



# ADMINISTRATIVE SIMPLIFICATION –

## THE OECD VIEW

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# Background

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- Large stock of regulation has accumulated over time
- Sometimes led to a “regulatory jungle”
- May impede competition, employment, innovation
- Pressures from both sides – to diminish regulatory burden while protecting even more
- Need of systematic, periodic reviews and simplification to keep regulations “fit for purpose”



# Reviews of regulations

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- Increasingly popular, not only among transforming countries
- Differences in goals, techniques, criteria, co-ordination mechanisms
- Are regulations meeting the objectives for which they were created?
- Different criteria – legality, obsolescence, user-friendliness, complexity...
- Three basic types:
  - Programmed reviews
  - Ad Hoc reviews
  - On-going management



# Efforts vs. impacts

	Potentially low return	Potentially high return
High effort	<ul style="list-style-type: none"><li>➤ Broad redtape cost estimation</li><li>➤ Regulatory budgets and one-in one-out<sup>a</sup></li><li>➤ Frequent stocktakes</li></ul>	<ul style="list-style-type: none"><li>➤ In-depth reviews</li><li>➤ Embedded statutory reviews</li><li>➤ Benchmarking</li><li>➤ Packaged sunset reviews</li></ul>
Low effort	<ul style="list-style-type: none"><li>➤ Sunsetting</li><li>➤ Regulator stock management</li><li>➤ Red tape targets<sup>b</sup></li><li>➤ RIS stock-flow link</li></ul>	<ul style="list-style-type: none"><li>➤ Known high cost areas and known solutions from past reviews</li><li>➤ Regulator management strategies where weak in the past</li><li>➤ Periodic stocktakes</li></ul>



# How to simplify administration?

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- Dealing with the stock of regulation – review, consolidation and codification
- Streamlining of procedures, harmonising, one-stop shops
- Employing ICTs, data sharing
- Risk-based approaches (inspections)
- Measurement and reduction of administrative burden
- Common Commencement Dates, One-In One-Out



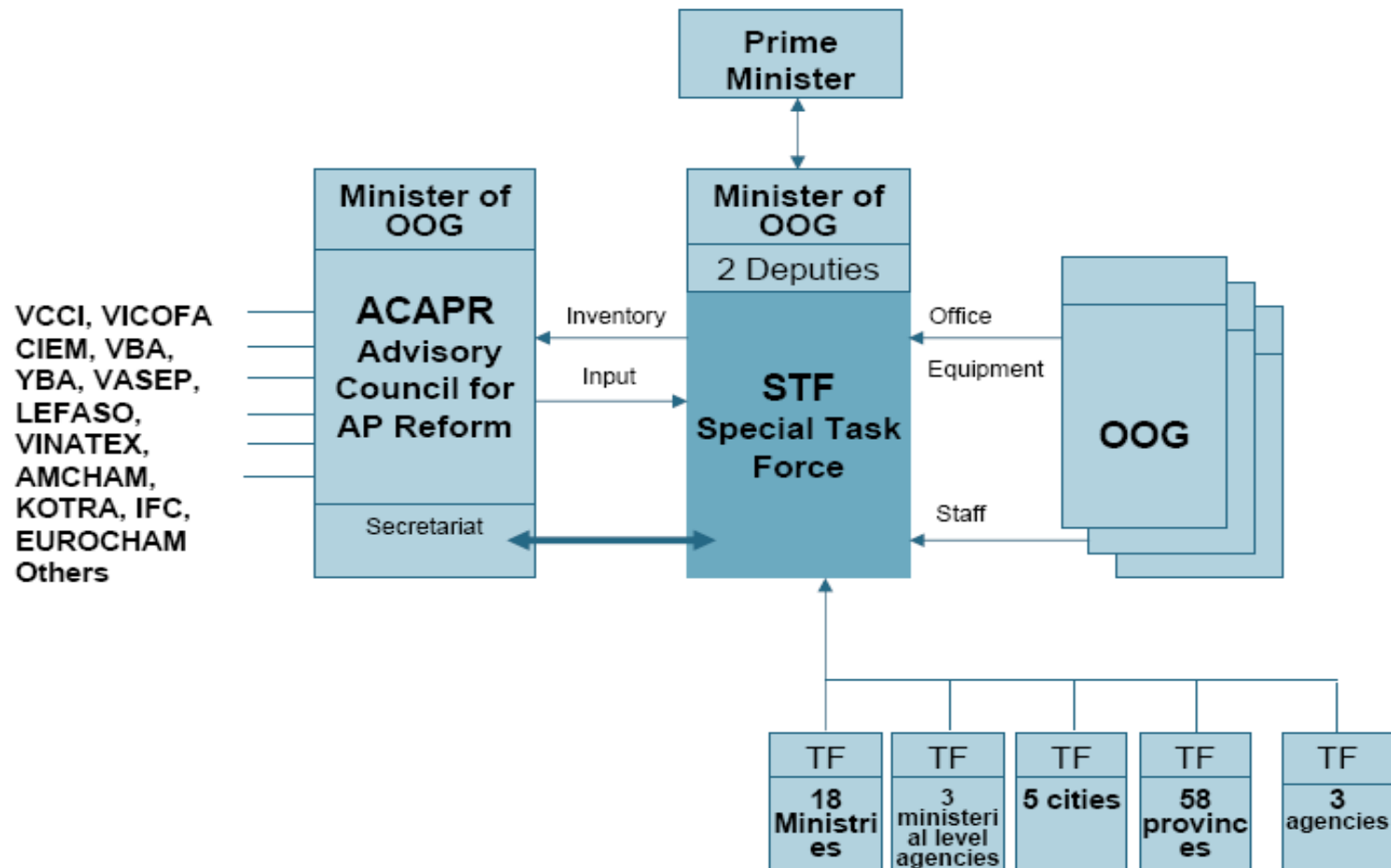
# Ten key points for a successful regulatory review

