseminate them to the public. Niger organizes public presentations, Ghana and Mali deliver presentations to relevant stakeholders and Cabo Verde publishes its plans in the official gazette.

REGIONAL TRENDS IN GIVING NOTICE OF PROPOSED REGULATIONS

As reported in 136 economies in the GIRG data sample, notifying the public of a proposed new regulation is a
common practice. Approximately 75% of these economies also publish the entire text of these regulations. Most OECD high-income economies, for example, publish the text of proposed regulations in their entirety. In contrast, only 39% of economies in Sub-Saharan Africa publish the complete text. Of the 65 economies that do not publish the complete text, seven publish a summary of the proposal. Japan publishes a concise synopsis of the proposed regulations, the title and the specific provisions of the laws that delegate certain matters to other regulations; the full text is not required to be published.

Sixty-seven economies provide explanatory or background materials along with regulation proposals to help the public understand its purpose and applicability. This practice is more prevalent in OECD high-income countries and in Europe and Central Asia. In Armenia, for example, it is a mandatory requirement to attach the justification for new laws to all drafts. In Belgium, draft laws—both primary and secondary—are preceded by an exposé des motifs (explanation of motives) or a rapport au Roi, where the law is explained, article by article. Similarly, an “explanatory memorandum” is required to accompany all European Commission legislative proposals and delegated acts to explain why the European Union is undertaking regulatory change, the intended results of the new measure and its anticipated impact. In addition, it expands upon how the Commission’s Principles of Better Regulation were applied during the drafting process, including why the initiative is considered necessary, how it is perceived by stakeholders, and why it is the best tool for the European Union to use.

Although only 56 of the economies sampled in the GIRG dataset are legally obligated to publish the text of proposed regulations before their enactment (figure 4), more than 30 publish proposed regulations in practice despite there being no formal requirement to do so. Promisingly, these examples are not specific to one region or income group; Australia, Bosnia and Herzegovina and Namibia all publish draft regulations on a voluntary basis. These examples show that, while legal requirements can help to transform non-transparent into transparent processes, inflexible disclosure requirements are not necessary where a tradition of public consultation has taken root.

Reporting on the results of public consultations is required by law in 26 of the 185 countries surveyed, including 11 economies in Europe and Central Asia and nine in the OECD high-income group. No such requirements exist in South Asia or Latin America and the Caribbean. Among those economies which have no legal obligation to report on the outcome of public consultations, in practice 32 do so nonetheless.

**CHARACTERISTICS OF INCLUSIVE ECONOMIES**

When compared with other measures of good governance, the GIRG scores support earlier findings linking transparency and public consultations with a higher quality of regulation, lower levels of corruption and a stronger rule of law. Comparator variables include Transparency International’s Corruption Perceptions Index; the World Justice Project’s rule of law, effective regulatory enforcement and open government indices; and World Governance Indicators’ voice and accountability, government effectiveness, regulatory quality and rule of law variables. Results show a correlation between the GIRG score and other indicators of good governance, validating the robustness of the GIRG score and underscoring their importance as a tool to chart a path towards desirable regulatory and economic outcomes (figure 5).
A similarly strong relationship exists between the composite GIRG score and the World Bank’s Doing Business project’s measures of regulatory quality in the areas of construction, reliability of electricity supply, property registration, contract enforcement and bankruptcy (figure 6). The composite score for regulatory governance is strongly and positively correlated with all measures of regulatory quality across Doing Business indicators. Economies that have well-established regulatory processes allowing for active citizen participation also tend to have high-quality business regulations governing all stages of construction, efficient systems for the systematic monitoring of utilities, transparent electricity tariffs and charges and strong land dispute resolution systems. In addition, there is an apparent relationship between transparent, consultative and analytical rulemaking and high-quality legal institutions, particularly courts. Economies that have effective and transparent case-management systems, specialized courts, a high...
degree of court modernization and automation combined with best practice insolvency frameworks also tend to perform well on the GIIRG. Across economies in which a wide range of stakeholders have a voice in policymaking, governments benefit from that feedback and therefore tend to produce more relevant, meaningful and efficacious regulations. The end users of these laws and regulations are well-positioned to give crucial input into the type of policies that are most likely to meet social requirements.

CONCLUSION

An inclusive rulemaking process which allows for effective public engagement can generate benefits ranging from higher rates of compliance among firms and individuals\(^\text{30}\) to economic growth.\(^\text{31}\) This case study has used GIIRG data and real-world examples to illustrate income and regional trends in inclusive rulemaking processes around the world. High-income economies outperform their less prosperous counterparts in measures of developing forward regulatory plans and making these available to the public, using pre-consultation procedures to gather public input, seeking feedback on proposed regulations and publishing the results of these consultations. Conversely, the states of the Gulf Cooperation Council exhibit little transparency or consultation around regulatory changes.

