

Chapter 1

Strategy and policies for Better Regulation

Regulatory policy may be defined broadly as an explicit, dynamic, and consistent “whole of government” policy to pursue high quality regulation. A key part of the OECD’s 2005 Guiding Principles for Regulatory Quality and Performance is that countries adopt broad programmes of regulatory reform that establish principles of “good regulation”, as well as a framework for implementation. Experience across the OECD suggests that an effective regulatory policy should be adopted at the highest political levels, contain explicit and measurable regulatory quality standards, and provide for continued regulatory management capacity.

Effective communication to stakeholders is of growing importance to secure ongoing support for regulatory quality work. A key issue relates to stakeholders’ perceptions of regulatory achievements (business, for example, may continue to complain about regulatory issues that are better managed than previously).

Governments are accountable for the often significant resources as well as political capital invested in regulatory management systems. There is a growing interest in the systematic evaluation of regulatory management performance – “measuring the gap” between regulatory policies as set out in principle and their efficiency and effectiveness in practice. How do specific institutions, tools and processes perform? What contributes to their effective design? The systematic application of *ex post* evaluation and measurement techniques can provide part of the answer and help to strengthen the framework.

E-Government is an important support tool for Better Regulation. It permeates virtually all aspects of regulatory policy from consultation and communication to stakeholders, to the effective development of strategies addressing administrative burdens, and not least as a means of disseminating Better Regulation policies, best practices, and guidance across government, including local levels. Whilst a full evaluation of this aspect is beyond the scope of this exercise and would be inappropriate, the report makes a few comments that may prove helpful for a more in-depth analysis.

Assessment and recommendations

There is a strong commitment by the current government to move forward on Better Regulation. This is extremely positive for Sweden and its international competitiveness prospects. The emphasis is on creating a better regulatory environment for business, which is timely and helpful. The development of the Better Regulation programme and in particular the Action Plan for Better Regulation has acted as a wake-up call, in a context where Sweden was slipping behind in Better Regulation (and was aware of a growing gap compared with some of its European neighbours), and has started to concentrate minds on the importance of the regulatory framework as an essential “infrastructure” for business. The efforts to strengthen and give new impetus to *ex ante* impact assessment also show that Sweden is conscious of the need to manage burdens which may flow from new regulations. It is visible that important investments have been made recently. For example, the establishment of the Better Regulation Council (an autonomous external oversight body) is an important signal of the government’s commitment to change. It can be expected that these investments will pay off in the near future.

Important tools, processes and institutional structures for Better Regulation are now in place. There have been significant improvements since the 2007 OECD report, which have laid some foundations for further achievements.¹ The processes for *ex ante* impact assessment have been strengthened, clarified and streamlined, and regulatory simplification is now well underway, supported by the completion of a full baseline measurement of administrative costs for businesses, enhanced consultation processes with the business community and a reinvigorated institutional framework, which includes the establishment of the Better Regulation Council and a more operational group of state secretaries responsible for promoting better regulation policies within government. As the government itself recognises, the new processes now need to be used, and where necessary, strengthened. It has taken time to agree the changes. It may take some time for these processes to bear fruit. Sweden is now moving into a more demanding phase of its Better Regulation programme, where efforts need to be sustained and results may not come overnight. As one interviewee put it, “there are no quick fixes if the objective is to make deep changes and turn the regulatory management framework around”. Better Regulation has to be seen as the sum of many efforts over time.

Recommendation 1.1. Build on the effective foundations that are now in place. Keep a careful watch on the speed and effectiveness with which the new framework is delivering results so as to take rapid corrective or reinforcing action as needed. Check, at regular intervals, whether there is a need for further investments to strengthen major processes such as *ex ante* impact assessment.

The regulatory simplification measures are generally well structured and go beyond administrative cost reduction. The recommendations of the 2007 OECD report have been largely implemented and there is a clear framework to tackle burdens on business and to implement a range of broader regulatory as well as other simplification processes (see Chapter 5). The quantitative net target of a 25% reduction of administrative costs on businesses by 2010 is in line with good international practice. It has also acted as an important driving-force in the Better Regulation strategy. The latest update measurement (June 2009) shows an encouraging net decrease in

regulatory burdens of 2% from the original baseline. The policy goes beyond administrative costs, and aims to address the more effective overall design of rules, processes and procedures so that they are better adapted to business needs. Proposals and actions are well documented, and transparency is good.

