



EBF Izvještaj

Bolja regulacija i procjena učinka

Annex 1

Listopad 2007

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Belgium		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden⁴</p> <p>Identified gaps & space for further improvements</p>	<p><u>Government implication</u> In 2002, a State Secretary in charge of reducing the administrative burden was appointed in Belgium. His office ('Kafka') takes care of screening and simplifying the regulation in order to reduce the administrative burden.</p> <p>It should be pointed out that Belgium (<u>for the whole of the different sectors</u>) has already made considerable efforts in order to reduce the administrative burden. Belgium (2.8 % of the GDP) comes fifth (out of 25) in the 2005 ranking (EU Council) after the Scandinavian countries, and the UK (1.5%), the EU average being 3.5%. For Belgium, this represents already more or less 25 % reduction of administrative costs as compared to the 2002 situation (3.43%) (source: Kafka).</p> <p><u>Implementation and application by banking supervisors</u></p> <p>However, the projects aimed at reducing the administrative burden suffer from a lack of planning, clear definition, and independent guidance:</p> <ul style="list-style-type: none"> - According to EU Council data, Belgium still has not made an inventory (September 2006 survey) of the administrative costs in the field of taxation and financial markets, and neither has it put forward any plan in this respect. - Importance of definitions and measurement instruments: Kafka focuses its attention on the examples of red tape as far as the contact with the public authorities is concerned. The overall total cost for the sector (implementation, compliance...) is even bigger. Consequently, merely proposing an x % reduction of administrative costs is not enough. <p>Guidance and measurement by an independent supervisory body: The Dutch '<i>Commissie Administrative lasten</i>' can count on the assistance of a temporary (up to 2009), and independent advisory body (Actal). The</p>	<p>KAFKA</p>

⁴ This analysis covered only the federal level, since the regional level is not competent for financial issues. The achievements as for the impact assessments and the reduction of the administrative burden at the regional (Flemish) level are more outspoken.

<p>2. Dialogue - Consultation</p> <p>Identified gaps and space for further improvements</p>	<p>same goes for the UK (BRC) and Germany (MKR). Kafka can rely on a consultant (Idea Consult).</p> <p>On March 29th, 2007 a Financial Task Force was created which consists of representatives from the Government (Minister of Finance), the regulator, the central bank, and the financial sector. The Task Force has a triple aim. First, it must make a study of how to create a research centre. This centre will be in charge of centralising and developing the expertise which exists in the various financial institutions and universities.</p> <p>It must also ensure a follow-up of the European regulation. In this way, Belgium should be able to have an immediate response to new regulations as soon as these have been approved, in order to carve out its proper <i>niche</i>, as was the case with the European pension funds. Its third task consists in implementing better regulation.</p> <p>Recent projects (CRD, MiFID <i>etc.</i>) show that the regulator’s approach clearly moves towards the direction of consultation and dialogue, both at the strategic and operational level.</p>	<p>Financial Task Force</p>
<p>3. Impact Assessment</p> <p>Identified gaps and space for further improvements</p>	<p>On January 19th, 2007, the Council of Ministers approved the introduction of an RIA: subsequently an assessment has to be made of the economic, social, and ecological consequences of any draft regulation which has been put on the agenda by the Council of Ministers.</p> <p>The scope of the RIAs is too limited and the content and depth of these analyses depend on the nature of the government measure, the time and means available, <i>etc.</i></p> <ul style="list-style-type: none"> - The obligation for an RIA to be made applies only to draft regulation which is submitted to the Council of Ministers. - On the basis of an analysis, it has been shown that out of all of the regulation proposals made between January 1st, 2006 and September 30th, 2006 only 1.5% had to be subject to an RIA and 28% to a simplified RIA (quick scan). The rest is made up of exceptions for which there is no need to carry out an RIA (e.g. consolidation of existing regulation and implementation of international or European regulation among other things). 	



4. Ex Post Evaluation Identified gaps and space for further improvements	- Consultation will be carried out only in case of a genuine RIA (1.5%).	

Croatia		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p>	<p><u>Government implication</u> Croatian government launched a "regulatory guillotine" process for existing laws (and other acts) with help from the World Bank. It established the "FastCut" agency to lead an 8 months process during which the target is 40% reduction in redundant, obsolete, or regulation damaging to businesses. In Phase I all ministries and other regulatory bodies had to produce a list of the regulations under their authority and complete a form (Form 1) briefly stating some basic information about the regulation. In Phase II every institution had to fill in another form (Form 2) stating whether they thought the regulation in question was (a)needed, (b)useful, and (c) good for business, and conclude with a choice between keep, simplify, or abolish (on the basis that they have a positive effect on the economic environment and the productivity). This was done for every regulation relevant to an institution (meaning that there were often several Forms 2 completed for each of the 4321 regulations in the registry). In Phase III all legal entities and individuals could give their opinion by filling in Form 3 with the same final choice (keep, simplify, abolish) and place for argumentation. By the end of this phase, April 1st, 2007, 1006 comments were received. In the remaining time until July 1st, 2007, the FastCut agency was requested to make recommendations which the government could accept, could take action on their own regulations, and could forward to the Parliament or to other regulatory bodies' regulations under their authority. The Registry of regulations (with all search capabilities) should remain as the only relevant source of validity for regulations, i.e. if something is not in the Registry; it is not a valid regulation. It will always contain the updated official texts of regulations.</p> <p>The Croatian Banking Association actively participated in the process, sending its own comments, encouraging members to do likewise, while maintaining a very open dialogue with FastCut Agency throughout. It is expected to participate in the final consultations needed to complete the process.</p> <p>This process is intended for all regulation not only that applicable to the financial sector.</p> <p><u>Implementation and application by banking supervisors</u> Banking supervisors (central bank, securities commission, ministry of finance) participated in their own capacity in Phases I and II. As could be expected, their view was to keep all regulations within their authority.</p>	<p>Government FastCut agency all Ministries all Regulators</p> <p>Banking Association</p> <p>Central bank Securities commission Ministry of finance</p> <p>Banking Association</p>

<p>Identified gaps and space for further improvements</p>	<p>As regards to "regulatory burden", a study was launched by the banking association in July 2005⁵:</p> <p>The final outcome of the regulatory guillotine still remains to be seen. The goals and the process were highly ambitious, but even if it results in simplification and abolishing of some of the most controversial regulations it will be considered a success. A gap remains where new regulation came into being after the start of the project, and before a renewed obligation to perform a RIA comes into place.</p>	
<p>2. Dialogue - Consultation</p> <p>Identified gaps and space for further improvements</p>	<p>Currently there is no obligation for formal consultation, nonetheless institutions such as associations, are being consulted formally or informally for most laws and some regulations, before the official draft is made.</p> <p>The new RIA regulation (see point 3) is expected to prescribe a minimum two weeks of public consultation for every new regulation. However, that would be only for the proposed drafts, open to the public. It is expected that stakeholders would be involved in much earlier phases in a more formal way.</p>	
<p>3. Impact Assessment</p> <p>Identified gaps</p>	<p>For the future legislation and regulation, the government has the intention of transforming the "regulatory guillotine" office, after the expiration of its mandate in July 2007, into the Government's RIA Office, which would have a similar role as the Impact Assessment Board within the EC – to approve, control, and certify IA processes carried out within ministries and regulatory bodies. Each ministry and regulatory body should have its own "better regulation" office which would be responsible for commissioning IA studies internally or externally in line with the guidelines of the European Commission.</p> <p>Government plans to issue a decree on that and follow up with a law on impact assessment most likely a year later when the first experiences with the process are obtained.</p> <p>Up to April 2007, only one law proposal was accompanied with an RIA, and the Croatian Banking Association commissioned a full RIA within its Securitization law project, with support from the 'Convergence Project' of the World Bank.</p> <p>So far there is little experience with Croatia, just hope that best practices from EU itself and member countries</p>	<p>Government</p> <p>Banking Association</p>

