



Regulatory impact analysis in Norway

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- Policy coherence
- Changing views about the proper role of government



Good governance values of regulatory impact analysis

- **Cost-effectiveness or proportionality**
(lowest cost solutions)
- **Accountability for actions and results**
(within ministries, to the public)
- **Transparency**
- **Integrating multiple policy goals** (social and economic policies)



RIA: Analysis and communication

RIA is a method of

- systematically and consistently examining selected potential impacts arising from government action or non-action, and of
- communicating the information to decision-makers.



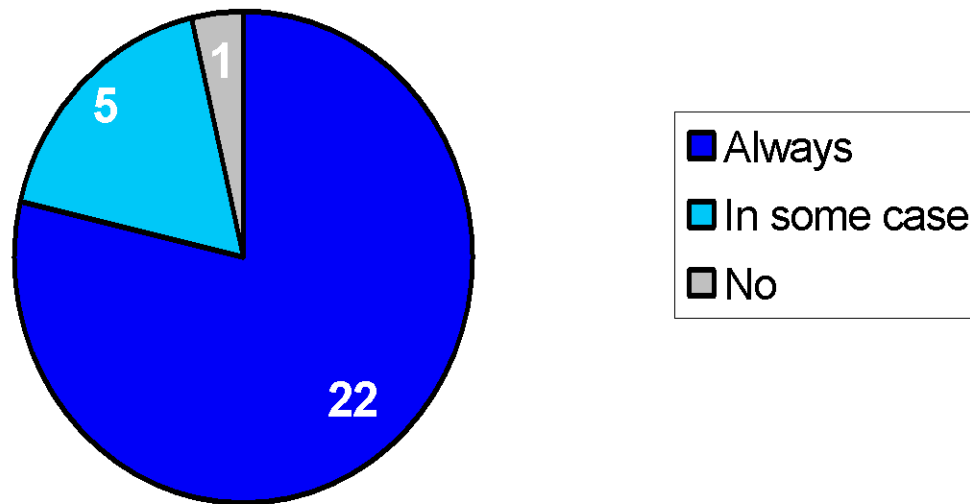
The OECD Checklist for Regulatory Quality

- 1. Is the problem correctly defined?*
- 2. Is government action justified?*
- 3. Is regulation the best form of government action?*
- 4. Is there a legal basis for regulation?*
- 5. What is the appropriate level (or levels) of government for this action?*
- 6. Do the benefits of regulation justify the costs?*
- 7. Is the distribution of effects across society transparent?*
- 8. Is the regulation clear, consistent, comprehensible and accessible to users?*
- 9. Have all interested parties had the opportunity to present their views?*
- 10. How will compliance be achieved?*



Defining the problem and justifying government action, OECD countries

Are regulators required to provide a written justification of the need for new regulation?



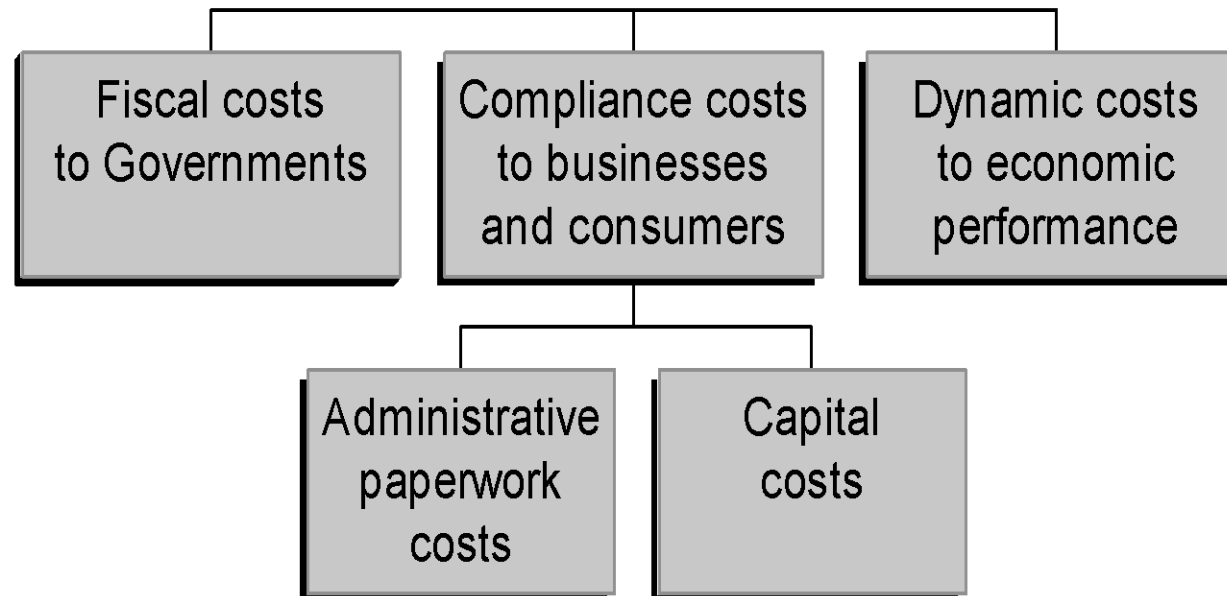


Basic decisions about RIA

- What kind of impacts should be assessed?
- What kind of analytical method should be used?
- For what kinds of decisions should RIA be done?
- How are responsibilities to be allocated among institutions?
- How to consult?



