



PROGRAM PROFILE

Good Regulatory Practice

A Multi-Year Program to Improve Regulatory Quality in Developing Countries

OVERVIEW

The Good Regulatory Practice (GRP) Program is a multi-year initiative to help governments in transition and developing countries enhance the quality of regulatory regimes and their outcomes and put in place effective, transparent, accountable, and consultative reform processes that assist in reform prioritization, design, and implementation. The Program will consolidate new knowledge on GRP and it will support countries in applying and implementing these tools for better quality regulation. The initial duration of the program is set for four years, implemented by the World Bank and funded via contributions from USAID and UKAID and through the World Bank country programs through which the program’s pilots are implemented.

CHALLENGE

There is a growing appreciation in the international development community of the benefits of regulatory quality and the close connections between regulatory quality, trade, investment, competitiveness, and good governance. Countries are increasingly complementing reforms focused on cutting costs and procedures with a stronger emphasis on the design and institutional capacities for reform. At the same time, international competitiveness and obligations under international agreements are putting growing pressure on countries to develop transparent and effective regulatory frameworks, including provisions for consultations with stakeholders, and highlighting the need for governments to be accountable for implementing agreements, decisions, and reforms they have signed on to. With increasing recognition that many reforms are piecemeal and failing to generate system-wide changes, there is a pressing need to focus on systemic and governance aspects of regulatory reform, and to learn from past lessons.



The Three Drivers of GRP

What is good regulatory practice?

The term “Good Regulatory Practice” (or “Regulatory Policy” or “Regulatory Governance”) generally refers to the systematic application of tools, institutions, and procedures that governments can mobilize to ensure that regulatory outcomes are effective, transparent, inclusive, and sustained.

PROGRAM ACTIVITIES

The program will focus on a number of regulatory tools to enhance transparency, accountability, and dialogue. The program will also collect and review lessons of experience to enhance the impact of the tools and apply the tools in operational World Bank Group projects, with focused efforts to leverage positive interactions between related tools. For example, ICTs will be an integral part of the program and will be used to leverage and facilitate reform. In addition, the program will develop comparative and objective data concerning countries’ regulatory practices.

These activities will be managed collaboratively by Development Economics and the Governance and Trade & Competitiveness Global Practices of the World Bank Group. This partnership will leverage the comparative advantages of different parts of the WBG that specialize in cross-country data gathering and analysis, systemic interventions in the public sector, improving specific regulatory interfaces, and the deployment of technology to improve regulatory performance.

Activity Areas

Diagnostic Exercises: These will help create momentum for good regulatory practices by demonstrating to governments the weaknesses in their current regulatory practices. *The Citizen Engagement in Rulemaking indicators* will compare 180+ economies on government practices of consultation and impact assessments of new regulations. *The Regulatory Policy and Delivery Review* will assess governments’

regulatory systems and identify high priority areas where concrete actions may be taken.

Tools for Evidence-Based Regulatory Policy Making: Poor regulatory performance is often a function of insufficient knowledge and consideration of the impacts of new and existing regulation. In response, many countries have embarked on improving and systemizing their approaches to evidence-based regulatory policy-making. However, “traditional” rigorous regulatory impact assessments (RIA) as used in OECD countries have generated mixed results, reiterating the need for further adaptation. The program will provide guidance and options for evidence-based regulation-making processes.

Notice and Comment Systems: These mechanisms help increase regulatory predictability and enhance the quality of regulatory design by leveraging the knowledge of citizens and the private sector in the formulation of regulations. A targeted approach for use of Notice and Comment systems in developing countries will be created which integrates technical, regulatory, institutional, user mobilization, and M&E dimensions, and piloted in two to three countries. These pilots will include both whole-of-government and agency-level systems.

Business-to-Government Feedback Mechanisms: *Feedback loops on implementation gap* will generate just-in-time information on the quality of reform implementation and are customized to specific reforms. *Systemic Investor Response Mechanism (SIRM):* The SIRM helps governments address critical constraints of investors, such as lack of transparency obligations and breach of contract. The SIRM will help minimize the costs of lack of transparency and thus help attract new investors, retain existing ones, and reduce potential arbitration procedures which can be extremely costly for governments.

CONTACTS:

Peter Ladegaard, Global Lead, Regulatory Policy and Management, Governance Global Practice, Pladegaard@worldbank.org

Syed Akhtar Mahmood, Global Lead, Business Regulation, Trade and Competitiveness Global Practice, mahmood@ifc.org

Melissa Johns, Advisor, Global Indicators Group, Development Economics, Mjohns@worldbank.org