⁵ See study published on indicators of Regulatory burden on banks in six central European Countries and Croatia - summary on <http://www.hub.hr/DOWNLOAD/2005/08/04/IRO-summary.pdf>



<p>and space for further improvements</p>	<p>will be applied and implemented in the future legislation on RIA.</p>	
<p>4. Ex Post Evaluation</p>	<p>It is expected that new regulation on RIA will have the obligatory <i>Ex Post</i> evaluation to compare the obtained effects of the regulation with the expectations and analysis in RIA. The current view is that it would not be a fixed period for all regulation, but determined on a case <i>per</i> case basis. However, the <i>ex post</i> evaluation period should be a part of the initial RIA, and the ministries and other regulatory bodies would be responsible in acting according to those defined periods, and in performing evaluations.</p>	
<p>Identified gaps and space for further improvements</p>	<p>A possible gap in the process might appear at the time of enforcing the <i>ex post</i> evaluation. To avoid this it should become part of the mandate of the Government's RIA office.</p>	

France		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p> <p>Identified gaps & space for further improvements</p>	<p><u>Government implication</u></p> <p><u>Implementation and application by banking supervisors</u></p> <p>No French banking authority has engaged any reflexion on better regulation in France to date.</p>	
<p>2. Dialogue - Consultation</p> <p>Identified gaps and space for further improvements</p>	<p>The Financial Markets Authority (AMF) engaged from May to September 2006 in a public consultation on Better Regulation, The AMF engaged another consultation on risks and evolution of financial and saving markets.</p> <p>All professional associations involved gave an answer, revealing three ways of improvement: First, systematic use of economic impact assessment, so as to determine whether the proposed piece of legislation is necessary regarding the potential benefits and costs it would generate. Second, systematic use of consultation of professional experts. Finally, abandonment of rule or use of, corresponding to over-regulation compared to any European piece of legislation aimed at harmonization.</p>	<p>AMF</p>
<p>3. Impact Assessment</p> <p>Identified gaps and space for</p>	<p>MIFID should now provide the occasion, through the current transposition, to experiment with Better Regulation.</p>	



further improvements		
4. Ex Post Evaluation Identified gaps and space for further improvements		

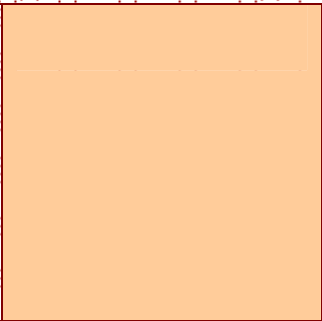
Germany		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p> <p>Identified gaps and space for further improvements</p>	<p>Government implication</p> <p>The federal government has recently (2006) initiated a programme for the reduction of administrative costs (reduction of bureaucracy-programme) which includes, <i>inter alia</i> the following elements:</p> <ul style="list-style-type: none"> • Enactment of a legal framework requiring federal institutions to measure administrative burdens in accordance with the international standard cost model; • Establishment of an independent “Council for Impact Assessment” (modeled on the ACTAL in the Netherlands); • Definition of a definitive target (reduction of administrative costs by 25% until 2011); • Enactment of a first law amending/deleting a number of specific burdensome regulations (a second law with the same objective has already been drafted). <p>Implementation and application by banking supervisors</p> <p>The German Banking Supervisor is contemplating a review of existing regulations, and the deletion of redundant (a first set of regulations deemed redundant has already been deleted, however, in practice some of these deleted regulations continue to be applied as unwritten rules). Regulations of the Banking Supervisor are also included in the above mentioned federal reduction of bureaucracy-programme.</p> <p>German Banking Sector recently published results of a study (December 2006) commissioned by the German Banking sector measuring the impact of administrative requirements for banks following on from a number of selected bureaucratic obligations (exemplary case studies). Costs were measured in accordance with the international standard cost model. The study revealed an administrative burden on banks exceeding 3 billion EUR annually (with +775 million caused by anti-money laundering requirements and + 625 million by tax-law requirements alone).</p> <p>Currently, the discussion focuses on reducing existing burdens. This must, however, not divert the attention from the equally if not even more important issue of the prevention of new bureaucracy. In this connection further steps should be considered to strengthen better regulation mechanisms in this area (e.g. obligation to take generally into account the proposals of the Council for Impact Assessment, respectively, requirement to explain rejection or deviations from these proposals; adoption of the “one-in, one-out” principle).</p>	<p>Government</p> <p>Banking Supervisor</p> <p>Independent council</p> <p>Banking industry</p>



4. Ex Post Evaluation

There is no practical experience on *ex post* evaluation of legislative measures, which have been adopted.

Identified gaps and space for further improvements



Ireland		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p> <p>Identified gaps and space for further improvements</p>	<p><u>Government implication</u></p> <p>Ireland was among the first countries to implement a better regulation policy. An Action programme of Regulatory Reform (“Reducing Red Tape“) was launched in Ireland in 1999.</p> <p>The 2001 "OECD Review" estimated however that while good progress had been made, there was still a lot to do. In particular, the administrative capacity for better regulation needed to be upgraded, and reforms and competition had to be accelerated in key areas. The Report of the Business Regulation Forum to be published shortly will propose a plan for reduction of administrative burdens.</p> <p>A high level group was therefore established to develop a response to OECD recommendations. The ‘Regulating better’ White Paper was published in 2004. It draws six principles for better regulation and an action plan:⁶</p> <ul style="list-style-type: none"> • Transparency; • Consistency; • Necessity • Accountability • Proportionality • Effectiveness <p>The report of the Business Regulation Forum (BRF) has just been published and accepted by the Government. The report commits Government to a programme of burden reductions and a number of initial workshops have been held to kick off the process.</p> <p><u>Implementation and application by banking supervisors</u></p>	<p>Government Business Regulation Forum</p>

⁶ See: http://www.betterregulation.ie/attached_files/upload/static/RegulatingBetterGovernmentWhitePaper.pdf



<p>2. Dialogue - Consultation</p> <p>Identified gaps and space for further improvements</p>	<p>The regulator is more involved in regular pre-consultations. In the regulators’ Strategic Plan for 2007 – 2009, it has stated as one of its 5 high level goals: “to facilitate through its regulatory approach, innovation and competitiveness”.</p>	<p>Financial Regulator</p>
<p>3. Impact Assessment</p> <p>Identified gaps and space for further improvements</p>	<p>RIA applies by law only to primary legislation (and not to secondary legislation which generally affects more). The regulator has committed itself in its 2007 –2009 strategy to conducting RIA, where relevant, and to publish findings; and has, in principle, committed itself to applying RIA to secondary legislation and undertaken some “light touch” RIA’s.</p> <p>The regulator is not obliged to undertake impact studies. It has yet to present its considered approach and plan for RIA. The banking sector needs to build RIA skills and support the idea of an independent review of RIA.⁷ It has signaled that its approach to IA will be heavily informed by the approach being developed by the three Level 3 Committees at EU level.</p>	<p>Government Departments Financial Regulator</p>
<p>4. Ex Post Evaluation</p> <p>Identified gaps and space for further improvements</p>	<p>The Government plans to establish a Financial Law Advisory Forum to support a programme of consolidation and modernisation of all financial services legislation. The process calls for the <i>ex post</i> application of RIA.</p>	<p>Department of Finance</p>