Regionally, economies in Europe and Central Asia and the OECD high-income group score well on developing and publishing forward regulatory plans. They tend to publish the entire text of proposed regulations and accompany proposals with explanatory or background materials. In contrast, few economies in Sub-Saharan Africa and the Middle East and North Africa do the same. A legal requirement for government bodies to engage citizens in the rulemaking process is also most common in OECD high-income economies and the economies of Europe and Central Asia. Of the regulators that are not required to practice inclusive rulemaking by law, many nonetheless exhibit voluntarily transparent and inclusive practices.

While the implementation of inclusive rulemaking practices can require substantial governmental resources and reduce the scope for rulemaking body flexibility, the benefits of inclusive rulemaking are further underscored by a comparison of GIIRG data with measures of transparency, the rule of law and regulatory quality. This analysis also identified several common characteristics across economies with inclusive rulemaking processes: they are less likely to be corrupt, have a stronger rule of law and enjoy a robust regulatory environment.
EXAMPLES OF REFORMS CAPTURED BY THE GIRG IN 2015/16

Government rulemaking practices are not stagnant. In the past two years alone, the government of Mexico issued a decree establishing new channels for public consultation and strengthening the mechanisms through which forward regulatory plans are developed, Jordan established the Open Government Partnership action plan for 2016–18 and Iraq began publishing the text of proposed laws and regulations on Parliament’s official website. These reforms, as well as those listed below, have the potential to empower citizens, enhance the quality of regulation and bolster business competitiveness by improving inclusive rulemaking processes.

Belarus. On January 1, 2015, the Treaty on the Eurasian Economic Union came into force in Belarus. Under this Treaty, draft regulatory legal acts are now published for 30 calendar days on a ministry website and opened for comments. These drafts include an explanation of the purpose of the proposed regulation and how it will be implemented. The treaty also requires that the government establish a mechanism for responding to these comments.

Croatia. In April 2015, Croatia launched e-Consultations, a central portal for consultations with the public on proposed laws and regulations. Amendments to the Law on the Right of Access to Information in July 2015 require state bodies to publish a draft law or regulation on e-Consultations, usually for 30 days, along with a justification for their adoption and the intended objective of the consultation. Following the consultation period, state bodies are required to inform the public on the status of accepted and rejected comments via the website.

Georgia. In February 2016, the government of Georgia adopted Resolution No. 37 under which draft laws must be published for comments two weeks before their submission to the parliament. These draft laws are published on the online Legislative Herald. While this resolution sets a legal framework for publication of drafts, it was previously the established practice in Georgia to do so.

Germany. In December 2015, Germany launched a central website where visitors can be directed to the websites of individual ministries to review and comment on those ministries’ regulatory initiatives.

Lithuania. In 2015, Lithuania introduced a new web page, e-Citizen, where citizens can access information on public consultations. This followed legislation in 2014 that required that all laws and associated acts (decisions, resolutions and court rulings) be registered and officially published in the Register of Legal Acts. It also establishes the right of any individual to submit proposals for legislative initiatives and legislative projects and requires impact assessments for every new initiative to regulate a previously non-regulated area or when regulation is begin substantially modified.

Spain. In 2015, Spain adopted Law 40 which governs the formation of new regulations. Under Law 40, annual forward regulatory plans and evaluation reports of approved regulations are required to be made publicly available.

Switzerland. Switzerland’s law on official publications was partially modified in January 2016; publications are now made publicly available on a central internet platform.

Uzbekistan. In Uzbekistan, a Presidential Decree issued on July 4, 2014 (UP-4609) makes it unlawful to apply penalties to businesses for violation of legal acts that are not published on the official websites.

Vietnam. All draft regulations are required to be published on the website of the government and relevant ministry for public comments for at least 60 days before passage.
NOTES

6. The 2011 Legal Code of Administrative Procedure spells out the requirements of Colombia’s rulemaking bodies.
8. This is done in accordance with Hungary's 2010 Public Participation in Developing Legislation law.
9. This is done in accordance with the reform agenda outlined in the Action Plan for the Improvement of the Regulatory Framework in Cyprus (2015-18).
15. Articles 69 H and J of Mexico's Federal Law on Administrative Procedures requires that comments and feedback be collected on regulatory proposals.

REFERENCES


Golden, Marissa. 1998. “Interest Groups in the Rule-Making Pro-


All the data used for this case study are available on the GIRG website: rulemaking.worldbank.org.
For further queries, please contact the GIRG team at rulemaking@worldbank.org.