



OECD REGULATORY ENFORCEMENT AND INSPECTIONS TOOLKIT

APPLICATION IN THE EASTERN PARTNERSHIP COUNTRIES

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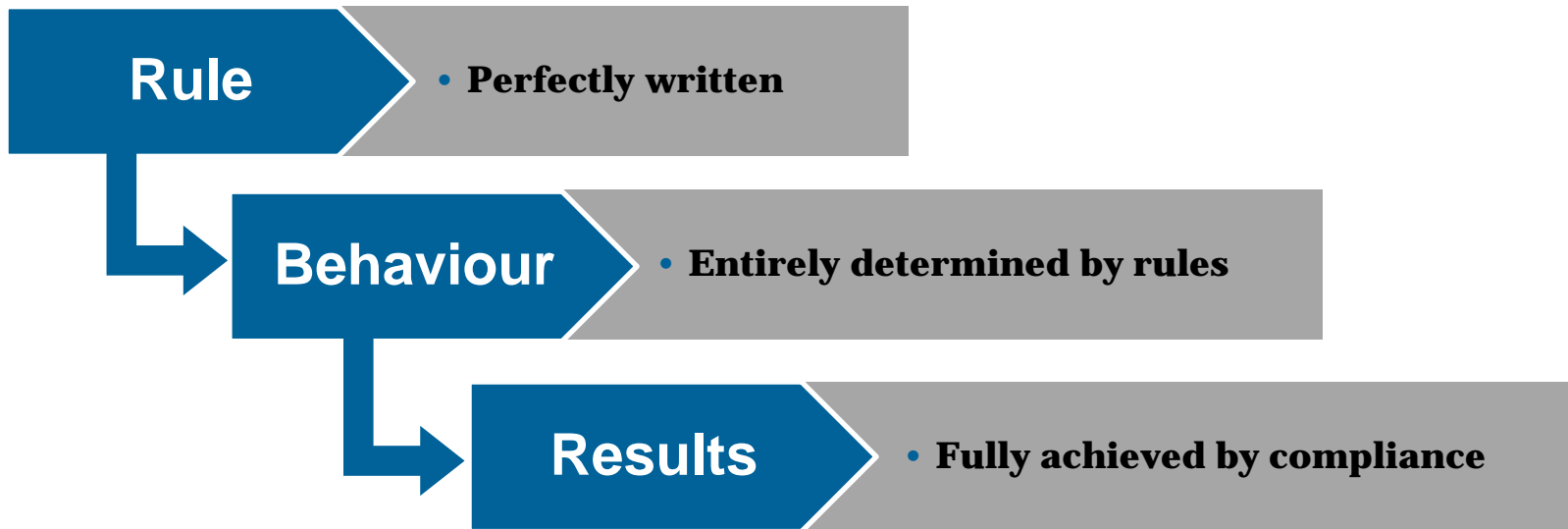


Why and how to regulate?

- **Public policy goals:**
 - safeguard health and safety,
 - protect the environment,
 - raise public revenue etc.
- **Regulation often appears like an easy tool to wield:**
 - it costs little to those who adopt laws, and it can be presented to the public as “action”
- **Regulations also include procedures and instruments** to implement the rules, in addition to “substantive” rules
- **The assumption is that rules, procedures, instruments will produce the desired results** –
 - and that if they do not, “more” or “stricter” ones are needed
- **Criticism has often focused on the costs that rules impose** –
 - but not always sufficiently looked at the fundamental assumptions about whether they work