⁷ For further information, see: <http://www.betterregulation.ie>



Italy		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p> <p>Identified gaps and space for further improvements</p>	<p><u>Government implication</u> Italy has a longstanding tradition in the field of simplification of the public administration. Recently, the Italian Government committed itself to the implementation of the EU Action Plan on simplification of Administrative Burdens, thereby transporting into Italy the target of their reduction by 25% by 2012. The Government has recently presented its own Action Plan, in which it envisages a number of actions aimed at reducing administrative burdens, and requesting stakeholders’ input. The Action Plan will apply to burdens affecting businesses, and be applicable at all levels. This means that simplification will have a 360° range to span from State level to Regional to the municipalities. The Action Plan will be brought forward by an <i>ad hoc</i> Group, composed of representatives of several business associations, as well as of the mentioned local entities, the Chair of which is the Ministry of the Regions, on delegation from the Prime Minister.</p> <p><u>Implementation and application by banking supervisors.</u></p> <p>The Action Plan should include financial services (in accordance with the EU Action Plan which it referred to). However, the actions proposed do not concern the banking sector and therefore do not promise to bring about a significant burden reduction to banks. To what extent this initiative will bring benefits to the sector remains to be seen: ABI is one of the participants to the Group chaired by the Ministry for the Regions and will try to act in that context. The other significant omission that affects the success of the Plan for financial services is the exclusion of secondary legislation, which includes regulations by the Bank of Italy and other independent authorities competent for financial services, thereby removing from the umbrella of simplification all prudential legislation, which includes most of the compliance burdens affecting the banking sector.</p>	<p>Government</p>



<p>2. Dialogue - Consultation</p> <p>Identified gaps and space for further improvements</p>	<p>An obligation to consult stakeholders formally has only been provided at secondary legislation level, specifically for financial services: Law 262/2005 ("Savings Law") includes a provision, according to which independent regulatory bodies competent for the supervision of banking and financial services are required to carry out consultations, involving all relevant stakeholders, before implementing new regulations; and: to ground the relevant proposal on economic analysis. Their decisions should be motivated and the grounds of motivations clearly expressed.</p> <p>Consultation at Government level is not systematic. At times, the industry has been consulted by certain Ministries, particularly when the Commission has specifically requested national Governments to acquire the stakeholders' position and to send it to the Commission itself. The Italian Parliament does not consult in a structured manner, even though it receives input from stakeholders in the course of hearings. Government legislation is more problematic, since the Italian Constitution provides the Government with the power to adopt legislation on the basis of urgency, such legislation may or may not be translated into law 60 days after its publication. The most recent and outstanding examples of such legislation concerning financial services, were the Bersani Decrees, according to which both closing fees on current accounts and early repayment fees on mortgage credit were prohibited, without any chance of the banking industry being heard on alternative ways to proceed in this area.</p> <p>Even at regulatory level, consultation in the manner prescribed by the above-mentioned legislation has brought novel elements, and obliges the relevant authorities to be systematic when issuing new regulations. It is probably too early to make a reliable assessment as to the authorities' compliance with the Savings Law. It is worth noting that, at Government level, a new regulation is being discussed under which a re-organisation of national regulatory authorities may be carried out: this legislation provides for the extension of Art. 23 of the Savings Law to all such authorities with the only exception of the competition authority (which does not prescribe rules).</p>	<p>Independent Regulatory Bodies</p> <p>Stakeholders</p>
<p>3. Impact Assessment</p> <p>Identified gaps and space for further improvements</p>	<p>The above-mentioned Savings Law provides for the adoption of economic analysis (it does not refer to the cost/benefit paradigm) only for regulatory authorities operating in the field of financial services. It has been suggested that such an obligation may be extended to the other national regulatory authorities. There is no plan, however, to enable primary legislation bodies to carry out impact assessments <i>vis-à-vis</i> new legislative proposals. This is clearly not in line with the EU Strategy on Better Regulation. The difficulty at national level is that the State is not prepared to bear the burden deriving from implementing the EU recommendations on Better Regulation and, indeed, even at the regulatory authority level, they have expressed concern as to their ability to perform the obligation provided in the Savings Law, owing to lack of means, expertise, and resources. ABI has developed a costs' methodology for internal purposes (i.e. in order to assess the role played by ABI) to estimate the costs/benefits of each new proposed regulations. The model was built on a</p>	<p>Independent Regulatory Bodies</p> <p>ABI</p>



Latvia		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p>	<p><u>Government implication</u> The public administration reform is implemented in Latvia. Implementation of the strategy and the plan is supervised by the Public Administration Reform Council, which is a consultative body consisting of representatives of non-governmental organizations, business industries, universities, courts, local governments, the parliament, and public administration institutions. One of the issues covered by this reform is improvement of the quality of public services: reduction of administrative obstacles, development, and implementation of quality management systems.</p> <p>Introduction of quality systems in public administration was started in 1999 and the Cabinet on 4 December 2001 approved Regulations N°.501: “Regulations on Implementation of the Quality Management System in Public Administration Institutions”. On 11th December 2001 the Cabinet adopted Recommendations N°.1: “On Implementation of the Quality Management System in Public Administration Institutions”. These acts are based on requirements under the standard ISO 9001:2000 or Latvia’s national standard LVS EN ISO 9001.</p> <p>According to the survey performed by the State Chancellery, 42.5% of direct public administration institutions are implementing quality management, and 65.9% are planning to implement the system. More than a half of respondents implement the quality management system in line with the above-mentioned Cabinet Regulations, ISO standard, or by aligning these requirements according to institution’s needs. 11.8% use the TQM (<i>Total Quality Management</i>), 4.4% - CAF (<i>Common Assessment Framework</i>), or other quality management instruments.</p> <p>In 2000, Latvia started the development and implementation of a uniform policy planning and coordination system. "Policy Planning Guidelines", which prescribes the basic principles for the policy development, types of policy planning documents, and their hierarchy, was a basis for adoption of Cabinet Regulations N°.111 "Rules of Procedure of the Cabinet of Ministers" of 12th March 2002.</p> <p>All policy planning documents have distinct common requirements with regard to their contents: analysis of the current situation; main, existing, and potential problems; possible alternative solutions, and impact assessment, as well as assessment of the decision’s impact on the state budget, policy outcome, and output expected; correlation with other policy planning documents, or legal acts; reporting, and control procedures.</p>	<p>Government FMC CBAL Other stakeholders</p>

Since restoration of Latvia's independence all policy planning documents adopted by the Cabinet have been collected in the "Database of Policy Planning Documents".

There have been initiatives to create a specific system for decreasing the administrative burden, however with no results to date.

Implementation and application by banking supervisors

The Financial and Capital Market Commission (FCMC) has introduced a system, and once a year they review necessity of specific reports for the industry. The number of reports has been reduced to minimum requirements, which generally reflect demands from ECB and EU directives adding few specific local requirements. For licensing purposes, FCMC does not demand any information, which is possible to get from public registers or foreign authorities, thus financial institutions should apply only limited information when opening new business or extending existing business lines.

The adoption of quality systems does not always reflect decrease of administrative costs for industry. There are a number of legal acts and initiatives, which cover exchange of information *via* electronic means, however in practice the system does not work well, thus creating unnecessary costs for banks. An improved monitoring system should be introduced, in order that latest technology systems be introduced at a much faster pace, and accordingly budgeted. A new system which analyses costs to the industry and its impact on competitiveness should be introduced at Government level.