However, some issues with regulatory simplification tools and processes need attention if the target is to be met. The pressure on participating ministries and agencies to contribute to the 25% reduction target is weak, partly because there are no differentiated or individual targets for each ministry. Use of the *Malin* database, which brings together the results of the measurement, also needs to be encouraged, to identify actions that will help to ensure the target is met. *Malin* can also help with the *ex ante* assessment of whether identified actions will be sufficient to meet the target.

Recommendation 1.2. Increase resources in support of regulatory simplification. Ensure that each ministry has its own individual target to encourage buy in. Arrange for an evaluation of the programme to make sure that it is on course to deliver real benefits in support of competitiveness.

Sweden has also taken steps to strengthen its impact assessment processes since the 2007 report. The new policy seeks to broaden the approach and the institutional framework has been strengthened (see Chapter 4). A common framework of instructions is in place, replacing the previous disjointed approach. However, the policy remains highly business focused. Other impacts (social, environmental etc.), although they are not neglected, merit greater attention, through a more balanced approach. This will help to secure the closer engagement not only of stakeholders inside government, but also outside. An early evaluation of progress will be important.

Recommendation 1.3. Monitor the institutional framework for oversight of *ex ante* impact assessment and be ready to strengthen it quickly if impact assessments fail to improve. Address weaknesses such as quantification of costs and benefits. Ensure that the full range of impacts (not just impacts on business) is addressed in a balanced way.

Public consultation is a traditional Swedish strength, and dialogue with the business community has been boosted. Sweden has a very positive underlying commitment to openness, which frames its overall approach to consultation. Participating stakeholders are generally supportive of the system which rests, notably, on the longstanding practice of establishing Committees of Inquiry for the development of major policies and legislation. The processes established by the Government as part of the Action Plan for Better Regulation include significant structures and efforts to engage in dialogue with the business community over their concerns.

The government's current policies need to be extended, if they are to address all the issues that are relevant for a comprehensive Better Regulation strategy. It was right to start with an emphasis on regulatory simplification for businesses, and to use this as a motor for pulling forward the agenda. Policies aimed at other societal groups could now be envisaged, alongside what is already in place for the business community. A broader policy on public consultation for the development of new regulations (not just with the business community), enforcement policy, the need to engage the local levels

of government in Better Regulation, and the management of EU issues would now benefit from increased attention. A broader vision would help to pull these elements together, put Swedish Better Regulation policy on a more sustainable basis, and ensure that Sweden is a front runner on Better Regulation within Europe. There has been tangible progress beyond administrative burdens since the 2007 OECD report. However there is a need to go further still.

Box 1.1. Findings from the 2007 OECD report

An effective regulatory policy has a much broader definition and reach than administrative burdens, and needs to continue over time. Regulatory policy determines how laws and regulations, which are needed for a well functioning economy and society, are developed, implemented, enforced and updated with a view to maximising their efficiency and effectiveness. It encourages the development of a legal framework that can meet public policy goals, by working to ensure that rules are fit for their policy purpose. Its scope is therefore very wide ranging, helping to define relationships between the state, the economy and society.

Different sub-elements of a Better Regulation policy exist in several programmes addressing a number of important regulatory quality aspects. However, these elements have not yet been integrated in a formal whole of government policy promoting regulatory policy. Regulatory quality efforts are segmented across ministries and agencies, without an overarching framework. Regulatory quality issues appear as part of a broader public sector reform, primarily touching upon elements such as high standards for law-making procedures, assessment of impacts and use of alternatives, and easing administrative burdens for business.

Recommendation 1.4. Address the missing links in the current Better Regulation policy (see more detailed recommendations below) and pull this together into a “whole of government” strategy for Better Regulation. Consider whether the Better Regulation Council should be formally asked to advise on further development of the policy.

Better Regulation in Sweden remains tilted towards business and neglects the engagement of other societal groups. To a number of actors, Better Regulation is currently perceived as “deregulation”, and a zero sum game, posing a threat to other societal goals. “Citizens are forgotten”, as one interviewee put it. There is a palpable concern that “we would lose something in the process” of making things easier for business and that standards could suffer. This negative perception is aggravated by the fact that civil society does not consider itself as well represented or resourced as the business community for effective participation in Better Regulation processes such as consultation or impact assessment. Addressing perceptions of an imbalance – as well as working on the imbalances which do exist – will be important to sustain support for Better Regulation over the longer term.

Recommendation 1.5. Strengthen commitments to other societal groups and interests, beyond the business community.