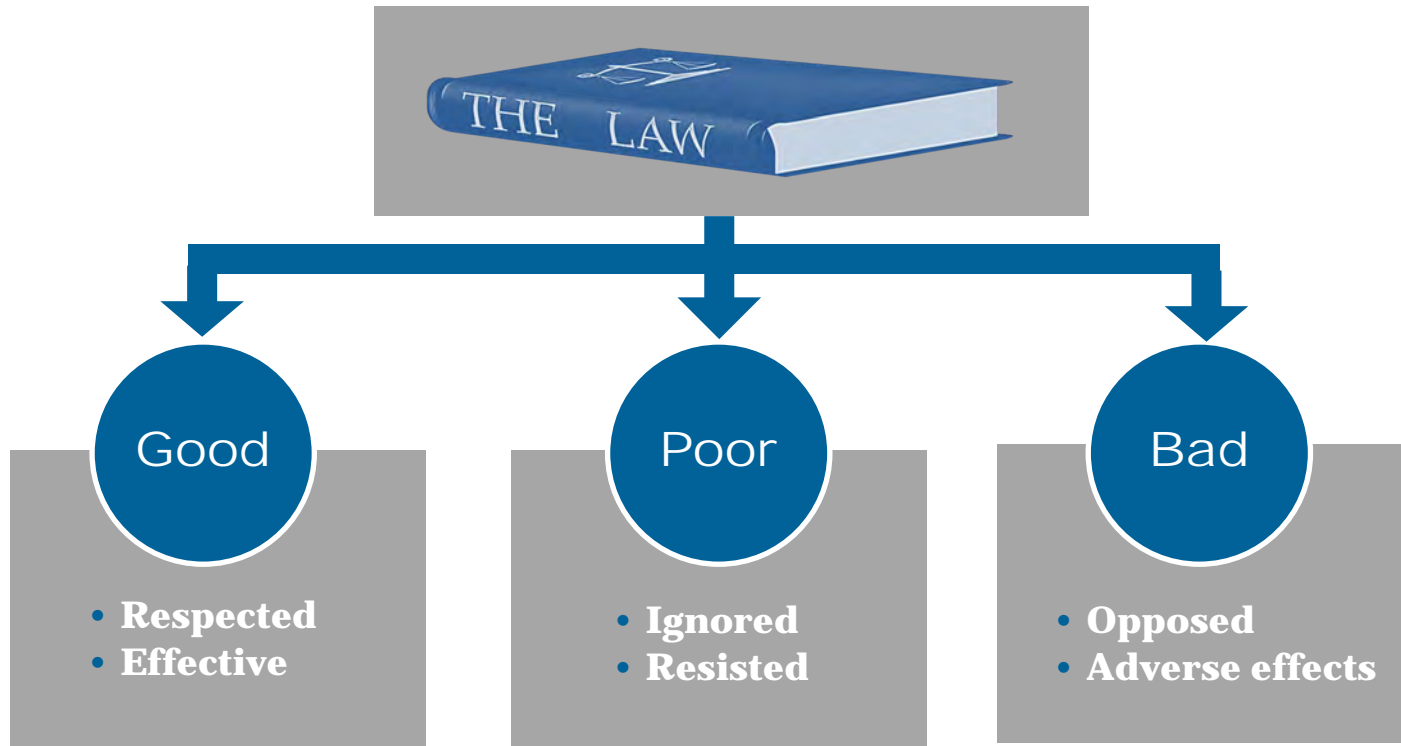


A simplistic view of rules to results is misleading



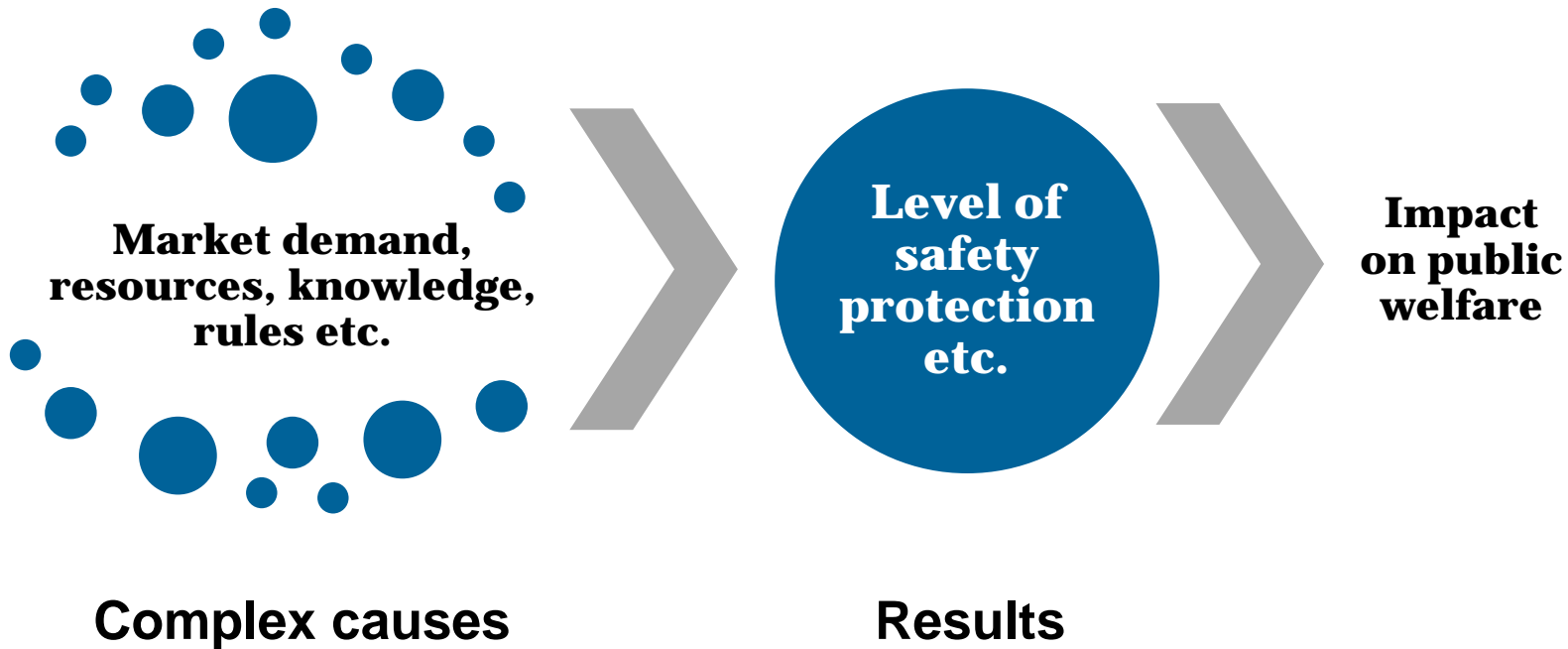


A more realistic view of rules and control...





...and a more realistic view of results!