**Identified gaps
and space for
further
improvements**

<p>2. Dialogue - Consultation</p>	<p>Cabinet Ministers’ committee meetings consider draft policy documents, as well as draft legislative acts for which no agreement was reached at the State Secretaries’ meeting, and which are not coordinated among institutions. It is required to involve all the relevant stakeholders in the process of consideration of policy planning documents by the Committee. Thus the Commercial Bank Association of Latvia (CBAL) has a possibility of having an impact on draft legislative acts and minimising the administrative burden to industry.</p>	<p>Government FCMC CBAL Other stakeholders</p>
<p>Identified gaps and space for further improvements</p>	<p>The FCMC constructively co-operates with professional associations of market participants in promoting initiatives important for the development of financial markets and in resolving problematic issues.</p>	
	<p>The dialogue in process between the Government and FCMC is generally good and no big gaps should be mentioned for further communication improvements.</p>	
<p>3. Impact Assessment</p>	<p>When forming the policy planning and coordination system, a special focus was placed on development and implementation of policy impact assessment procedures. An integral part of the process was the introduction of the annotation mechanism prescribing an annotation be attached to every draft legal act in order to provide a summary on the necessity of the draft legal act, its impact on the current situation and on the state budget, conformity with regulatory document of the EU, and opinion of the non-governmental sector. By introducing new regulations, FCMC analyses costs and benefits for the industry, thus avoiding an additional load to industry. The monitoring process is made on an annual basis.</p>	<p>Government FCMC</p>
<p>Identified gaps and space for further improvements</p>	<p>CBAL’s opinion is not always considered, which increase administrative costs for implementing different legislative acts.</p>	
<p>4. Ex Post Evaluation</p>		



<p>2. Dialogue - Consultation</p> <p>Identified gaps and space for further improvements</p>	<p>A substantial improvement of the consultation process was reached last year. Although this process has not yet been standardised. Defining and standardising of the consultation process will be one of the main subjects of the JTF on better regulation.</p>	<p>FMA Government LBA Other stakeholders of the financial sector</p>
<p>3. Impact Assessment</p> <p>Identified gaps and space for further improvements</p>	<p>No impact assessment has been made yet.</p>	
<p>4. Ex Post Evaluation</p> <p>Identified gaps and space for further improvements</p>		



Luxembourg

Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p>	<p><u>Government implication</u> The subject of reduction and simplification of administrative burden was a priority point of the governmental programme, 4 August 2004. Administrative formalities were qualified as “slowing down the output and the spirit of initiative of the enterprises”. In this programme, the government laid down the objective to optimise the administrative environment in order to improve the competitiveness of the enterprises and of the economy in general. In December 2004, the government set up a National Committee for Administrative Simplification in favour of enterprises (CNSAE), in which banks took part. This committee meets monthly and gathers the representatives of the administrations and the enterprises. In a first phase, the CNSAE :</p> <ul style="list-style-type: none"> a) analysed and determined the current and the most important administrative loads supported by enterprises; b) presented the current state of the situation to the concerned administrations; c) established an action plan to reduce these administrative loads. <p>In a second phase, the CNSAE:</p> <ul style="list-style-type: none"> a) proposed a system and a methodology of analysis of the future legal texts including administrative loads fo enterprises; b) carried out a mapping of the mechanisms of administrative communication; c) proposed a model of a structure of permanent analysis of administrative simplification in favour of enterprises. <p>On 12th April 2007, the Government presented the first report (“Entfesselungsplang fir Betriber”) on the basis of the contributions and recommendations made by the representatives of the enterprises, taking part in the various working groups and in the CNSAE. It was stated that this report is in agreement with the efforts of the European Commission to lead to a reduction of the administrative loads weighing on businesses, in particular the initiative “to legislate better”. The Minister stated “that the preliminary measurements ... and the instruments ... were “essential for a considerable and durable simplification.”</p>	<p>Government through the Minister for the Middle Class, Tourism and Housing and the Minister for the Economy and Foreign Trade</p> <p>Steering committee : National Committee for administrative simplification in favor of companies CNSAE (<i>Comité national pour la simplification administrative en faveur des entreprises</i>),</p> <p>Many Working Groups are established under the coordination of the CNSAE :</p> <p>Enterprises, European Union, Statistics, Public Markets, Food, Environment, Taxation, Safety & Health at work, Social Security and Transport.</p>

Norway		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p>	<p>The Norwegian Government has on several occasions stated intentions and launched initiatives to simplify regulation and ease the burden on the industry and on the consumers. These initiatives have in most cases been endorsed by the Parliament, and been welcomed both by both Industry and Consumer organisations:</p> <p>The Norwegian Government have submitted some general principles for simplification:</p> <p>“Most Norwegian industrial businesses are small. Rules, reporting systems, and other administrative services must be designed to be <i>suitable for small business enterprises</i>. This will also result in simple arrangements for large enterprises”.</p> <p>Principles for rules</p> <ul style="list-style-type: none"> • We must have rules where the costs to business and industry can be defended on the basis of the social benefits; • The rules shall, at all times, be up to date and shall express genuine needs; • The rules must be formulated to enable business and industry to conform, both individually, and collectively. <p>Principles for reducing reporting burdens for business and industry</p> <ul style="list-style-type: none"> • The public authorities shall never ask for more information than is actually used; • Business enterprises shall never need to provide the same information more than once; • The public authorities shall provide the simplest possible method of reporting; • There shall be reasonable correspondence between the value of the reporting to the public authorities and the burden imposed on business enterprises. <p>Within the public sector, we shall make efforts to ensure</p> <ul style="list-style-type: none"> • that business and industry experience of the public administration is as orderly and unbureaucratic, and that public services constitute an international competitive advantage; • the best possible interaction between the public sector, business, and industry <p>Principles for user orientation</p> <ul style="list-style-type: none"> • The public administration must know who the users are, and involve those who are particularly affected as early as possible in the process 	<p>Government, Parliament, Industry associations, Consumer organizations and others</p>



**Identified gaps
and space for
further
improvements**

- Users must be listened to in matters that have consequences for them.”

We believe that the initiatives have had some positive impact on the legal development in Norway. There has not been, however, to our knowledge, any follow-up in the form of evaluation studies. It is thus rather hard to establish evidence of success.

A committee appointed by the Government (“Banklovkomisjonen”) has been working for more than fifteen years with the regulations regarding the financial sector. Simplification and increased comprehensibility are included in the objectives of this work. The committee has delivered a number of reports over these years.

Even if we are convinced that there is plenty of space for improvements, it is hard to put the finger on obvious examples with potential for improvements.

The Norwegian Government continues to launch new initiatives and is for the time being preparing a new survey in this field. A new action plan of “Simplification for Business” will be announced in spring 2008. The government states that “in order to increase businesses’ ability to compete”, there has been an increased focus, both nationally and internationally, on the provision and simplification of legislation and governmental services. There is a need for a systematic campaign. The Government’s goal is to provide Norwegian business considerable reduction in costs when abiding by the rules and regulations.”

The Minister of Trade and Industry stated in January 2007 that:

“Through the extensive survey of the administrative burdens for business and industry, to be carried out in 2007, we will acquire new and useful information on where measures are needed, including electronic services. The further development of electronic services will be an important tool for reducing these burdens.”

