



**Better Regulation Policies globally  
and their impact on reducing  
administrative burdens especially on  
Small and Medium Enterprises and  
citizens**

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**Legislation (including regulation) is the means by which countries regulate their societies, economies, promote safety, health and welfare and protect the natural environment**

**Better**

- For whom?**
- Than what?**



# Quick History



- ❑ Codes of Hammurabi, Justinian, Napoleon
- ❑ New Public Service Management (shift in public service from administration to management)
- ❑ Raised awareness of the need for competitiveness
- ❑ Increased transparency about the costs of legislation
- ❑ Increased awareness of the need to cut the cost of government and to reduce red tape and administrative burdens



# Regulatory Reforms



- ❑ President Ronald Reagan

- ❑ By Executive Order 12291 - Federal Regulation, *February 17, 1981, introduces Regulatory Impact Assessment*

- OECD Reports on Regulatory Reforms*

- ❑ Liberalisation of markets by PM Thatcher and President Reagan – mixed results

- ❑ Technology driving changes (e.government, internet, social media)  
Issues wider than liberalising markets but also drives improvements in:

- ❑ *Better Planning of regulatory intervention*

- ❑ *Analysis of costs and benefits*

- ❑ *Better consultation*

- ❑ *Administrative simplification ('think small first')*



# Better Regulation

## The European Dimension



### Questions

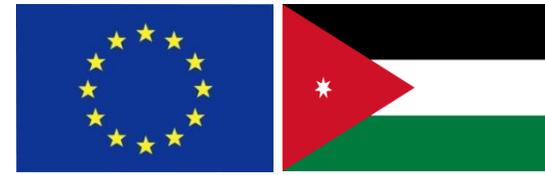
1998 onwards Key questions began to be asked by EU policy makers such as: were current regulatory structures supporting or frustrating a vibrant and competitive economy in Europe?

New policies were needed to address

- Market failures
- Information asymmetries
- Protect safety, health and welfare
- Protect consumer and other interests.
- Too much regulation is bad and too little is worse – a balance is needed.



# European Dimension



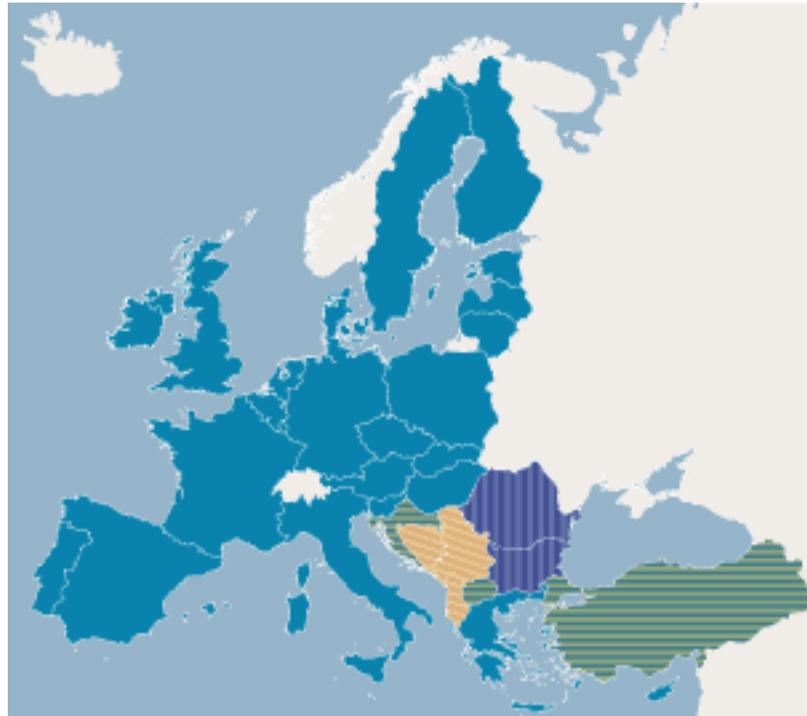
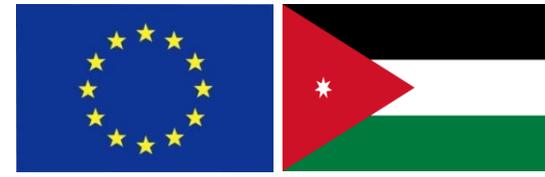
## THE ANSWER

