

Institutionalizing drivers of reform – how to ensure sustainability of reform without imposing rigidity and more bureaucracy?

- **International trends and practices: Mr Peter Ladegaard and Lars Grava, FIAS**
- **Tanzania: Mr Bede Lyimo, Chief Executive Officer, Better Regulation Unit, Ministry of Planning, Economy and Empowerment, Tanzania**
- **Kenya: Ms Christine Agimba, Deputy Solicitor General, State Law Office, Kenya**
- **Discussant: Joseph Nyaundi, Ministry of Trade & Industry, Kenya**

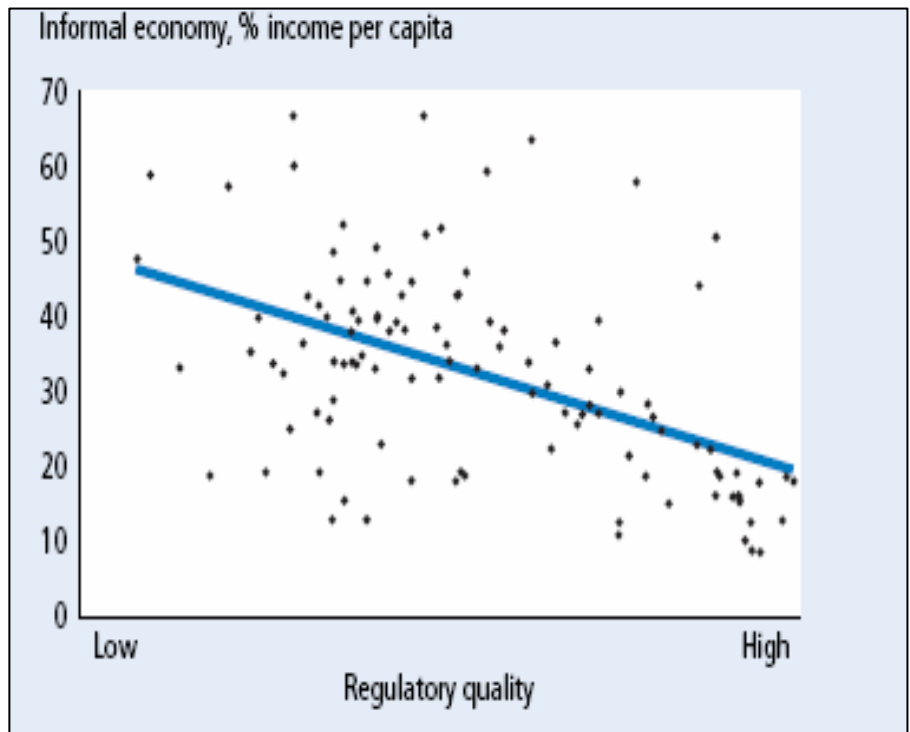
Main points

1. Regulatory quality is linked to better economic performance, but problems are systemic and require institutional solutions;
2. International trends and practices are converging, but there is still no silver bullet or one-size fits all solution;
3. Regulatory reform is a permanent task of government, not a one-off exercise



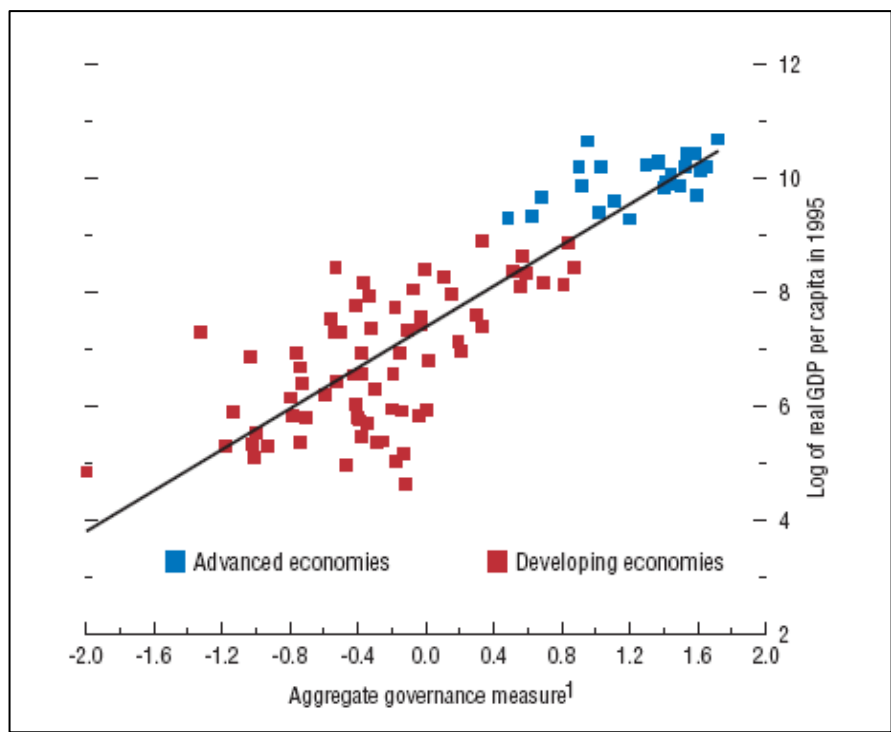
Regulatory quality, economic performance and institutional capacity

The quality of regulation affects the level of informality



Source: Doing Business 2005

Real income per capita is closely correlated with institutional quality.



Source: IMF (2003), using Kaufmann, Kraay, and Zoido-Lobaton (1999); World Bank, World Development Indicators (2002); and IMF staff calculations. This index measures the overall quality of governance, including the degree of corruption, political rights, public sector efficiency, and regulatory burdens



Restating the obvious: Institutions matter!

- Reforms are about change; vested interests often want to uphold the status quo;
- Regulatory reforms tend to be particularly problematic since benefits of regulatory capture can be significant;
- To be successful, institutional drivers must have appropriate incentives, resources and authority to spearhead reform



International trends are converging...

- The Political Champion
 - Government Committee of Reform Ministers
 - A Minister for reform
- Strong centre-of-government unit taking the lead
 - Linked to key ministry
 - Cross-department staffing
- Institutionalized involvement of the private sector
 - Advisory panel
 - Joint Gov't-private sector committee
- RIA and institutional formalization through primary legislation and detailed government guidelines



Regulatory Reform is a permanent task of government

- Refresh your champion! There is no autopilot for regulatory reform – will always be more than a technocratic exercise
- Long-term success require good links to civil service reforms, officials' performance contracts and possibly also the budget process
- Towards a virtuous circle: Constructive engagement of the private sector to challenge government to keep reforming;
- The devil is in the detail – networks of peer reformers good to assure continued innovation and learning

