



Institutional Frameworks to Support Bold Reforms

Scott Jacobs

Managing Director, Jacobs and Associates

**Regional Conference on Business Environment Reform in South
East Europe: “Growth and Competitiveness: Weathering the
Crisis and Looking Ahead”**

Tirana, Albania

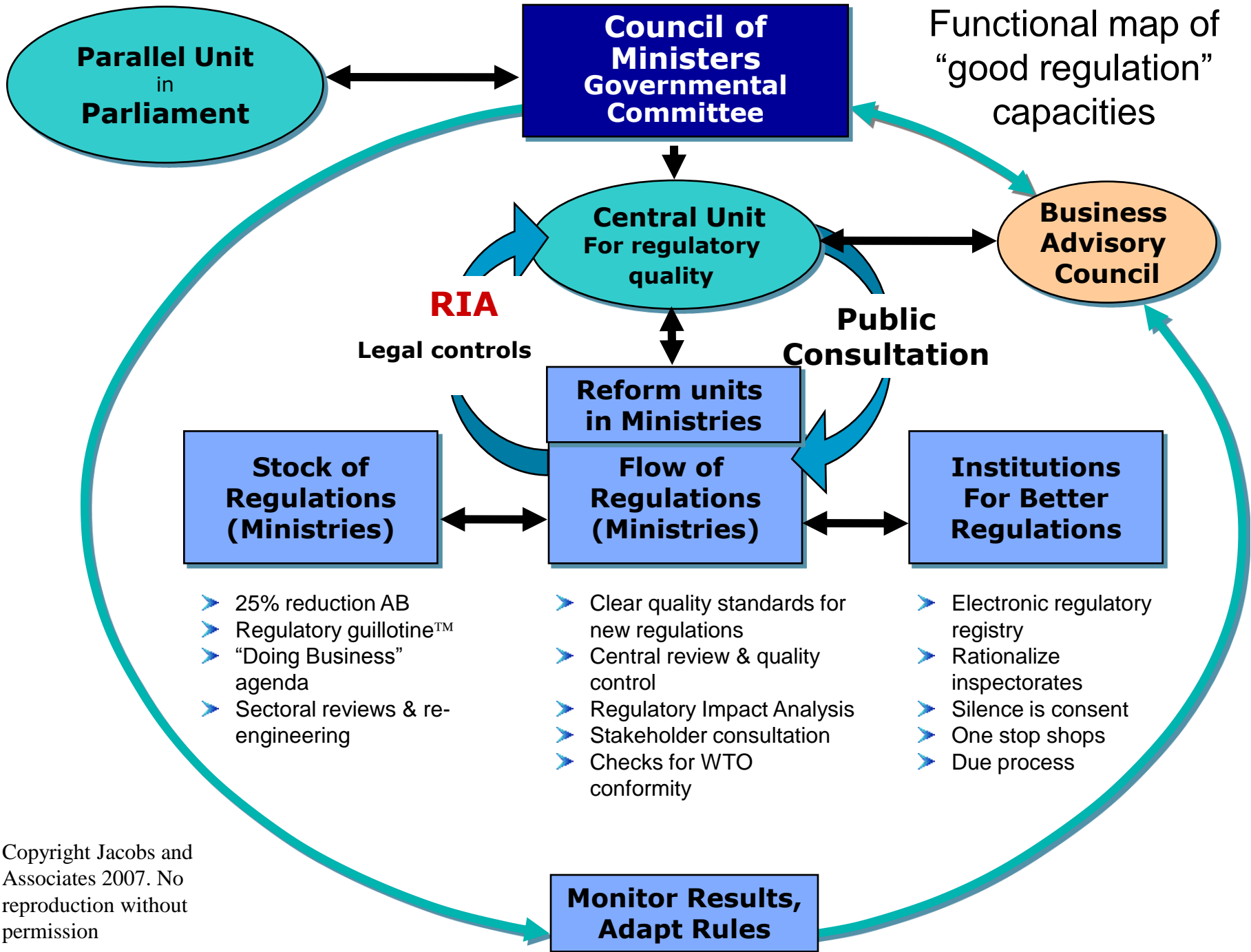
November 17 – 19, 2009



Four Main Regulatory Reform Tasks

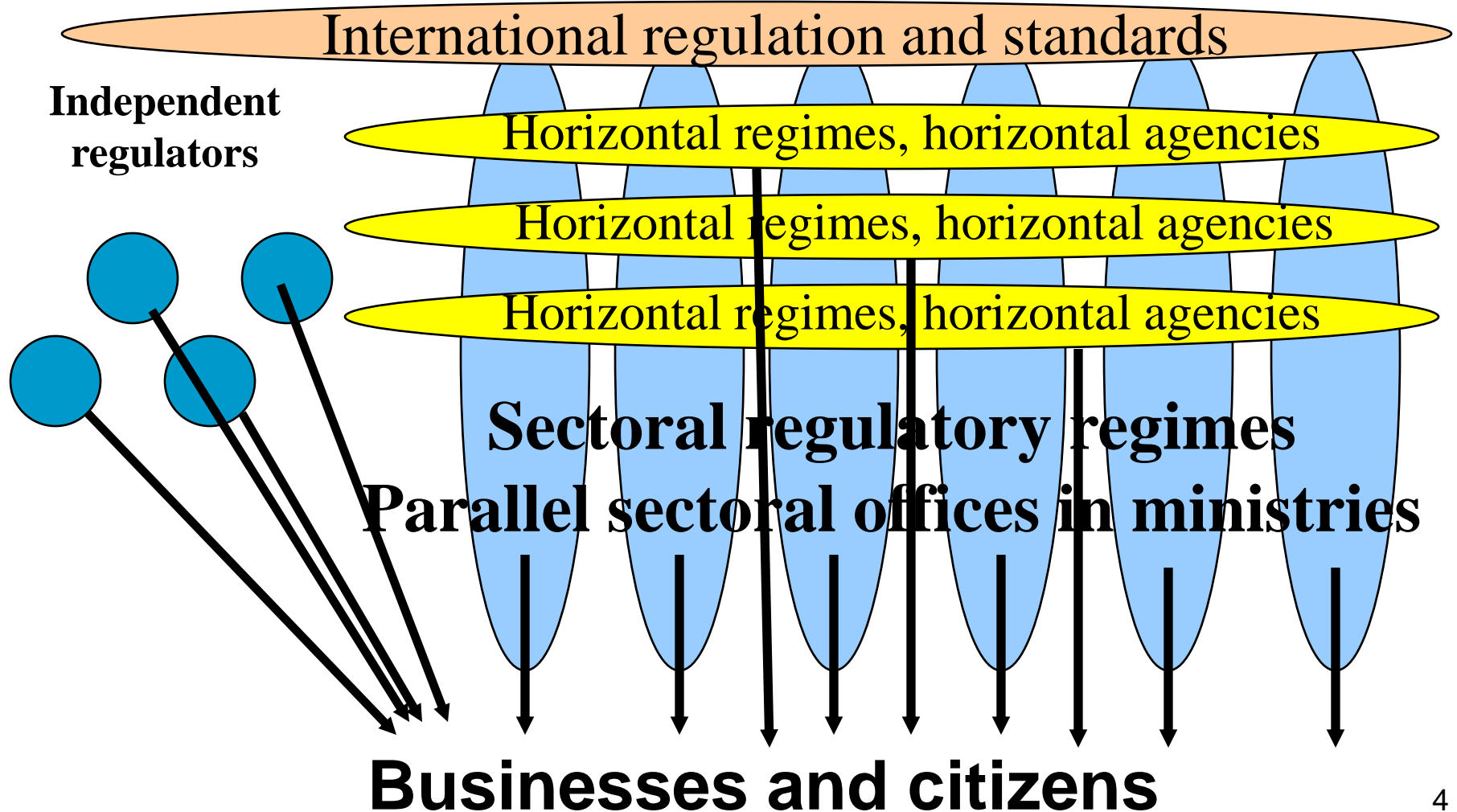
- Picture the regulatory system as a swimming pool
- To create a healthy, clean pool for businesses you must:
 - ◆ **Clean** the water in the pool (the regulatory stock)
 - ◆ **Filter** new water coming into the pool (the regulatory flow)
 - ◆ **Maintain** the pool infrastructure (institutions)
 - ◆ **Ensure that someone is responsible** for keeping the pool clean (regulatory quality control)