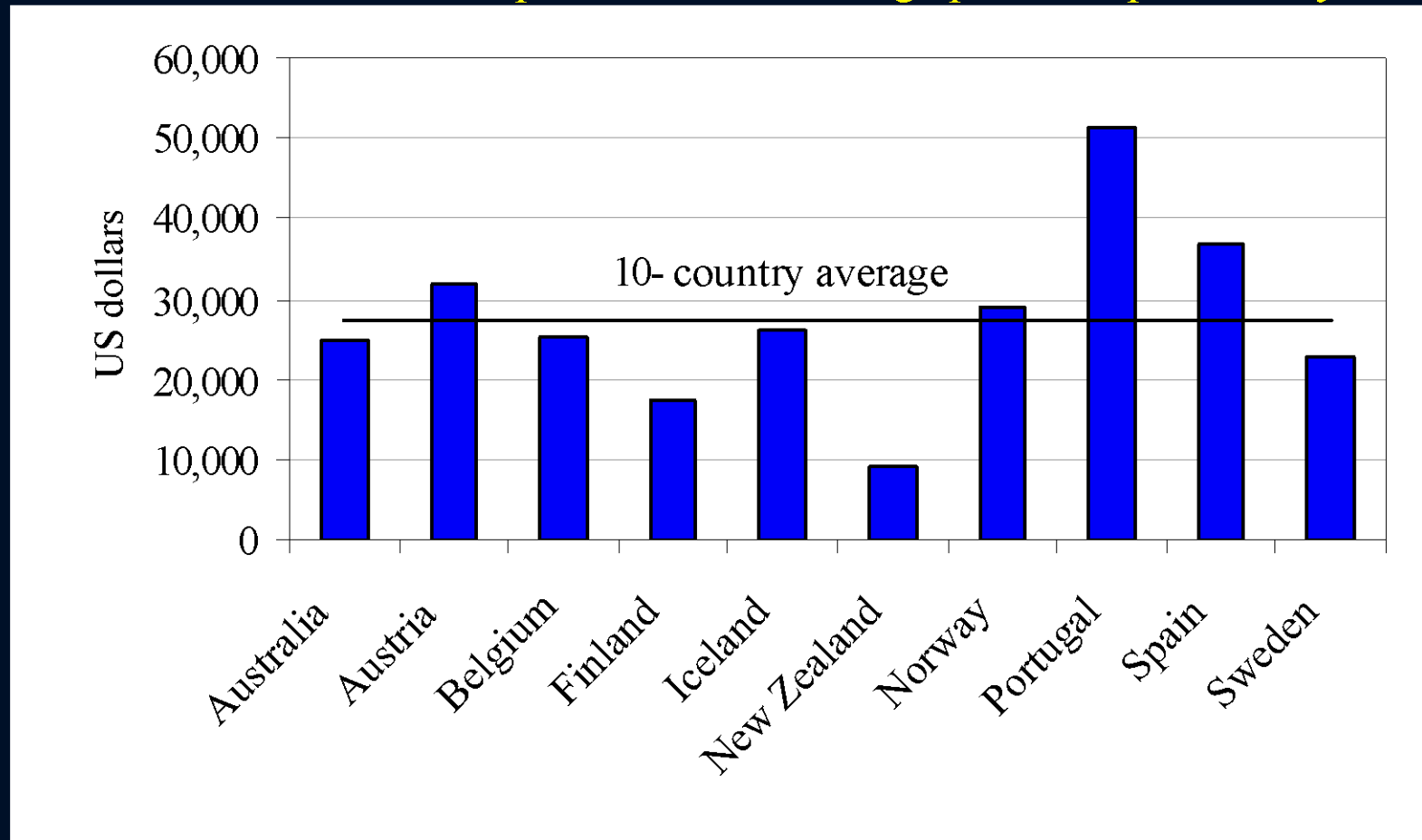
Costs of Regulation



1.

