Executive Summary

Economic context and drivers of Better Regulation

Better Regulation policies in Sweden have traditionally been harnessed to the achievement of important economic goals. The country's economic recovery from the crisis of the early 1990s was partly based on regulatory reforms which supported structural changes, opening up previously closed product markets, reinforcing international market openness. Substantial efforts were made to minimise regulatory burdens on companies engaged in international trade. Product market deregulation was tackled, and the competition law was strengthened. As recorded in the 2007 OECD report on Swedish regulatory reform,[1] this yielded a considerable "productivity dividend".

Efforts have intensified since the 2006 general election (and partly in response to the OECD's 2007 report) to address issues which undermine a positive development of the business environment and in particular, the development of small firms. The 2007 OECD report noted that the Swedish economy depends fairly heavily on large companies, with a relatively small service sector and muted entrepreneurial activity, which could be limiting the potential number of new jobs.

The drivers of Better Regulation in Sweden are defined by the current government as a push for stronger growth, the need to sustain international competitiveness, and the need to create jobs, which will help to prevent social exclusion (*utanförskap)* in the population. The strategy for growth and renewal, launched by the government when it came to office in September 2006, included support for entrepreneurship, including easing regulatory burdens.

The Better Regulation agenda is structured around a simple but compelling formula. Simplifying regulations will reduce burdens on business and release capacities to deal more with day-to-day business operations, which in turn could create economic growth and generate more jobs. The full baseline measurement of administrative costs carried out by the Swedish government estimates administrative costs for businesses at approximately SEK 97 billion.

Sweden is currently facing a deeper contraction than the crisis of the early 1990s, although many economic indicators remain favourable. Public finances are still in good shape, the national debt has been pressed back to the same level as before the financial crisis, and so far the increase of the debt has been moderate. Indeed the extensive regulatory reform of the 1990s and early 2000s, completed before the crisis, suggest that Sweden may experience a good recovery of productivity growth and overall employment. There remains scope to develop the potential for self employment and entrepreneurship, by further reducing administrative and regulatory burdens on small firms.

The Better Regulation programme, and in particular the Action Plan for Better Regulation, which was launched in late autumn 2006, after the general election in September 2006, is the centrepiece of the government's strategy. The target is to reduce the administrative costs for businesses by a net 25% by autumn 2010, and to create a "noticeable, positive" change in day-to-day business operations. The government's 2009 Budget Bill restated the commitment to Better Regulation which had already been made in autumn 2007 and 2008, underlining that a "simple and efficient regulatory framework is urgently required". It emphasised the identification of simplification proposals that "yield substantial effects for companies in the short term". The strategy is widely supported within the central government and among the business community, which has been constructively vocal and active.

The public governance framework for Better Regulation

Sweden has a strong and well established public governance framework. The Swedish model of government is characterised by small policy-making ministries and a much larger network of government agencies responsible for the implementation of government policy. Constitutional provisions with strong historical roots impose constraints on any changes to the underlying structure of government. Local governments are entrusted with a large number of complex tasks, reflecting an emphasis on local democracy and the need to match the provision of services to local preferences.

The basic institutional structure is relatively stable. Some important constitutional changes in the 1970s altered the structure of the parliament and introduced proportional representation, further underlining the importance of co-operative and consensus building processes for policy and rule making. The election cycle was changed from 3 to 4 years in 1994.

Developments in Better Regulation and main findings of this review

Sweden has moved from an emphasis on deregulation associated with the market liberalisation of the 1990s to the improvement and simplification of rules (Better Regulation), much on the same pattern as other European countries. The policy has also broadened from simplification and cost reduction to a renewed interest in making *ex ante* impact assessment work. A key focus throughout has been on the needs of enterprises. Regulatory quality principles have also extended their reach across different institutions, starting with the committees of inquiry which have always been subject to strong requirements (on consultation for example), even if this remains a work in progress regarding the local levels of government.

After the 2006 election, the government announced its intention to intensify work on Better Regulation, setting a target to reduce administrative costs for businesses by a net 25% by autumn 2010, and putting in place a series of tools and measures to promote Better Regulation, including a renewal of the impact assessment process.

Strategy and policies for Better Regulation

There is a strong commitment by the current government to move forward on Better Regulation. This is extremely positive for Sweden and its international competitiveness prospects. The emphasis is on creating a better regulatory environment

for business, which is timely and helpful. The development of the Better Regulation programme and in particular the Action Plan for Better Regulation has acted as a wake-up call, in a context where Sweden was slipping behind in Better Regulation (and was aware of a growing gap compared with some of its European neighbours), and has started to concentrate minds on the importance of the regulatory framework as an essential "infrastructure" for business. The efforts to strengthen and give new impetus to *ex ante* impact assessment also show that Sweden is conscious of the need to manage burdens which may flow from new regulations. It is visible that important investments have been made recently. For example, the establishment of the Better Regulation Council (an automonous external oversight body) is an important signal of the government's commitment to change. It can be expected that these investments will pay off in the near future.

Important tools, processes and institutional structures for Better Regulation are now in place. There have been significant improvements since the 2007 OECD report, which have laid some foundations for further achievements.[2] The processes for *ex ante* impact assessment have been strengthened, clarified and streamlined, and regulatory simplification is now well underway, supported by the completion of a full baseline measurement of administrative costs for businesses, enhanced consultation processes with the business community and a reinvigorated institutional framework, which includes the establishment of the Better Regulation Council and a more operational group of state secretaries responsible for promoting better regulation policies within government. As the government itself recognises, the new processes now need to be used, and where necessary, strengthened. It has taken time to agree the changes. It may take some time for these processes to bear fruit. Sweden is now moving into a more demanding phase of its Better Regulation programme, where efforts need to be sustained and results may not come overnight. As one interviewee put it, "there are no quick fixes if the objective is to make deep changes and turn the regulatory management framework around". Better Regulation has to be seen as the sum of many efforts over time.

The regulatory simplification measures are generally well structured and go beyond administrative cost reduction. The recommendations of the 2007 OECD report have been largely implemented and there is a clear framework to tackle burdens on business and to implement a range of broader regulatory as well as other simplification processes. The quantitative net target of a 25% reduction of administrative costs on businesses by 2010 is in line with good international practice. It has also acted as an important driving-force in the Better Regulation strategy. The latest update measurement (June 2009) shows an encouraging net decrease in regulatory burdens of 2% from the original baseline. The policy goes beyond administrative costs, and aims to address the more effective overall design of rules, processes and procedures so that they are better adapted to business needs. Proposals and actions are well documented, and transparency is good.

However, some issues with regulatory simplification tools and processes need attention if the target is to be met. The pressure on participating ministries and agencies to contribute to the 25% reduction target is weak, partly because there are no differentiated or individual targets for each ministry. Use of the *Malin* database, which brings together the results of the measurement, also needs to be encouraged, to identify actions that will help to ensure the target is met. *Malin* can also help with the *ex ante* assessment of whether identified actions will be sufficient to meet the target.

Sweden has also taken steps to strengthen its impact assessment processes since the 2007 report. The new policy seeks to broaden the approach and the institutional framework has been strengthened. A common framework of instructions is in place, replacing the previous disjointed approach. However, the policy remains highly business focused. Other impacts (social, environmental etc), although they are not neglected, should merit greater attention, through a more balanced approach. This will help to secure the closer engagement not only of stakeholders inside government, but also outside. An early evaluation of progress will be important.

Public consultation is a traditional Swedish strength, and dialogue with the business community has been boosted. Sweden has a very positive underlying commitment to openness, which frames its overall approach to consultation. Participating stakeholders are generally supportive of the system which rests, notably, on the longstanding practice of establishing Committees of Inquiry for the development of major policies and legislation. The processes established by the government as part of the Action Plan for Better Regulation include significant structures and efforts to engage in dialogue with the business community over their concerns.

