

Russia in the international rankings of regulatory environment quality¹

In November 2005, the OECD, in its series of country reviews on regulatory reforms and regulatory policies, issued a paper with the analysis of the results of the Russian Federation's transition to the market economy and assessment of the state of regulatory policy. The authors of the review concluded that Russia needs a comprehensive and consistent regulatory reform strategy (by that time Russian government has taken several steps to reduce administrative barriers, but the first attempt to introduce RIA was blocked by bureaucratic resistance). It was noted that excessive government control, instability and rapid changes in the legal environment, together with a distorted application of legal norms, created an extremely unfavorable situation when enterprises lost confidence in the legality of their actions. The authors stressed the need to further strengthen the basic institutions and legal foundations of the market economy, support the rule of law, improve the situation with property rights protection, increase transparency and accountability, combat corruption, and reduce administrative barriers.

Since regulatory policy in Russia has not been analyzed comprehensively since 2005 and until now, it can partly be assessed by referring to the country's positions in the relevant international rankings. Fabrizio De Francesco stressed that “regulatory quality is now perceived as a necessary condition for economic development and has become a key priority for both the OECD and the WB. (...) Specifically, the WB has developed two composite measures, the “Regulatory Quality” (RQ), a sub-index of the WGI, and the “Doing Business” indicator (DB), to grade governments according to the extent of their regulatory environment”.

We propose to compare more rankings, focused both on business conditions in general, and specifically assessing the regulatory environment indicators:

- “Ease of Doing Business” — *from 0 do 100 points* (hereinafter DB)²;

¹ This text is based on the analytical report "Regulatory policy in Russia: main tendencies and architecture of the future", prepared by the Center for Strategic Research (Moscow) and the Higher School of Economics (URL: https://www.researchgate.net/publication/325697809_Regulatory_policy_in_Russia_main_tendencies_and_architecture_of_the_future)

² <http://www.doingbusiness.org>

- “The Global Competitiveness Index” of the World Economic Forum — *from +1 to 7 points* (hereinafter GCI) ³;
- “Regulatory Quality Ranking” — one of the six indicators of the “Worldwide Governance Indicators”, prepared annually by the World Bank — *from ‘-2,5’ to ‘+2,5’ points* (hereinafter WGI RQ) ⁴;
- Area 5C. Business Regulations / Economic Freedom of the World of the Canadian Fraser Institute — *from 0 do 10 points* (hereinafter EW 5C) ⁵.

To compare the position of the Russian Federation in these rankings with the positions of other countries, the values of the indicators (*not positions* in the rankings) were standardized to a single scale, from 0 to 1. Retrospective data sets placed on the websites of the corresponding rankings (indices) were used as sources.

The following diagrams reflect the dynamics of the quality indicators of the regulatory environment in Russia, as well as in selected countries (both developed and countries in transition with different legal systems): the USA, the Netherlands, Singapore, Poland, Mexico, and Kazakhstan.

