

# An overview of OECD Strategies for Improving Regulatory Performance

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# What is the OECD experience of Improvements to Regulatory Quality?

**For all Governments, improvements to the efficiency and effectiveness of regulation can deliver significant benefits:**

- Increase social welfare through more effective social and economic policies
- Boost economic development by encouraging market entry and competitiveness
- Control regulatory costs and improve productive efficiency, particularly for small to medium sized enterprises
- Improve the rule of law, transparency and participative democracy

# Challenges to Delivering High Quality Regulation

## All Governments find it difficult to control the quality and quantity of regulation, this can be due to:

- Lack of coordination and planning capacities to promote coherent reform across government
- Vested interests may block reform, particularly where decision processes are not transparent and accountable
- Political incentives favour short term interests over long term social policy goals
- Regulation becomes outdated in changing environments
- Regulation is exercised by many levels of government and may be duplicative or excessive
- Regulators may not be equipped, or have incentives, to assess the cost of regulation and whether regulation is a practical solution

# Israel has accepted the 1995 OECD Recommendation of the Council on Improving Regulatory Decision Making

Integrating “Good Decision Making Principles” at all levels of Government  
Such as in the OECD “Reference Checklist”

- Is the problem correctly defined?
- Is the government action justified?
- Is regulation the best form of government action?
- Is there a legal basis for regulation?
- What is the appropriate level (or levels) of government for this action?
- Do the benefits of regulation justify the costs?
- Is the distribution of effects across society transparent?
- Is the regulation clear, consistent, comprehensible and accessible to users?
- Have all interested parties had the opportunity to present their views?
- How will compliance be achieved?

# OECD Guiding Principles for Regulatory Quality and Performance (2005)

The OECD promotes Regulatory Reform as a dynamic long term process applying across government.

- OECD considers that a successful approach to regulatory governance focuses on:
  - regulatory policies
  - regulatory tools
  - regulatory institutions

# Regulatory Policies are Necessary for Progress

**Effective reform requires organised procedures with sustained political backing and adequate resources**

- Policies have two main elements: improving rule making and keeping regulations up to date
- The emphasis varies but the main objectives of regulatory policies tend to be:
  - Increasing social welfare through more effective social and economic policy
  - Controlling regulatory costs for business development
  - Improving public sector efficiency and performance
  - Reducing regulatory discretion and opportunities for corruption, and improving access to regulation

# Tools to Improve Regulatory Design

**The systematic use of tools is needed to promote regulatory quality, efficiency and effectiveness. These include:**

- Regulatory Impact Analysis (RIA) to improve the evidence basis for regulatory decisions
- Public consultation strategies to promote transparency, accountability and improve regulatory design
- The evaluation of alternatives to regulation to best address the policy problem
- Simplification programs to reduce administrative and other compliance costs

# RIA uses evidence based decision making to improve the efficiency of regulation, and avoid regulatory failure

**For each regulatory proposal RIA requires the analyst to:**

- Identify and define the problem to be addressed
- Spell out the desired objective(s)
- Elaborate the different options, considering alternatives
- Consult with affected groups
- Analysing the options, considering the costs and benefits
- Recommend the policy option with the greatest net benefit
- Communicate with the public
- Monitor and report on the performance of regulation



# Institutions to drive Regulatory Policies

**The right set of institutions are required to ensure regulatory implementation:**

- Regulatory oversight bodies with whole of government responsibility
  - Advocate benefits of reform
  - Perform a gatekeeper role on quality of RIA
  - Provide training and clear guidance to regulators
- Ministerial accountability for regulatory policy
- Measureable programs to reduce administrative burdens
- Careful design of independent regulators

# What are the challenges to improving regulatory quality in Israel?

## Some thoughtful questions:

- What are the main issues affecting regulatory quality in Israel?
- Is there political support for a broad approach to regulatory reform?
- In what forms is there an evidence based approach to policy making?
- How much of a problem are administrative burdens for businesses and citizens, and is it being tackled?
- Do independent regulators have clearly defined roles?