The government's current policies need to be extended, if they are to address all the issues that are relevant for a comprehensive Better Regulation strategy. It was right to start with an emphasis on regulatory simplification for businesses, and to use this as a motor for pulling forward the agenda. Policies aimed at other societal groups could now be envisaged, alongside what is already in place for the business community. A broader policy on public consultation for the development of new regulations (not just with the business community), enforcement policy, the need to engage the local levels of government in Better Regulation, and the management of EU issues would now benefit from increased attention. A broader vision would help to pull these elements together, put Swedish Better Regulation policy on a more sustainable basis, and ensure that Sweden is a front runner on Better Regulation within Europe. There has been tangible progress beyond administrative burdens since the 2007 OECD report. However there is a need to go further still.

Better Regulation in Sweden remains tilted towards business and neglects the engagement of other societal groups. To a number of actors, Better Regulation is currently perceived as "deregulation", and a zero sum game, posing a threat to other societal goals. "Citizens are forgotten", as one interviewee put it. There is a palpable concern that "we would lose something in the process" of making things easier for business and that standards could suffer. This negative perception is aggravated by the fact that civil society does not consider itself as well represented or resourced as the business community for effective participation in Better Regulation processes such as consultation or impact assessment. Addressing perceptions of an imbalance – as well as working on the imbalances which do exist – will be important to sustain support for Better Regulation over the longer term.

The current approach to enforcement is complex and widely acknowledged to be in need of reform, which the government has started. The government has started to take steps to rationalise and clarify responsibilities, and the issue was also highlighted in the 2007 Parliamentary Committee on Public Sector Responsibilities. Some organisations have been applying risk based approaches to enforcement (such as the use of risk analysis to determine the optimum frequency of inspections). However, a stronger and more coherent policy would encourage the more widespread uptake of new

approaches. As one interviewee put it, "the problem is not just the production of regulations, but the lack of a clear steer on implementation".

The engagement of subnational levels of government in Better Regulation needs to be strongly encouraged. There is an increasingly urgent need to bring local governments more fully into the government's Better Regulation programme, as they are the primary interface with SMEs. The Action Plan for Better Regulation currently covers central government (the ministries within the Government Offices) and a number of government agencies, currently 39. The municipal level (the main level of local government) is not yet integrated to the same extent. They are considered by many to be a key source of burdens. Inadequate integration of this level of government weakens the proposition that the government is doing all it can to reduce burdens on business. Although this is beginning to change, the process of integrating this level of government into Better Regulation needs to be formalised and accelerated. It is increasingly urgent for local government to be further engaged, as they are the primary interface with SMEs. This would have the support of a wide range of stakeholders both within and outside government. A particular institutional issue is that there does not appear to be any specific forum for discussion between the national and subnational levels.

The management of EU regulations would benefit from more attention. There are clear formal processes for setting strategic decisions in the negotiation of EU directives, but capacities for effective negotiation in practice may need reinforcement. The framework appears less strong once a specific negotiation has started, and external stakeholders raised some concerns. Public consultation by the government is not systematic. The transposition of EU directives would benefit from particular attention. It would be beneficial to carry out a wide ranging evaluation and consultation on EU aspects of Better Regulation.

The widest range of stakeholders need to buy into the government's policy for its sustainability to be assured over the longer term. This report suggests that the Better Regulation agenda should be explicitly extended to cover societal groups beyond the business community. In any event, a more inclusive approach to communication on the government's policy and regulatory plans is important. This is complementary to the basics of everyday communication such as the right of access to official documents. Sweden is strong in these basics, but a more strategic perspective is also needed. Because of strongly rooted transparency and consensus making traditions, reforms that are tackled through public debate in Sweden are more likely to gain support.

The management of expectations which have been encouraged by the Better Regulation programme could be enhanced through more targeted communications. Securing the continued support of key external stakeholders needs the anchor of an enhanced effort at communication. The experience of other European countries is that a critical (albeit not the only) success factor of a well run regulatory simplification programme is effective government-stakeholder communication. The business community and parliament are impatient to see results at this stage. Business said that it can and must act rapidly on its own decisions, and finds it hard to understand why the government takes longer. The Government needs to persuade them more strongly (with supporting evidence) that results are coming, and to manage expectations by a careful explanation of the processes and timescales needed, in order for a government proposal to become a concrete reality.

As in many other OECD countries, ex post evaluation of Better Regulation policies or strategy could be strengthened and become a systematic part of the agenda. This is especially important for Sweden, which needs to ensure that the tools and processes now in place for Better Regulation are functioning as they should. A strategically important missing link is an overall evaluation of the Better Regulation agenda, which could be used both to pinpoint gaps, and to establish more clearly how the agenda is contributing to the reinforcement of Sweden's competitiveness as well as citizen and other societal needs. Evaluation also supports greater transparency about progress, which encourages external pressure and support to step up efforts.

The government's Action Plan on e-Government is a clear signal of the commitment to regaining lost ground on the development of e-Government. A carefully elaborated Action Plan has been put in place, with a supporting high level group in the Government Offices, consisting of State Secretaries, and an e-Government Delegation ("*E- delegationen*"),[3] consisting of heads of government agencies and a representative of *SALAR*. This is very positive, not least for the signals that it gives of the government's commitment. The e-Government Delegation will need to track progress continuously on an aggregate level to promote appropriate intervention from the government when necessary. It was beyond the scope of this review to go into any depth, but it appears that some good progress has been made. Some issues such as funding may need attention.

Institutional capacities for Better Regulation

Sweden has a strong and well established public governance framework characterised by a small policy making centre and a very large network of implementing agencies. Sweden has a particularly disaggregated structure of public governance, with a few small ministries at the apex, and several hundred agencies (some with horizontal, most with sector specific responsibilities). There is also a highly autonomous municipal level of government. Policy and rule making are carefully framed and based on clear principles which are embedded in the constitution. There is an important tradition of consensus building to meet policy and regulatory objectives involving key actors both within and outside government, including the social partners.

The breadth of the institutional structure raises challenges for rapid progress on Better Regulation. In the absence of strong and determined management, this is a system with centrifugal tendencies. There are many autonomous actors, with a constitutionally anchored independence of action with regard to some aspects of their activities. Effective steering and firm encouragement from the centre of government is therefore critical for the success of a Better Regulation strategy that needs to encompass all the relevant institutions and different levels of government. The system may also encourage a sense that issues are the responsibility of other actors, thus fragmenting collective effort and leading to uneven performance. The growing importance of the EU adds another critical dimension to the need for a strong central engine to promote regulatory quality. The issue is how to achieve change and promote a shared vision whilst respecting the character of the Swedish traditions, which have a number of strengths. There is awareness that fragmentation is an issue. An important distinction, however, needs to be made between the government agencies, which are autonomous but ultimately under the control of central government, and the municipalities, which have a constitutionally protected independence *vis-à-vis* central government.

Against this somewhat challenging background, significant progress has been made since the 2007 OECD report to set up a stronger central driver for Better Regulation, and a "whole of government" approach. The 2007 OECD report recommended that an additional process or structure may be needed to boost reform, promoting a strategic reform vision and helping to establish consensus on important issues. It recommended the establishment of an external advisory body. This has now been done, with the establishment in 2008 of the Better Regulation Council. This is rightly seen as evidence that the government is serious about Better Regulation. The Ministry of Enterprise responsibilities have also been boosted. The ministry has a team of officials responsible for the coordination, support and follow up of work on Better Regulation, and it chairs the cross government group of State Secretaries on Better Regulation as well as the cross government working group on Better Regulation (with officials from different ministries within the Government Offices).

