



REGULATORY POLICY AND GOVERNANCE FOR STRENGTHENING COMPETITIVENESS

20 March 2017
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How OECD defines regulation?

- Regulation concerns how governments intervene in the economy in pursuit of social, economic and environmental objectives through laws and other instruments.
- How governments try to influence the behavior of citizens, businesses, public sector, NGOs
- OECD putting emphasis on ensuring regulatory quality
 - good regulation where needed to protect health, safety, and the environment, and to enhance the functioning of markets,
 - deregulation where free markets work better.

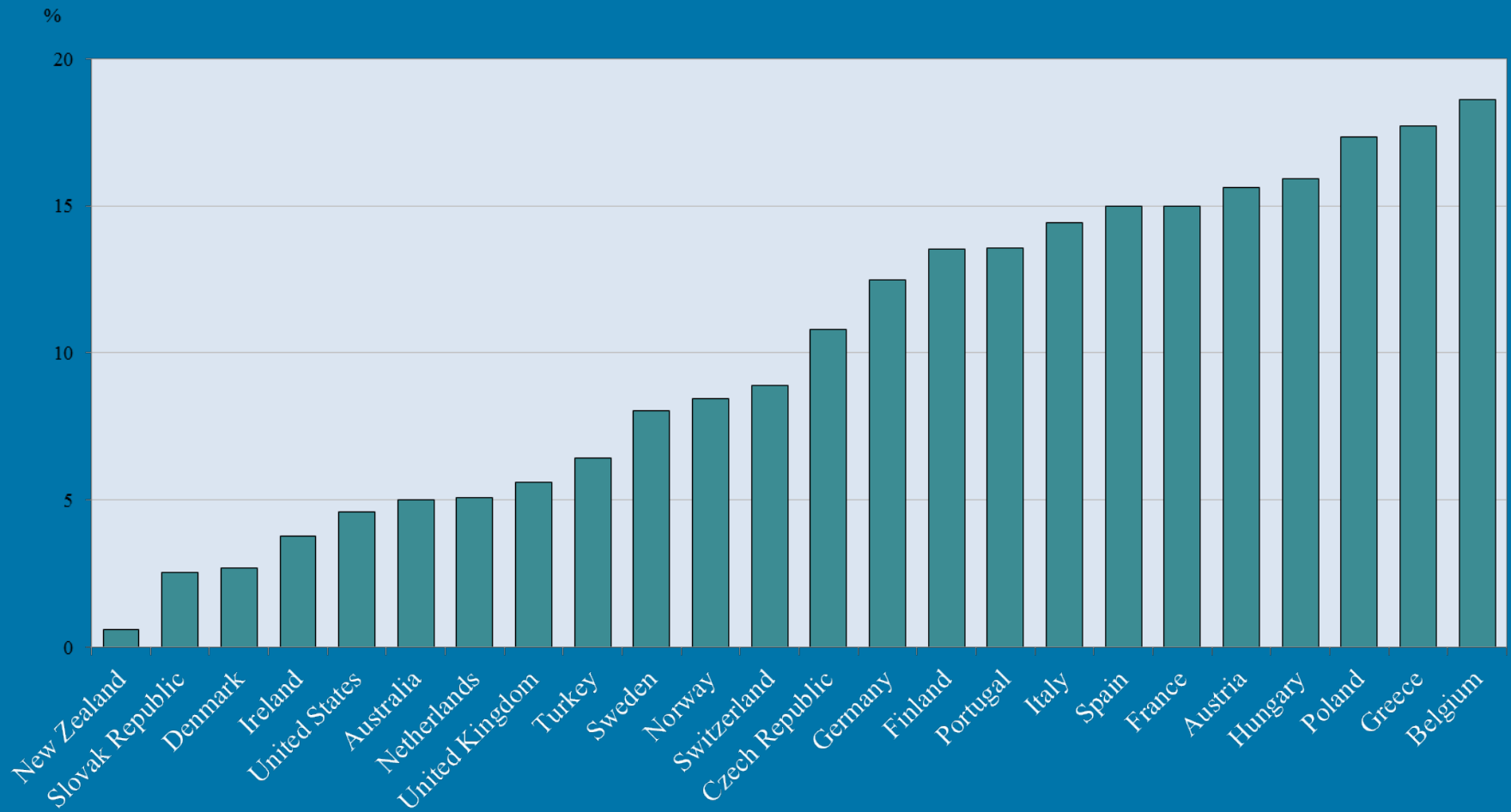


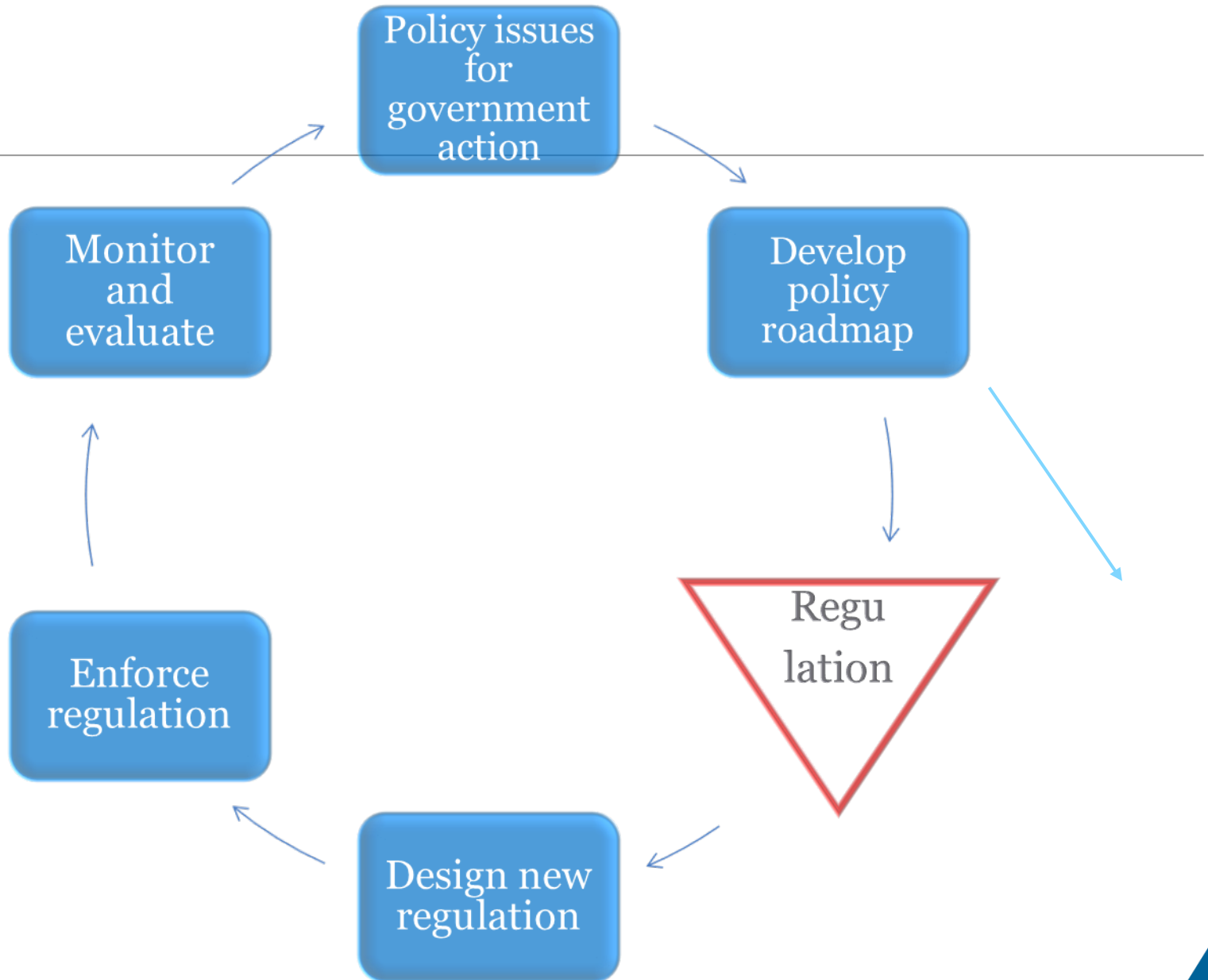
Why focus on regulation?

