

Regulatory Management Framework to Enhance Productivity



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REGULATORY MANAGEMENT FRAMEWORK TO ENHANCE PRODUCTIVITY



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FOREWORD

Regulations are essential tools for governments to promote productivity, thereby enhancing the well-being of society. Hence, they should be carefully designed and regularly reviewed. A regulatory management system (RMS) refers to the meta structure to oversee the development and review of regulations. An RMS has four core components: regulatory policies; regulatory tools; regulatory institutions; and regulatory procedures. A good RMS serves to assess policies, analyze regulatory performance, and identify success factors and priority areas for reform. This leads to the institutionalization of good regulatory governance under which policies result in improvement in productivity and economic performance.

Given the variety of regulatory systems including those in APO member economies, countries are increasingly introducing regulatory management policies and strengthening institutions to make regulatory systems more efficient and effective. The APO conducted a workshop on Developing Regulatory Management Systems, held 5–9 August 2019 in Manila and hosted by the Development Academy of the Philippines, with the objectives of reviewing the regulatory management approaches and practices of member governments, determining gaps in regulatory administration and enforcement, and developing an RMS framework to improve the delivery of government regulatory services, thereby enhancing national productivity. Nineteen participants from 10 member countries (Cambodia, Republic of China, India, Indonesia, Lao PDR, Mongolia, Pakistan, Philippines, Sri Lanka, and Vietnam) contributed to the development of the RMS framework based on the initial concept proposed by the author of this report. The framework focuses on national regulatory systems rather than a particular regime or an individual agency. Part A of this report explains the elements of a capable regulatory system. Part B then explores supporting practices, while Part C looks at regulatory institutions and Part D at regulatory strategy.

Based on the inputs from participants after the draft RMS framework was presented at the workshop, regardless of the differences among APO member countries' productivity journeys and their underlying RMS, they all face the same range of options in terms of choosing regulatory quality tools, practices, strategies, and institutions. The challenge is to identify which tools, practices, and institutions are required improve regulatory performance and thus the productivity of the public sector in the long run.

The APO is grateful to Derek Gill, Head of Public Good, New Zealand Institute of Economic Research, who drafted the RMS framework and wrote this report publication. The report clarifies the elements of RMS, how they function within the context of institutions and overall strategies, and how an RMS can contribute to productivity and development goals, making it a practical reference for APO member economies.

Dr. AKP Mochtan
Secretary-General

ABSTRACT

Regulatory management refers to the systematic appraisal of the impacts of proposed legislative rules and the sustained maintenance of existing laws and regulations. Regulation, used here in the broad sense of the verb “to regulate,” means the use of legal instruments to give effect to a government policy intervention.

All countries have their own unique systems for developing, deploying, and reviewing legislation and regulations. Increasingly, they are introducing regulatory management policies and strengthening their institutions to make regulatory systems more effective. Individual regulations do not operate in isolation but interact as part of a system. The framework suggests that a high-performing regulatory system needs to have four key components: 1) regulatory quality tools, such as regulatory impact analysis or administrative burden reduction; 2) regulatory practices and processes, such as consultation and international regulatory cooperation; 3) regulatory institutions through a regulatory oversight body; and 4) a regulatory strategy or overarching policy, such as good practice regulatory principles. Regardless of the differences in underlying regulatory management systems, all countries face the same range of choices about adopting regulatory quality tools, practices, strategies, and institutions.

REGULATORY MANAGEMENT FRAMEWORK

Introduction

The Asian Productivity Organization (APO), in collaboration with the Development Academy of the Philippines (DAP), held a workshop on Developing Regulatory Management Systems, 5–9 August 2019 in Manila. Nineteen participants from 10 member countries (Cambodia, Republic of China, India, Indonesia, Lao PDR, Mongolia, Pakistan, Philippines, Sri Lanka, and Vietnam) attended as well as observers from the DAP.

One important outcome of the APO workshop was the development of a framework for a regulatory management system (RMS). This report provides that framework by updating an earlier paper prepared for ERIA [1] based on the discussions at the Manila workshop. The framework focuses on a national regulatory system rather than the regulatory regime (cluster of related regulations applying in a particular domain), an individual regulatory agency, or specific regulations.

All Countries Have Different Systems for Managing Regulations

Every country has its own unique regulatory system to make laws, regulations, and rules and a set of procedures for reviewing them. Increasingly, countries are introducing regulatory management policies and strengthening their institutions to make their regulatory systems more effective. Intal and Gill [2] published a comparative survey of the development of different approaches to regulatory management in selected ASEAN countries as well as Australia, Japan, the Republic of Korea, and New Zealand.

