

23. Simplification strategies

For many OECD member countries, reducing the burden of government regulations on business and citizens is a large part of their strategy to improve economic performance and productivity. Red tape can be particularly burdensome to small business, where the proportion of resources diverted to administrative functions is greater than for large firms.

Within the regulatory management strategies of OECD member countries, tools for administrative simplification have become more central to improving the administrative efficiency of regulations and reducing the time and money spent on compliance. Administrative simplification strategies have found broad support among businesses and citizens, explaining to some extent the investment by many countries in this policy area.

Although administrative simplification strategies can be technically challenging for governments, many OECD member countries have adopted programmes to reduce administrative burdens. Many countries have set targets for the reduction of administrative burdens to drive the reform of business processes within government, with performance monitored by an independent oversight body. Among the most common strategies used to meet targets are the use of information and communication technologies and electronic record and reporting requirements, such as allowing businesses and citizens to file and pay taxes online.

A large set of countries as well as the European Union were heavily engaged in administrative simplification strategies in 2008. Some countries have been committed to these efforts for over a decade now, which may also explain why certain countries have scaled down their efforts. Further analysis shows that those countries that are investing a great deal in burden reduction strategies are experiencing steep decreases in the restrictiveness of their product market regulations, which in turn is conducive to higher economic growth in the long term (Jacobzone, forthcoming).

Methodology and definitions

The indicator draws upon country responses to the OECD Regulatory Management Systems' Indicators Survey conducted in 1998, 2005 and 2008. Survey respondents were OECD delegates and central government officials. In addition to the 30 OECD member countries, data are presented for the policies of the European Union.

The composite index examines the relative emphasis by central governments on administrative burden reduction strategies at a high level. It looks at (weights in parentheses): whether a country has an explicit burden reduction programme (33.3%), and whether the programme includes quantitative targets for reducing burdens (16.7%), the use of strategies that employ information and communication technologies (16.7%) and other tools (16.7%) to reduce administrative burdens, and the practice of reallocating responsibilities across government to streamline business processes and reduce costs to citizens and business (16.7%). The index ranges between 0 (low level) and 1 (high level). The index summarises information about the intensity of countries' efforts and the comprehensiveness of countries' administrative burden programmes. However, it does not gauge whether these programmes have been effective at achieving stated goals. See Annex C for a description of the methodology used to construct the index. The variables comprising the indexes and their relative importance are based on expert judgements. They are presented with the purpose of furthering discussion, and consequently may evolve over time.

Further reading

OECD (2007), *Cutting Red Tape: Comparing Administrative Burdens Across Countries*, OECD, Paris.

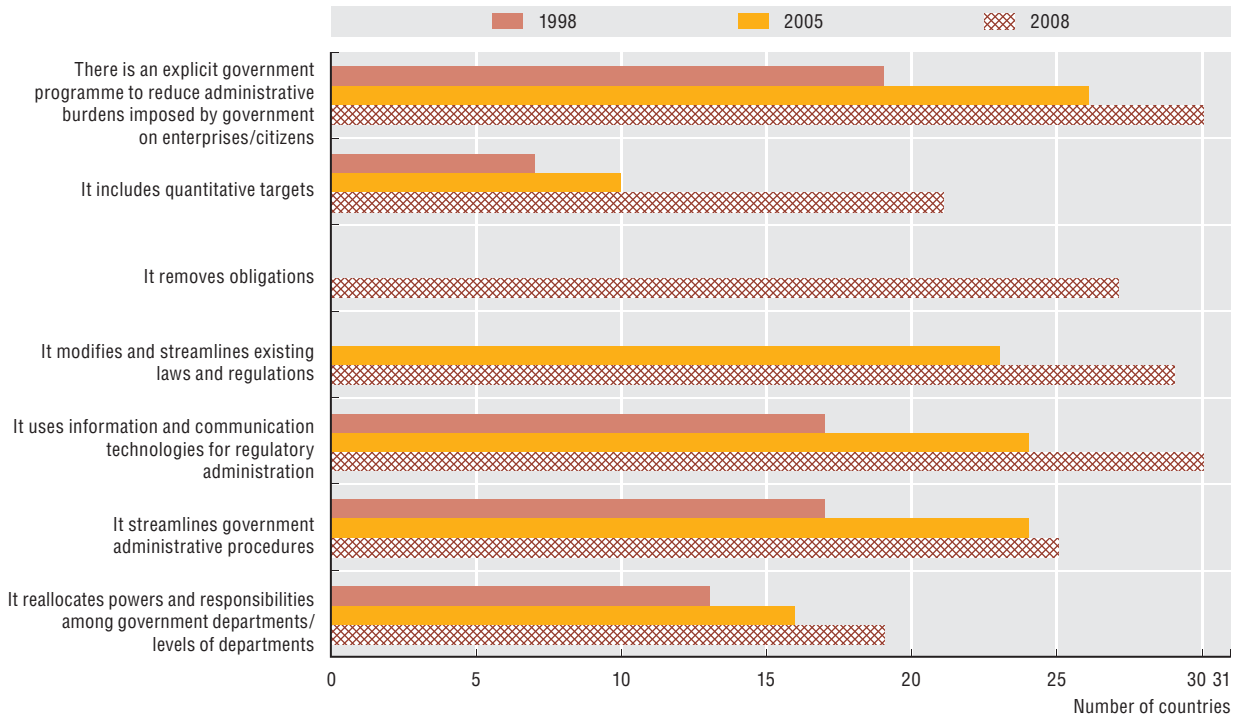
Jacobzone, S., F. Steiner and E. Lopez Ponton (Forthcoming), "Analytical Assessing the Impact of Regulatory Management Systems, Preliminary Statistical and Econometric Estimates, Public Governance", *OECD Papers on Public Governance*, OECD, Paris.