What matters in regulation



WHAT MATTERS

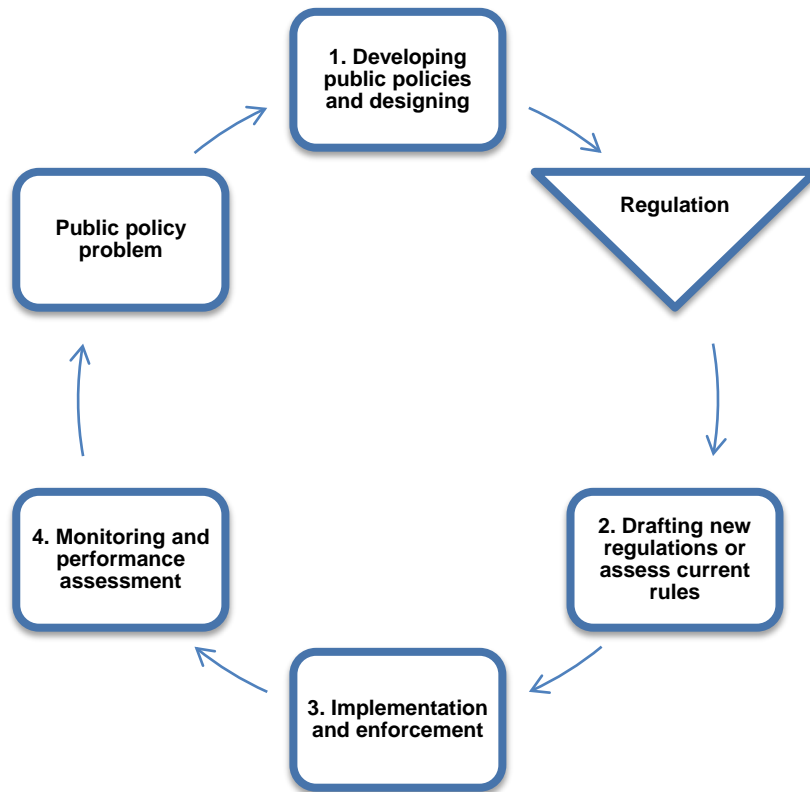
**IS TO REGULATE AND CONTROL
THE RIGHT ELEMENTS –
NOT HOW MUCH YOU CONTROL,
BUT WHAT AND HOW YOU CAN
DO IT**



