



IMPROVING INSPECTIONS – BETTER IMPLEMENTATION AND DELIVERY TOOLS

Some examples of approaches and reforms to enhance outcomes and reduce burden

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“Compliance strategies”





Clarifying what enforcement is about: Canada and the “compliance strategy”

- Canada was one of the first countries (in the 1980s) to review the work of its regulatory agencies and examine their methods, costs and effectiveness
- What it found:
 - *Unclear goals*
 - *Variation in enforcement in same field*
 - *Too much discretion, perceived “unfairness”*
 - *Lack of flexibility*
- Reform: development of “compliance strategies” by all regulators / inspectorates – incorporating:
 - *Clear statement of objectives*
 - *Policy and approach to enforcement*
 - *Education and information programmes*
 - *Incentives for “good performance” in compliance*



Making regulations clear and predictable





Providing SMEs (and inspectors) with a clear “toolkit” of what to do (or not) and why – the example of “Safer Food, Better Business”

- In reaction to the high number of problems in small-scale food business operators and observed ineffectiveness of inspections, the UK Food Standard Agency and local regulators launched the “Safer Food, Better Business” toolkit in 2005, available in 16 languages etc.
- The SFBB toolkit is given to all new food SMEs in catering, trade etc.:
 - Guides small businesses step by step, explaining not just “how” but “why” this is important
 - Includes all points checked by regulators – no “surprise”, inspectors will not suddenly penalize due to requirements not covered in the toolkit [*it is de facto also a “checklist”*]
 - Goal: safer businesses – less hazards for consumers – better business (no bureaucracy, no loss of consumers because of contaminations etc.)



“Safer Food, Better Business” – self control, explained

Safety point	Why?	How do you do this?
<p>Staff should always wash their hands before preparing food. (See the 'Clear and clean as you go' method in the Cleaning section.)</p>	<p>Handwashing is one of the best ways to prevent harmful bacteria from spreading.</p>	<p>Are all staff trained to wash their hands before preparing food? Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p>All staff should wear clean clothes when working with food. Ideally, they should change into clean work clothes before starting work and not wear these clothes outside food preparation areas.</p>	<p>Clothes can bring dirt and bacteria into food preparation areas. Wearing clean clothes helps to prevent this.</p>	<p>Do your staff wear clean work clothes? Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Do your staff change clothes before starting work? Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p>Ideally, work clothes should be long-sleeved and light-coloured (to show the dirt) with no external pockets.</p>	<p>This prevents skin from touching food and helps to stop hairs, fibres and the contents of pockets (which can carry bacteria) getting into food.</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Describe your staff's work clothes here:</p>





“Safer Food, Better Business” – complex regulation, made simple

Safety point

Preparation

Prepare raw meat/poultry and other foods in different areas. If this is not possible, separate by preparing them at different times and clean thoroughly between tasks.

Never use the same chopping board or knives for preparing raw meat/poultry and for ready-to-eat food (unless they have been thoroughly cleaned and disinfected in between).

Why?

This helps to prevent harmful bacteria spreading from one food to another.

Harmful bacteria from raw meat/poultry can spread from chopping boards and knives to other foods.



How do you do this?

How do you separate raw meat/poultry and other foods during preparation?

- A small food business operator in the areas covered by the SFBB Toolkit will never need to try and understand the long and complex EU “Hygiene Package” – nor does it need a HACCP consultant or certification
- ***The regulator is providing business with a real tool to achieve safety***



Environment Agency (England and Wales) – supporting self-assessment of businesses

- Problem for businesses: knowing whether they are compliant or not, what problems need to be addressed and how etc.
- Particularly critical when regulated issues are potentially serious (e.g. significant pollution) and possible penalties equally high
- Environment Agency of England and Wales promotes self-assessment through making available the tools it uses to audit and monitor establishments, in particular:
 - *OPRA (Operational Risk Assessment) <http://www.environment-agency.gov.uk/business/regulation/31827.aspx> [businesses can use it themselves to know what to expect]*
 - *OMA (Operator Monitoring Assessment, audit of internal controls) <http://www.environment-agency.gov.uk/business/regulation/38777.aspx> [businesses can prepare for this assessment]*



Harnessing the private sector's and consumers' as "enforcers"





France – contract relationships and civil law as instruments to enforce safety of buildings