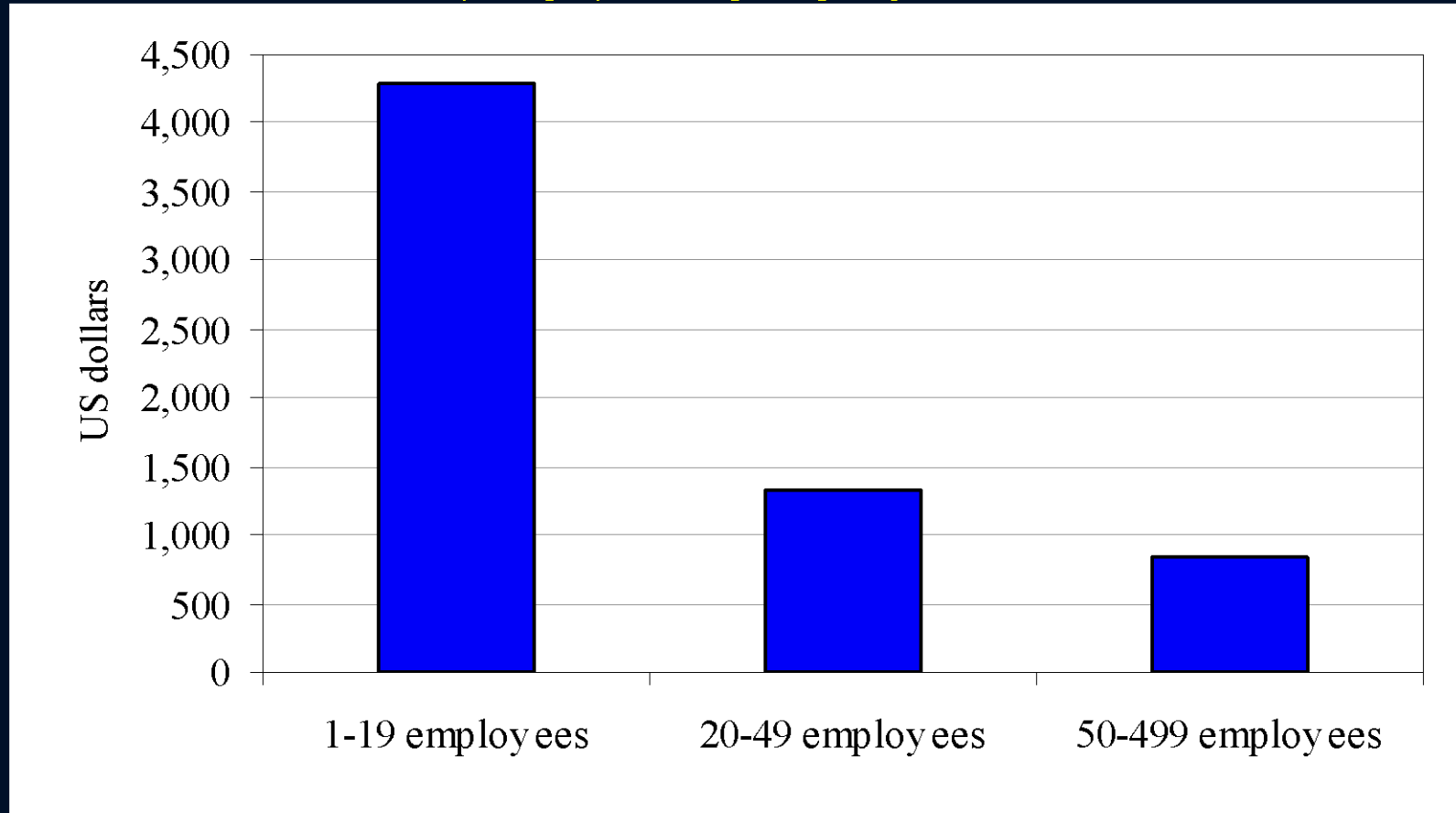


Total annual compliance costs - average per SME per country





Total annual administrative costs - Average per employee
by company size for participating countries





Various RIA methods

- **Benefit-cost analysis**
- **Cost effectiveness (or “cost-output”) analysis**
- **Compliance cost analysis**
- **Business (or small business) impact analysis**
- **Fiscal or Budgetary analysis**
- **Risk assessment**
- **Risk-risk analysis**



The preferred approach is to compare costs and benefits in a single framework

- **At the heart of good RIA is the decision that the benefits of government action justify the costs.**
- **This suggests that business impacts should be part of a more balanced assessment. RIA, not BIA.**
- **Assessments should be integrated into a common framework for presentation.**



Target RIA carefully so that analysis is proportional to impacts

- **UK:** new legislation or regulation, which has a significant effect on business, charities or the voluntary sector, has to be accompanied by a regulatory impact assessment.
- **Canada:** Regulations with larger impacts should be subjected to more detailed analysis
- **US:** benefit-cost analysis required for regulations with significant effects on the economy or local governments