The establishment of the Better Regulation Council has been greeted with enthusiasm by many stakeholders. Considerable expectations are vested in this body. Sweden needs independent perspectives to challenge the strength of government policies for regulatory reform and to ensure that all relevant actors buy in to Better Regulation (not just the enthusiasts). This new watchdog is a major step forward for Sweden. The Better Regulation Council is expected to play an important scrutiny role for impact assessments. Although it is an advisory body, the Council's opinions are made public through its website[4] and it is expected to provide an incentive to prepare better quality impact assessments. It published a report on its experiences in January 2010 and will publish another report at the end of its current mandate in 2010. It is too soon to comment on its success. It certainly has the potential to make a difference, but does need to find its place, and assert itself as a new player with influence. There is a need to decrease dependency on political cycles or personal commitments, which this type of institution can help to meet.

The National Audit Office (Riksrevisionen) is a potentially valuable external observer of the regulatory process. Its 2004 report to the *Riksdag* was instrumental in encouraging the development of today's Better Regulation agenda. It carries out performance audits which, whilst they may not be directly focused on Better Regulation processes, can nevertheless raise issues relating to the effectiveness of regulatory management have a direct bearing on Better Regulation, including impact assessment. Some of its recent work points, in particular, to the "cascade" effect of regulatory development and the need to be clear not just what regulations raise issues, but who produces and implements them.

The Board of Swedish Industry and Commerce for Better Regulation (NNR) and other business organisations also provide valuable feedback on the progress of Better Regulation. The *NNR* represents the views of a large part of Swedish business and is active and vocal in support of further progress. The added value of these organisations is that they are able to identify the practical issues which need attention to help the business community. Sweden is fortunate to have a business organisation of this kind, which works solely on Better Regulation issues.

Within the government, the Ministry of Enterprise needs more resources and support. The Ministry of Enterprise is the most appropriate focal point for Better Regulation at this stage, but it seems to be treading a somewhat exposed path as the flag bearer for Better Regulation. Its Better Regulation team (it is not even a unit, and staff have to combine their work with other Better Regulation tasks) is under pressure, under resourced and needs to be strengthened if it is to be effective in its work with

other ministries for the development of the Action Plan and more broadly to support the further development of Better Regulation. The ministry also needs the stronger support of other key central government actors – the Ministry of Finance and the Prime Minister's Office – if it is to have the desired political impact and leverage on the range of autonomous actors that need to be part of regulatory reform. The leverage of the Ministry of Finance is needed if there is to be concrete and more rapid progress in respect of the agencies, local government as well as the use of e-Government in support of Better Regulation (all of which it co-ordinates). The Prime Minister's Office has a necessarily more complete view of the system, including the EU aspects, and could bring its influence to bear on potential blockages and slow movers. Its visible policy support is needed to secure the sustainability of Better Regulation.

The role of the Ministry of Justice for securing legal quality and promoting plain language remains important and the Council on Legislation may have useful input. The Ministry of Justice plays a fundamental role in support of legal quality. Care is needed to ensure that it is not sidelined in the promotion of new Better Regulation processes. It currently appears to operate somewhat apart from the other core ministries in this respect. The Council on Legislation, which vets draft legislation from a legal perspective, should not be neglected as a potentially valuable ally and source of information on regulatory quality. It may, for example, spot trends over time regarding such issues as quality of legal drafting, which is part of Better Regulation.

The steps taken by ministries themselves in support of Better Regulation appear to be uneven. Support structures of different kinds have been set up in a number of ministries, ranging from a single central unit to a looser network approach. It is not clear how far this boost to internal systems has been adopted across all relevant ministries. The OECD peer review team heard that some ministries (and agencies) are less interested in Better Regulation than others.

The Swedish institutional context puts a premium on effective internal co-ordination and communication across the different parts of government. The different parts of the institutional machinery, which comprise a range of agents who are used to working autonomously, need to be encouraged to work toward common Better Regulation goals. The State Secretaries' Group chaired by a State Secretary at the Ministry of Enterprise and the inter-ministerial working group on Better Regulation are excellent starting points but may need a stronger mandate to address horizontal issues. One interviewee said that further horizontal co-operation was not just desirable but essential. Better Regulation issues often cross the boundaries of individual ministries (notably regulatory simplification initiatives).

The government agencies are key actors in the institutional structure as regards Better Regulation, and need to play a stronger role overall. The powers delegated to the agencies to develop secondary regulations (giving effect to primary laws, which also includes responsibility for the transposition of most EU regulations) give them a powerful and central role in Better Regulation. Government agency regulations form by far the largest part of the Swedish regulatory system. A lot of administrative burdens stem from these regulations. The underlying complexity and breadth of the agency structure is a challenge (one which is in some ways specific to Sweden), as is the fact that there is fairly continuous organisational change, even if some of these changes are intended to simplify the structure. Effective steering by central government is thus essential to reap the full benefits of agency contributions to Better Regulation. Important tools are in place for this. Beyond the traditional tools of appropriation directions etc, there are specific requirements (through decisions by the government in

November 2006, May 2007, July 2008 and August 2009) on ministries and agencies participating in the Action Plan to identify measures and report on actions in support of regulatory simplification, which are brought together in a working plan by each ministry and submitted to the Ministry of Enterprise. Some of these tools may need reinforcement and need to be used more effectively. Some government agencies are very active as regards Better Regulation and co-operate closely with businesses. Government agencies also need to co-operate with each other where their interests converge. There is, in the words of one interviewee a "need to tackle a web of regulations which interact". Some agencies are clearly out in front on co-operation, but others may need to catch up.

Parliamentary views on the government's Better Regulation strategy appear broadly positive but its involvement is perhaps not sufficiently encouraged. The *Riksdag* appears broadly supportive of the government's Better Regulation efforts (more so than in some other European countries). The Trade and Industry Committee suggests that there is scope to broaden the understanding of Better Regulation and its importance to competitiveness. Much of this advocacy of course needs to be done within the parliament itself. A strengthened reporting cycle on progress with the Action Plan could enhance support and understanding.

Inadequate resources are an issue, and there is a need to accelerate training focused on Better Regulation processes to support an enhanced performance by ministries and agencies. The number of officials working directly on Better Regulation is quite small, relative to the ambition of the Better Regulation programme and the large and fragmented institutional structure. Central government needs appear to be the most pressing (with its current assignments, the Swedish Agency for Economic and Regional Growth *(Tillväxtverket)* appears to be managing well in respect of the agencies). As already noted, the Ministry of Enterprise capacities need to be enhanced. The ministry's plans to roll out further training and support for impact assessment are important.

Transparency through public consultation and communication

Sweden's underlying and long established commitment to openness frames the overall approach to public consultation, which is based on a traditional, methodical approach. The establishment of Committees of Inquiry remains a cornerstone of the Swedish policy and rule making process, especially for significant issues. They must follow certain carefully established working methods, and considerable information about their work is made public, including not least the report on their findings to the government. They are required to consult widely. Sweden also has a longstanding tradition of consultation with the social partners. Beyond this, there is a general requirement on ministries to consult, and the Ministry of justice checks that this has been done. Public consultation with policy affected by a certain piece of legislation is a routine part of developing draft laws and subordinate regulations. Consultation is in principle, mandatory, based on the 1974 Instrument of Government which sets out that "In preparing Government business, the necessary information and opinions shall be obtained from the public authorities concerned. Organisations and private persons shall be afforded an opportunity to express an opinion as necessary." There is also a range of further guidelines on regulatory management which cover consultation. There seems to be a general level of satisfaction among stakeholders who engage with the system.