Regulations Include Rules as well as Laws

“Regulation” is used here in the broad sense of the verb “to regulate.” Regulation means the use of legal instruments to give effect to a government policy intervention. While the terms used for legal instruments vary by jurisdiction, “legal instruments” here include all primary laws, secondary regulations, or tertiary rules.

Regulatory management (“regulating the regulation makers”) is a form of meta-regulation which includes both regulatory policymaking (“regulating regulation developers”) and regulatory administration and enforcement (“regulating the wielders of regulatory power”). In some countries, there is an explicit “law on laws,” while other countries rely more on decrees or convention.

Regulatory Management Involves Special Measures

There is no rigorous definition of RMS which clearly distinguishes an RMS from the wider public management, public policy, and public law systems within which regulatory management takes place. The formal term “RMS” is used here to mean the set of special measures that apply to the development of new, or the review of existing, regulations but do not apply to other policy interventions.

The Framework Identifies Four Key Components

The approach adopted in this report is similar to that of the OECD [3], which suggests that an RMS has four main components:

1. Regulatory quality tools, e.g., regulatory impact analysis (RIA), administrative burden reduction, and evaluation.
2. Regulatory practices and processes, e.g., consultation and accessibility.
3. Regulatory institutions, e.g., an oversight body and coordination for international/national/local coherence.
4. Regulatory strategy or overarching policy, e.g., good practice regulatory principles.

Oversight Institutions Play an Important Role

Discussions of regulatory management often focus on particular tools such as RIA and practices such as consultation. To be effective, the tools and practices in turn require the support of key institutions:

1. A coordinating body that has the capability and mandate to oversee and develop the regulatory system and report on its performance.
2. Other institutions that ensure the quality of the RMS such as legal drafting to ensure consistency with other domestic laws and international obligations.
3. Training providers who build the capabilities required.

These institutions are more effective if there is an explicit regulatory strategy that provides a whole-of-government mandate for achieving regulatory quality. Often this takes the form of government endorsement of a set of good practice regulatory principles that are sometimes linked to trade and competition policies.

Context: The Shibboleth of Best Practices

Different countries have different systems to make and review laws, regulations, and rules. These RMS are embedded in a much broader set of national governance arrangements that have two main features:

1. An enduring set of constitutional provisions, legislative rules, norms, and decision-making processes and practices.
2. An enduring set of institutions with the responsibility for ensuring that the provisions, laws, rules, norms, and decision-making processes and practices are consistently applied.

It is important to note that these institutions and provisions occur in a variety of national contexts that include:

1. Politico economic factors, such as the political leadership and commitment to national regulatory policies and institutions.

2. The overall public law framework, such as a freedom of information law and open government policies and practices.
3. Complementary interfaces with competition policy, sectoral regulation strategies, and international trade and investment rules.

Because each country's context is unique, there is no "best practice" in regulatory management. However, countries are increasingly introducing "special measures" to strengthen their systems for making and reviewing regulations. These special measures apply to the development of new, or the review of existing, regulatory interventions, but not to other policy interventions, such as taxes and spending measures. Thus, a formal RMS consists of a set of special measures which a country applies to the development or review of regulations.

To illustrate, all countries have a policy development system. In some, new regulatory interventions are subject to an RIA. The RIA is a special tool that does not apply to other policy interventions, such as spending on subsidies or transfers.

Part A of this report explains the elements of a capable regulatory system. Part B explores supporting practices, Part C looks at regulatory institutions, and Part D examines regulatory strategy. The literature on regulatory management is extensive.

Part A: The Whole Is Greater than the Sum of the Parts

The framework starts from a system view because achieving better outcomes such as clean water or road safety requires developing a coherent regulatory regime. With a coherent regime, the whole is greater than the sum of the parts. This requires a range of linked regulatory and other interventions to be integrated so that they reinforce each other. Coherence includes horizontal alignment across different regulations and vertical alignment between regulatory interventions and regulatory practices such as compliance and enforcement as well as external alignment with international standards and norms.

Regulatory changes are something of an experiment [4], as it is usually uncertain how the patterns of actual behavior by regulators and those they regulate (regulatees) will evolve over time. Figure 1 shows why regulatory regimes do not necessarily operate how their designers anticipated, drawing out the long, complex chain of decisions and interactions with indirect and unexpected impacts.