<p>2. Dialogue - Consultation</p> <p>Identified gaps and space for further improvements</p>	<p>Better regulation is always inherent in our contact with the authorities, but seldom as a stand alone item on the agenda.</p>	
<p>3. Impact Assessment</p> <p>Identified gaps and space for further improvements</p>	<p>Even though standard procedure in any proposal for a new regulation prescribes that a proposal always be accompanied with an assessment of administrative consequences, these assessments seldom have any real impact on the decisions.</p>	
<p>4. Ex Post Evaluation</p> <p>Identified gaps and space for further improvements</p>	<p>There are hardly any examples of <i>Ex Post</i> evaluations (as such) being carried out. Regulations are still, of course, subject to changes over time, as a result of more implicit evaluations.</p>	



<p>2. Dialogue - Consultation</p>	<p>Consultation appears as a very effective tool for preparing better regulations. Consultation with representatives of various industries helps to identify gaps where regulation fails to achieve its goals.</p>	
<p>Identified gaps and space for further improvements</p>	<p>Governmental bodies very often do not consult together with representatives of respective industries – they rely on the process of public commenting of proposals. Within this process, representative bodies of industries shall actively search for new legislation which may have an impact on their respective industry. We see that such non-active approach of regulators in process of drafting proposals is not productive, because bad legislation invokes criticism of industries and requires further amending.</p> <p><u>Implementation and application by banking supervisors</u> Communication/consulting between banking sector represented by Slovak Banking Association and National Bank of Slovakia and Ministry of Finance is very good and professional. Basically, regulator is willing to implement know-how of banks collected in course of business. One example of this successful cooperation is the implementation of BASEL II principles into Slovak legislation.</p>	
<p>3. Impact Assessment</p>	<p>The Action Plan states that governmental bodies are focusing on increasing the quality of instruments of impact assessment. Legislative procedure already requires that any legislative proposal shall be presented with an impact assessment study to monitor the impact on public finances, environment, and employment. However, Ministry of Justice states that such studies are very often general.</p> <p>All governmental bodies and ministries shall find the means for processing impact assessment. The Ministry of Economy is responsible for creating national methodology to measure administrative burden. The deadline is September 2007.</p>	
<p>Identified gaps and space for further improvements</p>	<p>Impact studies of legislation proposals are very general. An example of an inadequate impact study is the new proposal of Ministry of Justice to limit interest rates. Such an important piece of legislation was presented without any serious impact assessment studies on banking sector or Slovak economic respectively.</p>	
<p>4. Ex Post Evaluation</p>	<p><i>Ex Post</i> Evaluation is a rare practice.</p>	
<p>Identified gaps</p>		



improvements		
4. Ex Post Evaluation	<p><i>Ex Post</i> evaluations are very seldom done.</p>	
Identified gaps and space for further improvements		

Spain		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p> <p>Identified gaps and space for further improvements</p>	<p><u>Government implication</u> Spanish Government, following the Commission communication on Action Programme for Reducing Administrative Burdens in the EU, has recently (5 May 2007) initiated a process to elaborate an Action Plan for the reduction of administrative costs. It has aimed to reduce costs by 25% until 2012. There is no mention of specific issues concerning financial services.</p> <p>No other “Better regulation policy” has been formally implemented.</p> <p><u>Implementation and application by banking supervisors</u> As mentioned above, no specific mention has been made, to date, to financial services, so there is no prevision about future implementation or application by banking supervisors.</p> <p>Given that the Action Plan has been announced so recently it is too early to identify gaps. Nevertheless, we consider the future existence of the Plan as an opportunity. For that reason, the Spanish Banking Association participations actively in the working groups organised by the Spanish Confederation of Employers’ Organizations (CEOE)⁸</p>	<p>Government</p>

⁸ CEOE is the major representative institution of the Spanish business community.



Sweden		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p>	<p><u>Government implication</u> The Swedish Government started working on the subject in 2003 when all ministries and authorities got the mission to do an overview in their respective field of law, ordinances and recommendations - with the aim of identifying rules to reduce administrative burden. The overview resulted in a programme of action for the rest of the Government’s mandate. During 2004 the Swedish Agency for Economic and Regional Growth (Nutek) started to measure the administrative burden of Swedish companies. In November 2006 the Swedish Government declared that the goal is to lessen the administrative burden for companies, caused by public regulation, by at least 25% by autumn 2010. With this aim, the Government decided to give each ministry the mission to present an action plan concerning better regulation, which will be followed up regularly. The ministries, in turn, asked different authorities to present an action plan, which will be incorporated into the Government’s action plan. The Government’s general action plan will contain concrete proposals concerning better regulation. In February 2007, the Swedish Financial Supervisory authority (FI) presented an action plan for better regulation to the Government, which will be followed up by more concrete proposals in October 2007.</p> <p><u>Implementation and application by banking supervisors</u> The work is organised around a central Steering Committee (in which the Swedish Bankers Association takes part). To date, this committee has met up once. Some ministries have also set up their own steering committees in which different sectors are represented. The Swedish Bankers Association has initiated cooperation with FI to discuss areas for simplification.</p>	<p>Government Financial Supervisory Authority Central Steering Committee</p>
<p>Identified gaps and space for further improvements</p>	<p>The Government will also set up a watchdog-function which will scrutinise all proposals concerning new regulation for companies. Nutek has recently been given the mission to measure the administrative costs for the financial and the insurance sectors (according to the standard-cost model) and will have to present the outcome before the end of 2007. All regulation for companies will have to be measured before the end of 2007.</p>	



<p>2. Dialogue - Consultation</p> <p>Identified gaps and space for further improvements</p>	<p>As a general rule, every new regulation in Sweden is subject to a public consultation. Also, ordinances of the FI are generally consulted with the banking sector.</p> <p>A problem is that proposals are often presented at a very late stage - when the banking sector is invited to give comments. Impact assessments concerning the effects for banks are often not satisfactory. It is seldom that the actual costs for banks are described in the impact assessment.</p>	
<p>3. Impact Assessment</p> <p>Identified gaps and space for further improvements</p>	<p>The Government is now working on a new regulation concerning how impact assessments have to be conducted. The new regulation is supposed to enter into force on 1st July 2007. It is to be hoped that this regulation will focus more on the consequences for companies.</p>	
<p>4. Ex Post Evaluation</p> <p>Identified gaps and space for further improvements</p>	<p><i>Ex Post</i> evaluations are seldom done. This concerns both primary and secondary legislation.</p>	



Switzerland		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p> <p>Identified gaps and space for further improvements</p>	<p><u>Government implication</u></p> <p><u>Implementation and application by banking supervisors</u> SBA initiated the work on better regulation with the Swiss Federal Banking Commission. General principles for better regulation have also been issued by the Federal government.</p> <p>A review of existing regulations is also taking place. A list of regulations to be eliminated or reviewed has been drawn up by the authorities. The same exercise has been undertaken for self-regulations.</p>	<p>SBA Federal Government</p>
<p>2. Dialogue – Consultation</p> <p>Identified gaps and space for further improvements</p>	<p>The challenge lies with securing the basic necessity of any new regulation; when, and if required, ensuring reasonable scheduling of introduction (allowing proper implementation) and, finally to ascertain its consistency and congruity with existing rules. Therefore, a formalised dialogue has been set up with the regulator (twice/year) in order to discuss the regulatory planning for the next 3 years. Priorities are also discussed. When they are identified, a high level WG meets with the main mission to search for more efficient alternatives.</p>	<p>SBA SFBC</p>



<p>3. Impact Assessment</p> <p>Identified gaps and space for further improvements</p>	<ul style="list-style-type: none"> • SBA wants all regulation of some importance made subject to a cost-benefit analysis. This decision must in each case be taken at an early stage of the planning-process. • All costs should be captured and measured; including marginal costs in order to get a feeling of how expensive some "gold plating" might be. • Cost-benefit analysis should be conducted in a pragmatic but disciplined way. • Micro-management and over-engineering must be avoided. • All attention should be paid to the few but real cost-drivers. • The cost-benefit analysis should be proportional and their conduct should follow cost-benefit considerations. <p>Exploratory talks between experts of the Swiss Federal Banking Commission (SFBC) and SBA have taken place. The SFBC has announced by mid-2007, the publication of a paper on cost-benefit analysis, explaining and elucidating its intended future policy.</p>	<p>SFBC</p> <p>SBA</p>
<p>4. Ex Post Evaluation</p> <p>Identified gaps and space for further improvements</p>		