Public consultation continues to follow a well established track, with a major role played by Committees of Inquiry. Public consultation with parties affected by a certain piece of legislation is a routine part of developing draft laws and subordinate regulations. Consultation is, in principle, mandatory, based on the 1974 Instrument of

Government. The system – even if this is unintentional – may lack transparency for outsiders, and it may be difficult for ordinary citizens to get into the loop. Whilst general guidelines exist to frame regulatory management, including consultation, the establishment of detailed consultation guidelines might be helpful at this stage to highlight good practice and to encourage the further use of new approaches, such as the Internet. The consultations associated with the development of regulations by government agencies may need attention.

Recommendation 1.6. Consider whether it would be helpful to establish detailed consultation guidelines covering key aspects of good practice. Encourage the use of new approaches, such as Internet consultations, when there is a real need to reach out to a broader audience. Ensure that government agencies apply best practice as well. (See also Chapter 3).

The current approach to enforcement is complex and widely acknowledged to be in need of reform, which the government has started. The government has started to take steps to rationalise and clarify responsibilities, and the issue was also highlighted in the 2007 Parliamentary Committee on Public Sector Responsibilities. Some organisations have been applying risk based approaches to enforcement (such as the use of risk analysis to determine the optimum frequency of inspections). However, a stronger and more coherent policy would encourage the more widespread uptake of new approaches. As one interviewee put it, “the problem is not just the production of regulations, but the lack of a clear steer on implementation”.

The engagement of subnational levels of government in Better Regulation needs to be strongly encouraged. There is an increasing urgent need to bring local governments more fully into the Government’s Better Regulation programme, as they are the primary interface with SMEs. The Action Plan for Better Regulation currently covers central government (the ministries within the Government Offices) and a number of government agencies, currently 39. The municipal level (the main level of local government) is not yet integrated to the same extent (see Chapter 8). They are considered by many to be a key source of burdens. Inadequate integration of this level of government weakens the proposition that the government is doing all it can to reduce burdens on business. Although this is beginning to change, the process of integrating this level of government into Better Regulation needs to be formalised and accelerated. It is increasingly urgent for local government to be further engaged, as they are the primary interface with SMEs. This would have the support of a wide range of stakeholders both within and outside government. A particular institutional issue is that there does not appear to be any specific forum for discussion between the national and subnational levels.

Recommendation 1.7. Announce a clear formal commitment to broadening participation in Better Regulation processes across all the levels of government. Strengthen discussion with local government to establish a plan for including them in the programme. Establish a forum for the regular exchange of views between central government and the municipalities on Better Regulation. (See also Chapter 7).

The management of EU regulations would benefit from more attention. There are clear formal processes for setting strategic decisions in the negotiation of EU

directives, but capacities for effective negotiation in practice may need reinforcement. The framework appears less strong once a specific negotiation has started, and external stakeholders raised a number of concerns. Public consultation by the government is not systematic. The transposition of EU directives would benefit from particular attention. A major issue raised by a number of stakeholders concerns gold plating (going further in transposition than is strictly required by a directive). It would be beneficial to carry out a wide ranging evaluation and consultation on EU aspects of Better Regulation.

Recommendation 1.8. Consider a White Paper on management of the EU dimension of Better Regulation, to capture both detailed and strategic issues that need attention at this stage. Include a review of transposition, which appears to raise issues. (See also Chapter 8).

Communication on the Better Regulation agenda

The widest range of stakeholders need to buy into the government's policy for its sustainability to be assured over the longer term. This report suggests that the Better Regulation agenda should be explicitly extended to cover societal groups beyond the business community. In any event, a more inclusive approach to communication on the Government's policy and regulatory plans is important. This is complementary to the basics of everyday communication such as the right of access to official documents. Sweden is strong in these basics, but a more strategic perspective is also needed. Because of strongly rooted transparency and consensus making traditions, reforms that are tackled through public debate in Sweden are more likely to gain support.

Recommendation 1.9. A persuasive explanation of the reform agenda to the widest public needs to be articulated by the Government, explaining that the objective is Better Regulation in support of societal as well as economic objectives, going beyond the creation of a better regulatory environment for business.

The management of expectations which have been encouraged by the Better Regulation programme could be enhanced through more targeted communications. Securing the continued support of key external stakeholders needs the anchor of an enhanced effort at communication (see Chapter 5). The experience of other European countries is that a critical (albeit not the only) success factor of a well run regulatory simplification programme is effective government-stakeholder communication. The business community and parliament are impatient to see results at this stage. Business said that it can and must act rapidly on its own decisions, and finds it hard to understand why the Government takes longer. The Government needs to persuade them more strongly (with supporting evidence) that results are coming, and to manage expectations by a careful explanation of the processes and timescales needed, in order for a government proposal to become a concrete reality.