- Regulation is one of the three key levers of formal state power (together with taxing and spending).
- Economic performance, public service efficiency, and service delivery to business and citizens depends on regulatory quality
- Countries with sound regulatory systems have more resilient economies and are better able to respond to shocks in a shorter timeframe



GDP per capita gains from broad regulatory reforms in 10-year horizon







Developing new regulations

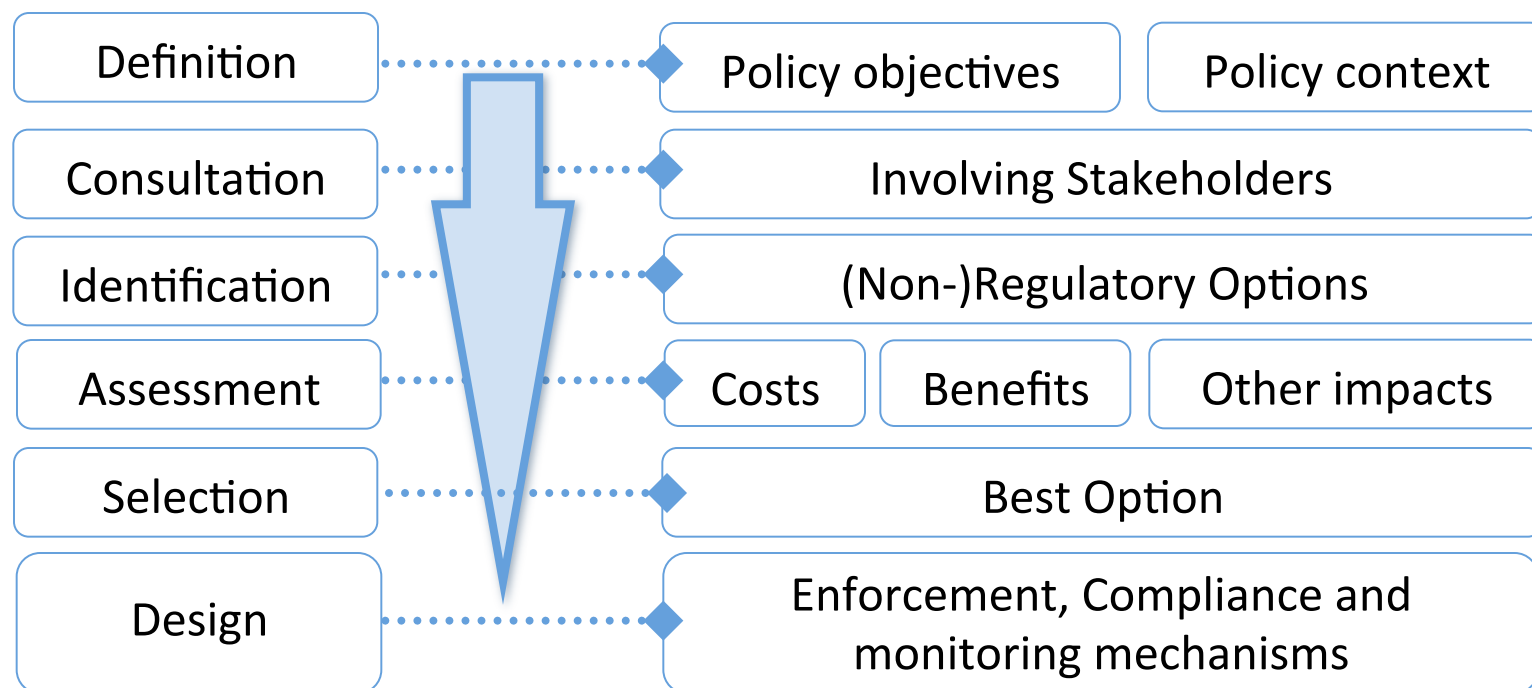
- Is regulation the best available means to address the policy objective?
- Different alternatives should be analysed
- Their costs and benefits should be estimated
- Benefits should always justify costs
- The process should be transparent and open to stakeholders



Regulatory Impact Assessment

- *“RIA is a systematic policy tool used to examine and measure the likely benefits, costs and effects of new or existing regulation”*
- A tool to control the quality of regulation
- A tool to ensure accountability: ruling for those who do the rules....
- Evidence based policy tool*