There have been some positive changes since the 2007 OECD report, concerning consultation with the business community. The Government's Better Regulation policy and Action Plan have given rise to significant new developments since the 2007 OECD report, regarding consultation with the business community. The Ministry of Enterprise has established a central working group with business representatives to identify areas of particular concern to business. Several ministries and government agencies have either established similar working groups or have held meetings with business organisations and other stakeholders in their better regulation work.

Whilst generally supporting Sweden's approach, participating stakeholders do have some issues with the system. Within the framework of guiding documents, ministries may define their own approach. With regard to major legislative changes, before the government takes a position on the recommendations of a Committee of Inquiry, its report is referred for consideration to a wide range of relevant "referral" bodies. This provides feedback and allows the government to judge the level of support it is likely to receive. If there is a significant unfavourable response, the government may try to find an alternative solution. Despite these provisions, some issues were raised with the OECD peer review team. These included "one way" consultations (more information than consultation), unhelpfully short deadlines for making comments and a tendency to accelerate the process, inadequate feedback, and the need to incorporate views at an earlier stage in the process.

The system may lack transparency for outsiders, even if this is not the intention. Public consultation is a routine part of developing draft laws and subordinate regulations and it is in principle mandatory. Nonetheless, it was suggested that ordinary citizens can be left out of the loop, the first practical opportunity for access to a draft law being when the text is submitted to the Council on Legislation. The Committees of Inquiry system appears to work well for established stakeholders (and big issues), but is less effective for the general public (where it is desirable to engage the latter), even though there is a formal right to participate in the system. The number of Committees of Inquiry set up at any one time may not help. The 2007 OECD report noted that consultation procedures seem to be effective in communicating future legislation and consolidating the participation of invited stakeholders, but had some misgivings about the extent of transparency, and heard that participation by some groups was difficult because of the resources that needed to be committed. An updated, practically oriented, consultation guide would be helpful in highlighting good practices, and in encouraging the use of new approaches, such as the Internet, as well as emphasising the importance of timelines, feedback and other issues.

There appears to be a specific issue regarding the development of regulations by government agencies. Regulations developed by agencies to give effect to primary laws are a key part of the Swedish regulatory infrastructure. A handbook for agencies on how to draft regulations includes consultation, and beyond this, the agencies may develop their own procedures. It is not, however, clear to what extent agencies apply the principles of Better Regulation regarding consultation and transparency. Although government agencies are not legally obliged to comply with advice provided by the handbook, this kind of advice from the government is traditionally adhered to by the agencies. The 2007 OECD report noted that the consultation procedures of government agencies could be strengthened, as they are the implementing bodies of most of the regulations that affect stakeholders. There is no clear evidence of progress in this field.

Public communication of regulations is handled robustly with a number of access points. This is a strong feature of the Swedish system. It includes a number of well

maintained websites where interested parties may consult developments in a number of different ways. The *NNR* has, however, noted that companies can find it hard to obtain information on which regulations apply, and how to comply in practical terms. It also notes that more could be done to communicate on changes in regulations, as companies may not otherwise notice that regulations have been simplified.

The development of new regulations

There are several processes through which interested parties may find out about proposed new legislation, but these are scattered. Different instruments ensure that those inside and outside government can, if they wish, keep in touch with legislative plans (for example, the annual Budget bill, and information on Committees of Inquiry work). The parliament drew attention to an unhelpful "bunching" of law making activity. Forward planning could be made more transparent to those inside and outside government by publishing, on a regular basis, the list of proposals for new bills. There does not appear to be any systematic information dissemination process for the development of secondary regulations.

Processes to secure legal quality are a strong feature of the Swedish system. Law drafting benefits from a strong framework of supporting institutions, guidance and training, which have their roots in the constitution (Instrument of Government). The institutional support framework includes a Directorate General for Legal Affairs in each ministry, which is responsible for ensuring that draft bills are well prepared, legally correct and conform with requirements. The Prime Minister's Office and the Ministry of Justice provide further support. The Council on Legislation provides a further legal check at the end of the process. Sweden also emphasises the importance of plain language, spearheaded by the Ministry of Justice. This includes work on the promotion of plain language within the EU institutions. The parliament also takes a keen interest in plain language, with the adoption of a law in 2005, where several national language policy goals were adopted, among them on plain language. This was followed in 2008 with a Swedish language law, which among other issues states that authorities should strive to use clear and comprehensible language.

Sweden has taken steps to strengthen its impact assessment processes since the 2007 OECD report. The 2007 OECD report drew attention to a number of serious shortcomings. The system was fragmented (different arrangements for ministries, agencies and committees of inquiry), there was a heavy focus on SME impacts (the only mandatory part of the system) to the detriment of a broader perspective, and no integrated institutional framework to monitor compliance and challenge the quality of impact assessments. The quantitative dimension was very weak. Sweden acknowledged that it had so far failed to develop an effective system. There was considerable support for improvement to secure a stronger evidence base for policy and rule making, not only inside the government but also with the parliament and the business community. The new policy has sought to broaden the approach and strengthen the institutional framework, not least through the establishment of the Better Regulation Council which will scrutinise draft impact assessments.

Oversight for impact assessment has been strengthened, with the Better Regulation Council providing some integrating glue. The institutional support framework has traditionally consisted of different arrangements for ministries, government agencies and committees of inquiry. This division of responsibilities has not changed since the OECD report of 2007, with the notable exception of the Better Regulation Council.

The Council will scrutinise proposals prepared by both ministries and agencies as well regulatory proposals from Committees of Inquiry (the majority of its work has so far been on proposals of government agencies and Committees of Inquiry). It criticises, in its opinions, drafts if they are not good enough, but cannot send them back. The other improvement is an enhanced status and role for the Ministry of Enterprise as part of its broader co-ordinating responsibilities for Better Regulation. The issue is whether these changes are going to be sufficient to secure effective and coherent oversight. It is too early to tell. However, it is clear that much depends on the Better Regulation Council, the only actor with a complete view given the continued fragmentation of other actors and their essentially advisory role. Capacities and resources is another weak spot. The Ministry of Enterprise is already short on capacities to meet its responsibilities, and its resources may well need to be strengthened.

For the government agencies, support continues to be provided by the Swedish Agency for Economic and Regional Growth (Tillväxtverket), with input from the Swedish National Financial Management Authority (Ekonomistyrningsverket, ESV). Streamlining this part of the institutional structure would likely benefit efficiency. The 2007 OECD report had already drawn attention to the issue, and *Tillväxtverket* continues to have some reservations about the current process.

Although the new ordinances and guidelines appear to have clarified requirements, the handling of some key issues remains weak. In some respects this seems to be a refreshment of existing policies rather than a completely new departure. Some issues need further attention. Quantification of costs and benefits is not sufficiently emphasised. The support arrangements for ministries to carry out quantification may not be adequate, given that this is new territory for many officials.

The policy remains highly business focused. The new ordinances and guidelines anticipate that social and environmental impacts as well as economic and business impacts, should be addressed. Although the new approach clearly signals the need to go beyond impacts on SMEs (the main focus of the previous policy) the emphasis remains on business. The mandate for the Better Regulation Council's work requires it to focus on business, even if other aspects may be taken into account. Sweden also wants to avoid the "Christmas tree" effect. A business focus is valuable and necessary, especially post crisis and given the prominence of Sweden's Better Regulation strategy as part of a drive to enhance competitiveness. However, work on other impacts may be crowded out and this risks alienating stakeholders both inside and outside government.