The Netherlands		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p> <p>Identified gaps and space for further improvements</p>	<p><u>Government implication</u> The Government started working on the subject in 2003 in order to reduce the bureaucratic load (administrative burden), with a double objective:</p> <ul style="list-style-type: none"> i) 25% reduction (+/- 4 billion EUR) of existing administrative costs by 2007 (essentially information/reporting costs). The internal costs for companies –by far the most important – in order to comply with the rules, are not included. ii) Compensation of all burdens created by new regulation by an equivalent suppression/reduction in existing regulations. <p>The work is organised around a Steering Committee (in which banks take part) which meets twice a year (and publishes an Annual report), and an “Industry” Committee which meets 10 times a year.</p> <p><u>Implementation and application by banking supervisors</u> According to the private sector, the objectives have not been and will probably not be achieved, but there was nevertheless some improvement in the allowance of resources.</p> <p>The government has formally committed itself to reducing administrative costs, but not the banking supervisory authority which considers that its prime responsibility is to supervise the financial institutions efficiently, independently of its costs (what? constitutes the major part of new regulation for the financial sector).</p>	<p>Government Steering Committee (including banks) Industry Committee</p>
<p>2. Dialogue - Consultation</p> <p>Identified gaps and space for further improvements</p>		



<p>3. Impact Assessment</p>	<p>An independent institute, <i>Actal</i>, is in charge of undertaking impact studies for all new regulations. The NVB also tends to lobby for more efficient solutions, possibly based on figures. The data is collected from banks or sometimes <i>via</i> consultants.</p>	<p>ACTAL NVB</p>
<p>Identified gaps and space for further improvements</p>	<p>It is always difficult to calculate an estimation (e.g. without any regulation, part of the cost would be borne by banks for internal control reasons) and mainly based on a worst case scenario (which can lead to tricky situations in case of overestimation, because then the authority could also possibly obtain better reduction rates).⁹</p>	
<p>4. Ex Post Evaluation</p>		
<p>Identified gaps and space for further improvements</p>		

⁹ For further information, see: <http://www.administratievelasten.nl>



United Kingdom		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p>	<p>The UK Government established a ‘Better Regulation Task Force’ (BRTF) in 1997: to ‘minimize bureaucracy for businesses and front-line staff in the public sector and to help charities and the voluntary sector to make a greater contribution to society’. The Task Force’s role is to focus on the delivery rather than on the content of policy. It was replaced in 2006 by a ‘Better Regulation Commission’. This is an independent advisory body whose terms of reference are to advise the Government on action to reduce unnecessary regulatory and administrative burdens and to ensure that regulation and its enforcement are proportionate, accountable, consistent, transparent and targeted.</p> <p>The UK Government commissioned a review in 2004 into how to improve UK regulatory inspection and enforcement. The review considered the work of 63 national regulators, as well as that of 203 trading standards offices and 408 environmental health offices in English, Scottish, and Welsh local authorities.</p> <p>The Government introduced a Legislative & Regulatory Reform Act in 2006 with the objective of making it quicker and easier for Government to tackle unnecessary or over-complicated regulation and to help bring about a risk-based approach to regulation. The Act contains powers to remove or reduce burdens and to promote regulatory principles; and requires regulators to have regard to the five principles of good regulation.</p> <p>The UK Government commissioned Lord Davidson QC to conduct a review of EU-sourced legislation in the UK to identify measures where unnecessary regulatory burdens can be reduced or simplified. The report focused specifically on identifying instances of the over-implementation of EU legislation. The review adopted a broad definition of over-implementation that included:¹⁰</p> <ul style="list-style-type: none"> • ‘Gold-plating’, such as extending the scope of European legislation; • Double-banking, i.e. failing to streamline the overlap between existing legislation in force in the UK and new EU-sourced legislation; and • Regulatory creep, such as uncertainty created by lack of clarity about the objectives or status of regulations and guidance, or over-zealous enforcement. 	<p>Government</p> <p>Better Regulation Commission</p>

¹⁰ Davidson Review: Final Report, November 2006. See: http://www.cabinetoffice.gov.uk/regulation/documents/davidson_review/davidson_review.pdf

¹¹ <http://www.fsa.gov.uk/Pages/About/What/regulation/brap/index.shtml>

¹² FSA: Better Regulation Action Plan, progress report, June 2006: http://www.fsa.gov.uk/pubs/other/2660_Action_plan.pdf

¹³ Hampton Review: March 2005. See: <http://www.hm-treasury.gov.uk/media/A63/EF/bud05hamptonv1.pdf>



<p>2. Dialogue - Consultation</p> <p>Identified gaps and space for further improvements</p>	<p>It is vital that at the genesis of any legislative debate, the relevant Government department issues a policy ‘Green Paper’ introducing the proposal and making the case for action. A full and open debate should then ensue on the proposal before a decision is made on whether or not to proceed. The Green Paper should recognise that legislation is not always the appropriate way to proceed.</p> <p>Government departments are also required to carry out a full public consultation whenever options are being considered for a new policy or if new regulation is planned under a Cabinet Office Code of Practice. The Cabinet office publishes an annual report on compliance with the Code. In 2005, the last year for which figures are available, 80% of Government consultations complied.</p> <p>The Cabinet Office will shortly be conducting a review of Consultation Policy to see how Government consultations can be improved. The Cabinet Office has pledged to work with all Government Departments and with external stakeholders to look for evidence of what is done well and where improvements in practices and processes can be made.</p>	<p>Government Parliament Cabinet Office</p>
<p>3. Impact Assessment</p> <p>Identified gaps and space for further improvements</p>	<p>UK Government departments are required to complete and make publicly available a Regulatory Impact Assessment of any regulation they propose.</p> <p>However, the system has been criticised for not being sufficiently rigorous. The UK National Audit Office found that ‘Regulatory Impact Assessments are often not used in the right way, the purpose is not always understood... there is a lack of clarity in the presentation of the analysis; and persistent weaknesses in the assessments.’ In response to this, the Government is currently consulting on ways to ‘ensure that Impact Assessments present cost and benefit information in a much more transparent way, and are carried out and updated throughout the policy making cycle – from the first stage when ideas are being initially developed, through the key consultation and decision-taking stages, to post-implementation evaluation’.¹⁴</p>	<p>Government</p> <p>Cabinet Office</p>

¹⁴ Cabinet Office/BRE Consultation: ‘The tools to deliver better regulation’: July 2006. See: <http://www.cabinetoffice.gov.uk/regulation/documents/ria/pdf/consultation.pdf>



Once the legislative proposals for simplification are delivered by the Commission, then it is for the co-legislator, the European Parliament, and the Council, to carry the effort through to its final stage by ensuring that the simplification proposals are adopted as quickly as possible, and by retaining the simplification effect intended by the Commission. See the section on inter-institutional coordination.

Simplification of national measures is the responsibility of the Member States. When transposing directives into national law, refinements and add-ons occur (such as technical requirements, labelling obligations, deadlines, authorisation procedures and other administrative requirements). These, sometimes referred to as 'gold plating' can go well beyond the requirements set out in EU law, resulting in extra costs and burdens for citizens and market operators. Gold-plating may put national businesses at a competitive disadvantage compared with other countries.

To avoid gold-plating, EU regulations may be a powerful simplification tool. The use of a (directly applicable) regulation removes the scope for Member States to elaborate on the EU rules, enables immediate application, and guarantees that all actors are subject to the same rules at the same time.

The National Reform Programmes in the Member States are part of the new governance structure of the EU Lisbon strategy. They set out the economic reform policies at national level on the basis of EU guidelines. They are, therefore, of key importance in creating a better business environment in the EU. All Member States have included measures to promote Better Regulation in their national programmes. The national programmes should also ensure that the advantages of a lighter EU regulation are not cancelled out by new national rules or technical barriers.