European answer to getting the correct level of regulation was the Better Regulation policy, followed by Smart Regulation, Refit, Reduction of administrative burdens on citizens and businesses

The policy is underpinned by a set of principles:

- ❑ Necessity, Proportionality, Subsidiarity, Transparency, Accountability, Accessibility, Simplicity
- ❑ Similar principles in other countries, e.g., Ireland except that efficiency and consistency replace Subsidiarity and Accessibility

# Spread of Better Regulation policies in Europe





# Growth and Jobs



- ❑ Better Regulation policy (BR) was central to the **the renewed ‘Lisbon strategy’ “Partnership for Growth and Jobs”**
- ❑ The strategy recognises the importance of competitiveness and the role played by regulation in support of competitiveness and the creation of vibrant economies
- ❑ BR is a priority for the European Commission
- ❑ Member States are encouraged to adopt similar strategies to the EU BR policy
- ❑ Many Member States have adopted such policies



# Business needs to be Better and not more Regulated



- ❑ The objective of the EU Better Regulation policy is the creation of a regulatory environment which is simple and of high quality.
- ❑ The policy is a recognition that the regulatory framework in which businesses operate is a key factor for competitiveness.
- ❑ Those policies now recognise the importance of small businesses and that a disproportion of the burden of regulations falls on small businesses.



Better Regulation policy in the EU involves:

- ❑ Withdrawal or modification of pending legislative proposals (flow)
- ❑ Measures to simplify existing legislation (stock)
- ❑ Action Programme for Reducing Administrative Burdens Plan to reduce administrative burdens by 25% well underway since 2006



## Current focus of EU includes:



The Commission supports small and medium-sized enterprises (SMEs) across the EU in a number of ways:

- ❑ 'Think Small First' principle – the needs of small businesses are considered as early as possible in the policy-making process
- ❑ where possible of micro enterprises (fewer than 10 employees) from EU regulation
- ❑ length of consultations increased to 12 weeks to facilitate participation by small businesses
- ❑ increased consultation of small businesses during review and creation of EU regulations



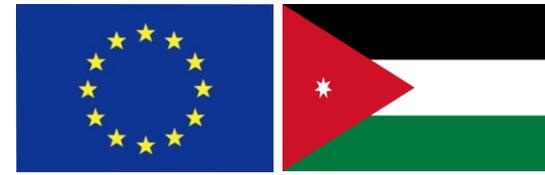
# 'Top Ten' list of the most burdensome EU regulations



- REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals)**
- VAT - Value added tax legislation**
- General Product Safety and market surveillance package**
- Recognition of professional qualifications**
- Shipments of waste - Waste framework legislation - List of waste and hazardous waste**
- Labour market-related legislation**
- Data protection**
- Recording equipment in road transport (for driving and rest periods)**
- Procedures for the award of public contracts**



# Better Regulation Tools



**Better Regulation policy also involves the use of certain tools:**

- Impact Assessment**
- Standard Cost Model (NL, Denmark)**
- Consultation**
- Alternatives**
- Improved Accessibility**
- Simplification**



## Impact Assessment

- ❑ An impact assessment is a document that accompanies legislative proposals.
- ❑ Its aim is to support the lawmakers' decision-making process, with an in-depth analysis of all legislative options available and possible impacts that may derive from them.
- ❑ Its objective is to enhance evidence based policy making.
- ❑ It is a tool to assist political choice and not a substitute for political choice.
- ❑ It can be used at different points in the policy development cycle.



