

OECD Regulatory Policy Outlook 2015

Country profile

ICELAND



Access links

- **OECD Regulatory Policy Outlook 2015:** www.oecd.org/publications/oecd-regulatory-policy-outlook-2015-9789264238770-en.htm
- **Indicators of Regulatory Policy and Governance and the underlying data:** www.oecd.org/gov/regulatory-policy/measuring-regulatory-performance.htm
- **Regulatory policy in Iceland:** www.oecd.org/regreform/regulatory-policy/regulatory-policy-iceland.htm
- **Regulatory Policy Outlook country profiles:** www.oecd.org/regreform/regulatory-policy/outlook-country-profiles.htm
- **OECD regulatory policy website:** www.oecd.org/governance/regulatory-policy/

Overview

Regulatory policy in Iceland is a central government initiative. The Department of Legislative Affairs is situated within the Prime Minister's Office and the Prime Minister is responsible for the enforcement of rules and regulations regarding the preparation of government bills.

Iceland is still in the early stages of developing the tools for regulatory policy. RIA is well established regarding primary laws in respect of state budget and costs for local authorities but other aspects of primary law are not consistently assessed. RIA regarding primary laws is often very brief, only highlighting possible impacts, without any quantification. Benefits are hardly ever quantified unless they consist of direct financial benefits. The government reports that common sense is used when it is possible to justify that benefits outweigh costs but there is no formal methodology. RIA is only formally required for some subordinate regulations. Performance is however improving; other types of impacts and costs and benefits are now assessed for some regulations in accordance with the 2013 "Action plan for administrative simplification and more efficient regulations for the business sector" and a revised handbook on draft bills is planned to be released in the summer 2015.

The practice of conducting systematic consultations has not yet been adopted on a widespread basis. Iceland only has a formal requirement for consultation to be conducted for some primary laws, and never for subordinate regulation. There are plans for a central government website for consultation which will improve accessibility. Parliamentary committees carry out extensive consultation on all parliamentary bills, with meetings and via the internet.

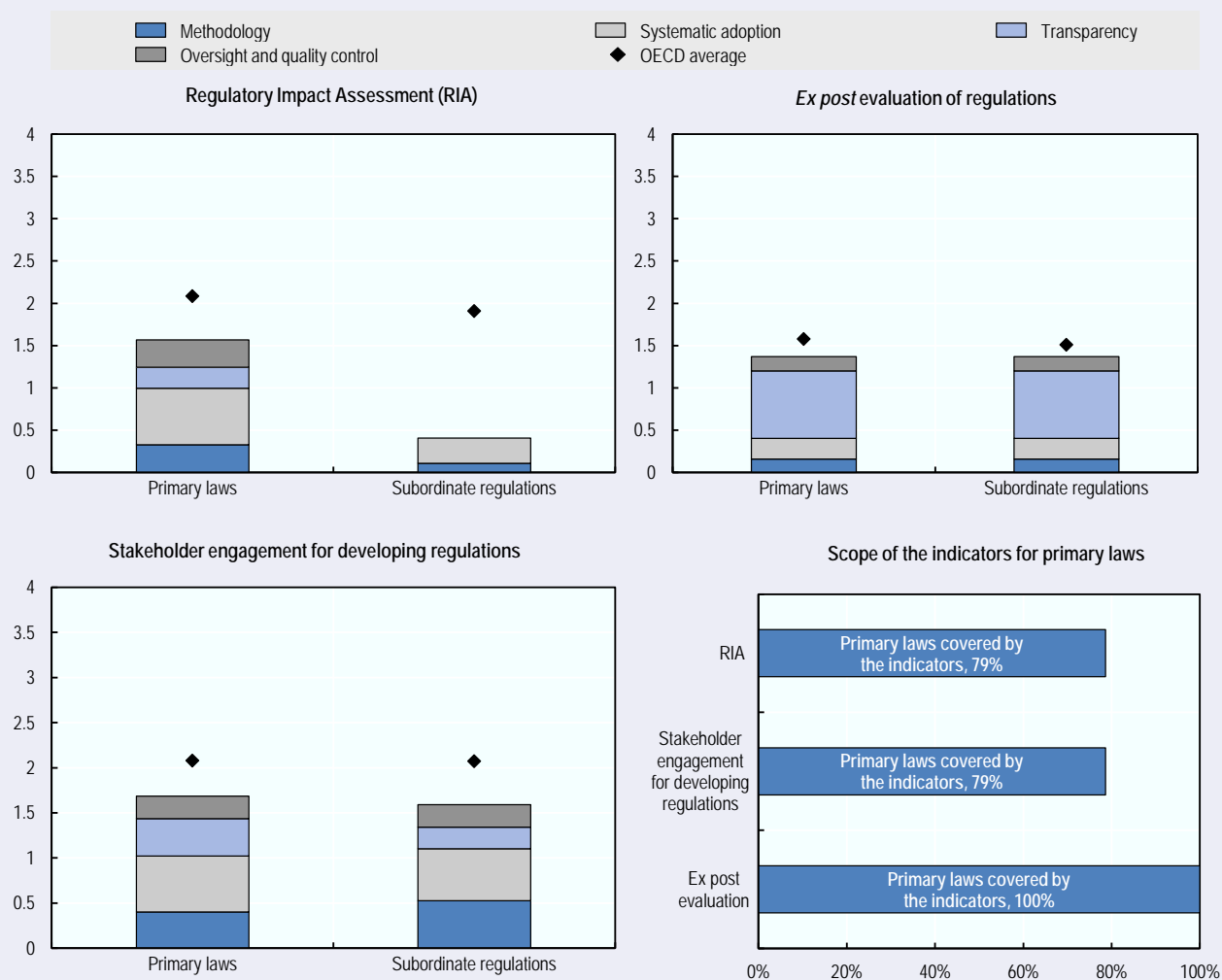
Periodic *ex post* evaluation of existing regulation is not mandatory in Iceland, but it is conducted in practice for some primary laws and subordinate regulations. In addition some regulations include "sunset clauses" where there will be an automatic repeal after a certain number of years.