4- Screening and withdrawal of proposals pending before the EU legislator

The Commission regularly monitors pending legislation to make sure that it is relevant and up to date and subsequently withdraws that which is no longer topical, for example, where new proposals have been presented by the Commission and scientific or technical advances have made them obsolete (technical withdrawals).

The Better Regulation Action Plan 2005 provided for screening of proposals pending before the European Parliament, and the Council, with regard to their relevance to the EU's Growth, and Jobs' priority and Better Regulation Strategy ('political withdrawal'). All pending proposals made before 2004 were screened and as a result, 68 pending proposals were withdrawn in early 2006.

This initiative was an innovation, as it went beyond the regular withdrawal exercise of proposals no longer

topical. Without prejudice to the possibility for the Commission to withdraw a pending proposal of any given moment, as of 2007, the Commission will integrate a regular withdrawal exercise into its Annual Work Programme.

5- Reducing Administrative Burden

Implementing regulations and laws entail costs. Some costs are linked to legal obligations to provide information either to public or private parties. They are called administrative costs. Some legal obligations to provide information have become needlessly time-consuming, excessively complicated, even useless. Unnecessary and disproportionate administrative costs may hamper economic activity and/or irritate business, citizens, and public authorities. By reducing unnecessary reporting requirements, businesses can spend more time on their core activities which may reduce production costs, and allow additional investment and innovation, which in turn should improve productivity and overall competitiveness.

The Commission introduced in 2006 a distinction between administrative costs and administrative burdens: the latter designate costs specifically linked to information that businesses would not collect and provide in the absence of a legal obligation (unless obliged to so legally). The Commission's Better Regulation Strategy is aimed at measuring administrative costs and reducing administrative burdens. According to estimates it would be feasible to reduce administrative costs by as much as 25% by 2012. This would have a significant economic impact on EU economy - an increase in the level of GDP of about 1.5% or around € 150 billion.

Nevertheless, the EU approach to better regulation needs to take into account the overall benefits and costs of EU rules. Information requirements are sometimes necessary, for example, in ensuring consumer, health and environmental protection. It is a question of ensuring a proper balance where administrative burdens are proportionate to the benefits they bring.

In October 2005, the Commission proposed a common EU methodology for measuring administrative costs imposed by legislation - both existing and planned legislation. This methodology is based on the Standard Cost Model applied in several Member States. Adapted to EU needs and resources, this “EU Standard Cost Model” takes into account the fact that EU legislation often replaces 25 different national legislation and thus decreases operating costs at EU level.

The benefits of the EU Standard Cost Model include:

- Bringing clarity about possible differences in procedures followed by the EU institutions and different Member States;
- Facilitating cross-country or cross-policy area comparisons, benchmarking, and the development of best practices;
- Offering economies of scale in terms of data collection and validation.

<p>Identified gaps and space for further improvements</p>	<p>An operational manual for applying the EU model has been integrated into the Commission's Impact Assessment Guidelines (March 2006). The Commission is optimising the EU model with the help of the High level group of national experts on better regulation.</p> <p>On 24 January 2007, the Commission presented a programme for measuring administrative costs arising from legislation in the EU and reducing administrative burdens by 25% by 2012. On 9 March 2007, the European Council endorsed this Action Programme for Reducing Administrative Burdens¹⁸ and invited the Commission to launch it with the assistance of the Member States. The measurement exercise will be completed by the end of 2008.</p> <p>It will focus on a list of legislative and executive acts in 13 priority areas, seen as at the origin of 80% of administrative costs (the EU Standard Cost Model will be used). Unnecessary burdens spotted on that occasion will then be removed. In the meantime, the Commission will propose and/or adopt a first package of 10 concrete reduction measures for immediate action. The European Council called on the European Parliament and the Council to give special priority to these measures.</p> <p>The European Council also invited Member States to set their own national targets of comparable ambition within their spheres of competence by 2012.</p> <p>The focus of the EU institutions should not only be on administrative costs but also on investment costs and other compliance costs. There should be a net target to avoid that new burdens/costs undercut the positive results of a project. Furthermore, the commitment of Member States to pass on the benefits of reduction in administrative burdens in the transposition process is crucial.</p>	
<p>2. Dialogue - Consultation</p>	<p>The European Commission consults interested parties during the policy-shaping phase in order to improve the quality of policy proposals and to enhance the involvement of external parties.</p> <p>Before making proposals and taking policy initiatives, the Commission must be aware of new situations and issues developing in Europe and consider whether EU legislation is the best way to deal with them. Therefore the Commission consults and is in constant touch with external parties when elaborating its policies. These include all those who wish to participate in consultations run by the Commission, be it market operators, NGOs, private persons, representatives of regional and local authorities, civil society organizations, academics and technical experts, or interested parties in third countries.</p>	<p>European Commission Stakeholders</p>

¹⁹ See: http://ec.europa.eu/governance/better_regulation/reports_en.htm



The dialogue between the Commission and interested parties can take many forms, and methods for consultation and dialogue are adapted to different policy fields. The Commission consults through consultation papers (Green and White Papers), communications, advisory committees, expert groups, workshops, and *fora*. Online consultation is commonly used. Moreover, the Commission may organize *ad hoc* meetings and open hearings. Often, a consultation is a combination of different tools and takes place in several phases during the preparation of a policy proposal.

All Commission Directorate-Generals have contacts with external parties in their respective fields and are responsible for their own mechanisms of dialogue and consultation. This decentralized structure allows the specific nature and conditions of different policy areas to be taken into account.

The decentralized organization of consultation needs a common framework in which to operate to ensure that consultations are carried out in a transparent and coherent way throughout the Commission. In 2002, the Commission set out principles and minimum standards for consulting external parties. The consultation standards are part of the Better Lawmaking Action Plan, which aims at clearer and better European legislation. According to these standards, attention needs to be paid to providing clear consultation documents, consulting all relevant target groups, leaving sufficient time for participation, publishing results and providing feedback.

These consultation standards apply, in particular, to the policy-shaping phase to major proposals before decisions are taken. They apply, specifically, to proposals in the impact assessment process which are included in the Commission's Annual Legislative and Work Programme. The consultation standards have been applied from 2003 onwards. Reporting on the Commission's consultation of interested parties is included in the better lawmaking annual reports.¹⁹

During the legislative process, the Commission consults the European Economic and Social Committee (representing various socio-economic organizations in Member States) and the Committee of the Regions (made up of representatives of local and regional authorities), and seeks the opinions of national parliaments and governments.

Furthermore, the Commission is engaged in other forms of institutionalized dialogue with interested parties in specific domains, the most developed being the social dialogue by which the Commission consults the social partners at European level.

The development of a more open dialogue between industry and the Commission experts, especially on the objectives of regulations and the set of priorities needs to be encouraged. EBF believes that dialogue and expertise sharing will support and improve mutual understanding, with the objective to maintain mutual trust in order to have an improved understanding of each other's goals and instruments.

The development by the Commission and other interested stakeholders of a set of common definitions of the

Identified gaps
and space for
further
improvements



It consists of a balanced appraisal of every type of impact, and is underpinned by the principle of proportionate analysis, whereby the depth and scope of an impact assessment, and hence the resources allocated to it, are proportionate to the expected nature of the proposal and its likely impact. Wide-ranging consultation with stakeholders is an integral part of the impact assessment approach.

3- Which Commission proposals are concerned?

As a general rule, all major policy initiatives and legislative proposals on the Commission's Annual Legislative and Work Programme (CLWP),²⁰ are required to undergo an impact assessment. Some other proposals, which do not feature in the CLWP but which have a potentially significant impact, may also require an impact assessment.