Regulatory Structures in Market Economies





Institutions for RIA: A Network for Good Regulation

- Political and ministerial-level bodies for regulatory reform
- A dedicated and expert RIA unit at the center of government
- Inter-ministerial working groups that coordinate and advise on major regulatory initiatives.
- Ministerial level regulatory reform Ministers and units who are responsible for carrying out the regulatory policy and RIA quality at the level of the Ministry
- Private sector groups, advisory bodies, think tanks, and other research bodies who support the regulatory reform agenda



Typology of the most commonly found institutions for regulatory reform*

1. Regulatory Oversight Bodies located within the executive to drive and manage regulatory reform efforts across government on a day-to-day basis;
2. High-level Committees for Regulatory Reform to lead and guide reforms from the political level;
3. Advisory and/or Advocacy bodies to challenge and advise the government's regulatory reform policy; and
4. Ad-hoc institutions to spear-head specific tasks and regulatory review.

*Source: "Building and Strengthening Institutions for Regulatory Governance at the Centre of Government", Draft paper prepared for the Better Regulation for Growth (BRG) Program, a joint knowledge management program funded and implemented by the Dutch Ministry of Foreign Affairs, DFID, and FIAS.



Quality standards for regulation: The challenge function from a central watchdog

- A government should establish the authority of a central quality control unit to require a minimum level of quality before a rule goes to ministers.
- A process of review by the central unit should be established.
- A ministry unable to comply should explain why it is unable to meet minimum standards.





Watchdog institutions in selected countries

- Canada: ***Special Committee of Council, The Regulatory Affairs and Orders in Council Secretariat (RAOICS)***, all part of the Council of Ministers and Prime Minister's apparatus (Council decision)
- Kenya: ***Working Committee on Regulatory Reforms for Business Activity in Kenya*** (Budget Circular)
- Korea: ***Presidential Commission on Regulatory Reform***, appointed by the President and chaired by the Prime Minister, staffed by 35 civil servants in the Office of the Prime Minister (law)
- Mexico: ***Federal Regulatory Improvement Commission (Commission Federal de Mejora Regulatoria - COFEMER)***, an independent commission accountable directly to the President (law)
- Netherlands: ***ACTAL Agency, Helpdesk (Ministries of Economic Affairs, Justice and Environment), Ministry of Justice*** (Government decisions)
- United Kingdom: ***Panel for Regulatory Accountability, Regulatory Impact Unit (RIU), Departmental Regulatory Impact Units, Regulatory Reform Ministers, Small Business Service*** (Government decisions)
- United States: ***Office of Information and Regulatory Affairs, in the Office of the President***, staffed by 40 professional civil servants (Presidential order)



Functions and staffing of watchdogs

■ Core functions include:

- Strategic leadership: assessment of regulatory challenges and new initiatives on regulatory reform
- Program oversight: central coordination of delivery and implementation of regulatory reform, with monitoring and challenge to ministries on performance
- Operational functions: Reviewing RIAs, conducting training, writing guidance, providing help-desk services

■ Staffing ranges from 12 (Croatia) to 45 (United States) to 75 (United Kingdom)



Thank you!