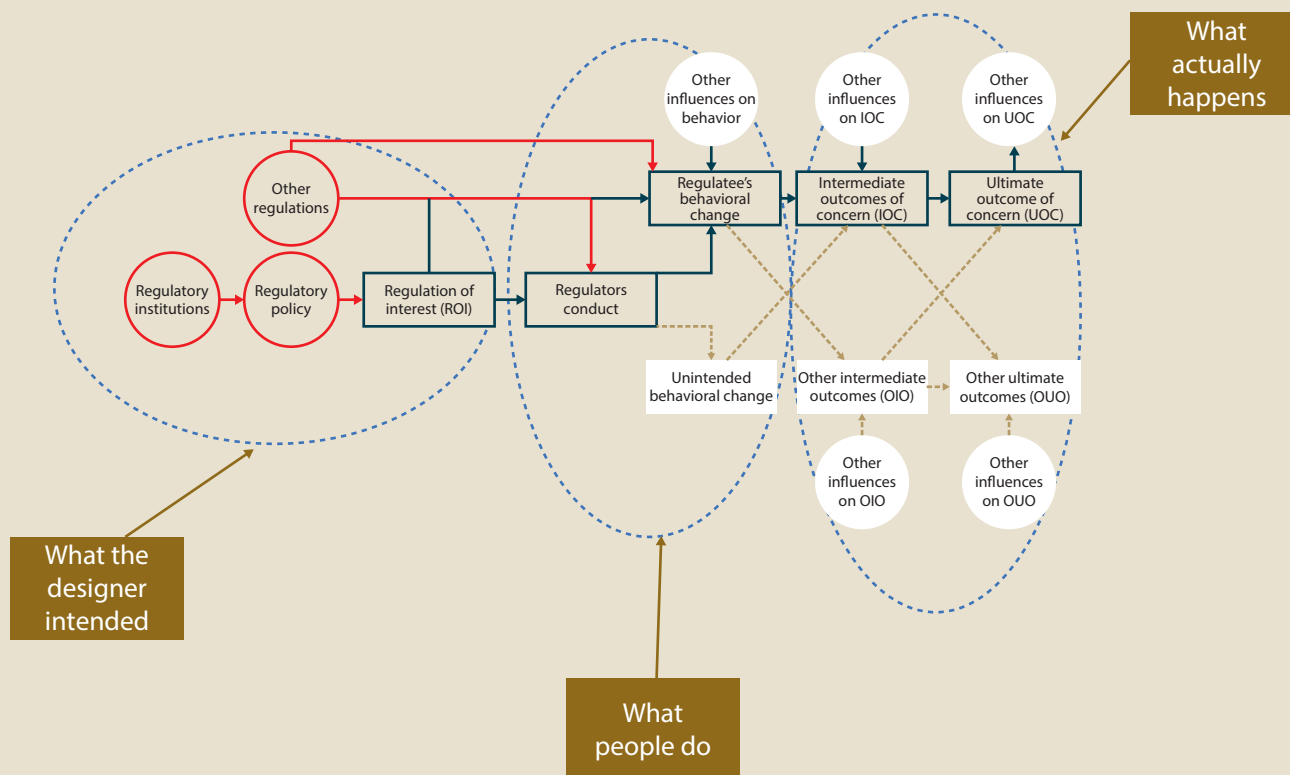
At the heart of the diagram in Figure 2 is the overall system. While analytically convenient to show an orderly sequence of activity, because regulation is generally an experiment, the world of the regulator is more organic and sometimes chaotic. Figure 2 shows how at macro level a capable regulatory system has five components: 1) a planning phase when a program of regulatory changes is developed based on scanning and review; 2) a proposal development phase; 3) a deployment phase when implementation is planned and executed; 4) an operational phase when the regulation is enacted; and 5) a learning phase that feeds back into the planning.

Development of a Regulatory Proposal

Regulatory proposal development generally has with two parts: "big policy" (or intervention analysis) and support for the decisionmakers, as shown in Figure 3.

FIGURE 1

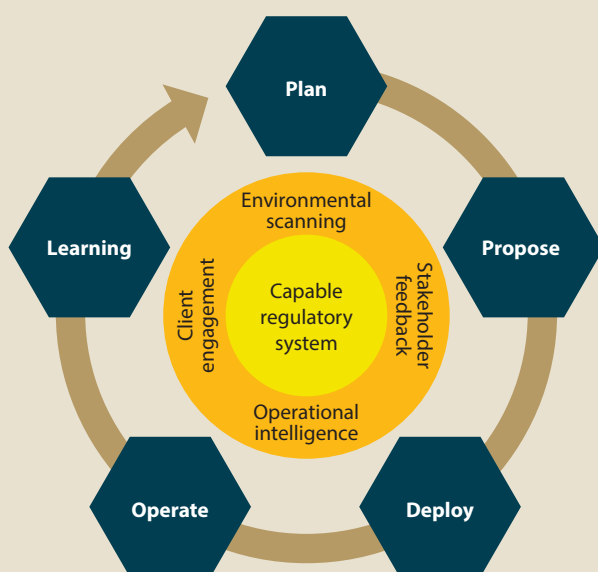
REGULATIONS AS EXPERIMENTS.