- In France, there is essentially (a) no verification of structural safety at the construction permit stage, (b) mostly no inspection of construction sites to verify structural safety (occupational safety is checked in high-risk sites) and (c) only limited verification when objects enter in service (only for very high-risk and/or only on evacuation/access rules for objects with high occupancy)
- Compliance with building safety norms is entirely ensured through a cascade of liability and insurance requirements:
 - *Architects and builders have 10-year liability and have to be insured for it*
 - *Developers/owners of objects (except private houses for own use) have to also contract insurance*
 - *Specific objects/structures (higher risk) require mandatory private (accredited) technical control (also with liability and insurance)*
- System requires solid insurance market and civil law enforcement



Examples of risk-based approaches





General principles of risk-based classification





Defining risk categories

Three fundamental “risk dimensions”:

- **Type** of activity / sector
- **Scope** / size of activity – scope of potential impact
- **History** of the business or of the establishment

All three aspects need to be combined to do proper risk rating – and determine right frequency of inspections

Frequency is thus proportional to **probability** and **magnitude** of potential hazard



Risk categorization – sectors

“High risk” for a sector can mean different things:

-High **likelihood** of hazard (e.g. storage of flammable materials for fire safety – meat processing for food safety – mining for labour safety etc.)

-Possibility of a **major industrial accident** (not only danger “on the spot” but possibly chemical contamination, large environmental and/or health disaster etc.)

-Potentially **high number of people affected** (e.g. large hotels or hospitals for fire safety – large processing plants for food – etc.)



Risk categorization – establishments

“High risk” for a specific building or establishment can mean different things:

- Difficult **accessibility** (high-rise, underground, remoteness, narrow streets...)
- Potentially **high impact location** (proximity with large population centers or sources of drinking water etc.)
- Risk of **panic** and other specific factors that can make escape difficult (e.g. establishment for children, etc.)
- Large **scale** of the establishment meaning large number of people potentially affected by contaminated produce etc.



Risk categorization – history

“High risk” for a specific business can mean different things:

- Repeated **violations** of rules over the years
- Shortcomings which carry a particular **risk for the public** (e.g. lack of fire exits – violation of essential hygiene rules etc.)
- Attempts to **dissimulate** problems