Ex post evaluation of Better Regulation strategy and policies

As in many other OECD countries, ex post evaluation of Better Regulation policies or strategy could be strengthened and become a systematic part of the agenda. This is especially important for Sweden, which needs to ensure that the tools and processes

now in place for Better Regulation are functioning as they should. A strategically important missing link is an overall evaluation of the Better Regulation agenda, which could be used both to pinpoint gaps, and to establish more clearly how the agenda is contributing to the reinforcement of Sweden’s competitiveness as well as citizen and other societal needs. Evaluation also supports greater transparency about progress, which encourages external pressure and support to step up efforts.

Recommendation 1.10. Ensure that all major regulatory policies and processes are evaluated. Publicise the fact that this will happen, and the results when they emerge. Consider whether to strengthen links with relevant research institutes for specific evaluations. Consider a strategic evaluation of the whole Better Regulation agenda.

E-Government in support of Better Regulation

The government’s Action Plan on e-Government is a clear signal of the commitment to regaining lost ground on the development of e-Government. A carefully elaborated Action Plan has been put in place, with a supporting high level group in the Government Offices, consisting of State Secretaries, and an e-Government Delegation (“E-delegationen”),² consisting of heads of government agencies and a representative of SALAR. This is very positive, not least for the signals that it gives of the government’s commitment. The e-Government Delegation will need to track progress continuously on an aggregate level to promote appropriate intervention from the government when necessary. It was beyond the scope of this review to go into any depth, but it appears that some good progress has been made. Some issues such as funding may need attention.

Background

Economic context and drivers of Better Regulation

Better Regulation policies in Sweden have traditionally been harnessed to the achievement of important economic goals. The country’s economic recovery from the crisis of the early 1990s was partly based on regulatory reforms which supported structural changes, opening up previously closed product markets, reinforcing international market openness. Substantial efforts were made to minimise regulatory burdens on companies engaged in international trade. Product market deregulation was tackled, and the competition law was strengthened. As recorded in the 2007 OECD report on Swedish regulatory reform,³ this yielded a considerable “productivity dividend”.

Efforts have intensified since the 2006 general election (and partly in response to the OECD’s 2007 report) to address issues which undermine a positive development of the business environment and in particular, the development of small firms. The 2007 OECD report noted that the Swedish economy depends fairly heavily on large companies, with a relatively small service sector and muted entrepreneurial activity, which could be limiting the potential number of new jobs.

The drivers of Better Regulation in Sweden are defined by the current government as a push for stronger growth, the need to sustain international competitiveness, and the

need to create jobs, which will help to prevent social exclusion (*utanförskap*) in the population. The strategy for growth and renewal, launched by the government when it came to office in September 2006, included support for entrepreneurship, including easing regulatory burdens.

The Better Regulation agenda is structured around a simple but compelling formula. Simplifying regulations will reduce burdens on business and release capacities to deal more with day-to-day business operations, which in turn could create economic growth and generate more jobs. The full baseline measurement of administrative costs carried out by the Swedish government estimates administrative costs for business at approximately SEK 97 billion.

Sweden is currently facing a deeper contraction than the crisis of the early 1990s, although many economic indicators remain favourable. Public finances are still in good shape, the national debt has been pressed back to the same level as before the financial crisis, and so far the increase of the debt has been moderate. Indeed the extensive regulatory reform of the 1990s and early 2000s, completed before the crisis, suggest that Sweden may experience a good recovery of productivity growth and overall employment. There remains scope to develop the potential for self employment and entrepreneurship, by further reducing administrative and regulatory burdens on small firms.

The Better Regulation programme, and in particular the Action Plan for Better Regulation, which was launched in late autumn 2006, after the general election in September 2006, is the centrepiece of the government's strategy. The target is to reduce the administrative costs for businesses by a net 25% by autumn 2010, and of creating a "noticeable, positive" change in day-to-day business operations. The government's 2009 Budget Bill restated the commitment to Better Regulation which had already been made in autumn 2007 and 2008, underlining that a "simple and efficient regulatory framework is urgently required". It emphasised the identification of simplification proposals that "yield substantial effects for companies in the short term". The strategy is widely supported within the central government and among the business community, which has been constructively vocal and active.