The process of Regulatory Impact Assessment



After RIA is prepared: **DECISION MAKING**



Main challenges in implementing RIA

- Problem identification
- Availability of data, quantification of impacts
- RIA on every law?
- Quality control (oversight)*
- Presentation / Communication
- Integrate RIA up-stream (early in decision-making)
- Integrate RIA down-stream (“closing the loop”)
- Training



Transparency and Openness

- Stakeholders have a right to participate in the regulation-making process
- They have the right information on real-life effects of regulations
- May propose different solutions to the problem
- Increases a sense of ownership among stakeholders
- New ways of participation – social media



When to consult?

- Defining a problem
- Identifying alternative solutions
- Assessing costs and benefits
- Drafting regulations
- Evaluation



Rationalising existing regulations

- Large stock of regulation has accumulated over time
- Sometimes led to a “regulatory jungle”*
- May impede competition, employment, innovation**
- Pressures from both sides – to reduce regulatory burdens but at the same time to protect even more
- Need of systematic, periodic reviews and simplification to keep regulations “fit for purpose”



Ways of administrative simplification

- Dealing with the stock of regulation – review, consolidation and codification
- Streamlining of procedures, harmonising, one-stop shops
- Employing ICTs, data sharing
- Risk-based approaches (inspections)
- Measurement and reduction of administrative burden
- Common Commencement Dates, One-In One-Out (Two/Three-Out)



Administrative burden reduction

- Big momentum in the 90's and 2000's
- Difficult areas – employment, environment, tax administration, planning and licenses and permits
- Mostly focusing on businesses but also citizens and public administration
- Quantitative targets for reduction
- SCM and its modifications used across OECD
- Challenges – cutting dead wood, too much focus on numbers, communication with stakeholders
- Tendencies – more qualitative approach, focus on irritants, stakeholders' involvement, widening on other costs



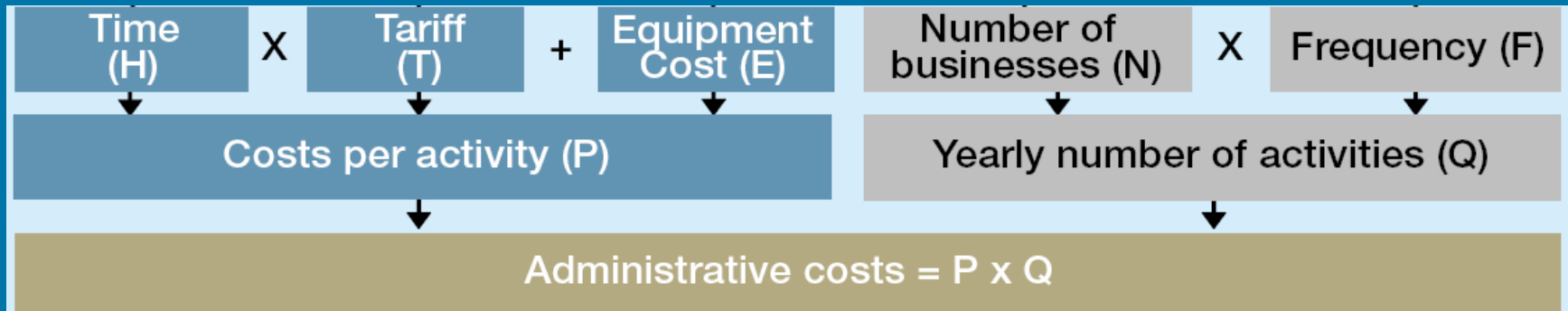
Standard Cost Model

- A tool to measure administrative costs and express them in monetary terms
- Advantages:
 - SCM makes costs ‘visible’
 - Easy to measure, monitor & communicate
 - Uniformity, transparency, reliability and comparability
 - Commitment & awareness of policymakers
 - Enables to set a target distribute it across administration
- Disadvantages:
 - May be too costly
 - Focus only on one part of costs, not benefits