An early and objective evaluation will be important, given the weaknesses that may still be in the revised ex ante impact assessment system. The new system is an improvement in many respects but nonetheless contains some potential weaknesses. Evaluation will be important, sooner rather than later, so that the necessary steps can be taken to remedy weaknesses as quickly as possible. Two potential candidates for carrying out the evaluation are the Better Regulation Council (with hands on experience of the new system) and the National Audit Office (*Riksrevsionen*), (which has previously shown interest in Better Regulation).

The management and rationalisation of existing regulations

Sweden has a good track record of deploying processes to clean up the regulatory stock. Over time, Sweden has been active in the use of different processes aimed directly at ensuring that the regulatory stock remains clean and clear, including codification, the enactment of a guillotine rule in the 1980s, through the work of

Committees of Inquiry, and most recently, via some of the work which is being taken forward under the Action Plan for Better Regulation.

Recommendations of the OECD's 2007 report have been largely implemented and there is clear progress. The key recommendations of the last OECD report on administrative burden reduction for business have been acted on. In particular, Sweden has set a quantitative net target for the reduction of burdens on business (25% by end 2010), in line with good international practice, and has integrated *ex ante* burden measurement into its recently updated policy on impact assessment. The latest update measurement (June 2009) shows the good news of a net decrease of 2% in regulatory costs on business compared with the original baseline.

This part of the Swedish Better Regulation agenda is benefiting from the institutional framework set up for the agenda as a whole. The establishment of an external body, the Better Regulation Council and the stronger co-ordinating role of the Ministry of Enterprise are particularly important developments. The Ministry of Enterprise now has a prominent co-ordinating role in encouraging efforts to meet the target. It is backed up by a State Secretaries steering group (chaired by the ministry), and the inter-ministerial officials working group to spread best practice and prepare progress reports. The keynote in this context is encouragement and sharing of best practice, rather than "name and shame". The Better Regulation Council strikes an altogether stronger note, at least potentially. This recently established external body scrutinises all proposals for new or amended regulations that could affect business competitiveness and its views are made public. Its role may well be crucial in assuring the overall success of burden reduction.

The institutional framework and resources to drive the programme need, however, to be further strengthened. Sweden recognises that key challenges include consolidating official and political "buy in" to the programme. This will not happen if steering and support capacities are inadequate. Currently, the co-ordinating Ministry of Enterprise deploys a small team of fewer than ten officials (not full time). The ministry is strongly committed to and enthusiastic about the programme but struggles because of capacity constraints. Key implementing ministries may also need to upgrade their resources, especially where it is proving difficult to take forward sufficient proposals to meet their "share" of the target, ensure that goals are translated into concrete measures, and secure timely implementation of the measures. The OECD peer review team were told that in general, there are difficulties of time and resources, and that "people do their best". That said, some ministries are doing better than others.

The decision to have a net target is critical to long term success. This is especially the case in a context of likely pressures, post economic crisis, to step up regulation in some areas. It is also important in the specific Swedish context of concern for sustaining high regulatory quality standards. The issue is not to question that concern, but to ensure that regulations do not come with unnecessary burdens attached.

The pressure on participating ministries and agencies to contribute to the target is, however, weak. There are few obvious incentives to encourage a consistently high performance across participating ministries and agencies. The 25% target for 2010 is an overall target for the whole government and there are no individualised targets, which would put greater pressure on individual ministries. This means that a lesser commitment by some has to be compensated by an above average commitment by others. There is a limit to this. Evidence of considerable variability in performance suggests that unless firm action is taken soon, there is a real danger of failing to meet

the overall target. Overall commitment and the chances of success would gain a considerable boost from the establishment of individualised targets.

The reduction of administrative burdens is technically well supported by the establishment of a zero base measurement and the Malin database. Sources and inspiration for the measures which are being taken forward in the Action Plan are the baseline measurement carried out by *Tillväxtverket* and stored in the *Malin* database, and the simplification proposals made by the business community, which are also loaded into the database. The zero base measurement, completed in February 2008 with a baseline year of 2006, is updated annually by *Tillväxtverket* to take account of new burdens. *Malin* also includes a simulation facility which can be used by government offices and agencies to calculate the potential administrative costs of new regulations and changes to existing regulations. The success of Sweden's simplification policy rests on an effective use of these instruments. Zero base measurements provide in-depth insight in the government wide composition of administrative burdens – insights which can be used to identify concrete proposals for burden reduction. They are also an essential starting point for effective monitoring of progress.

It seems, however that these instruments are under-used and that the user-friendliness of the Malin database needs improvement. An updated version of the *Malin* database was launched in spring 2009, with some improvements as regards the user-friendliness. This is important. The OECD peer review team heard from a number of stakeholders that the *Malin* database tends to be under-used for the purpose of identifying simplification actions. The result is that the measurement of burdens on the one hand, and the reduction of burdens on the other hand, are two separate processes in practice, instead of the first adding value to the second. It seems, in short, that the measurements are only loosely linked with the policy. A more user-friendly database would also remove any excuses from reluctant ministries that they are having difficulty identifying burdens. If *Malin* is under used, this also implies that the simulation facility for forecasting burdens in new regulations is not exploited to its full potential. If the facility is not used, then the extent of expected reductions from new regulations will not be known. It will not therefore be possible to identify in a timely manner whether and to what extent the measures are going to be sufficient to meet the target, or whether more will need to be done. A more systematic use of *Malin*, which appears well constructed, would help to identify further possibilities for reductions, as there is some concern at this stage that not enough actions have been identified to meet the target. *Malin* is also especially relevant to the co-ordinating Ministry of Enterprise, which needs to have a detailed understanding of burdens (what burdens, who is responsible etc), not least for monitoring purposes, as well as to back up the efforts of individual ministries to make their contributions to the Action Plan.

Agencies are critical to success, and despite excellent work by Tillväxtverket, the framework for securing this needs reinforcement. The serious involvement of government agencies is critical to the success of the Action Plan as the secondary regulations which they produce contain many of the burdens that the government needs to cut. *Tillväxtverket* plays an important and effective central role as co-ordinator and adviser. However, this needs to be systematically backed up by the parent ministries, as the depth of agencies' engagement depends in many cases on the interest of their parent ministry. The OECD peer review team heard that some ministries did not take an especially close interest in the actions of their agencies in this regard. It is important

that agencies are given clear instructions on what is expected of them as regards their contribution to the parent ministry's Action Plan.

Horizontal co-operation between agencies and ministries is also important, for those issues which require shared solutions. More shared working is needed across and between agencies and ministries, in order to identify issues that individual ministries/agencies cannot address alone, to share best practice, to eliminate overlap (for example, multiple requests for the same information), and not least, to prevent the syndrome of expecting someone else to take responsibility for action. Co-operation is happening where ministries and agencies are motivated, but the OECD peer review team heard that it was, overall, a weakness.

Local governments need to be encouraged into making a contribution to the programme. A successful Better Regulation policy requires the involvement of all relevant actors. The municipalities, which are the primary interface for SMEs and responsible for licences and planning, are not sufficiently integrated into the policy. This is a significant weakness. The process is, however, at an early stage, and in the Swedish context of autonomous local government (a situation that is similar to that of several other European countries), making progress is inevitably slow and complicated. An important institutional issue slowing progress is the lack of resources within the Government Offices, and the fact that no government agency has a clear mission to support the process.

The Riksdag is a key source of support as well as an increasingly necessary partner in securing the changes that need to be made. As in other countries, once the low hanging fruit have been picked, progress is likely to depend increasingly on legislative changes. The government already makes annual reports available to the *Riksdag*, albeit with a certain time lag. The parliament seems well disposed to offer support. It was instrumental in encouraging the government to step up work on regulatory simplification in the first place (with public requests in 1999 and 2002). It is aware of the fact that part of the programme requires changes in legislation.