Spotlight: Prime Minister's Office

Since 2010, all government primary law bills are scrutinised by the Prime Minister's Office before submission to the cabinet. Comments on the quality of the bill (with particular emphasis on impact assessments) are sent to the relevant ministry by email. Often an informal dialogue takes place which leads to an agreement on how to improve the bill. The PMO then issues a formal opinion on the conformity of the bill with formal requirements (cabinet rules of procedure and a handbook on legal drafting). Those requirements are very much inspired by OECD's work. The PMO has gradually stepped up its requirements, taking into account the capacities of the ministries. Increasingly this dialogue takes place at an earlier point in time, for example when the annual list of government bills is being prepared. In this "soft" manner the PMO has managed to raise the quality of the work of the ministries and gain acceptance for a central quality control of this kind which did not exist before. Iceland's participation in preparing the OECD Regulatory Policy Outlook has also led to a decision to publish an annual report with key features on the quality control system (number of bills with satisfactory impact assessments, percentage of bills where consultation with the public has taken place etc.).

Indicators of Regulatory Policy and Governance 2015



1. The figures display the aggregated scores from all four categories giving the total composite score for each indicator. The maximum score for each category is one and the maximum score for each aggregated indicator is four.
2. The information presented in the indicators for primary laws on RIA and stakeholder engagement only cover processes of developing primary laws that are carried out by the executive branch of the national government. As in Iceland approx. 79% of primary laws are initiated by the executive, the indicators on RIA and stakeholder engagement cover 79% of primary laws. There is no formal requirement in Iceland for consultation with the general public and for conducting RIAs to inform the development of primary laws initiated by parliament. The information presented in the indicators for primary laws on *ex post* evaluation covers processes in place for both primary laws initiated by parliament and by the executive. The percentage of primary laws initiated by parliament is an average between the years 2011 to 2013.

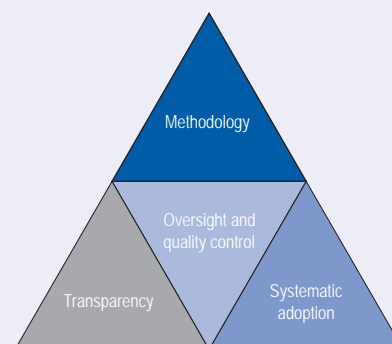
Source: 2014 Regulatory Indicators Survey results, www.oecd.org/gov/regulatory-policy/measuring-regulatory-performance.htm.

Statlink: <http://dx.doi.org/10.1787/888933263189>

Indicators of Regulatory Policy and Governance (iREG)

The three composite indicators provide an overview of a country's practices in the areas of stakeholder engagement, Regulatory Impact Assessment (RIA) and *ex post* evaluation. Each indicator comprises four equally weighted categories:

- Systematic adoption which records formal requirements and how often these requirements are conducted in practice.
- Methodology which gathers information on the methods used in each area, e.g. the type of impacts assessed or how frequently different forms of consultation are used.
- Oversight and quality control records the role of oversight bodies and publically available evaluations.
- Transparency records information from the questions that relate to the principles of open government, e.g. whether government decisions are made publically available.



The composite indicators are based on the results of the *OECD 2014 Regulatory Indicators Survey*, which gathers information from all 34 OECD countries and the European Commission as of 31 December 2014. The survey focuses on regulatory policy practices as described in the 2012 *OECD Recommendation on Regulatory Policy and Governance*. The more of these practices a country has adopted, the higher its indicator score. Further information on the methodology is available online at www.oecd.org/gov/regulatory-policy/measuring-regulatory-performance.htm.

Whilst the indicators provide an overview of a country's regulatory framework, they cannot fully capture the complex realities of its quality, use and impact. In-depth country reviews are therefore required to complement the indicators and to provide specific recommendations for reform.

OECD Regulatory Policy Outlook 2015

The *OECD Regulatory Policy Outlook* (www.oecd.org/publications/oecd-regulatory-policy-outlook-2015-9789264238770-en.htm) provides the first evidence-based, cross-country analysis of the progress made by OECD countries in improving the way they regulate. Findings are based on the results of the *OECD 2014 Regulatory Indicators Survey*.

Key findings:

- Laws and regulations are essential instruments, together with taxes and spending, in attaining policy objectives such as economic growth, social welfare and environmental protection. OECD countries have generally committed at the highest political level to an explicit whole-of-government policy for regulatory quality and have established a standing body charged with regulatory oversight.
- Implementation of regulatory policy varies greatly in scope and form across countries. While RIA has been widely adopted, few countries systematically assess whether their laws and regulations achieve their objectives. Stakeholder engagement on rule making is widespread in OECD countries, taking place mostly in the final phase of developing regulation.
- The national executive government has made important progress over the last decade to improve the quality of regulations. Parliaments, regulatory agencies and sub-national and international levels of government need to be more engaged to ensure that there are evidence-based and efficient laws and regulations for stimulating economic activity and promoting well-being.
- The impact of regulatory policy could be further improved by addressing shortcomings in the implementation and enforcement of regulations and by considering new approaches to regulatory design and delivery such as those based on behavioural economics.

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