



SIMPLER AND MORE EFFECTIVE BUSINESS REGULATION

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How to improve regulation: A problem of definition...or of identity?

- Three core levers for state government to manage economy – fiscal, monetary and regulatory policy
- EU - Better Regulation, Smart Regulation, Regulatory Fitness
- For others- Deregulation, Regulatory Management, Quality Regulation, Regulatory Governance
- For the OECD - **regulatory policy** as a overarching narrative of the implementation of government-wide policies to promote regulatory quality and improvement.
- Over the last few decades, countries have implemented **regulatory reforms** in a wide range of policy areas with a view to raising productivity and economic growth and improving welfare.



What strategies, institutions, tools and processes do countries use?

Strategic Approach	Institutions	Management Tools	Governance
Policy Statement	Oversight Body	Impact Assessment	Whole of Government
Political Leadership	Parliaments	Regulatory Alternatives	National/Sub-national interface
Designated Minister	Advocacy	Simplification and Burden Reduction	Public and Private
	Regulators/Inspectors	Public Consultation	International Dimension
		Ex-post Evaluation	



What are the costs of regulation on business?

- The administrative cost
 - Primary focus of many regulatory reform efforts and in many cases seen as win/win
- The policy or compliance costs
 - Direct cost on capital, labour and other inputs.
 - ‘Business as usual costs’
- Indirect costs of regulations
 - Knock-on effects in other markets, positive & negative
- The benefits of regulation and net impacts
 - Regulations are intended to provide societal benefits which exceed the cost



What is the impact of regulation on business?

- They can have effects on productivity through the creation of barriers to entry for new firms into markets.
- They can constrain the choice set of entrepreneurs and lead to a misallocation of resources
- They can influence the incentive to invest and innovate



Where does the burden of regulation really lie?

- 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
- Do business pass on the higher cost of regulation in the form of higher prices?



What is the cost of administrative burdens on Nordic economies?

- Administrative costs and burden reduction programmes based in use of Standard Cost Model
 - Denmark, from 30.3 billion DKK in 2006 (baseline measurement).
 - Finland, 1.6 billion euro in 2006 (Based on 8 priority areas).
 - Sweden, 96.5 billion SEK Sweden in 2006 (Baseline measurement).
 - Norway, 54 billion NOK in 2006. (Baseline measurement).



What other efforts are OECD countries employing to reduce 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



What needs to be done next?

- Burden reduction effort will take more than one iteration
- Strengthen oversight a Centre of Government through permanent institutional set up
- Ensure a “whole of government” approach
- Develop capacities agency level
- Integrate impact assessment into **decision-making** process
- Focus on the enforcement side by improve risk-based approaches



More ambitious reforms should be considered over the medium term (1)

- **Leadership is critical.** Virtually all OECD research 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.



More ambitious reforms should be considered over the medium term (2)

- **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.



THANK YOU!

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