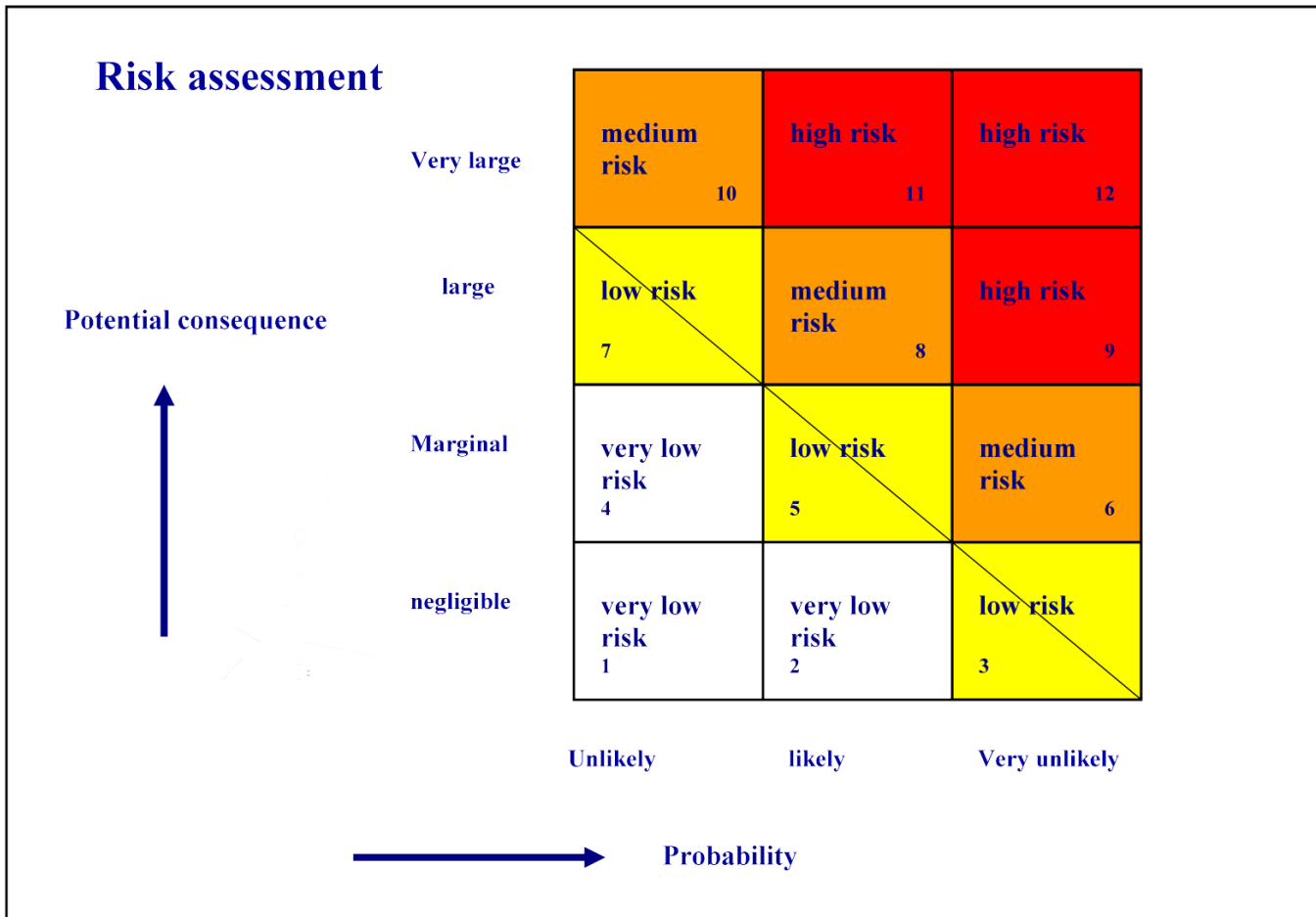


An example of risk-based matrix





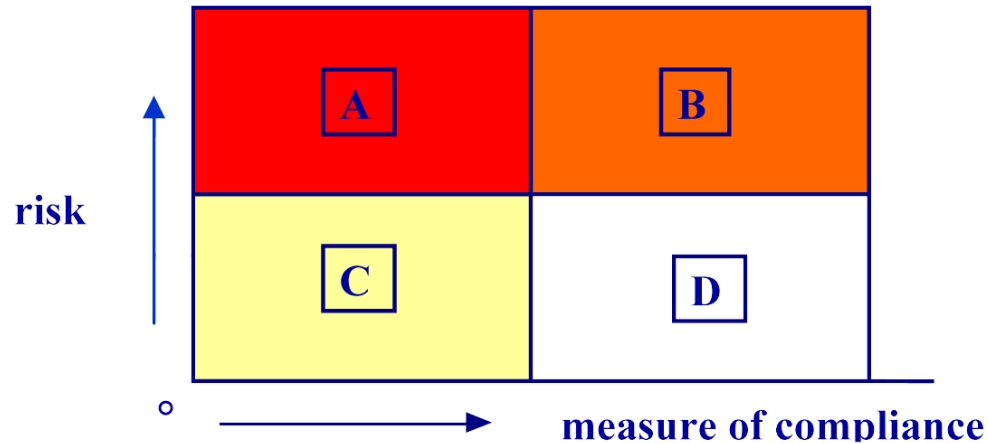
Netherlands - State Supervision of Mines (1)





Netherlands - State Supervision of Mines (2)

Setting priorities : risk-forced enforcement



- | | |
|--------------|--|
| A High risk | - bad compliance - high priority, high pressure inspection |
| B High risk | - good compliance - priority, involve branch association |
| C Small risk | - bad compliance - incidental supervision, focus on contraveners |
| D Small risk | - good compliance - no supervision, except in case of complaints |



Risk-focus made simple?





Fire safety inspections planning in France

France – Fire Safety Regulation adopted in 1980 (updated since then and replaced by more modern approaches, but based on same principles):

- Low risk (<200 people in total OR <100 if more than one floor OR <50 if underground): **no** compulsory planned inspections
- Risk gradation proportional to number of **people** who can be in the building
- Additional safety requirements for buildings **height** >28 meters
- Top risk**: facilities for events/exhibitions/concerts etc., department stores, large hotels etc. with the highest number of people – these should be checked every year
- Simple criteria are already enough to considerably improve against “random” or “blanket” (or “subjective”) inspections*



Risk-focus in practice – some figures





Risk focus can allow to inspect far less in quantity – but not necessarily less in quality...

