

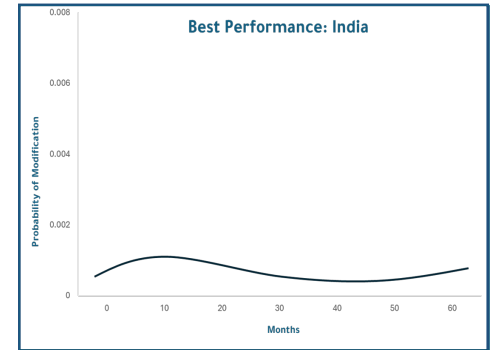
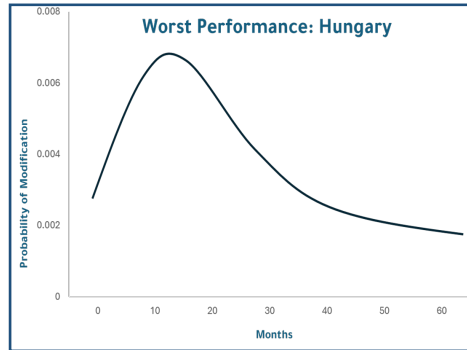
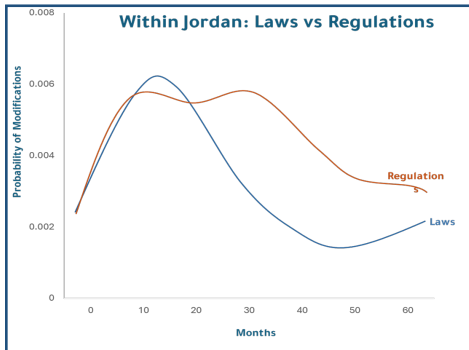
Legislative Predictability and its Economic Implications

In August 2024, the World Bank published a policy paper titled **"Measuring Legislative Predictability: The Case of the Kingdom of Jordan and Implications for the MENA Region"**. The paper discusses the importance of legislative predictability and its role in enabling governments to achieve their policy objectives and facilitate decision-making for households and businesses.

"Legislative predictability" is defined as the stability of laws and regulations, where fewer and less frequent changes indicate higher predictability. Conversely, frequent changes lead to uncertainty, weakening predictability and imposing significant costs on households and businesses.

The World Bank's Policy Paper introduced an index to measure "legislative predictability" by calculating the percentage of laws and regulations amended within the first 24 months of their enactment and issuance. The index relies on extensive data collected from official government sources, focusing on the timing and frequency of amendments. A lower percentage on this index indicates higher predictability. The main findings of the paper based on the studied countries are as follows:

1. Globally, the risk of the first amendment to legislation in France, Hungary, India, Bulgaria, Chile, and Colombia is high if it occurs "within the first 30-24 months of the legislation's enactment." The risk peaks "12 months after the legislation passes" and gradually declines, signaling decreased legislative uncertainty.



2. Like in France, Hungary, India, Bulgaria, Chile, and Colombia, the risk of first modification in Jordan is highest within the first 30-24 months. However, the "downward slope afterwards does not decline steadily. Instead, a new increase emerges after roughly 4 years" which means that Jordan faces not only short-term uncertainty for businesses and households but also a "long-term trend of unpredictability which is unique in our sample".

3. The Authors of the Paper investigate modifications for Jordan's "laws and regulations" separately. Based on their results, it is stated that **"while the risk of first modifications becomes relatively low after 24 months for laws, regulations continue to face a high risk of modifications up until month 45-40.** This implies a constant and high risk of modifications beyond the medium run in Jordan".

In a NUTSHELL, the paper emphasizes the importance of legislative predictability as a key factor in promoting good governance and economic development. It calls for evidence-based policymaking and the adoption of efficient administrative systems to improve the quality and predictability of legislation, thereby fostering a stable legislative environment for households and businesses.

In a Nutshell, the paper emphasizes the importance of legislative predictability as a key factor in promoting good governance and economic development. It calls for evidence-based policymaking and the adoption of efficient administrative systems to improve the quality and predictability of legislation, thereby fostering a stable legislative environment for households and businesses. The Jordan Strategy Forum stresses the importance of legislative predictability in bolstering investor confidence and enabling economic growth. In an unpredictable legislative environment, companies are likely to delay or alter their investment plans, which leads to reduced employment, lower household spending, and lower economic growth in general.