

# Building Effective Institutions for Managing Regulatory Policy

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ORGANISATION FOR ECONOMIC  
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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- Regulation becomes outdated in changing environments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

# 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:**

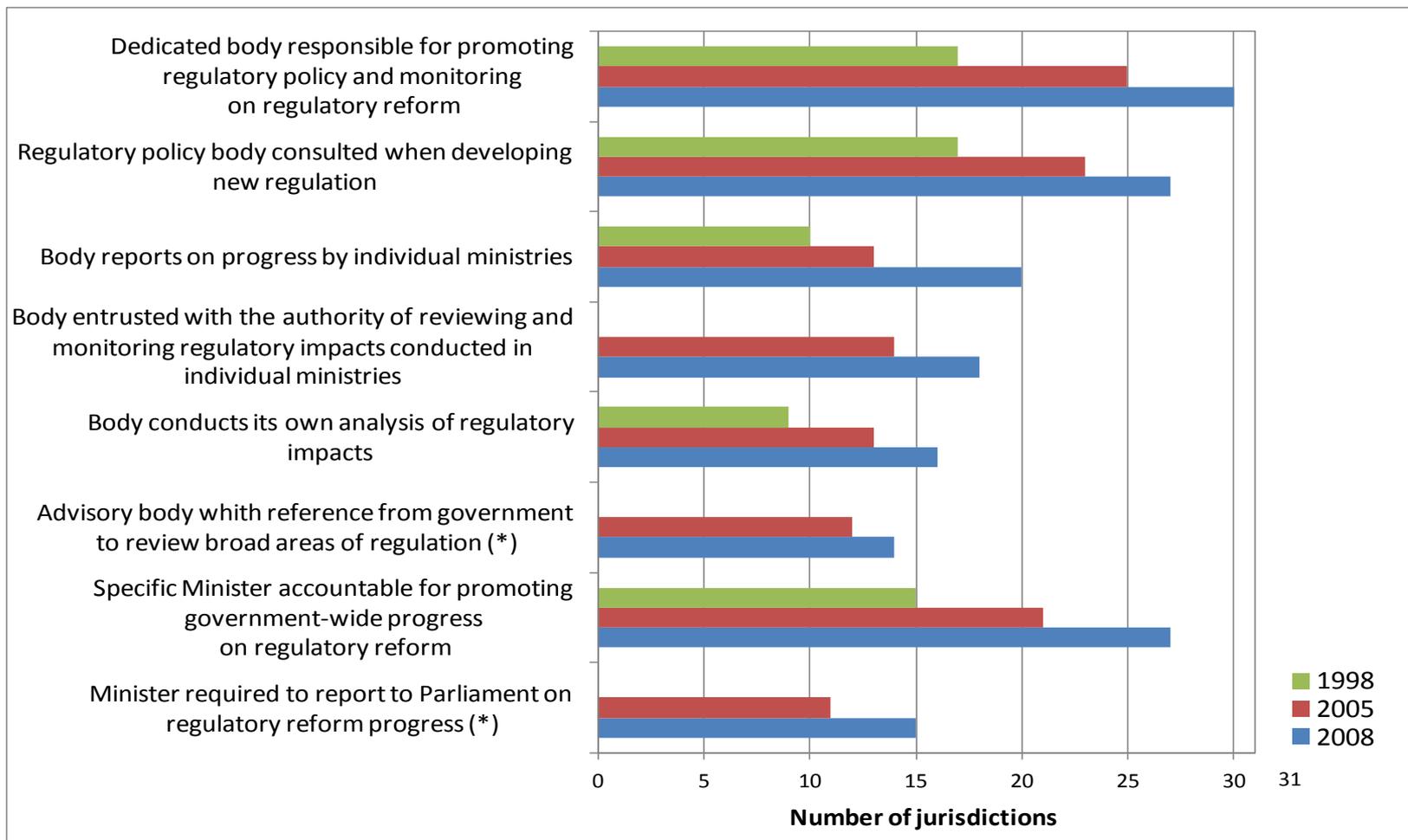
- Regulatory Impact Analysis (RIA) to improve the evidence basis for regulatory decisions
- Public consultation strategies to promote transparency, accountability and improve regulatory design
- The evaluation of alternatives to regulation to best address the policy problem
- Red tape reduction programs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

