



Administrative simplification in the Netherlands

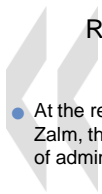
- Main findings by the OECD and World Bank Group

"Challenges of cutting red tape"

Rotterdam, 1 March 2007

Josef Konvitz

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Review by the OECD and the World Bank Group

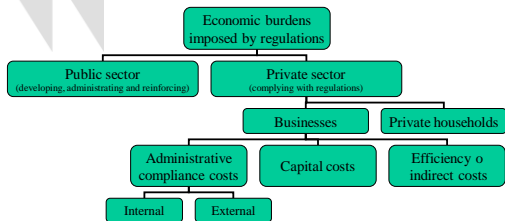
- At the request of former Minister of Finance, Gerrit Zalm, the two organisations have performed reviews of administrative simplification in the Netherlands
- World Bank Group presented its final report in February 2007
- OECD will report to its Working Party on Regulatory Management and Reform in May 2007

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Administrative Simplification and Broader Regulatory Reform

- 1997: The OECD Report on Regulatory Reform



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Reduction of administrative burdens in NL - what did we find?

- The Netherlands has taken the place as world leader in reducing administrative burdens
- Remarkable results – the 25% reduction will be achieved in the course of 2007
- Main features of the 'Dutch Model' – explanations of success:
 1. Development and use of a method for measurement
 2. Establishment of quantitative target (time bound)
 3. Strong coordinating unit at centre of government (IPAL)
 4. Independent review body (Actal)
 5. Link to the budget cycle -> reporting obligations
 6. Strong political support

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Measurement and quantitative target

- The SCM method gives a possibility to trace the origin of administrative burdens to individual regulations
- Makes it possible to target simplification efforts for greater impact
- Makes it possible to monitor developments
- The quantitative and time bound target creates a sense of urgency
- The reduction target has been split between ministries and has been divided into annual targets

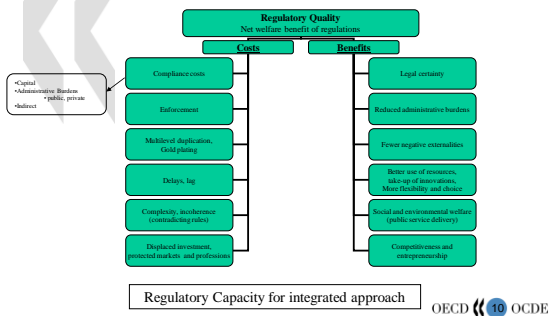
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Institutional setup and political support

- Strong co-ordination at centre of government (IPAL) ensures awareness on responsibilities of individual ministries and agencies
- Independent "watchdog" (Actal) increases accountability and highlights insufficient progress towards goals
- Linking to the budget cycle increases the awareness of individual ministers on the AB problem
- Support at the centre of government and across political parties – the programme has not been politicised

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Responsible regulation



Future directions

- Possibilities for deepening and widening in order to better achieve government priorities
 - but what are these priorities?
- *Back to basics*: Regulatory quality and responsible regulation
- Improved co-ordination between sub-programmes
 - Decrease overlap and duplication
 - Improve co-ordination between ministries and between central government and lower levels of government
 - Increase possibilities of synergies

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Deepening


- Further AB reductions are in political demand
 - Further ICT-initiatives (E-Government)
 - Simplification at the EU level
 - Simplification at local level
- Would seem also to require a move from information obligations to content obligations
- Political neutrality can no longer be guaranteed
 - Focus on cost side and search for improved cost-effectiveness
 - Diminishing return of investment: The last percent of protection is very costly
 - Considerations of balance between different societal goals – link to *the greenfield approach* (scrap-and-build)

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Widening

- Inclusion of other effects of regulation, such as
 - Compliance costs for companies
 - Enforcement cost for authorities
 - Cost of regulation inside government
 - Effect of regulation on the functioning of markets, innovation etc.

- Inclusion of the benefit side in analysis
 - Development towards a CBA-approach (cost/benefit analysis)
 - Analysis of different alternatives for regulation with different benefits (qualitative assessment)

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Political economy – or never change a winning team

When the programme is broadened and widened:

- There is momentum – use it!
- The 6 success factors should be maintained
- Short term planning and high accountability should be maintained (targets to be reached within one Cabinet term)
- Cultural change should be continued and embedded

- But
 - Co-ordination could and should be strengthened
 - Targeting should be improved (address larger problems first)

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