- Georgia 2003-2005 went from 75% of SMEs inspected each year, to 30% - no noticeable negative impact from the decrease
- Lithuania 2011-2012: latest data suggests reduction by around 40% of inspections burden – again no noticeable negative impact
- Some countries inspect much more than others – generally not with better outcomes (e.g. 75% of SMEs inspected each year in Ukraine, vs. around 35% in Italy, maybe 20-25% in UK etc.)
- Gradual decrease of occupational safety inspections in UK in the 2000s (-50% at least overall) – no increase in accidents, fatalities etc. (on the contrary, in fact) – similar trend with England/Wales Environment Agency (reduced low-risk controls by 60-70%, improved outcomes)
- Evidence suggests that having “no inspections at all” or “too few” (less than 1% or so) may perform less well for safety than having “some, well targeted and professional inspections” – but there is no evidence that inspecting *many* is useful



**Consolidation – coordination – information
technology**





Consolidating inspection agencies (1)

- Netherlands 2002-2012 went from 25 to 12 inspection agencies (to which Tax Office should be added – not counted as “inspectorate” because has more than just control functions) – also 25% reduction in staff (tax not counted)
- Croatia 1999 created State Inspectorate to merge inspectorates under 4 different ministries – mostly focusing on market surveillance, OHS, tourism and consumer-focused premises
- Bosnia and Herzegovina 2004 – State Inspectorate gathering all inspection functions except tax/customs and controls focusing on state (same in Mongolia 2003 onwards – being internally consolidated now)
- Creation of food safety inspectorates with consolidated functions in a number of countries – e.g. Canada (1997), Estonia (2000), Lithuania etc.
- Creating single list of inspecting agencies (e.g. Slovenia 2007) is a good step, even without strong decrease in numbers...
- Probably only a few “core” functions around which others could be gathered:



Consolidating inspection agencies (2)

- 2005 UK Hampton Review proposed a short list of “core” regulatory enforcement functions – was not followed but inspirational
- Looking at core functions of control of business activities, list of possible “consolidated” spheres can be proposed (variations of course many, but this is a logical structure):
 - Food Safety
 - Public health and hygiene
 - Occupational Safety and Health / Premises Safety
 - Environmental Protection
 - Safety of non-food products, market surveillance and consumer protection
 - State Revenues (Taxes and Customs)



Coordinating inspections

- Solid experience in using coordinating structures to drive reform forward – share positive experiences and good practices – make approaches more similar etc.
- Among most important examples: Inspection Council in the Netherlands, gathering all State Inspectorates with a Bureau in charge of reform support
- Other examples include Latvia (2000-2002 in particular), Armenia (since 2009), Lithuania (“Expert Group” since 2010-2011) etc.
- More difficult to coordinate actual inspection visits except through a unified information system – some experiments:
 - “Delegated Inspections” in the Netherlands when the “lead” inspectorate for a given sector can act as “eyes and ears” for others (e.g. Mining Inspection on off-shore platforms)
 - Inter-ministerial departments at local level in France, gathering staff from different national directorates with related fields of competence



Using information technology to unify planning, consolidate information, improve targeting (1)

- “Optimal” solution: integrated system connected with registration/licensing systems (so that data is populated directly), incorporating all risk dimensions of establishments, used by all (or all except Revenue) inspectorates, allowing planning, process/staff management, recording of results (directly through check-lists, for instance), and automatic update of risk profiles on this basis
- Full implementation of all these features so far not existing – but some systems are close or very close:
 - Bosnia (Republika Srpska) pretty much all features except integration w registration/licensing
 - Nova Scotia (Canada) most features but not used for risk-based planning (yet)
 - Colombia (Bogota, Bucaramanga etc.) nearly all features but limited use of automated planning and does not cover all inspections (only municipal)



Using information technology to unify planning, consolidate information, improve targeting (2)

- Seems easier to accomplish in smaller countries and/or countries with less long institutional history...also many misconceptions about costs (not necessarily huge) or complexity (lower now bcs of technological progress) – but many institutional resistances...
- New experiment in the Netherlands: “Company File (Dossier” where data is shared by the business itself (about its activities, certificates, characteristics etc.) and reports/information can be accessed by all participating inspectorates – managed/driven by industry associations
- Many countries (Lithuania, Armenia, Mongolia etc.) interested in unified IT solutions – World Bank Group soon to publish note on this topic
- Overall very important area with lots of opportunities for progress – can lead to major savings, efficiency and effectiveness gains (much better risk management) compared to the very fragmented systems existing in most OECD countries (with often several systems in each inspectorate for different processes) – but requires real institutional changes...