Source: Adapted from Coglianese [5].

FIGURE 2

COMPONENTS OF A REGULATORY CYCLE.



Big Policy Development

The focus of big policy development is to address the question of “what works.” (Big policy can be distinguished from the “little” or operational policy that is required to make the big policy effective.) The key functionality required for big policy development is intervention analysis. RIA is a common special measure used in a range of countries to undertake intervention analysis. The capability needed is the ability to consider regulation against other policy interventions in order to assess the most effective means of achieving the policy objective.

Common questions raised in this phase include:

1. Is the problem clearly defined and is intervention necessary?
2. What are the alternatives to regulation?
3. Is regulation the most effective form of intervention?
4. Which regulatory approach should be used, e.g., self-regulation, co-regulation, performance- and incentive-based regulation, or more prescriptive and compliance-based regulation?
5. How are cross-border issues addressed, e.g., compliance with GATT and GATS or free trade agreement provisions on goods and trade in services?
6. Do the benefits of regulation justify the costs?

Decision-making Support

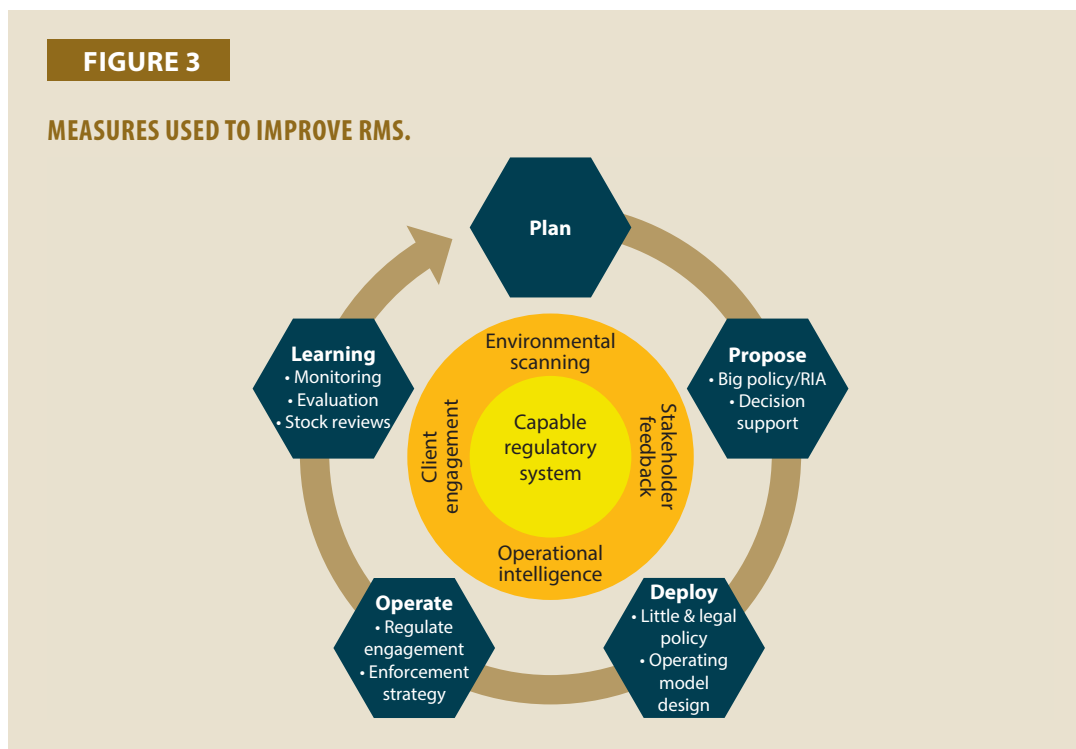
Support is required for decisionmakers in the executive branch and the legislature to handle the complexity of considering, developing, and amending laws. Decisionmakers will look for the key technical capabilities discussed above such as legal policy and financial and economic analyses. These technical capabilities are necessary but not sufficient conditions for high value-added decision-making support. They provide a bottom line that, if not achieved, risks undermining credibility. The bottom-line capabilities need to be augmented with top-line soft skills for engaging with decisionmakers. Some regulatory agencies recognize this and provide courses in accessible report writing and effectiveness in meeting management as part of capability development training.

Deployment of a Regulatory Proposal

Implementing a regulatory proposal generally has four parts: little or operational policy development; legal policy; operational strategy design; and change implementation. Many regulations fail because how the model is developed and deployed is inadequate to support the regulatory policy objectives.