Main developments in the Better Regulation agenda

Sweden has moved from an emphasis on deregulation associated with the market liberalisation of the 1990s to the improvement and simplification of rules (Better Regulation), much on the same pattern as other European countries. The policy has also broadened from simplification and cost reduction to a renewed interest in making *ex ante* impact assessment work. A key focus throughout has been on the needs of enterprises. Regulatory quality principles have also extended their reach across different institutions, starting with the committees of inquiry which have always been subject to strong requirements (on consultation for example), even if this remains a work in progress regarding the local levels of government (Table 1.1 below).

After the 2006 election, the government announced its intention to intensify work on Better Regulation, setting a target to reduce administrative costs for businesses by a net 25% by autumn 2010, and putting in place a series of tools and measures to promote Better Regulation, including a renewal of the impact assessment process.

Table 1.1. Milestones in the development of Swedish Better regulation policies

1976	Committee of Inquiry report (SOU 1976:12) makes proposals to facilitate companies' obligations to provide information etc.
1977	Submission by the Government to the Parliament the so-called small companies bill (1977/78:115), which provides foundation for SME policy, aimed at providing good conditions for SMEs.
1982	<ul style="list-style-type: none"> • Submission by the Government of a second bill (1981/82:118) proposing measures to improve the conditions for SMEs, based on suggestions from ministries for changing regulations affecting companies. • Adoption of Ordinance on obligations for agencies to acquire information from business and local authorities ('Consultation Ordinance', SFS 1982:668), requiring central government authorities to consult industry and local authorities when designing new forms or systems for acquiring information.
1987	Adoption of first Government Agencies and Institutes Ordinance (SFS 1987:1100), under which agencies are obliged to analyse the consequences of new regulations and put this into an impact assessment.
1984-86	Enactment of the 'guillotine rule', nullifying hundreds of regulations that were not centrally registered. All government agencies were required to establish registries of their ordinances by July 1, 1986. Those not registered by that date were cancelled.
1994	Deregulation Delegation report "Deregulation for growth and more jobs", which set four directions: 1. Create a system for active deregulation; 2. Increase knowledge about impact of regulation; 3. Facilitate the work for SMEs; 4. Other efforts.
1995	<ul style="list-style-type: none"> • Adoption of Government Offices memorandum "Control by regulation - Checklist for legal drafters" gives officials guidance in making impact assessments when drafting new regulations. • Update of Government Agencies and Institutes Ordinance (SFS 1995:1322) on impact assessment.
1998	Adoption of Committees Ordinance (SFS 1998:1474) and <i>Simplex</i> Ordinance (SFS 1998:1820) for agencies on special impact analysis for small enterprises.
1999	Adoption of guidelines for the Government Offices, similar in content to the Committees and <i>Simplex</i> ordinances for committees of inquiry and agencies.
2004	First Action Plan for reduction of administrative burdens on businesses.
2006	<ul style="list-style-type: none"> • Launch of new Government policy for intensified work on Better Regulation in the Budget Bill for 2007 after the 2006 general election. • Government sets of net overall target to reduce administrative costs for businesses by 25 percent by 2010. • Government decision to carry out baseline measurements of the administrative costs for businesses in all legal areas that are deemed to be most relevant for businesses. • Government decision that the ministries within the Government Offices and 52 government agencies should contribute to the regulatory simplification policy with actions as part of a rolling Action Plan, to be updated annually.

2007	<ul style="list-style-type: none"> • Presentation by the Government of the first step in the Action Plan end May 2007. This contained, amongst other things, a selection of 167 actions to be taken (out of a total of several hundred actions proposed). • Launch of the second step in the Action Plan. Ministries and 53 government agencies commissioned to provide new actions to update the Action Plan.
2008	<ul style="list-style-type: none"> • Adoption of new Ordinance on Regulatory Impact Assessments for agencies on 1 January 2008 (SFS 2007:1244), which lays down updated principles for when and how agencies must conduct impact assessments. • New guidelines on carrying out impact assessments for Government Offices in June 2008, on the same principles. • Amendment to the Committees Ordinance (SFS 1998:1474, Para 15a) in 2008, on the same principles. • Presentation by the Government of the second step of the Action Plan in April 2008. This contained some 600 actions to be taken by ministries and government agencies. • Launch of the third step in the Action Plan in July 2008. Ministries and 44 government agencies commissioned to provide new actions to update the Action Plan.
2009	<ul style="list-style-type: none"> • Presentation of the third step in the Action Plan in July 2009. This contained 940 actions, 460 of which had been implemented during 2007 and 2008, with the remaining 480 to be implemented or subject to further inquiry. • Launch of the fourth step in the Action Plan in July 2009. Ministries and 39 government agencies commissioned to contribute with further measures. The fourth step will be presented by the end of spring 2010.