Note

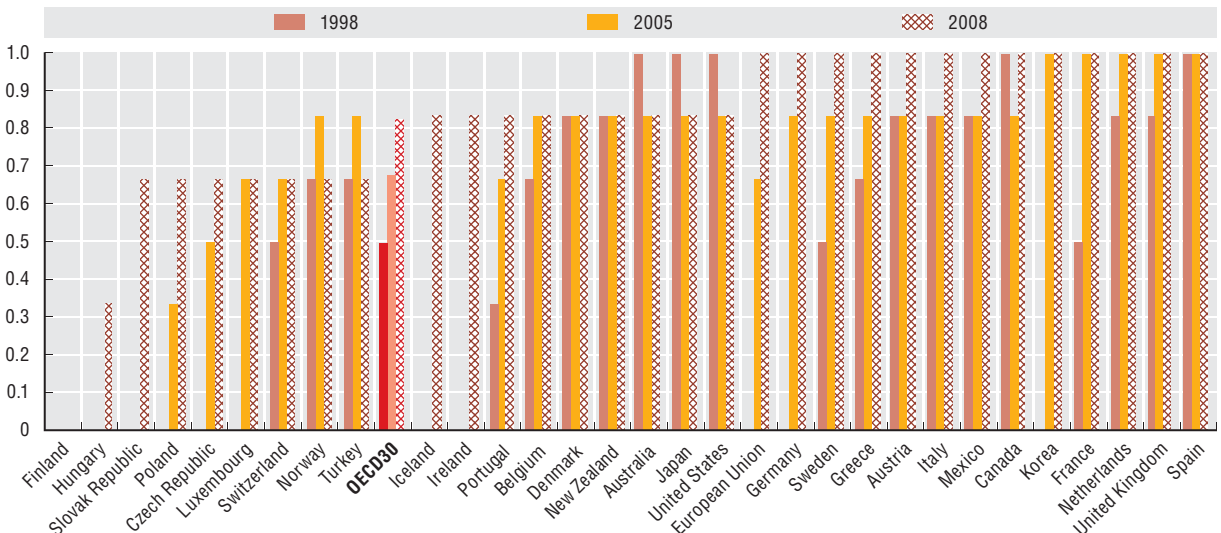
23.1: Data for 1998 are not available for the European Union, Luxembourg, Poland and the Slovak Republic. Thus, the figures are based on data for 27 countries in 1998 and for 30 countries and the EU in 2005/08. No data are available for the "removal of obligations" strategy prior to 2008. No data are available for the "modification and streamlining strategy" prior to 2005.

A corrigendum has been issued for this page. See: <http://www.oecd.org/dataoecd/59/28/44251675.pdf>

23.1 Characteristics of central government programmes to reduce administrative burdens (1998, 2005 and 2008)



23.2 Extent of programmes for reducing administrative burdens at the central level of government (1998, 2005 and 2008)

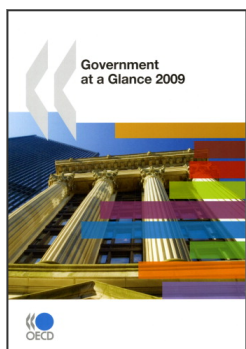


Note: This index summarises information about the intensity of countries' efforts and the comprehensiveness of countries' administrative burden programmes. However, it does not gauge whether these programmes have been effective.

Source: OECD Regulatory Management Systems' Indicators Survey, www.oecd.org/regreform/indicators.

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