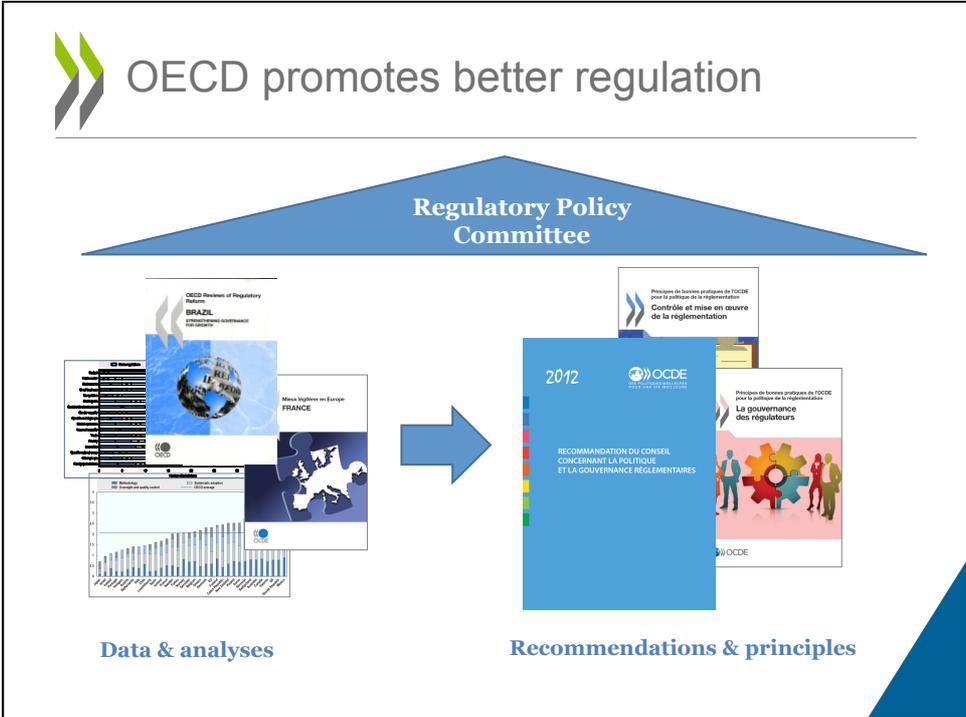




IMPROVING REGULATORY ENFORCEMENT AND INSPECTIONS

OECD Best Practice Principles

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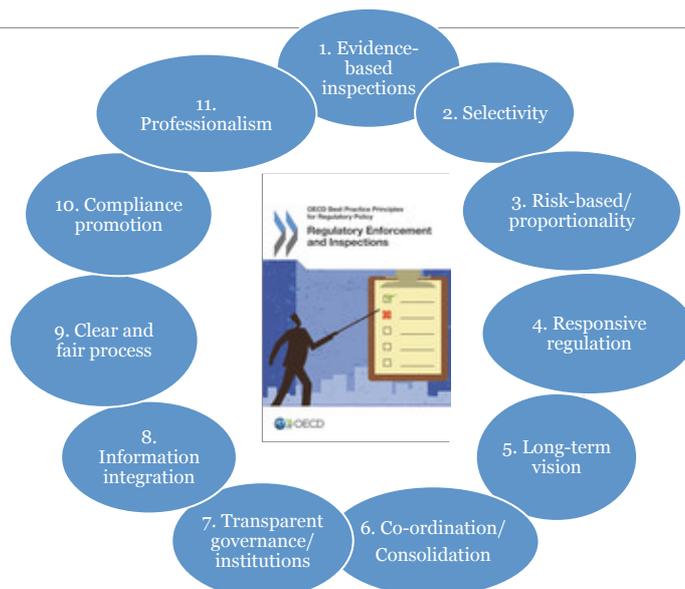


Why these principles?

