

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.

The LTP is active in the entire EBRD zone of operations, including the countries of Central and Eastern Europe and the former Soviet Union, as well as the southern and eastern Mediterranean area.

Focus areas

The LTP focuses on a number of topics most relevant to the EBRD's investment activities and in which the Bank has accumulated experience. It currently works on legal and institutional reforms in the following areas:

- ▶ access to finance
- ▶ corporate governance
- ▶ debt restructuring and bankruptcy
- ▶ dispute resolution (through courts and alternative dispute resolution mechanisms)
- ▶ energy sector
- ▶ information and communication technology
- ▶ natural resources sector
- ▶ public-private partnerships and concessions
- ▶ public procurement.

Activities

The EBRD conducts four types of activities through the LTP: (i) standard-setting, (ii) diagnostic studies, (iii) assistance to governments and other stakeholders and (iv) outreach activities.

Standard-setting

The Bank contributes to international standard-setting initiatives. Activities in this area have included participation in UNCITRAL's and UNECE's efforts to establish and promote principles and best practice in public-private partnerships. The EBRD has also developed and published in several languages the *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, the *Policy Brief of Corporate Governance of Banks in Eurasia*, and in 2012 a similar document for south-eastern Europe. In 2014, the Bank helped the CIS Interparliamentary Assembly develop a new model law on public-private partnerships. In 2015, the EBRD also published a guide to electronic procurement reform entitled 'Are you ready for eProcurement?'

Diagnostic studies

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. The results of these assessments are published in the Bank's journal *Law in transition* and on the LTP's website (www.ebrd.com/law), under the relevant focus area.

Assisting governments and other stakeholders

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

Albania – training judges on accounting skills in insolvency matters

Armenia – assisting the Ministry of Justice with the implementation of the insolvency regime, with a focus on reorganisation and pre-bankruptcy

Bosnia and Herzegovina – helping the telecoms regulator to adopt and implement key sector competitive safeguards



Law in transition

Legal reform is a core dimension of the EBRD's work. Its annual *Law in transition* journal offers extensive coverage of legal developments in the region, shares lessons learned and aims to stimulate debate on legal reform in the transition economies. Read more about EBRD legal journal at:

<http://www.ebrd.com/news/publications/newsletters/law-in-transition-2017.html>

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 selected countries in that region

Croatia – improving the recommendations of the Zagreb Stock Exchange Code of Corporate Governance and strengthening its implementation

Egypt – assisting the Ministry of Finance with the review of draft amendments to the law on public procurement

Georgia – helping the government prepare a new National Energy Efficiency Action Plan

Georgia – assisting the Ministry of Economy and Sustainable Development to prepare a new law on public-private partnerships

Jordan – training judges on intellectual property and arbitration matters

Kosovo – building capacity within the Agency for Regulation of Electronic Communications and Post

Kyrgyz Republic – assisting the authorities in the preparation of a new law on public procurement

Moldova – promoting the use of commercial mediation as an alternative dispute resolution mechanism

Mongolia – assisting the government in modernising the leasing law

Montenegro – helping the Ministry of Finance with the preparation of the factoring and leasing laws

Serbia – assisting the Commission of the Protection of Competition to make better use of its powers and enforce competition standards more effectively

Slovenia – assisting the Bank of Slovenia to develop risk appetite guidelines for banks

Tajikistan – assisting the authorities to create open access to judicial decisions

Tunisia – helping the High Authority for Public Procurement to strengthen SME participation in public tenders

Tunisia – assisting the Ministry of Finance with the revisions to the factoring law and the debt collection companies law

Ukraine – helping the Ministry of Economy with the drafting of a new concession law

Ukraine – assisting the Independent Association of Banks with the launching of a new financial restructuring procedure

In addition, as part of its corporate governance focus area, the LTP also works with the Bank's investee companies to assess their corporate governance practices and help address any areas for

improvement. This approach includes a corporate governance review conducted as part of the Bank's in-house due diligence, and development of a Corporate Governance Action Plan. The company's compliance with the improvement measures described in the Plan is then covenanted in the financing documentation.

Outreach activities

The EBRD advances legal reform through various outreach activities, including publication of the EBRD's legal journal, Law in transition, dissemination of legal assessment results through the Bank's website and organisation of numerous internal and external events, presentations and panel discussions. The EBRD also collaborates and coordinates closely with other international financial institutions, international organisations (for example, the World Bank, IMF, UNCITRAL, UNIDROIT, IDLO, WTO, etc.) and bilateral assistance providers. The Bank collaborates with a number of academic institutions in the furthering and publicising of legal transition practices and experiences.

In 2012, the EBRD Evaluation Department released a comprehensive study reviewing LTP activities for the period 2001-10. The study, which can be found at: www.ebrd.com/downloads/about/evaluation/121109legal.pdf, confirmed that the Programme was successful during this period and that it had made a significant contribution to the legal environment for business in transition countries.

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 issues related to corporate governance, debt restructuring and bankruptcy, and access to finance.

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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 programme also welcomes pro bono contributions by law firms and other stakeholders.

The Legal Transition Team

The LTP is administered by the Legal Transition Team (LTT), within the EBRD's Office of the General Counsel (OGC). The LTT is comprised of 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 investment transactions, particularly in identifying and