The roadmaps give a first indication of the main areas to be assessed and the planning of subsequent impact analyses. The Roadmaps²¹ for the 2006 and 2007 CLWP are already publicly available on the Commission Impact Assessment website.

4- Commission guidelines for carrying out impact assessments

Not all impact assessments look the same. The length of time and the depth of analysis required depend on the significance of the likely impact, and some elements of the analysis need to be developed more than others. The Guidelines²² give general guidance to the Commission services and set out the procedures and steps for assessment of potential impact of different policy options.

In accordance with the 2005 initiative for growth and jobs, the Commission has, since March 2006, integrated a standard measurement of administrative costs in its impact assessments.

5- Inter institutional common approach

In late 2005, as an addition to the 2003 Inter-Institutional Agreement on Better Lawmaking, the three EU institutions - the European Parliament, the Council, and the Commission - agreed on the 'Common approach to impact assessment'. The 'common approach' consists of a set of 'traffic rules' that the institutions will follow in relation to the preparation and use of impact assessments in the legislative process. The Commission's initial impact assessment on its proposal will generally be the basis for any subsequent impact assessment work that the other EU institutions may carry out when they make substantive amendments to the Commission's proposal.

6- Quality control

The impact assessment system aims at helping the Commission to improve the quality and transparency of its proposals and to identify balanced solutions consistent with Community policy objectives through:

- a coherent analysis of potential impact,
- consideration of various policy choices (e.g. to use alternative instruments to 'control and command' regulation or non-intervention),
- consultation of stakeholders, and
- enhanced transparency (IA roadmaps and IA reports published on the Impact Assessment website).

Executive summaries of impact assessments are translated into all EU languages. In order to strengthen quality control of impact assessment, the Commission created a new internal quality control function in November 2006. The Impact Assessment Board²³ (IAB) is an independent body, working under the direct authority of the Commission President.

The board members are high-level officials from the Commission departments with the most direct links to the three pillars of the integrated approach to impact assessment – economic, social, and environment.

The board's task is to examine the draft impact assessments carried out by individual Commission departments. The board gives opinions on the quality and advice on any further work that may be required. This quality control will be initial task of the board. Later its tasks will be broadened to advice on methodology and approach at the early stages of impact assessment preparation. The IAB opinions are published on the Impact Assessment website²⁴ once the relevant legislative initiative has been adopted by the Commission.

7- Evaluation of the Commission's impact assessment system

In early 2006, the Commission launched an independent evaluation of its impact assessment system as it has evolved and been implemented since 2002.

The objective is to review the experience with regard to the set-up, implementation, and results of the Commission's impact assessment system. The evaluation gives important input into the Commission's review on whether/how to develop and refine this system further. It will examine how impact assessments are carried out and used by the Commission services, whether they are of an adequate quality, and what their role is in the policy or legislative process that follows once the Commission has adopted the related legislative proposal. The evaluation should identify the pros and cons of different options for change. The final report is

<p>Identified gaps and space for further improvements</p>	<p>due in spring 2007.</p> <p>The quality of at least some past extended IA appear to be low and having a ‘bad’ IA is probably worse than having no impact assessment at all. This is why action must be taken to increase the methodological soundness, transparency, cost-effectiveness, and external oversight of IA. The Commission has apparently taken measures in this sense and seems to be on the right track in its desire to improve IA. Good intentions need now to be implemented.</p> <p>The full implementation in practice of the inter-institutional Common Approach to impact assessment is necessary so that the impact on competitiveness of substantive amendments of the Council and the Parliament to legislative proposals is properly assessed.</p> <p>It may be worthwhile giving stakeholders an opportunity to comment on IA before it is finalised and before the legislative proposal is adopted. An appropriate and timely access to the process for all interested parties should be guaranteed. Timing of the assessment should be agreed in advance and followed by all participants. Stakeholders should have the opportunity to participate in the adoption of IA.</p> <p>IA should systematically assess impact of new legislation on key international economic partnerships, such as the transatlantic relationship.</p> <p>In terms of independence, the IAB does not guarantee full independence since its members are also members of the Commission even if they are directly reporting to the Commission’s President. The establishment of an independent Impact Assessment Board is a very good step forward. It is regretted however that the detailed opinions of the Board are only accessible after the adoption of the legislative proposal denying stakeholders an opportunity to react at an early stage.</p> <p>Additionally, the present policy does not make it necessary to conduct IA for proposals that are not on the CLWP. IA should be extended to every Commission proposal whether it is on the CLWP or not. Impact assessments should apply to all pending legislation to ensure that the EC’s propositions provide added value to the market. This has not been done to proposals like Rome I nor the modified proposition of the Consumer Credit Directive.</p>	
<p>4. Ex Post Evaluation</p>	<p>Evaluation gives a judgment of interventions according to their results and impact in relation to the needs they aim to satisfy and the resources mobilized. Evaluation can be carried out in a prospective (<i>ex-ante</i> evaluation) as well as a retrospective (<i>ex-post</i> evaluation) perspective, or in a combination of both. Evaluation</p>	<p>European Commission</p>



generates relevant information that is essential for planning, designing, and implementing EU policies. It is the main tool used by the Commission to assess the extent to which EU interventions reach the set policy objectives and how their performance can be improved in the future.

Evaluation tries to answer questions such as:

- Do the objectives correspond to the needs and problems? (*Relevance*)
- Did they achieve the objectives? (*Effectiveness*)
- Were the objectives achieved at reasonable costs? (*Efficiency / cost-effectiveness*)

Moreover, where evaluation results are communicated properly, they enhance transparency and democratic accountability. Therefore, evaluation can also support the Commission in communicating more effectively the added value of the European Union to the European citizen.

The EU's policy objectives, notably of the reviewed Lisbon Strategy as well as the agenda for prosperity, solidarity, and security require ever greater synergies and coherence between different EU-initiatives. "Better Regulation" and evaluation can significantly contribute to a more 'joined up' policy.

The European Commission has a mature evaluation system which is well embedded in its departments and has generated a wealth of relevant information. The Commission can build on these achievements for its Better Regulation agenda, which, for example, implies that planned interventions are regularly assessed in advance to determine their 'real world impact'. *Ex-post* evaluations of legislation can help in providing a clearer evidence base for new initiatives.

While the Commission has traditionally focused on evaluation of expenditure programmes, it will in future increase its evaluations of legislation and other non-spending activities which have substantial impact on citizens, businesses, and environment. This will include more "strategic" evaluations, which assess impact of EU activities across different policy areas. Other added value can be achieved by creating synergies between *ex-ante* evaluations, as required by the Financial Regulation, and integrated impact assessments.

By assessing the results and impact of EU activities, evaluation contributes to evidence-based policy making and helps to give account to the European citizen about how taxpayers' money is spent.

Ex-post evaluations should be used more frequently especially in the financial area to ensure that EU legislation is beneficial to the market. Also, *ex-post* evaluations would allow comparison between the content and IA conducted before the adoption of EU legislation.

National Authorities
External Consultants

Identified gaps and space for further improvements



14. See <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52006DC0689:EN:NOT>
15. See: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52006DC0690:EN:NOT>
16. See: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52005DC0535:EN:NOT>
17. See: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52007DC0023:EN:NOT>
18. See: http://ec.europa.eu/governance/better_regulation/reports_en.htm
19. See: http://ec.europa.eu/atwork/programmes/index_en.htm
20. See: http://ec.europa.eu/governance/impact/practice_en.htm
21. See: http://ec.europa.eu/governance/impact/key_en.htm
22. See: http://ec.europa.eu/governance/impact/iab_en.htm
23. See: http://ec.europa.eu/governance/impact/cia_2007_en.htm