

Legal Transition Programme



European Bank
for Reconstruction and Development

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The Legal Transition Programme (LTP) is the EBRD's initiative to contribute to the improvement of the investment climate in the Bank's countries of operations by helping create an investor-friendly, transparent and predictable legal environment. LTP activities focus on the development of legal rules and the establishment of the legal institutions and culture on which a vibrant market oriented economy depends.

Until now the LTP has focused its efforts on the countries of central and eastern Europe and the former Soviet Union, as per the EBRD mandate. During 2011, the EBRD's shareholders have backed the decision to expand the Bank's operations to the southern and eastern Mediterranean, a new direction that the LTP is reflecting in its activities from 2012 onwards.

Law in transition

Legal reform is a core dimension of the EBRD's work. Its twice-yearly *Law in transition* journal offers extensive coverage of legal developments in the region, shares lessons learnt and aims to stimulate debate on legal reform in the transition economies.



Read more about EBRD legal journal
www.ebrd.com/lawintransition

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Read more about legal transition:
www.ebrd.com/law

Focus Areas

The LTP currently focuses on nine core commercial legal areas: capital markets; concessions/public-private partnerships (PPPs); corporate governance; the energy efficiency; infrastructure regulatory reform; insolvency; judicial capacity-building; public procurement; and secured transactions.

These areas are the most relevant to the EBRD's investment strategies and those in which the EBRD has accumulated experience.

The LTP can also accommodate requests for projects or involvement in other legal areas if these relate directly to the EBRD's investment strategies or activities.

Assessment Web Tool

Since the mid-1990s, the Bank has developed a unique collection of analytical tools relating to the commercial and financial laws of transition countries. Each assessment evaluates core commercial laws using international standards as a benchmark. The most recent assessment data is now available in an on-line interactive database on ebrd.com, where users can generate graphs and charts on the countries and sectors of interest. These assessments are published primarily for the benefit of those who make or influence legal reform policy in the countries in which the EBRD operates.

The Legal Assessment WebTool is at:
www.ebrd.com/pages/sector/legal/what/interact

The Legal Transition and Knowledge Management Team

The Legal Transition Programme is administered by the Legal Transition and Knowledge Management Team (LTT), within the EBRD's Office of the General Counsel. The LTT comprises a group of lawyers dedicated to legal reform work, each with a specific area of legal expertise. They manage the EBRD's involvement in legal reform in their specialist areas and the related legal technical assistance projects. These lawyers work closely with the EBRD lawyers working on transactions, particularly in identifying and overcoming legal impediments to investments in the Bank's countries of operations.

In 2010 a Financial Law Unit was created within the LTT to address, on a systematic basis, the challenges faced by investors engaged in financial transactions in transition countries. The Unit specialises in questions relating to capital markets, corporate governance, insolvency and secured transactions.

Funding

The LTP is funded both from the Bank's budget and through donor grants provided by the EBRD's shareholders and other official sources. The LTP also benefits from the contribution of lawyers and other professionals in private practice and in academia who become involved in the LTP's activities and projects at a discounted rate or on a *pro bono* basis.

Activities

The EBRD conducts four types of activities through the LTP: standard setting, measuring laws, assisting governments, and sharing experiences.

Standard-setting

The Bank participates in and contributes to international standard-setting initiatives. Activities in this area include interaction with the Global Corporate Governance Forum sponsored by the World Bank and the OECD, as well as participation in UNCITRAL's and UNECE's efforts to establish and promote concessions principles and best practice. The EBRD has also developed and published in several languages a Model Law on Secured Transactions and Guiding Principles for the Development of a Charges Registry, as well as, in 2007, an analytical study on mortgage law and guidelines on the regulation of insolvency administrators. In 2008 the Bank released, jointly with the OECD, a Policy Brief of Corporate Governance of Banks in Eurasia.

Measuring laws

The EBRD monitors and analyses the status of legal transition in its countries of operations and develops measurement tools to assess legal risk for EBRD investments. The Bank has developed analytical tools to assess laws and regulations in the LTP's focus areas in the Bank's countries of operations and also conducts case studies to gauge how the relevant laws and regulations are implemented by those countries. The results of these assessments are published on the EBRD's web site (see Box) and in the Bank's journal *Law in transition*.

Assisting governments

The Bank develops and implements technical cooperation projects in the EBRD's countries of operations, which are designed to support local authorities in establishing investor-friendly legal systems. Recent and current projects include:

Albania – assisting the government strengthen the newly created review commission on public procurement.

Armenia – cooperating with the Ministry of Economy to prepare a voluntary code of corporate governance applicable to listed and state-owned companies.

Bulgaria – developing a capacity building programme to strengthen accounting skills of judges in insolvency matters, in cooperation with the Bulgarian judicial training institutions.

Commonwealth of Independent States region – establishing a regulatory training programme for telecommunications officials in Armenia, Azerbaijan, Georgia, Turkmenistan and Ukraine.

Commonwealth of Independent States region – in collaboration with the UNCITRAL, developing a policy dialogue and technical cooperation project aiming to upgrade public procurement legislation in a selected countries.

Kyrgyz Republic – helping the Ministry for Transport and Communications to revise the 1998 Telecommunications Law.

Moldova – helping the Ministry of Construction and Regional Development to prepare legislation to support energy efficiency of residential buildings.

Mongolia – assisting the government in establishing a legal framework to address the chronic pollution experienced by the city of Ulaanbaatar during winter.

Regional – issuing policy briefs for corporate governance in the banking sector in south-eastern Europe and Central Asia.

Regional – preparing diagnostic studies on local capital markets and related regulatory measures to boost them in selected transition countries.

Russia – assisting the insolvency regulators to improve the regime for license, regulation and supervision of bankruptcy administrators

Russia – assisting the Ministry of Economic Development in modernising the legal framework for pledges and mortgages.

Serbia – strengthening capacity of authorities to license, supervise and regulate the practice of insolvency administrators

Serbia – helping the Ministry of Economy in the revision and update of the concession law

Tajikistan – implementing an action plan to increase judicial capacity in the commercial law sector, in collaboration with the International Development Law Organization (IDLO).

Ukraine – assisting the authorities with the development and implementation of new public procurement policy, and building capacity in the public procurement review body through training activities.

Sharing experiences

The EBRD advances legal reform through various outreach activities, including publication of the EBRD's legal journal, *Law in transition*, and uses the Bank's web site to disseminate legal assessment results. The EBRD also collaborates and coordinates closely with other international financial institutions, international organisations (for example, World Bank, IMF, UNCITRAL, UNIDROIT, IDLO) and bilateral assistance providers. The Bank conducts legal "roundtable" discussions at each EBRD Annual Meeting and collaborates with a number of academic institutions in the furthering and publicising of legal transition practices and experiences. In 2012 a series of seminars for lawyers in transition countries is organised for the fifth time in collaboration with the London School of Economics (LSE).