The methodology for AC measurement

The Standard Cost Model

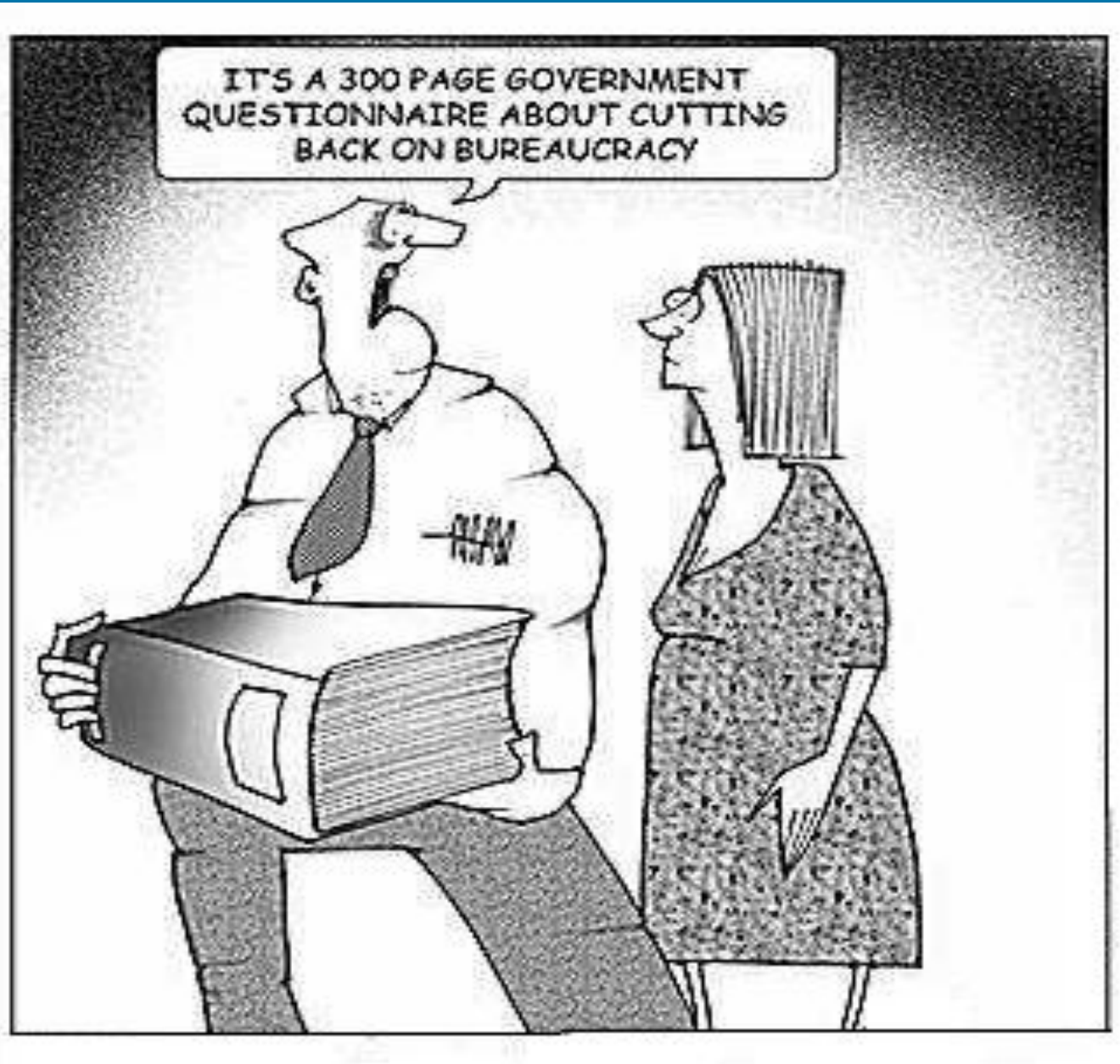


Possible to differentiate between particular regulations, ministries, sectors of regulation



Compliance, enforcement and inspections

- Essential for achieving the objectives
- Is the level of compliance measured, analysed?
- Enforcement – role of inspections
- Risk-based methods, better targeting, more efficiency
- Providing advice, improved compliance
- Co-operation with policy-makers
- Role of regulators





THANK YOU!

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www.oecd.org/regreform