Guiding principles for the current Better Regulation policy agenda

The Better Regulation agenda is firmly linked up with policies to improve Sweden's competitiveness by improving the climate for business. The most recent Government Communication on Better Regulation (Box 1.2) explains that this is part of the larger task of improving competitiveness and innovation to cope with the changed conditions of globalisation. To this end the government emphasises that a "simple and efficient regulatory framework is urgently required". The overarching principle is to achieve a "noticeable, positive change in the day-to day operations of businesses". The government's strategy and principles are laid out in an annual Communication to the *Riksdag* on Better Regulation, which also sets out the main policies that make up the strategy, as well as achievements so far (Box 1.2). Not all EU countries have a clearly articulated strategy, and this is a very positive development for Sweden since the OECD's last report.⁴

Main Better Regulation policies

The Government is promoting its Better Regulation strategy through five key components (Box 1.2): measurement of the administrative costs to businesses; regulatory impact assessment; the Better Regulation Council; consultation with the business sector; and a rolling Action Plan for Better Regulation. As well, the

Government is seeking to identify the issues requiring further development (such as inspection rules).

Box 1.2. Swedish Government Communication on Better Regulation (2008/06:206)

General context

The Swedish government submitted a Communication on Better Regulation to the *Riksdag* on 4 June 2009 (the latest in a line of annual Communications since it took office in 2006). The Communication presents the work carried out from the beginning of spring 2008 to the end of spring 2009. It emphasises the need to tackle the regulatory costs to business of fulfilling their obligations, and the need for regulatory simplification.

The objective of making a positive difference for business includes the Government's target of reducing the administrative costs to business caused by government regulations by 25% by 2010. The Swedish government considers that this is an ambitious undertaking, with international comparisons showing that Sweden is already doing well (the Government cites the World Bank report "Doing Business in 2009-Removing Obstacles to Growth", which puts Sweden 17th out of 181 countries for the ease of running a business). The policy is not just about reducing administrative costs. The basic aim is to design rules, processes and procedures so that they are better adapted to business conditions and reality. Waiting and processing times as well as service to and treatment of businesses at authorities constitute key components of the work. The Government notes that it is equally important to rectify rules that irritate businesses. Most important is to bring about changes to legislation which are helpful to business in the long term.

The Government also notes that the Swedish regulatory system may present special challenges which can lengthen the time it takes to develop simplification proposals and bring them to conclusion. Regulations are issued on several different levels; agencies are autonomous; and the committee of inquiry procedure, based on a long tradition, may need to be followed. Many of the proposed simplification measures will not therefore show immediate results.

The policy is based on the establishment of a "cohesive structure and tools", after reviewing developments in other European countries. Institutional changes have strengthened the capacities of Government Offices to oversee the policy. These consist of an operative state secretaries group; an inter-ministerial working group of officials; overall co-ordinating responsibility with the Ministry of Enterprise which has a unit for the purpose; "simplification officers" around departments; and the support of the Agency for Economic and Regional Growth for agencies' work on simplification.

The Communication underlines the importance of the EU, with about half of regulatory burdens caused by EC rules. Simplification efforts need to be pursued at this level.

Finally, the Government notes that it has begun a change management project in the government sector to support long term change. As well as the work at central level in agencies and ministries, both the regional and local levels are considered important for better regulation.

The central tools of better regulation

The Communication sets out the following tools which are being deployed for achieving better regulation:

- *Measurement of the administrative costs to businesses.* This has been performed using the Standard Cost Model. Measurement updates are carried out in order to monitor progress towards the 25% reduction target.
- *Regulatory impact assessment.* The Government has introduced rules and guidelines to ensure that

impact assessments are carried out in a similar way along the regulatory chain.

- *The Better Regulation Council.* This body has been established to examine the form and content of proposals for new and amended regulations that could have a significant impact on the conditions under which businesses operate, their competitiveness or other conditions.
- *Consultation with the business sector.* The Government encourages close consultation and dialogue between ministries and agencies and their business clients.
- *An Action Plan for Better Regulation.* The work of regulatory simplification is being carried forward through a rolling action plan, which is updated annually. The Action Plan specifies completed, ongoing and planned simplification measures.

The development of Better Regulation is a priority for the Government. This includes developing indicators or other monitoring instruments to take forward the simplification work, beyond what can be achieved via the SCM measurement of administrative costs. A key aim is to find ways of analysing administrative costs more closely, including irritation costs.