# 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

# Institutional arrangements to promote regulatory policy (1998, 2005 and 2008)



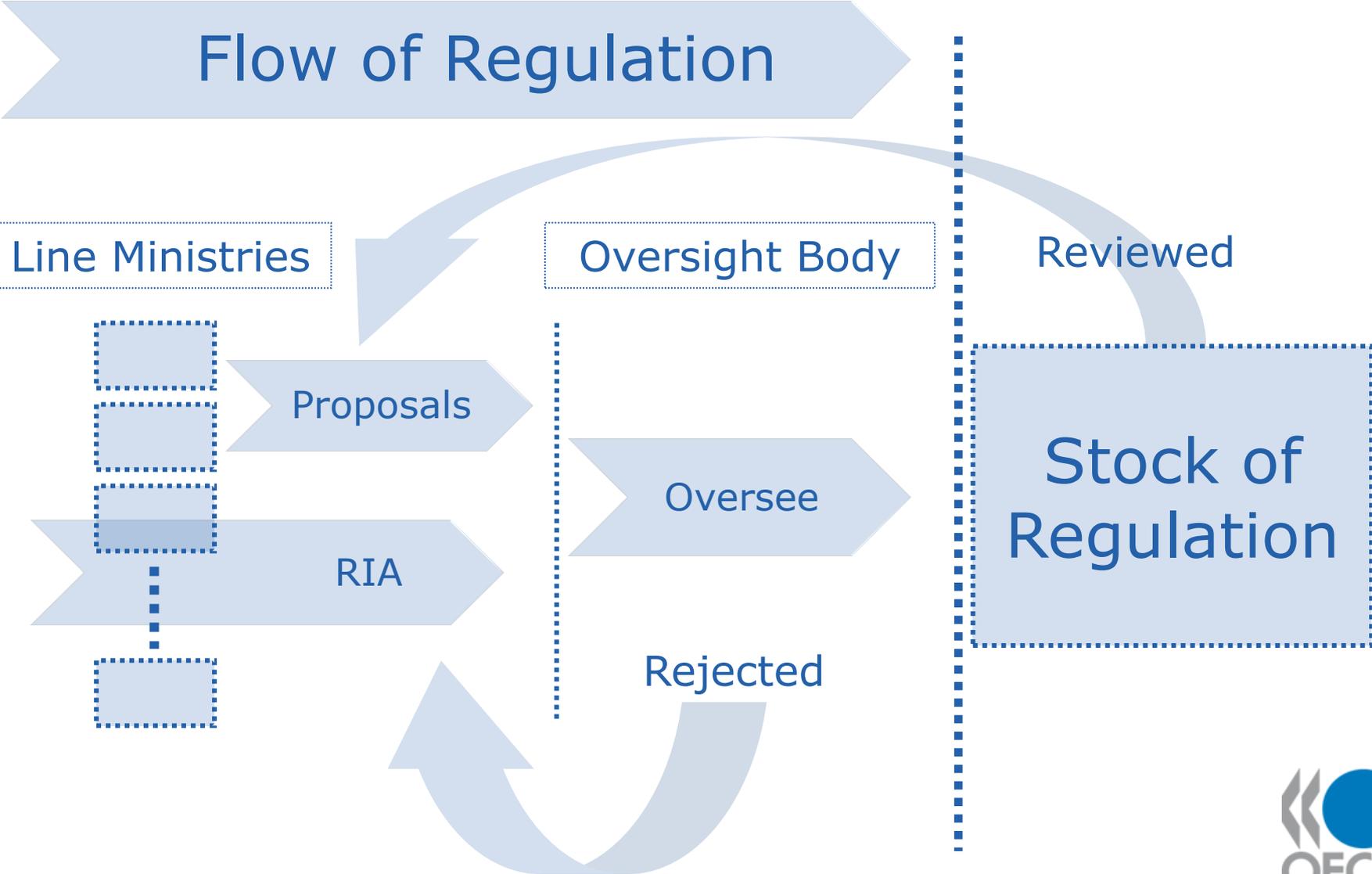
Notes: The sample includes 31 jurisdictions for 2008 and 2005.

For 1998, 27 jurisdictions are included as no data were available for the EU, Luxembourg, Poland and Slovak Republic

(\*) Questions only relevant for the years 2008 and 2005

Source: Question 14 / 2008 OECD Regulatory Indicators Questionnaire

# The 'challenge' function of the OB



# Institutional Design: OB within the executive

## Executive

1. Centre of Government

**Oversight Body**

- 2. Independency & Authority
- 3. High level political support
- 4. Whole-of-Government
- 5. Multidisciplinary
- 6. Broad concept of reform

Secondary  
Legislation  
**Regulation**

Primary  
Legislation

## Legislative

## Conclusion

### ***Engines of reform***

#### NO ONE SIZE FITS ALL MODEL

Each system decides its own institutional setting.

The goal is to satisfy **common needs**:

- Co-ordination
- High Regulatory Quality
- Regulatory Innovation and Improvement
- Technical capacities within Government

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

## Some thoughtful questions:

- What are the main issues affecting regulatory quality in Iraq?
- Is there political support for regulatory reform?
- What is the capacity of existing institutions?
- Is there an evidence based approach to policy making?
- Do independent regulators have clearly defined roles?