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 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 moritoria, 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.
• **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