The government's Better Regulation policy covers the government offices and government agencies. The government has not yet actively involved subnational levels in the Better Regulation work, but there is discussion about engaging these levels in the next steps.

Regulatory simplification for business and the rolling Action Plan

The Action Plan for Better Regulation, set up by the Government in 2006 when it came into office, and which is updated annually, covers a broad range of regulatory simplification measures. The Government's stated overarching objective is "to achieve a noticeable, positive change in day-to-day business operations". This objective includes the Government's target of reducing the administrative costs to businesses caused by government regulations by a net 25 % by 2010. It is estimated that a 25% reduction of administrative costs would represent a cost saving of approximately SEK 25 billion. A full baseline measurement of administrative costs to business has been carried out to allow progress towards the target to be evaluated, and is updated annually to take account of burdens contained in new or amended regulations. The Action Plan measures extend beyond administrative costs. For example waiting and processing times as well as better service to, and treatment of, businesses by public authorities are key components. Irritants to business are also addressed. The Action Plan is currently in its fourth phase (see Table 1.1 above).

Ex ante impact assessment

A new policy seeks to promote a more systematic and more coherent approach going beyond impacts on small firms, and a strengthened institutional framework. The centrepiece of the revised approach is a new Regulatory Impact Assessment Ordinance (SE 2007:1244) for the government agencies, which entered into force on 1 January 2008. The ordinance sets specific requirements for impact assessment. It states that when making new regulations, all relevant consequences (economic, social, environmental etc) should be taken into account and documented in a written

justification, with a level of analysis proportionate to the importance of the issue. The emphasis remains on the economic and business aspects. Impact assessment has to be done “early in the process”, and includes a checklist of twelve points, equally important, including coherence with EU regulations. The new Ordinance has been used as a template to update and strengthen requirements on ministries through guidelines issued by a group of State Secretaries with a special responsibility for the better regulation work within the Government Offices, as well as on the Committees of Inquiry through an amendment to the Committee Ordinance (SFS 1998:1474, 15a §).

Consultation with the business sector

The Government has identified this issue as a key process in its objective to “make a noticeable difference to the day to day operations of businesses”. It notes that it is important to identify the simplification measures which businesses are calling for. Simplification assignments to the Government Offices and the government agencies stress the importance of consultation with the business sector. Business sector organisations have also made an active contribution to encourage consultation. The forms of consultation differ among ministries and government agencies. Some arrange consultation meetings specifically on better regulation, and others put the topic on their agenda for their regular dialogue sessions with the business sector. It should be noted that these developments are only part of a much broader picture for Swedish public consultation on new policies and regulations, which rests on longstanding principles of transparency and public access to the activities of government, and is a routine part of developing draft laws and subordinate regulations.

Communication on the Better Regulation agenda

Internal communication has been boosted by the inter-ministerial State Secretaries Group on Better Regulation and an inter-ministerial working group with officials from different ministries, which is used to convey and discuss developments and results emerging from key programmes. The Ministry of Enterprise has also set up an extensive internal web portal for the Government Offices on the better regulation work nationally and to a certain extent at EU level, where all relevant information (regulations, guidelines and other steering documents, explanations about the better regulation work and its tools etc. and all relevant internet links are available, including relevant information regarding the work of the Better Regulation Council.

External stakeholders are kept informed through working groups, seminars and press releases. Most of this appears to flow from the Action Plan on Better Regulation, where significant efforts have been made to nurture a stronger culture of consultation and communication with the business community, albeit with uneven results (see Chapter 5). Some concerns were expressed to the OECD peer review team about the clarity, completeness and presentation of the government’s annual reports to the parliament on progress with the Action Plan, although there have been improvements with the recent report. These reports describe the work of the past year, notably a statement of the actions proposed and taken on regulatory simplification and to reduce administrative costs for businesses. The first three reports have not covered any assessment of the progress and results from the application of *ex ante* impact assessment processes and the evaluations of the Better Regulation Council, which may be explained by their relative newness.

Ex post evaluation of Better Regulation strategy and policies

Comprehensive *ex post* evaluation of policies and programmes tends to be addressed *ad hoc*, as in most other European countries. An evaluation of the work of the Better Regulation Council will be carried out. The National Audit Office performance audits, although they do not directly address Better Regulation issues, are important in identifying issues in the implementation of policies and regulations, and whether these are meeting objectives. The *NNR (Board of Swedish Industry and Commerce for Better Regulation)* provides useful (even if not that deep) evaluations on aspects of the government's Better Regulation progress, with its Regulations Indicators Report, published annually since 2002.⁵ There were several calls for more *ex post* evaluation of policies and the regulatory framework. This is perceived as an issue. No overall evaluation of Swedish better regulation contribution to policy goals has taken place in recent years. The government's annual monitoring update reports on the Action Plan are not a substitute for this kind of evaluation. A strategically important missing link is thus an overall evaluation of the Better Regulation agenda, which could be used both to pinpoint gaps, and to establish more clearly how the agenda is contributing to the reinforcement of Sweden's competitiveness, and societal welfare.