The government has encouraged regular communication with the business community, and a number of ministries and agencies have established robust consultation arrangements. In setting up the programme, the government has promoted the development of structures to gather the views of the business community. So called reference groups were set up to help establish the baseline measurement. The Ministry of Enterprise has established a central working group with business representatives and this is flanked by the working groups of a number of ministries and agencies (who have to report on what they have done). A majority of ministries now engage in a "continual dialogue" with the business sector, although approaches differ, and the quality of the interaction appears to vary. Around half of the agencies now arrange consultation devoted to Better Regulation. The experience of other European countries is that a critical success factor of a well run regulatory simplification programme is effective government-business communication, which instills mutual trust.

Securing the continued support of key external stakeholders needs the anchor of an enhanced effort in communication. The timely presentation and communication of developments and results from the Action Plan needs to be boosted. Although the roots of the current Action Plan go back a number of years, it is only with the current government, from 2006, that the programme has taken serious shape and obtained effective political support. As in other European countries, the results of this kind of programme can be frustratingly slow to take effect. The business community has been quite patient so far. The main current vehicle for communicating results seems to be the annual report to the *Riksdag*. This may not be enough. Perceptions of progress matter. The Better Regulation Council could be helpful in this regard.

The current programme addresses a wide range of issues and is on the right track in its scope. The Action Plan for Better Regulation extends a considerable way beyond measures to reduce administrative burdens, covering issues such as simpler regulations, improved service and accessibility, and shorter processing times. Its scope reflects the feedback from the business community on what is important for them. The next step might be to consider identifying further specific targets for the programme, in areas other than administrative burdens, against which progress could be more effectively measured and evaluated.

Evaluation of the Action Plan is important, to check that it is on course to deliver real benefits in support of competitiveness. The *NNR* has drawn attention to the need for systematic evaluation of progress and results, not least to check that the latter are of real use to business. It plans some evaluation work of its own. The Swedish National Audit Office was pro-active at an early stage, presenting a report to the government in 2004 (Regulatory Reform for Enterprises) in support of the *Riksdag*'s own pressures for government action. Could it be persuaded to do more and to evaluate the programme on a regular basis?

The EU dimension is important. About 50% of the administrative burdens are of EU origin. Swedish efforts (as in other EU countries) depend in large part on corresponding efforts at the EU level and the EU's own administrative burden reduction programme. Burdens stemming from EU origin regulations may take longer to unwind than ones generated entirely within Sweden.

So far, the Swedish regulatory simplification programme only covers business needs. There was no evidence picked up by the OECD peer review team that Swedes are demanding more. The effective deployment of e-Government may be a reason for this. Area 4 of the e-Government project aims to produce visible results for citizens as well as businesses in terms of simplified contact with the public administration, and Sweden ranks well in international comparisons. Nevertheless, some other European countries have set up specific programmes aimed at simplifying life for citizens. Should one be considered for Sweden?

There is no specific programme for the reduction of administrative burdens inside government, although there are several initiatives. Sweden might usefully consider strengthening its work on regulation inside government, given the public policy challenge of sustaining high levels of social welfare against the background of an ageing population, and the significant role of the state in the economy. Consideration might be given to developing a specific programme, as several other European countries have done (such as the United Kingdom). A stronger policy in this area could release public sector employees from unnecessary tasks so that they can focus on service delivery. This may be an issue of interest at the local government level.

Compliance, enforcement, appeals

Data on compliance with regulations is not collected on an aggregate basis, however the compliance record is assessed to be good. Sweden, like most other European countries, does not monitor compliance rates, yet this could be important in order to evaluate the effectiveness of the current regulatory system in this regard, and to guide next steps in enforcement policy. The issue could also be built into to the impact assessment process, via a requirement to review *ex post* the actual effectiveness of adopted regulations compared with expectations, as well as an emphasis in *ex ante* impact assessment to consider likely compliance and enforcement issues downstream.

The current approach to enforcement is complex and widely acknowledged to be in need of reform. Enforcement responsibilities are spread across a range of bodies, and regulated in different ways through more than 230 laws. This makes it hard to identify the best from the "not so good" performers and to promote new, more efficient and streamlined approaches to enforcement. The issue has also been highlighted in the 2007 Parliamentary Committee on Public Sector Responsibilities. The government has started to take steps to rationalise and clarify responsibilities, through organisational changes in some specific sectors. The general direction of further reforms has been expressed in a report by the government to Parliament in December 2009. Reform would, in particular, lay the groundwork for encouraging the further deployment of approaches such as the use of risk analysis to determine the optimum frequency of inspections.

The Swedish appeal system is strongly rooted in a culture that protects citizens' rights, and an issue with appeal delays is being tackled with noticeable effects. Swedish appeal processes for contesting administrative decisions are well established and well structured. The government is aware that there is an issue of delays in reaching decisions on appeals, partly due to a rise in the number of cases, and it is taking action.

The interface between member states and the European Union

The EU dimension is a prominent aspect of Swedish preoccupations over Better Regulation. The EU was a prominent topic of discussion with the OECD peer review team at most of its meetings with Swedish stakeholders. In Sweden, as in other EU countries, and a high and rising proportion of regulation is of EU origin, and is estimated to account for at least half of administrative burdens. The EU dimension is perceived to be growing in importance, with a corresponding need to manage issues more effectively at all stages of the process.

There are clear formal processes for setting strategic decisions in the negotiation of EU directives, but capacities for effective negotiation in practice may need reinforcement. There are clear formal processes for allocating and managing responsibilities for negotiation, and for setting negotiating positions (which also engage the parliament). But the framework appears less strong once a specific negotiation has started, and external stakeholders raised a number of concerns. Public consultation by the government is not systematic. Adopted directives may raise a range of problems. These include the level of detail and specificity of many directives, leaving little room for adaptation to the Swedish context, unclear language, and the frequent requirements in directives for the provision of reports, which adds to bureaucracy. Although these are issues which are beyond the capacity of one member state to resolve, they do suggest that more could be done in negotiation to minimise the

problems. A requirement for the *ex ante* impact assessment of draft EU directives (at least the key ones) would also help to identify important issues for the attention of negotiators.

The transposition of EU directives also raises some issues. Transposition deadlines are monitored by the Prime Minister's Office but there are no formal or systematic mechanisms for requiring timely and effective transposition by responsible ministries. An issue raised by a number of stakeholders concerns gold plating (going further in transposition than is strictly required by a directive). It was difficult to form a clear view of whether, and why, goldplating does occur. Factors which obscure the picture include the fact that transposition may be used as an opportunity to review a range of related national regulations, efforts to maintain Swedish standards, and a clash between EU and Swedish legal frameworks.

Local governments, through their responsibilities for implementing EU origin regulations in a range of important policy areas, are important actors. The EU regulatory influence on local governments is significant due to their role in the enforcement and execution of regulations in key policy areas such as the environment, food policy, public procurement and regional development. Although there are formal processes for involving them in the development and transposition of EU regulations, there appears to be a deficit of resources and capacities for effective participation by this level of government.

Sweden attaches importance to the interface with EU Better Regulation processes, and puts significant effort into supporting the development of these processes. Some Swedish ministries and agencies are very active in their own policy areas. Efforts have been made to support the EU administrative burden reduction programme with Swedish measurement inputs, and significant progress on the EU's impact assessments is acknowledged. The *NNR* (Board of Swedish Industry and Commerce for Better Regulation) which advocates for a large part of the business community, has been especially active in developing and presenting proposals, both strategic and detailed, for improvement. The general consensus is that there is important further work to be done at EU level, for example ensuring that all significant draft directives are the subject of an impact assessment and that this is updated to capture the effects of major amendments on the way to adoption.