Operational/Little Policy Development

Little (or operational) policy is focused on the powers, functions, and capabilities that are needed to make the big policy effective. The key functionality is a mixture of skills including design, legal analysis, and organizational analysis. The development of primary laws, secondary regulations, and tertiary rules often requires consideration of little (and legal) policy issues. There is no common tool or special measure used across countries but in some cases these issues are covered by RIA systems and their accompanying documentation.



Key questions addressed in the little/operational policy development phase include:

1. What functions are needed?
2. What legal powers are required to deliver those functions?
3. Which institution should have those powers and deliver those functions?
4. How should those functions be organized, e.g., what is an appropriate allocation of functions and powers to the private sector and within the public sector and at which level(s) of government?
5. Is statutory independence required for the decisionmakers or institution making the decision?
6. What checks and balances are required?
7. How should any new organizations required be designed?
8. Do the regulators have the mandates, capabilities, and resources required?
9. How will the regime be funded?
10. If cost recovery through fees is proposed, how will they be capped to ensure that the level of fees does not exceed the cost of the regulator undertaking the function?
11. What accountability is required?
12. When and how will the regulation be reviewed?

Legal Policy Development

Legal policy and little policy are generally set in parallel because one informs the other as the law or rule is developed. Legal policy is focused on ensuring the legitimacy of the powers and functions involved and their coherence with the rest of the legal framework. The key functionality here is legal analysis, and the key imperative is to achieve coherence with the wider body of law. Every country has its own institutional arrangements, and there is no common special measure used across countries. Key questions addressed in this phase include:

1. Is there a legal basis for the regulation?
2. Is this regulation consistent with superior and subsidiary law (vertical consistency) and related legislation (horizontal consistency)?
3. Is the regulation clear, consistent, comprehensible, and accessible to users?
4. Is there duplication and are there inconsistencies in administrative requirements?
5. Is the draft compliant with international obligations?
6. Is the regulatory regime proportional to the nature of the problem?

Operating Model Design

Operating model design is focused on the “what” required by regulators and regulatees if the regime approved by decisionmakers is to have the desired impact. The key activities necessary focus on the various functions the regulators will undertake such as registration, compliance, and enforcement as well as the systems and capabilities required to support them. Typical activities include development of standard operating procedures, assessing the capabilities required, and investing in training needed to support the operating model.

Key questions addressed in the operating model design phase include:

1. Which specific capabilities and resources are required to support the regulatory functions?
2. Which regulatory strategy is appropriate: risk-based or responsive regulation?
3. What type of education and engagement strategies are required for regulatees and other stakeholders?
4. What type of regulatory compliance strategy is required?
5. How should independence in decision-making be protected?
6. How should regulators be made accountable?
7. What information is required to support monitoring and review?

Change Implementation

Change implementation is focused on “how” to implement change once final decisions have been made. The key functionality required is the ability to design and execute change. Every country has

developed its own unique ways of working, but change management planning is a common technique. Ideally, a change implementation plan is developed as a guide.

Operating the Regulatory Regime

Maintaining a regulatory regime in operation requires a capable, well-resourced regulator. This includes good generic corporate management systems such as human resources development, financial management, and knowledge management. The focus here is on the function and associated capabilities that are specific to administering regulations. These functions vary by regulator but include a mix of registration, licensing, certification, monitoring compliance, managing noncompliance, and compliance management as well as responding to adverse events. The mix of functions required can vary dramatically across regulatory regimes. For example, some regulatory regimes require licensing and certification, while others allow open access without formal notification.

Administration and Enforcement

Administration and enforcement are focused on ensuring compliance with the regime by citizens and businesses. (Note that this function includes the review of individual cases for fairness in administrative procedures.) Being an effective regulator is a real craft that requires a combination of capability, leadership, and credibility. Every country has its own institutional arrangements, and there are no common special measures used across countries.

Key questions addressed in the administration and enforcement phase (in addition to those in the previous section) include:

1. How can we adopt an evidence-informed, risk-based approach to regulatory administration?
2. Do we have the capabilities and systems we need on the ground to operate the regime?
3. Do regulatees receive the information required to meet their responsibilities?
4. What procedures exist to review the procedural fairness and legality of regulatory decision-making?
5. Do we have effective relationships with stakeholders?
6. How effective are our compliance activities?
7. What capability development and investment are required?

Learning about Regulatory Regime Effectiveness

“Learning” is used in this report in the everyday sense of “the act or process of gaining knowledge.” All regulatory changes have the nature of an experiment, as it is usually uncertain how the patterns of actual behavior will evolve over time. Thus, it is important to have the ability to learn both about whether the regulatory regime is necessary, efficient, and effective and to learn about how to implement and enforce the regime more effectively so as to improve compliance. Learning arises from a range of sources of formal processes such as monitoring, reviews, audit, and evaluation, as well as more informal feedback and learning by doing.