- Inspections: most visible/widespread enforcement tool
- Increased attention to the enforcement phase in the regulatory governance cycle and to proportionality in enforcement
- Reduce burdens on business and citizens and release public resources – while in fact improving the desired outcomes
- Some experiences of reform, but still not very widespread – insufficiently consolidated knowledge and lessons
- Draft principles - laying foundation for further improvements



Eleven best practice principles





1 - Evidence based enforcement

- Do not inspect and actively enforce “everything that is regulated”
- Rather, evaluate the risk level posed by different types of regulations and regulated areas
- Allocate resources and efforts proportionally to potential outcomes
- Evaluate and adjust based on results



2 – Selectivity

- Whenever possible, use “alternatives to enforcement”
- Market forces, civil litigation etc. all have considerable power to prevent negative outcomes or enforce rules
- State-driven inspections and enforcement should only be used when these alternatives are demonstrably absent or insufficient
- In any case, stakeholders need to be involved – compliance and outcomes cannot be obtained purely “by force”



3 – Risk focus and proportionality

- Frequency of inspections should be proportionate to risk level
- Severity of sanctions and burden of enforcement should be proportionate to actual hazard/damage
- Risk = probability x magnitude (scope x severity) of hazard



4 – “Responsive Regulation”

- Enforcement modulated based on behaviour of regulated entities
- “Honest mistakes” and one-off violations treated differently from systematic, criminal misconduct
- Aim: promote compliance and positive outcomes



5 – Long term vision, clear objectives and stable institutional mechanism

- Official policy, clear objectives for continued improvements in enforcement – long-term perspective
- Objectives – better targeting of resources, reducing administrative burdens, preventing corruption, improved efficiency
- Institutional set-up gathering all relevant ministries, institutions, stakeholders
- Strong policy leadership
- Evaluation



6 – Co-ordination and consolidation of inspection functions

- Less duplication and overlaps – reduced costs and burden
- Greater coherence, better information flow – more effectiveness (ex. Primary Authority)
- Core list of inspection/enforcement functions to match rational analysis of types of risks – not “historical” list of institutions
- Various ways of co-ordination: information exchange → co-ordination councils → one universal inspectorate
- Federal/state/local authorities



7 – Transparent governance and HR policies

- Put inspections/enforcement “at arm’s length” from political decisions for day-to-day operations – give more stability to institutions through collective governance
- Ensure professionalism in recruitments and in particular for top management, preventing conflicts of interests
- HR policies, performance measurement etc. to support improvements, promote outcome-orientation
- Reporting provisions
- Partnership, stakeholders involvement



8 – Information integration

- Interconnect databases and systems used by different inspectorates / whenever possible set up single/joint systems
- Data sharing and shared planning mean less duplication, more efficiency – but also better outcomes because key information is shared effectively, risks are better identified
- Initial investment can deliver considerable benefits and efficiencies



9 – Clear and fair process

- Framework legislation/regulations to ensure that inspections/enforcement process are clear and consistent
- Rights and obligations of all parties and stakeholders to be clarified – and abuses prevented
- Planning, advance notices, checklists



10 – Compliance promotion and transparency

- Ensure that regulated subjects know what is expected from them
- Enforcement to be consistent and predictable
- Compliance promotion achieves better outcomes at lower costs
- Tools adapted to different types and profiles of establishments (checklists, guidance, portals, etc.)
- Ex. Safer Food, Better Business
- Ranking systems



11 – Professionalism and training

- The whole training, management, incentives need to be aligned with objectives and principles of “better enforcement”
- Inspectors’ training needs to incorporate risk-management, compliance-promotion, and a whole set of “competencies” related specifically to enforcement
- Aim to increase consistency, quality – reach better outcomes



OECD Enforcement Scorecard

- A checklist composed of criteria and sub-criteria to offer a simple tool that allows to assess the inspection and enforcement system
 - in a given jurisdiction,
 - or of a particular institution or structure.
- A draft will be soon published for consultation



Questions for discussion

- Is there space for an EU-wide policy or standards for effective and efficient regulatory enforcement and inspections?
- Would EU Member States be interested in independent evaluations of their enforcement and inspection systems using the Enforcement Scorecard?



THANK YOU!

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