The interface between the subnational and national levels of government

Strong traditions with deep historical, legal and cultural roots define the interface between central and local government. There is a considerable degree of constitutionally protected decentralisation and municipal autonomy to reflect local conditions, compared with many other European countries. This sits alongside the principle of homogeneity in living conditions across the Swedish territory. The two principles are a challenge to reconcile. In the same way, significant independent powers of taxation are mitigated by a tax equalisation scheme to even out inequalities. Regulatory effects on local governments can be contradictory as a result, as the result may be a mix of detailed regulation from the centre for some areas, and no central direction in other areas. This is further reinforced by the traditional autonomy of central government ministries and of their agencies, meaning that a very large number of players are taking regulatory actions in relative isolation from each other. The 2007 Parliamentary Committee on Public Sector Responsibilities report put it this way: "Little consideration is given to the aggregate effect of individual measures on each

other, and approaches can be contradictory… central government should develop a complete and coherent strategy for governance of the local government sector… there is a great need to reunite the state".

This framework, together with other structural factors, presents challenges for the effective and timely roll out of Better Regulation at the local level. There is also a complex subnational geography, highlighted by the 2007 Parliamentary Committee report. The structure of government and agency offices in the regions is a complicating factor (each government agency, for example, is organised to fit the needs of its own functionality). The inefficiency of the current geography is recognised by the government. Another deep seated structural factor is the traditionally significant role of the state in the economy and society, which is also reflected at the local level. Municipalities are major providers of public services, and may compete with private entrepreneurs, undermining efforts to promote SMEs.

Yet municipalities play a critical role in the interface with citizens as well as businesses, which necessitates the application of Better Regulation principles. Municipalities have a broad range of tasks, mostly concerned with the execution and enforcement of national regulations, which includes the delivery of public services, the management of planning, and the allocation of a range of permits and licences. Fundamental decisions about how to use "soil and water" are made by the municipalities. A number of stakeholders, including the business community and *Tillväxtverket*, underlined the growing need for this level of government to engage in the Better Regulation agenda, despite the difficulties. Municipalities are not yet firmly linked up with Better Regulation, compared with the situation in a number of other European countries.

The central level of government needs to consider how to develop a stronger integrated framework and vision for the management of policies and regulations affecting municipalities. The conclusions of the Parliamentary Committee in this regard are highly relevant, and were already picked up in the 2007 OECD report. The Ministry of Finance, as overall co-ordinator for local government issues, has a potentially important role to play in this regard.

The autonomy of municipalities means that central Better Regulation policies do not automatically apply directly at this level, yet some are highly relevant. For example, municipalities are not directly involved in the central government's Action Plan for regulatory simplification, despite being a major source of burdens on business through their application of higher level rules, according to the measurements carried out by *Tillväxtverket.*

Locally generated Better Regulation is also important, and efforts are being made, but there is some way to go. Efforts, mainly orchestrated by *SALAR*, are being made by the local level itself to adopt Better Regulation best practices. *SALAR* is increasingly active, for example seeking to encourage its members to standardise on approaches to the interpretation and enforcement of regulations. This review was not able to go into detail about the actions of specific municipalities but the overall sense is of very uneven progress, and some reluctance to adopt best practices. Yet sharing best practice is proving a powerful lever in some other European countries such as the Netherlands, the United Kingdom and Denmark. Benchmarking is used in some countries to encourage change, such as in Germany.

There is no specific framework or forum that would provide a mechanism for discussion between the national and local levels on Better Regulation. There does not appear to be any change since the 2007 OECD report, which recorded the unusual absence of such a mechanism "to manage issues and build a common purpose". There is no forum, as exists in many other European countries, to bring together the national and local levels of government for regular debate on issues of shared interest. This might aid progress in a number of directions such as the integration of the local level into the Action Plan for business burdens, and the best way to ensure that the local level is effectively consulted on draft regulations of special importance to that level, given capacity constraints.

Key recommendations

Strategy and policies for Better Regulation	
1.1.	Build on the effective foundations that are now in place. Keep a careful watch on the speed and effectiveness with which the new framework is delivering results so as to take rapid corrective or reinforcing action as needed. Check, at regular intervals, whether there is a need for further investments to strengthen major processes such as *ex ante* impact assessment.
1.2.	Increase resources in support of regulatory simplification. Ensure that each ministry has its own individual target to encourage buy in. Arrange for an evaluation of the programme to make sure that it is on course to deliver real benefits in support of competitiveness.
1.3.	Monitor the institutional framework for oversight of *ex ante* impact assessment and be ready to strengthen it quickly if impact assessments fail to improve. Address weaknesses such as the quantification of costs and benefits. Ensure that the full range of impacts (not just impacts on business) is addressed in a balanced way.
1.4.	Address the missing links in the current Better Regulation policy (see more detailed recommendations below) and pull this together into a "whole of government" strategy for Better Regulation. Consider whether the Better Regulation Council should be formally asked to advise on further development of the policy.
1.5.	Strengthen commitments to other societal groups and interests, beyond the business community.
1.6.	Consider whether it would be helpful to establish updated detailed consultation guidelines covering key aspects of good practice. Encourage the use of new approaches, such as Internet consultations, when there is a real need to reach out to a broader audience. Ensure that government agencies apply best practice as well.

1.7.	Announce a clear formal commitment to broadening participation in Better Regulation processes across all the levels of government. Strengthen discussion with local government to establish a plan for including them in the programme. Establish a forum for the regular exchange of views between central government and the municipalities on Better Regulation.
1.8.	Consider a White Paper on management of the EU dimension of Better Regulation, to capture both detailed and strategic issues that need attention at this stage. Include a review of transposition, which appears to raise issues.
1.9.	A persuasive explanation of the reform agenda to the widest public needs to be articulated by the government, explaining that the objective is Better Regulation in support of societal as well as economic objectives, going beyond the creation of a better regulatory environment for business.
1.10.	Ensure that all major regulatory policies and processes are evaluated. Publicise the fact that this will happen, and the results when they emerge. Consider whether to strengthen links with relevant research institutes for specific evaluations. Consider a strategic evaluation of the whole Better Regulation agenda.

Institutional capacities for Better Regulation	
2.1.	Consider whether any aspects of the Better Regulation Council's mandate need to be strengthened. Ensure that its existence and advice are well publicised, for example by drawing attention wherever relevant to its website.
2.2.	Ensure that any observations which emerge from the work of the National Audit Office (*Riksrevisionen*) that are relevant to Better Regulation are incorporated into government strategic thinking on the further development of Better Regulation.
2.3.	Ensure that the surveys carried out by business organisations and feedback on business views are used in shaping the next steps for Better Regulation policies.
2.4.	Boost the resources of the Ministry of Enterprise Better Regulation team and form it into a proper unit, focused solely on Better Regulation. Consider how the Ministry of Finance and the Prime Minister's Office can be more closely and visibly associated in support of its work.

2.5.	Ensure that the work of the Ministry of Justice on legal quality and plain language continues to be fully supported, and that its views on developments are integrated into strategic thinking on Better Regulation. Consider whether it would be appropriate to establish regular feedback from the Council on Legislation on its perceptions of developments.
2.6.	Encourage all ministries to further enhance their internal arrangements in support of the Action Plan and the preparation of *ex ante* impact assessments, and to boost these as necessary. Consider whether any incentives and sanctions can be put in place to encourage a strong performance across the board. An obvious one is to confirm individualised targets for ministries in support of the Action Plan – see Chapter 5 – but there may be other useful mechanisms to promote consistently good performance.
2.7.	Consider how horizontal co-operation across ministries can be further boosted.
2.8.	Review the key levers available to parent ministries for setting agency performance, including especially the annual appropriation directions and annual reports, as well as funding. Consider, together with the Ministry of Finance, whether these can be used more strongly, for example whether there is scope through the annual budget round to apply pressure, or whether Better Regulation can be embedded as part of the performance evaluation of agency heads. Ensure that cross agency co-operation is part of the requirements that will be followed up.
2.9.	Ensure that the reports to the *Riksdag* on progress with the Action Plan get a wide circulation among the parliamentary committees. Consider whether it would be appropriate to encourage the parliament to set up a Better Regulation committee (as exists in some other countries such as the United Kingdom).
2.10.	Evaluate the current resource situation, specifically with regard to the Ministry of Enterprise (see above) and the resources of other ministries for Better Regulation, and take steps to strengthen key actors where this is needed. Prioritise the further development of training courses and supporting guidance for Better Regulation and ensure that this is offered to, and taken up by, ministries and agencies.