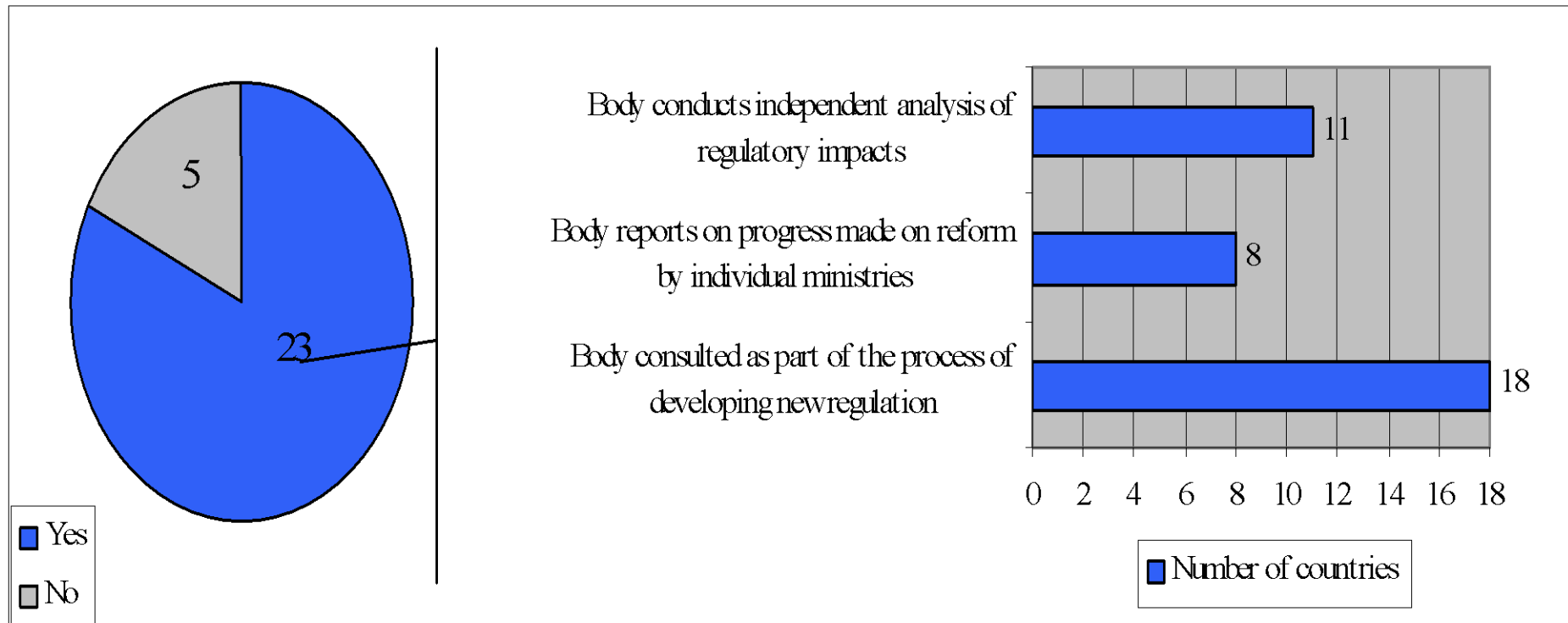


Framework for regulatory governance

- **Government-wide regulatory policy**
- **Responsibility of individual ministers for matters within their portfolio**
- **Government-wide framework for RIA, with defined flexibility in choosing methods and consulting**
- **Quality control and oversight of RIA in central body**



28 OECD countries: Is there a dedicated body responsible for encouraging and monitoring regulatory reform and regulatory quality?





Oversight institutions for RIA

- **Canada: The Special Committee of Council, The Regulatory Affairs and Orders in Council Secretariat (RAOICS)**
- **US: Office of Information and Regulatory Affairs, Office of the President, Annual reports to Congress on costs and benefits of regulation**
- **UK: Panel for Regulatory Accountability, Regulatory Impact Unit (RIU), Departmental Regulatory Impact Units, Regulatory Reform Ministers, Small Business Service**
- **Netherlands: Competition, Deregulation and Quality of Law (MDW) Committee, Helpdesk (Ministries of Economic Affairs, Justice and Environment), Ministry of Justice**



Involving the public

- **Consultation is an integrated part of the Regulatory Impact Assessment process**
- **An organized and predictable consultation process is necessary**
- **Who should be involved?**
- **How should they prepare? Training for key interest groups in how to respond constructively to RIA**



Conclusions

- **RIA is good governance.**
- **RIA is good economic policy.**
- **RIA is an accepted international norm of good regulation.**
- **RIA is practical and can be tailored to fit Norway's institutions and administrative practices.**