OECD BEST PRACTICE PRINCIPLES ON ENFORCEMENT AND INSPECTIONS

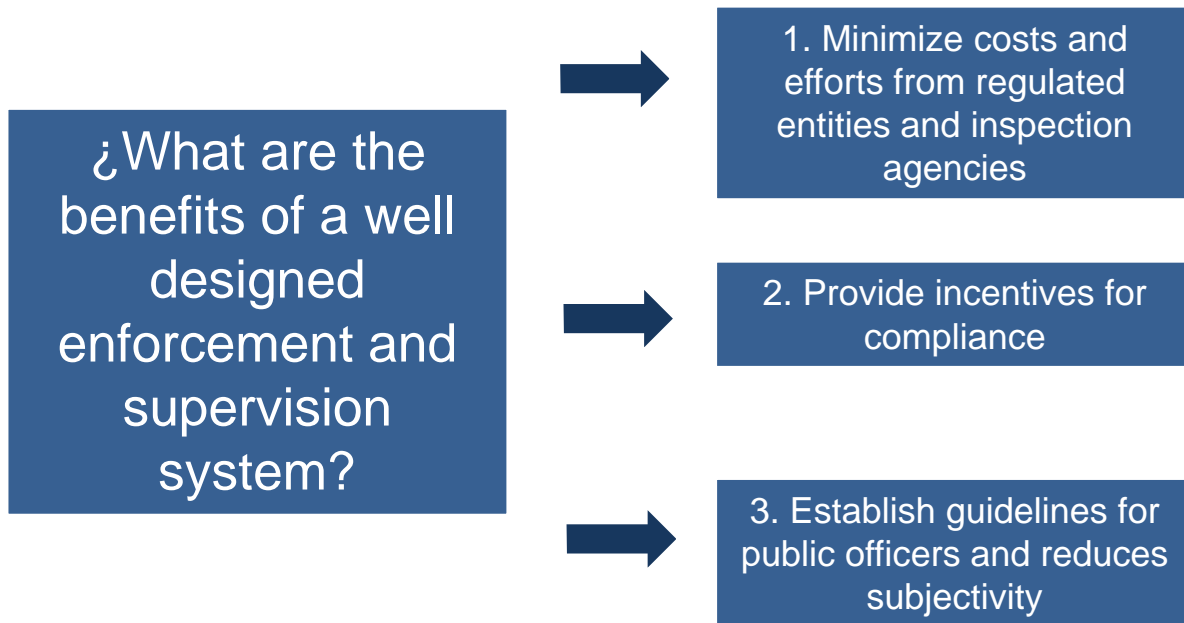


Regulatory Governance Cycle





Benefits of an adequate inspection and compliance policy





Risk-Based Regulation

Strategic risk assessment

- Determine which risks to regulate, and through which instruments

Operational risk assessment

- Risk-based targeting of inspections

Risk-based inspection check

- Verification of compliance following risk-based approach

Risk-proportional enforcement

- Deciding on enforcement response based on actual/potential risk



OECD Best Practice Principles



Objective

Support countries in reforming their inspection system and developing policies for regulatory compliance

11 principles

Seeking to improve regulatory enforcement through an inspection policy:

- More effective and efficient
- Less burdensome inspection process for regulated entities
- Less demanding of resources for governments.



OECD Enforcement and Inspection Toolkit

To build on the 2014 OECD Best Practice Principles on Regulatory Enforcement and Inspections

The toolkit offers a systematic tool to assess performance of inspection system and its implementation.

The toolkit identifies concrete steps for improvement





OECD Best Practice Principles on Regulatory Enforcement and Inspections

Principles for effective and efficient inspection and enforcement system in a given jurisdiction, to identify strengths and weaknesses, and potential areas for improvement.

1. Evidence-based enforcement	2. Selectivity	3. Risk-focus and proportionality	4. Responsive regulation
5. Long-term vision	6. Co-ordination and consolidation	7. Transparent governance	8. Information integration
9. Clear and fair process	10. Compliance promotion	11. Professionalism	12. Reality check*



COMMON CHALLENGES IN EASTERN PARTNERSHIP COUNTRIES



Enhancing risk-based inspections

From a bureaucratic approach to inspections...

- Inspection planning is not based on risk considerations.
 - e.g. type of industrial activity, results from previous inspections, geographic conditions, etc.
- Inspections are often carried out as a “box-ticking” exercise.
- Checklists used by inspectors are legalistic and don't provide information on actual risks.



...to supervising risks

- Inspection planning mobilizes resources to the riskier activities.
- Introducing weighed risk criteria to detect probability of material hazards.
- Checklists are simple, comprehensive and provide standardized data on environmental risks.



Integrating a supervision system

Environmental supervision is often covered by multiple ministries and different levels of government, yet coordination tends to lack

**How can governments
break siloes to improve
supervision?**

**Reviewing
institutional
mandates** to avoid
duplications and
supervision holes

Feedback loops
between permitting
authorities and
inspectorates

**Interconnected IT
platforms** to perform
sector-wide risk analysis

**Ensuring staff
integration and skills** by
providing continuous
guidance and capacity-
building



Exploring all available tools

The goal is not (only) about improving inspections, but to use the system as a whole to reduce potential risks...

Compliance promotion

Often regulated entities do not know/understand the compliance requirements governing their activities.

- By putting in place a well-designed compliance promotion strategy, regulators can reduce violations.

Self-co regulation

Harnessing the resources and knowledge of private bodies to compliment state supervision.

- While avoiding potential conflicts of interests and enhancing accountability



OECD experience in risk-based regulatory delivery

- **Enhancing risk methodologies**
 - With several Italian regions: evolving from simple and static risk methodologies (if any!) to multi-dimensional risk criteria models.
- **Developing inspection guidelines**
 - Collaborating with the Italian region of Friuli Venezia Giulia to ensure guidelines are collecting standardized risk data.
- **Delivering training workshops for inspectors**
 - Multi-regional work in Italy to ensure inspectors are up to date with new risk methodologies.
- **Conducting data analysis**
 - Initial work with the region of Lombardy and Lithuania to detect drivers and patterns of non-compliance.
- ...



THANK YOU!

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<http://oe.cd/regpol>