

Strategies for Simplifying Administrative Procedures in the MENA region

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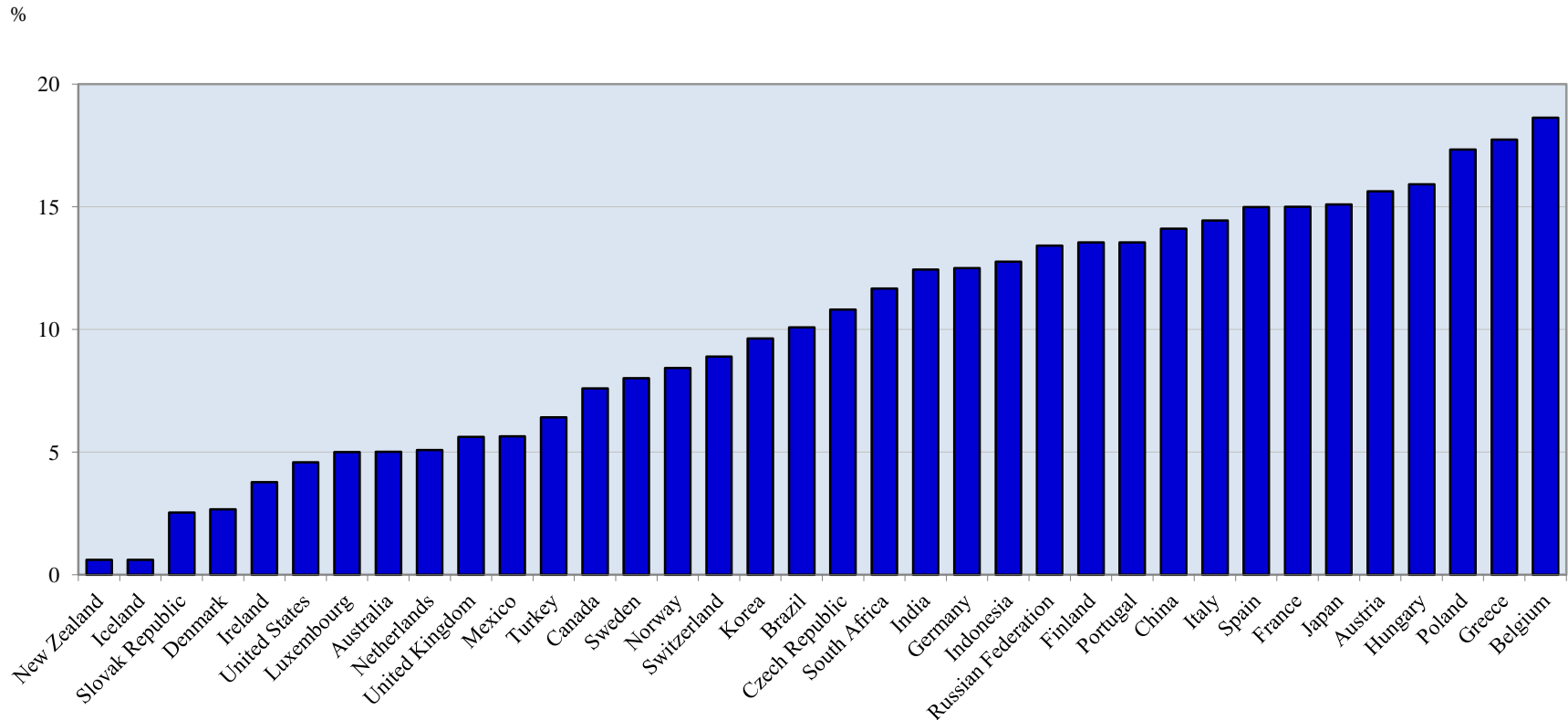
What is the cost of regulation on national economies?

- Qualitative evidence rare, focused on burden reduction programmes across OECD countries
 - Belgium, from EUR 8.57 billion (3.5% of GDP) in 2000 to EUR 5.92 billion (1.7% of GDP) in 2008
 - Sweden, from EUR 10.5 billion in 2006 to EUR 9.75 billion in 2010
 - Netherlands, saving of EUR 2.3 billion based on a in 11% net reduction in 2009
 - United Kingdom, net savings of GBP 3.3 billion in 2010 expected
- OECD cross country simulations find that convergence to best practice in product and labour markets could yield potential GDP gains of 5-10 percent over 10 years

Potential GDP gains from regulatory reforms

(covering reforms of benefit, tax and retirement systems and product and labor market regulations)

B. 10-Year horizon



What is the impact of regulation on business?

- They can create barriers to entry for new firms into markets
 - This influences the incentive to invest and innovates and ultimately effects on productivity
- They can constrain the choice set of entrepreneurs and lead to a misallocation of resources
- Small vs. large businesses
 - Small business bear a disproportionate share to the burdens of regulation
- Changes in regulation
 - Business perceive changes to existing regulations or new regulations as particularly burdensome
 - Stability in regulatory framework important as it allows effect learning on how to comply

What is administrative simplification?

- Generally, administrative simplification activities take 4 approaches
 - Legal review and improvement
 - Process re-engineering and organisational streamlining
 - The use of information and communications technologies
 - Broader access to information and improved transparency
- Over the last 5 years many EU countries have used ambitious quantitative targets and Standard Cost Model.
- Outcomes at times fell short of expectations
 - a need to focus on the perception of reform results

Why do perceptions of regulation not always compare with reality?

- Absolute numbers vs. individual effects
- Delays in visibility
- Cutting dead wood
- Focusing on small reductions for a large number of regulated enterprises
- Insufficient attention paid to perceptions
- Lack of communication

New trends in reducing regulatory costs

- Rules for regulatory expenditures
 - One-in one-out, regulatory moratoria, regulatory budgets
- Broaden scope of reduction programmes
 - Use quantification cautiously, focus on qualitative methods
- Integrate e-government initiatives with process reengineering, one-stop-shops and other programmes
- Broaden and widen simplification projects through codification and consolidation
 - Evaluate simplification programmes for their “value for money”
- Systematically review existing regulation
 - Consider both costs and benefits

Developing a comprehensive regulatory policy agenda in MENA?

- Political support is essential to develop and deepen regulatory policy.
- Regulatory policy works best when there are appropriate and adequately-funded institutions in place to support and maintain it.
- Ensure the regulatory management help agencies deliver better policies.
- Executive agencies need to co-operate in a constructive way to ensure good governance.
- Find a balance between design of regulation and enforcement and compliance concerns.

Strategic Considerations

- **Leadership is critical.** Virtually all the reports point to the importance of strong leadership – whether by an individual policy maker or an institution charged with carrying out the reform.
- **Take a system wide approach.** The size and complexities of the regulatory system are not always understood or appreciated.
- **The context matters.** Regulatory reform is highly contextual, and should be tailored to suit existing government structures.

Strategic Considerations (cont.)

- **Successful regulatory policy take time.** The more successful reforms generally took several years to prepare and adopt, and often took longer to implement.
- **Successful reforms take several attempts.** Many of the biggest reform successes followed earlier setbacks.
- **Focus on implementation.** Implementation of even well-designed reforms remains a continual challenge.
- **Early and continuous assessment of results.** Development of the regulatory reform agenda is hampered by a lack of focus on monitoring and evaluation.

How can the OECD help?

- The new OECD Recommendation on Regulatory Policy and Governance
- A new programme measuring regulatory performance to diagnose success and failures, improve regulatory policies, programmes and tools, and to communicate progress
- Potential reviews of regulatory policy and governance to provide MENA countries with tailored advice and recommendations

Thank you