Monitoring

Monitoring is focused on assessing whether a regulation is working as intended. Ideally, it is based on a monitoring plan required as part of the RIA. Information generated can be used to fine-tune the implementation of the regulations and provide early warning of any big or little policy issues that need to be addressed. The key functionality required is the ability to gather information so that the operation of the regulation can be examined.

Key questions in the monitoring phase include:

1. What structured information do we have about the effectiveness of compliance activities?
2. What does the more informal information suggest?
3. What are the vulnerabilities and opportunities for improvement?
4. How is regulatees' behavior changing?
5. Are the outcomes of concern improving or deteriorating?
6. Is there any evidence of impact on other outcomes?

Evaluation

In contrast with an everyday term such as “review,” “evaluation” is a more formal term with a more precise meaning and a well-defined body of practitioners, supported by professional associations and journals. In the literature, it is conventional to distinguish between *ex ante* impact evaluations and *ex post* evaluations. The latter take two main forms: a formative evaluation that provides information on improving a process; and a summative evaluation that provides information on short-term impact or long-term effectiveness. The distinction in types of *ex post* evaluations is an important one. In formative evaluations, the focus is on “are we doing things right,” while in summative evaluations, the focus is on “are we doing the right things.”

Ex post evaluation of regulation is a near-universal weakness across OECD countries. According to the OECD [6], “Few countries assess whether underlying policy goals have been achieved, whether any unintended consequences have occurred, and whether there is a more efficient solution.” Key big policy questions addressed in this phase include:

1. Is the regulation still necessary, i.e., is there a recognized problem that the regulation seeks to address?
2. Is the regulation effective in achieving the objectives for which it was introduced?
3. Is the regulation efficient by achieving the objective at lower cost than other feasible alternative options?

If the regime is necessary, efficient, and effective, there is a range of little policy and legal questions to be addressed concerning whether the operation of the regime could be enhanced by clarifying certain legal provisions, strengthening checks and balances, reallocating functions, improving the design, strengthening the capability of the regulator, etc.

Stock Management Reviews

“Review” refers to a deliberative examination with a view to taking action. Reviews can occur at two levels. They can be focused on the overall regime and its effectiveness, drawing upon evaluations when available. Reviews can also occur at the level of an individual case or transaction as a means of providing an assessment of procedure and fairness of process, but this latter type is not the concern of this report.

Stock management reviews focus on whether regulations are working as intended. The key functionality required is the ability to review groups of regulations systematically to ensure that they are effectively meeting their objectives. (This differs from monitoring in that the focus is generally on regimes, i.e., groups of regulations rather than individual regulations.) Regulatory effectiveness includes two aspects. First, have regulations been implemented and administered properly? Second, how well do regulations contribute to achieving impacts, such as altering the behavior of citizens and businesses which in turn influences the goals, both intended and unintended, of the regulation [7].

In a survey of Australian state and federal regulatory practices, the Australian Productivity Commission [8] suggested that there are three types of reviews of regulatory regimes:

1. Stock management, involving RIAs, red-tape reduction, regulatory budgets, and in/outs.
2. Ad hoc, e.g., stock-taking regimes, principle-based regimes, benchmarking, and in-depth reviews.
3. Programmed reviews, e.g., sunseting, embedded in statutes, and postimplementation reviews.

Thus, there is a wide range of regulatory stock management tools which different countries have adopted, including the standard cost model, regulatory guillotine, red-tape reduction targets, “one-in, two-out” or “one-in, one-out” (“one in, X out” or OIXO), regulatory budgeting, and the use of review clauses or sunset provisions. These review tools vary in their breadth (i.e., how wide the coverage is), depth (i.e., the focus on administrative costs or wider distortions), and frequency (regularly programmed or ad hoc).

Key questions in the review phase include:

1. What are the objectives of the regulatory regime?
2. Has the regulatory proposal achieved the objectives for solving or mitigating the issue?
3. Who were the targets (i.e., regulated individuals and organizations) of the proposed regulation?
4. Who were the intended beneficiaries of the proposed regulation (e.g., the general public or specific groups within the public)?
5. What behavioral changes in the target audience were intended to be achieved (e.g., awareness, understanding, capacity, compliance)?