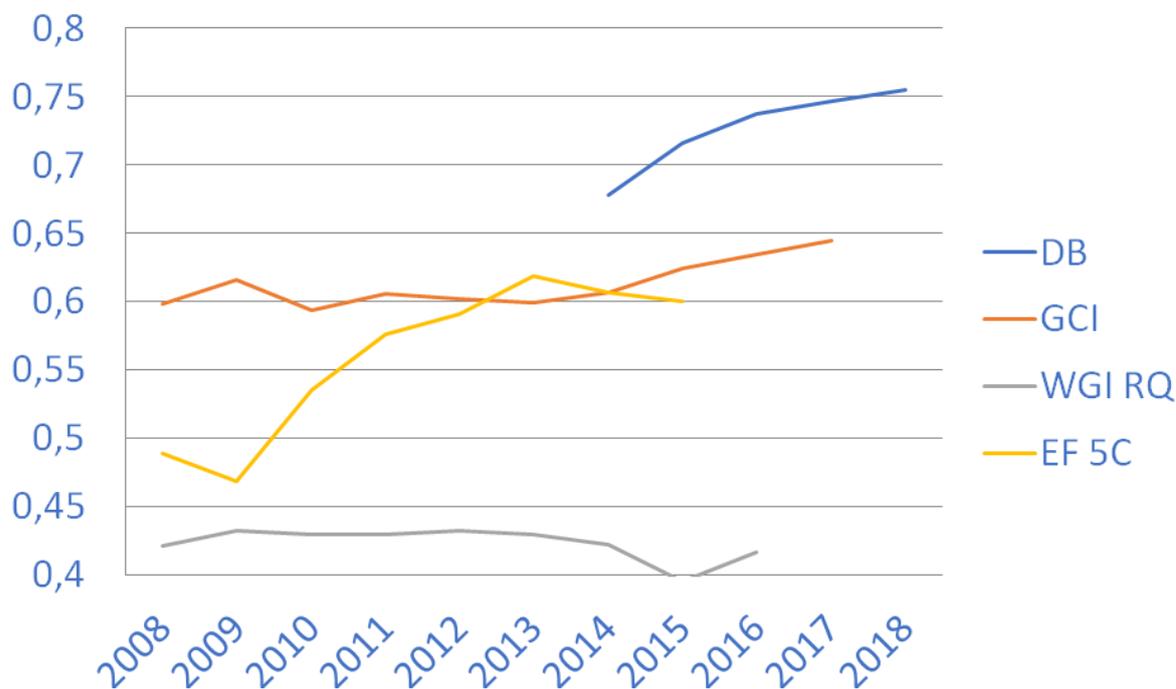


Figure 1. Russia

³ <http://reports.weforum.org/global-competitiveness-index-2017-2018>

⁴ <http://info.worldbank.org/governance/wgi>

⁵ <https://www.fraserinstitute.org/studies/economic-freedom-of-the-world-2017-annual-report>