# Consultation



- ❑ Two types:
  - ❑ Information
  - ❑ Discussion
- ❑ Its value lies in the involvement of interested parties so as to capture the collective intelligence of society
- ❑ Enhances accountability
- ❑ Needs to be designed so as to have appropriate consultation strategies for each policy proposal [one size does not fit all]
- ❑ Social dialogue is a crucial factor in ensuring respect for the rule of law



# Other tools



## Use of **Alternatives**

- Information and education
- Fiscal incentives
- Other

## **Improved Accessibility** of legislation at the EU level through programmes of:

- Consolidation
- Recasting
- Codification
- Use of internet



- Reduce the volume
- Assess the costs
- Simplify
- At the very least, be aware of the costs of new regulation for the taxpayer and the business especially the smaller businesses



# Institutions of the EU Member States

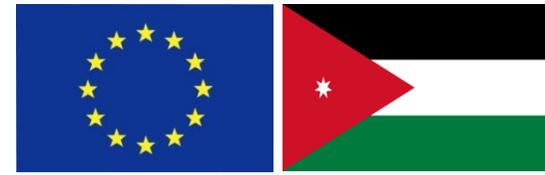


All countries in the EU have engaged with Better Regulation – a few examples:

- ❑ **E.government (Estonia) (Ireland)**
- ❑ **Burden reduction and measurement (NL, Denmark, France)**
- ❑ **Impact assessment** (variable quality) (**UK, EU** best **Eastern Europe** catching up), Ireland - weak
- ❑ **Consultation** a challenge for all but well done in Ireland, the UK and the Institutions of the **EU**
- ❑ **Standard Cost Model NL**



## Next Steps - Europe



- ❑ Application of Better Regulation concepts to specific policies such as the **CAP**, **Structural funds**, **financial services**, **environment law**
- ❑ **Implementation** needs to be more consistent across the Union
- ❑ **Enforcement** – zero tolerance or risk based
- ❑ **Compliance** – needs to be improved by virtue or self interest
- ❑ Identification of which Better Regulation policies deliver the **best results**?



# Conclusions and next steps for Jordan



- ❑ The quality of the regulatory environment affects competitiveness.
- ❑ The response in Europe and EU MS has been to develop Better Regulation policy at the level of the EU institutions and MS.
- ❑ Similar responses elsewhere OECD countries but also Morocco, Egypt, India, Nepal to name a few
- ❑ Clear evidence about benefits product market reforms and simplification measures
- ❑ Whether countries are over regulated or not depends on who you ask but Better regulation reform now part of the policy making landscape.



# Some light reading



Sigma Paper No 42 Regulatory Management Capacities of Member States that joined the EU in 2004 (Paris, 2007)

[ec.europa.eu/enterprise/regulation/better\\_regulation](http://ec.europa.eu/enterprise/regulation/better_regulation)

[www.sigmaweb.org](http://www.sigmaweb.org)

[ec.europa.eu/enterprise/regulation/better\\_regulation/docs/final\\_synthesis\\_report\\_sigma.pdf](http://ec.europa.eu/enterprise/regulation/better_regulation/docs/final_synthesis_report_sigma.pdf)

[www.regulatoryreform.com](http://www.regulatoryreform.com)

[www.cabinetoffice.gov.uk/REGULATION](http://www.cabinetoffice.gov.uk/REGULATION)

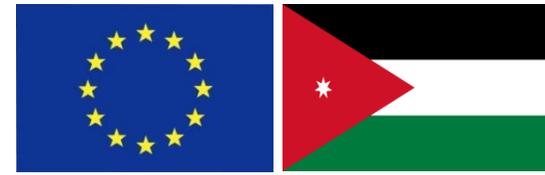
[ec.europa.eu/governance/impact/docs/key\\_docs/mandelkern\\_report\\_en.pdf](http://ec.europa.eu/governance/impact/docs/key_docs/mandelkern_report_en.pdf) –

Communication on Impact Assessment of 5 June 2002 (COM(2002)276 final),

See also Better Regulation Action Plan (COM(2002)278 final).



## And some more



[Minimizing regulatory burden for SMEs. Report 23 November 2011](#)

Commission Communication on Smart Regulation Responding to the needs of Small and medium sized enterprises [COM\(2013\)122](#)

Commission Communication on the 'Follow up to the 'Top Ten' Consultation of SMEs on EU Regulation [COM\(2013\)446](#)



**Thank you for your attention**

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