Planning Changes to a Regulatory Regime

Changing government priorities or information arising from monitoring and review can reveal whether a regulation or an overall regime is working as the government intended or not. The role

of overseeing the operation of a stock of regulations also implies a responsibility for planning how the regulations should be maintained and updated. Exercising regulatory stewardship means taking a proactive, collaborative approach to the care of a regulatory system throughout its life cycle. Exactly what “stewardship” responsibility involves is still under development, but New Zealand guidance [9] and the stewardship plans developed by the larger regulatory agencies are useful.

Key questions in the change planning phase include:

1. How has the domestic operational context changed (new technologies, business models, etc.)?
2. How have international regulatory standards and practices evolved over time?
3. What does the government’s overall regulatory strategy suggest?
4. What changes have occurred in related regulatory policies and practices?

Part B: Practices Required to Support a Capable System

The report so far has focused on the components of the classic plan–act–review cycle with the regulator at the center. However, there is an increasing emphasis in the public policy literature on the role of citizens and businesses in achieving regulatory outcomes. Regulatory policy development is becoming less government centered as it draws on actors and institutions outside the formal policy system. This is particularly important for regulatory policy, as regulatory outcomes are co-produced in the interactions between the regulators and regulatees. Contemporary policy development includes good supporting practices (Figure 4), such as:

1. Consultation.
2. Communication and engagement.
3. International coordination.
4. Regulatory collaboration.
5. Transparency and accountability.

Consultation

Consultation can help:

1. Identify priority areas for review and reform.
2. Come up with concrete simplification proposals.
3. Increase the ownership of reforms among stakeholders.
4. Create a dialogue between the regulators and their stakeholders.

FIGURE 4

REGULATORY PRACTICES REQUIRED FOR REGULATIONS TO BE EFFECTIVE.



As a result, consultation can occur at multiple stages in the RMS, for example:

1. When addressing the big policy question of what works.
2. When considering the little policy questions of how the regulatory regime should operate.
3. In the legal phase, focusing on how exactly the policy should be enacted in law.
4. In the design of the change implementation stage.
5. In monitoring and review to check whether the regime is working.

Coordination with International Regulations

Regulators are increasingly engaged in a complex web of international regulatory coordination (IRC) involving bilateral, regional, plurilateral, and multilateral partners. Some of these arrangements are relatively informal networks and communities of practice, some are formally recognized in trade agreements, and some take the form of mutual recognition agreements or full harmonization. As a result, IRC needs to be considered at multiple stages in the RMS, for example:

1. When addressing the big policy question of what works.
2. When considering the little policy questions of how the regulatory regime should operate.
3. In the legal phase, when determining exactly how the policy should be enacted in law.

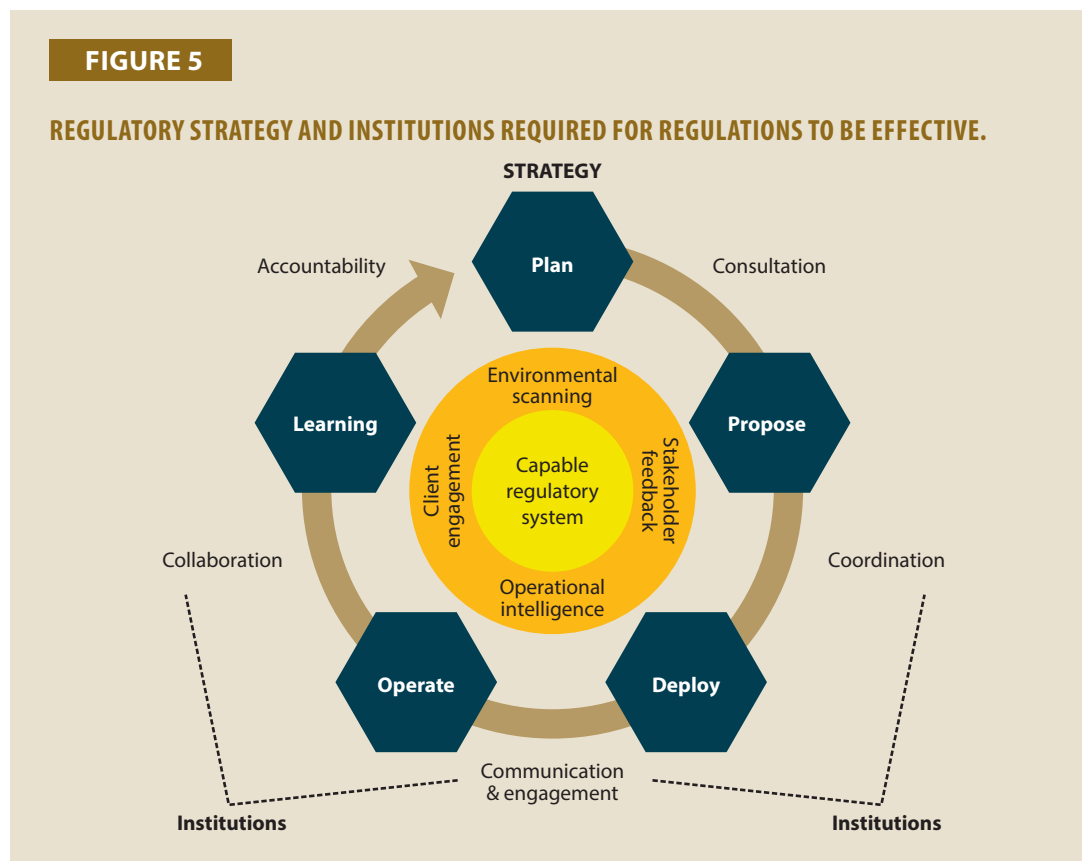
4. In the design of the change implementation stage.
5. In monitoring and review to check whether the regime is working.