E-Government in support of Better Regulation

The current government, when it came to office in autumn 2006, decided to regain the ground lost in recent years relative to some neighbouring countries, and to get back into the lead. One of the first steps taken by the Government was to appoint an e-Government group at state secretary level tasked with establishing inter-ministry consensus on strategic issues. The goal, which was expressed in an Action Plan for e-Government, was to "put Swedish public administration back among the world's elite in the field of e-Government". The Government considers that this goal has now been at least partly achieved.⁶

A core objective is to strengthen and develop the Swedish model of public administration, so that Sweden can compete more effectively in the international arena. There is an emphasis on joint initiatives to raise efficiency, including ones that link the ICT actions of businesses with those of the administration. Within the administration, the aim is to promote co-ordination between the government offices (central ministries) on their e-Government activities, including in relation to law drafting. Sweden also attaches considerable importance to ICT as a means of making progress on regulatory costs for business. A core objective is to support the government's action plan for Better Regulation for business.

Some important aspects of e-Government in Sweden work well, including generally high levels of trust among citizens towards the state which allow progress on issues such as data sharing (which can raise problems in some other countries).

A key structural issue is the decentralised architecture, with the government agencies largely responsible for delivering e-Government services. There is a need to improve co-ordination (which is partly encouraged by the government agencies themselves) and to some extent, recentralise the approach, not least to ensure effective investments that are not duplicated around the system, and to address some cross-cutting technical issues. In January 2008, the Government formally adopted an e-Government Action Plan "A new basis for IT-based organisational development in public administration".

The e-Government Action Plan specifies priority measures and targets in four areas:

- Areas 1 and 2 aim to improve the regulatory and technical conditions for e-Government deployment across the administration.
- Area 3 aims to harmonise some of the administration's support processes – the back-office.
- Area 4 aims to produce visible results for citizens and businesses in terms of simplified contact – the front office.

Under the overall co-ordinating responsibility of the Ministry of Finance, different ministries have been made responsible for the measures set out in the work plan. A high level group of State Secretaries has been set up within the Government Offices, backed up by an inter-ministerial group, to track progress and set priorities towards the 2010 end date. The group of State Secretaries is chaired by a State Secretary at the Ministry of Finance and consists of State Secretaries from six other ministries and the Prime Minister's Office. Its main task is to strengthen co-ordination within the Government Offices on issues that are strategically important for the development of e-Government. Issues handled include, for instance, aspects of steering and funding of inter-agency development projects and a strategy for harvesting rationalisation gains and legal conditions. The Government has also appointed an e-Government Delegation with an operational role to take the reform programme forward until December 2014. The e-Government Delegation includes representatives of the government agencies and of *SALAR*.

Notes

1. The last OECD report, published in 2007, was based on missions to Sweden by an OECD team and information collected in 2006, and thus reflects the situation in 2006, rather than 2007.
2. <http://en.edelegationen.se>.
3. Sweden-Achieving Results for Sustained Growth, OECD 2007.
4. It should be noted that the term “Better regulation” used in the Swedish context does not have precisely the same meaning as “Better Regulation” for the EU 15 project. This report examines some of the differences, which have largely to do with scope. For example, “Better Regulation” for the EU 15 project encompasses other societal groups and interests beyond the business community.
5. The NNR Regulatory Indicators use a particular methodology. If the answer is “no” on just one of several aspects, then the overall answer is “no”.
6. It cites the most recent EU benchmarking report on E-Government, presented on 19 November 2009. The Government also notes that an important intermediate target was the Ministerial e-Government conference in Malmö 19-20 November 2009 during Sweden’s EU Presidency. At this conference, a new Ministerial Declaration was agreed on among 34 European States www.egov2009.se/wp-content/uploads/Ministerial-Declaration-on-eGovernment.pdf. It will replace the 2005 Manchester Declaration as the joint policy document for e-Government on the EU level. It will also provide the foundation for an upcoming Action Plan for the European Commission and a new Steering Group for e-Government related questions.