Transparency through public consultation and communication	
3.1.	Review the Committee of Inquiry process to check for issues that make it hard for stakeholders to participate effectively (deadlines for comments, feedback processes, starting consultation at an earlier stage). Consider whether there is a need to review the way in which the general public may access the Committee of Inquiry process in order to make its voice heard. Encourage the use of new approaches, such as Internet consultations, where there is a real need to reach out to a broad audience.
3.2.	Consider whether it would be helpful to provide consultation guidelines focussed specifically on covering key aspects of good practice such as timing, scope, methods and feedback (the United Kingdom guidelines provide a good example). Consider how to ensure that such guidelines are respected.
3.3.	Consider how to ensure that government agencies systematically apply best practice principles for public consultation, at least as regards their more significant draft regulations.

The development of new regulations	
4.1.	Review the processes which are currently in place for forward planning of new laws and secondary regulations, in consultation with interested parties (such as the parliament and the business community) and take steps to remedy weaknesses.
4.2.	Monitor closely the institutional framework for overseeing *ex ante* impact assessment and be ready to strengthen it quickly if impact assessments fail to improve.
4.3.	Review the arrangements under which both *Tillväxtverket* and *ESV* have responsibilities for advising on agency impact assessments, and address any issues that are found.
4.4.	Reassess the provisions as regards quantification of costs and benefits.
4.5.	Ensure that the full range of important impacts, costs and benefits is addressed in *ex ante* impact assessments.
4.6.	Plan for a full evaluation of the new policy in the near future.

The management and rationalisation of existing regulations	
5.1.	Ensure that efforts at codification and spring cleaning of the regulatory stock continue, in support of and alongside the strategy for regulatory simplification.
5.2.	Increase the resources available to the Ministry of Enterprise for its co-ordination and support role. Encourage key contributing ministries to review whether they are adequately structured and resourced to make an effective contribution to the Action Plan.
5.3.	Individual, or even differentiated targets should be defined for each participating ministry. Alternatively, it should be stated explicitly that every ministry will have to deliver 25% unless stated otherwise and confirmed by the Cabinet. Consider also other measures to encourage buy in, such as a link to the budget setting process for government offices, and acknowledgment of individual contributions to the success of the Action Plan through the performance appraisal system.
5.4.	Require the systematic use by ministries and government agencies of the *Malin* database for identifying simplification actions, and for forecasting burdens in new regulations. Ensure that *Malin* is exploited fully for monitoring purposes.
5.5.	Ensure that parent ministries' instruction ordinance and/or the annual appropriation direction to agencies contains clear objectives for a contribution to the Action Plan and what is expected of agencies in this regard. Back this up with other actions such as regular update meetings based on ongoing and transparent monitoring of activities, where these do not already take place.
5.6.	Develop discussions with local government to establish a plan for strengthening their involvement in the efforts at regulatory simplification. Consider, as part of efforts to increase central resources for Better Regulation, how resources could be made available for this work, and whether a government agency could be given a mission to support it. Encourage the involvement of the Ministry of Finance.
5.7.	If possible and subject to resources move from annual to bi-annual reports to the *Riksdag*. Ensure that the reports are available quickly. Review the content and presentation of the reports, to ensure that relevant information is presented that distinguishes plans from achievements, and explains clearly what is required of different actors including agencies. Ensure that the information is clearly set in the broader context of what the government is seeking to achieve for the economy and society.

5.8.	Ensure that all participating ministries and agencies have established robust structures for communicating with the business community, and that the latter is provided with regular feedback on developments.
5.9.	Develop a communication strategy, in order to draw attention to the progress and emerging results of the Action Plan.
5.10.	Consider whether it would make sense to define specific targets for actions, to add to the target already set for administrative burdens, drawing on the experiences of other European countries such as the Netherlands.
5.11.	Consider how the programme could be evaluated (objectively), and by whom, on a regular basis. Use the results to guide adjustments to the programme in order to maximise its impact.

Compliance, enforcement, appeals	
6.1.	Consider a review of compliance rates, based as far as possible on data that is already available, in order to guide further steps for enforcement policy, and to feed back into the framework for *ex ante* impact analysis (paying more attention to issues of compliance and enforcement when a new regulation is under development).
6.2.	Continue the efforts at reform in order to streamline the enforcement system and improve efficiency. As part of this, consider how to encourage the spread of risk based approaches to inspection, as a means of minimising burdens on companies and improving public sector efficiency, using the experience of other European countries such as the Netherlands as a guide.

The interface between member states and the European Union	
7.1.	Consider a White Paper on management of the EU dimension in Better Regulation, to capture both the detailed and strategic issues which need attention at this stage.
7.2.	Carry out a wide ranging consultation of both internal and external stakeholders over the issues raised by draft EU directives, as part of the White Paper proposed above. Consider how current mechanisms, such as the role of the Prime Minister's Office and its guidance on

	negotiations, might be strengthened to provide more active support to negotiating ministries and agencies. Consider whether key ministries and agencies have adequate capacities for effective negotiation. Prioritise efforts on key issues for Sweden, and make impact assessments a requirement for draft directives that fall within these priority areas (the Better Regulation Council could play a prominent role here). Develop contacts with like minded member states to address issues such as potentially excessive reporting requirements.
7.3.	Include, as part of the proposed White Paper, a review of transposition, including oversight provisions to ensure that transposition is timely, and potential issues arising in the transposition of directives.
7.4.	Establish whether there is an issue of effective input by local governments to the negotiation and transposition of EU directives, and if so, consider what action could be taken to facilitate their input, perhaps by targeting the key areas for this level. This could be part of a white paper. Encourage *SALAR*, the local government representative association, to include EU issues in its annual list of priority areas.
7.5.	Continue the efforts to support and influence the development of EU level Better Regulation processes.

The interface between subnational and national levels of government	
8.1.	Consider, in discussion with the Swedish Association of Local Authorities and Regions (*SALAR*) and interested individual municipalities, how to bring the local level into the Action Plan for Better Regulation, and other relevant initiatives by central government (such as impact assessment of draft regulations that will have significant consequences for municipalities in terms of enforcement). Consider how issues of capacity and resources can be addressed.
8.2.	Encourage *SALAR* and interested municipalities to pursue their own efforts at developing and sharing best practice, drawing on the experience of other European countries.
8.3.	Establish a forum for the regular exchange of views between central government (including key agencies) and the municipalities on Better Regulation.

Notes

1. OECD (2007), *OECD Reviews of Regulatory Reform Sweden 2007: Achieving Results for Sustained Growth*, OECD Publishing, Paris.
2. The last OECD report, published in 2007, was based on missions to Sweden by an OECD team and information collected in 2006, and thus reflects the situation in 2006, rather than 2007.
3. *http://en.edelegationen.se.*
4. *www.regelradet.se/Bazment/Regelradet/sv/Yttranden.aspx.*

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