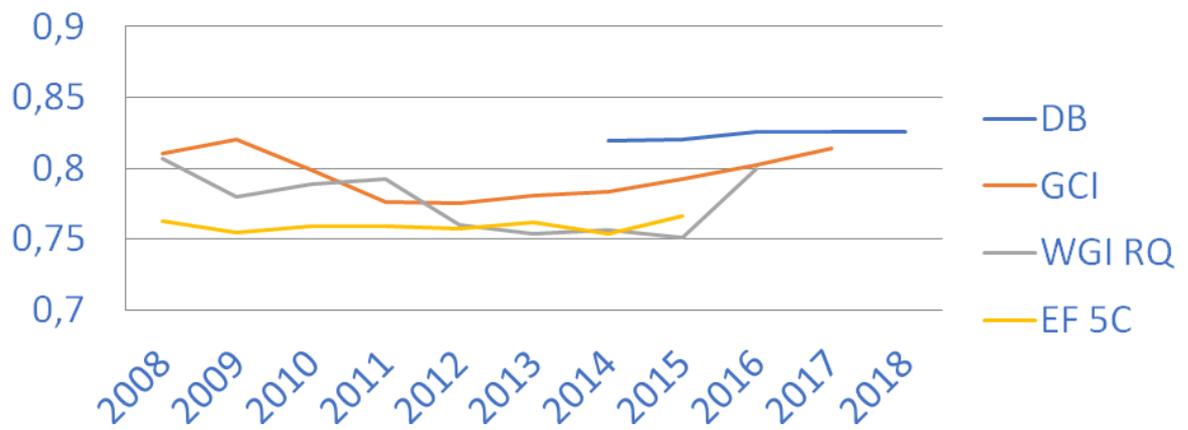


Figure 2. USA

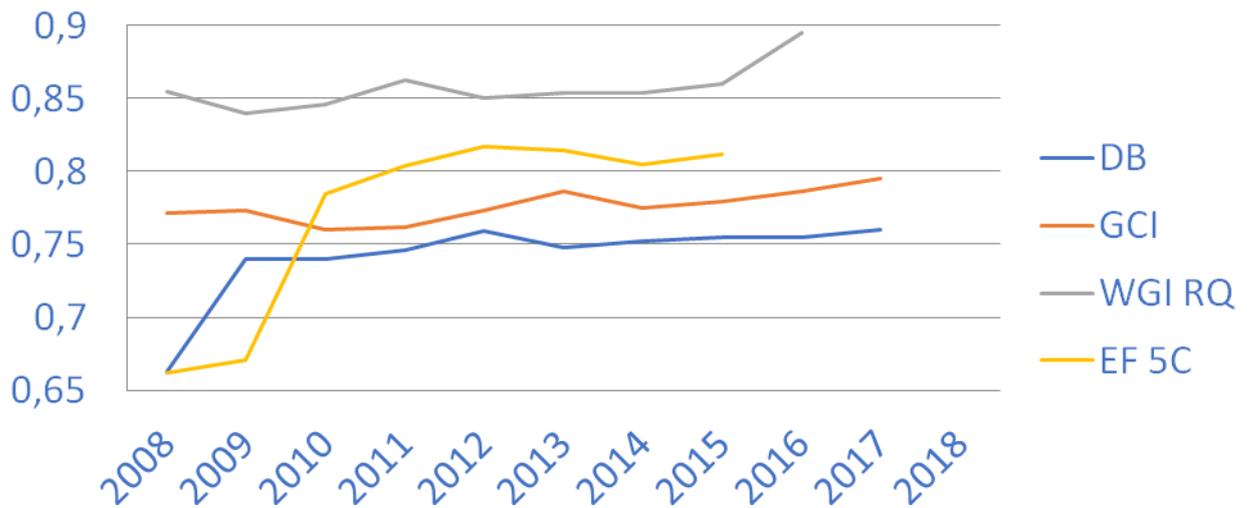


Figure 3. The Netherlands

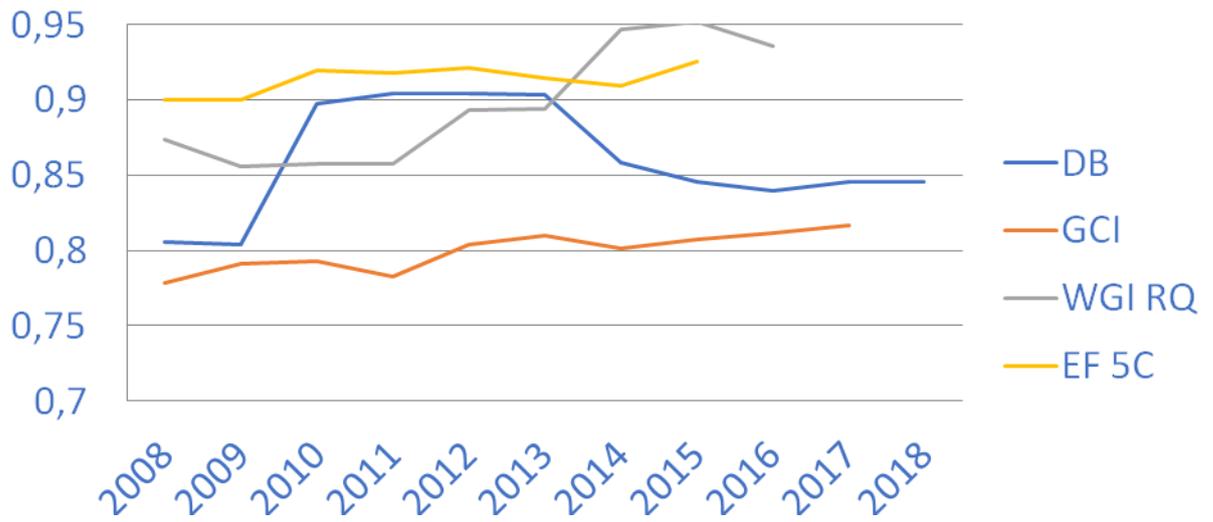


Figure 4. Singapore

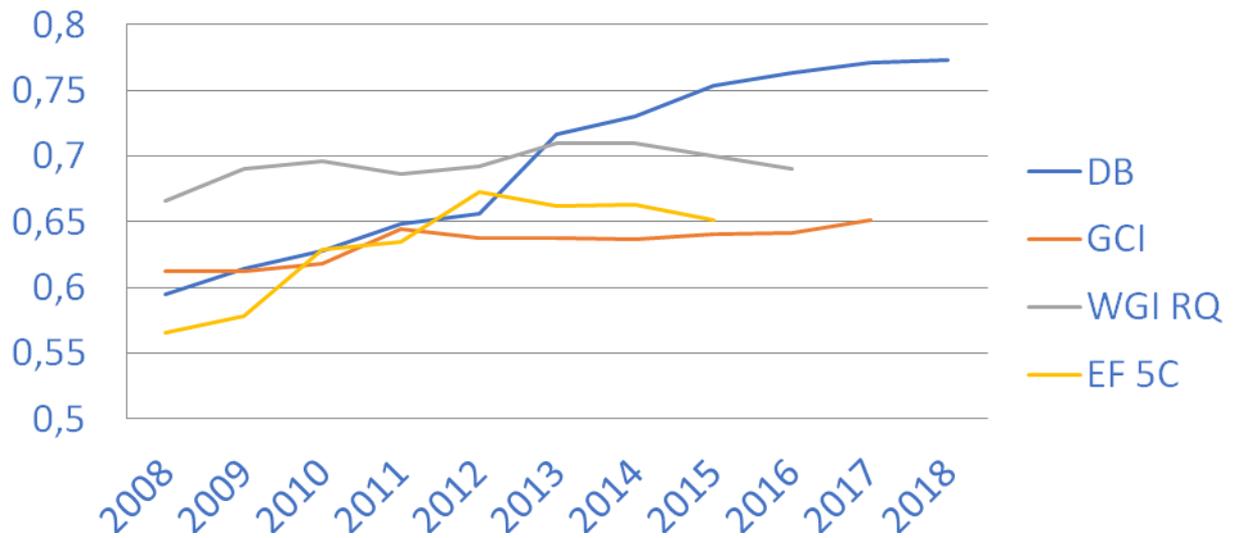


Figure 5. Poland

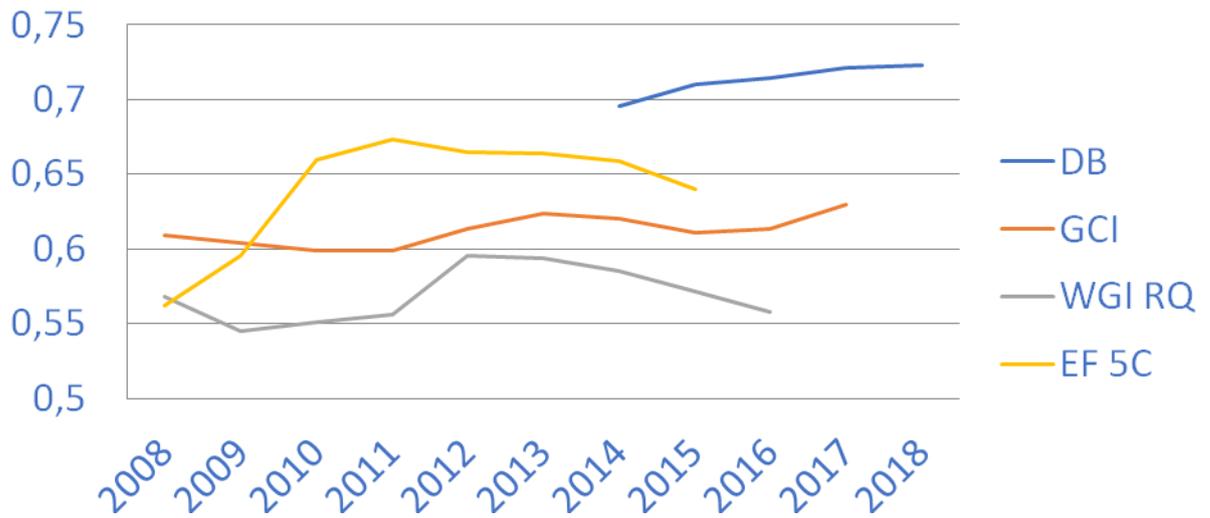


Figure 6. Mexico

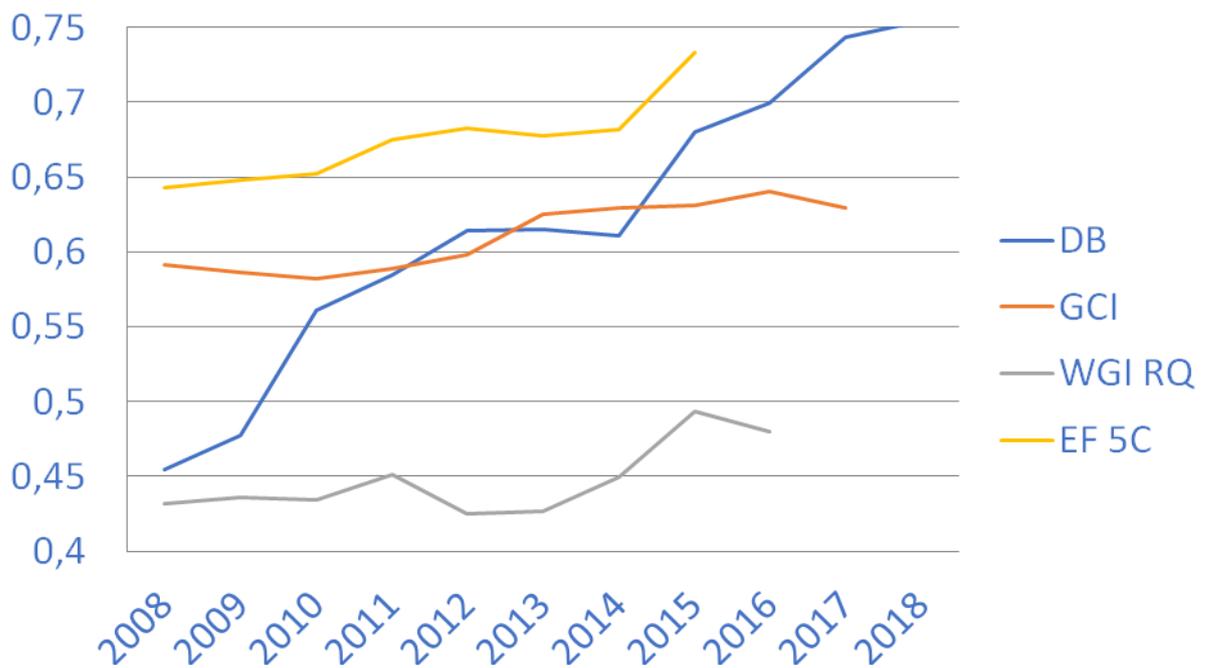


Figure 7. Kazakhstan

The diagrams show when indicators are standardized, there is a significant gap in the assessments of regulatory environment quality in the Russian Federation, Kazakhstan, and Mexico between general and specialized indices.

At the same time, in the countries-leaders of regulatory policy (the USA, Singapore, the Netherlands), the normalized values of the indicators are “visualized” in a

narrower range, that is, they give identical quality assessments. A similar situation is observed in Poland.

The analysis of Russia's positions in the four listed rankings revealed uneven dynamics in the long-term period: there is a significant growth in terms of ease of doing business (DB) and global competitiveness index (GCI), there as the two other specialized indices in the last 5-10 years are generally characterized by a decline and (or) stagnation. It should be noted that the first two indicators - Ease of Doing Business and Global Competitiveness Index - have been included in the KPI of Russian federal executive bodies since 2012, but their “strengthening” (largely formal) due to selective measures did not help to overcome the negative trend in the state of regulatory environment for business and citizens in Russia.

References

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