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1. Sustain top-level political support
2. Engage with regulators to maintain momentum
3. Involve businesses and other stakeholders
4. Partner with legislators
5. Plan, organise, and provide guiding criteria for the review
6. Organise regulatory reviews in stages
7. Provide capacity building and guidance
8. Measure the benefits if possible
9. Communicate to the wider public
10. Take preventive action for the flow of regulations and envisage regular “clean up” with periodical reviews



# Vietnam - coordination structure





# Administrative burden reduction

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- Big momentum in the 2000's, especially (but not only) in Europe
- Difficult areas – employment, environment, tax administration, planning and licenses and permits
- Mostly focusing on businesses but also citizens and public administration
- Quantitative targets helpful in interministerial coordination
- SCM and its modifications used across OECD
- Challenges – cutting dead wood, too much focus on numbers, communication with stakeholders
- Tendencies – more qualitative approach, focus on irritants, stakeholders' involvement, widening on other costs





# Different costs of regulations

## The costs of regulation to businesses

**Direct financial costs**

**Compliance costs**

**Long-term structural costs**

**Indirect financial costs  
(substantive compliance costs)**

**Administrative costs**





# Involvement of Stakeholders

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- Extremely important throughout the whole project:
  - Defining priorities
  - Measuring and testing
  - Looking for simplification proposals
- Website for submitting ideas
- Steering committee, working groups
- Advisory committee



# Main success factors

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- Political support, top-level, across administration
- Comprehensive strategies, integration with other policies
- Communication and co-operation with stakeholders
- Targeting, prioritisation
- Institutional set up, capacity building
- Continuous evaluation, benchmarking



# Main challenges

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- Sustained momentum
- Cutting dead wood
- Last mile issue
- Communication – with stakeholders, of results, managing expectations
- Possible discrepancy between the most burdensome and the most irritating regulations
- Integration with e-government efforts
- Evaluation
- Potential squeezing-out effect
- Integration with other policies
- Integration into *ex ante* impact assessment



# Main trends

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- Broadening and widening
- Better communication, involvement of stakeholders, measuring perception, qualitative approaches
- Institutional co-ordination
- Better targeting, programmed reviews
- More integration with other policies – RIA, e-government, closing the loop
- Evaluation



# THANK YOU!

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<http://www.oecd.org/gov/regulatory-policy/>