Communication and Engagement

As regulatory effectiveness depends upon the behavior of those regulated, open communication and active engagement with citizens and businesses are crucial. This suggests the need to emphasize “interactive, participatory, and process styles” rather than the harder “rational and argumentative styles” [10] during regulation development and enforcement.

Accountability and Transparency

Regulatory agencies use public resources and apply the coercive power of the state to their citizens and businesses. It is important, therefore, that regulatory agencies are publicly accountable for the use of those resources and the exercise of those powers. Transparency is important to promote accountability as well as engagement. As a result, most developed countries have moved toward an online, readily searchable database of all laws and rules open to the public.



Part C: Institutions Required to Underpin the RMS

Policies and practices do not exist in isolation but need to be sustained by institutions. The left and right “support wings” at the bottom of Figure 5 refer to institutions including lead institutions, coordinating institutions, and training providers. The lead institution is a coordinating body that has the capability and mandate to oversee and develop the regulatory system and report on its performance. The OECD [11] lists the roles of the “standing oversight body” as including:

1. Oversight and development of improvements in the RMS.
2. Quality control of regulatory tools and assessments.
3. Coordinating *ex post* assessment.
4. Providing training and guidance on regulatory assessment and improving regulatory quality.
5. Improving regulatory practices.

A key requirement for regulatory coherence is that an institution takes responsibility for ensuring consistency between national and subnational regulations, and between national law and international obligations. In decentralized systems, it is important that the lead institution also assumes a role in developing the regulatory management capability of subnational government.

Other institutions undertake specialized roles to ensure the quality of regulation, such as an institution that specializes in legal drafting to ensure consistency between statutes and among primary laws, secondary regulations, and any tertiary rules. Training providers play important roles in building up the capabilities required.

Part D: Strategy to Shape System Evolution

Institutions need a mandate as well as capability. Figure 5 therefore includes a regulatory strategy as the fourth and final component of a high-performing RMS. Jurisdictions typically adapt a set of good practice principles of regulation. While useful, principles are not sufficient on their own.

Regulatory reviews of a wide range of countries have highlighted the need for political commitment to regulatory reform and for this to be reflected in an explicit whole-of-government strategy or policy for regulatory quality. A regulatory quality strategy must receive political commitment from the highest levels of government as well as have a singularity of purpose to focus on improving regulatory quality.

Conclusion: Different Regulatory Approaches and Implications for Productivity

Just as every country has its own unique systems for developing, deploying, and reviewing legislation, each has undertaken its own evolutionary journey for improving the quality of regulation. Different countries have different starting points as they set out on the path of regulatory reform, for example:

1. Some countries initially focus on SMEs or on particular sectors, and some take an economy-wide approach.
2. Some focus on minimizing administrative costs, some on compliance cost reduction, and some on minimizing total distortions from poor regulation.
3. Some focus on screening the flow of new regulations, some on managing existing stocks, and some on *ex post* reviews of current rules.

RMS in different jurisdictions also have different exclusions: In the USA, primary legislation is excluded as the focus is on secondary administrative rules, while in the Australia Federal Government, priorities covered by a prime minister's letter are exempt.

Regardless of the differences in their journeys and the underlying RMS, all countries face the same range of options for the regulatory quality tools, practices, strategies, and institutions they choose. Smart system designers select from a wide range of tools and practices to improve regulatory coherence and performance. Crafting a good RMS design lies in knowing how to select the right tools in the right way at the right time.

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SUSTAINABLE PRODUCTIVITY

THE NEW FRONTIER FOR PRODUCTIVITY

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Republic of China
Fiji
Hong Kong
India
Indonesia
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Japan
Republic of Korea
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Pakistan
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