

## Chapter 1

### Strategy and policies for Better Regulation

Regulatory policy may be defined broadly as an explicit, dynamic, and consistent “whole-of-government” policy to pursue high-quality regulation. A key part of the OECD’s 2005 Guiding Principles for Regulatory Quality and Performance is that countries adopt broad programmes of regulatory reform that establish principles of “good regulation”, as well as a framework for implementation. Experience across the OECD suggests that an effective regulatory policy should be adopted at the highest political levels, contain explicit and measurable regulatory quality standards, and provide for continued regulatory management capacity.

Effective communication to stakeholders is of growing importance to secure ongoing support for regulatory quality work. A key issue relates to stakeholders’ perceptions of regulatory achievements (business, for example, may continue to complain about regulatory issues that are better managed than previously).

Governments are accountable for the often significant resources as well as political capital invested in regulatory management systems. There is a growing interest in the systematic evaluation of regulatory management performance – “measuring the gap” between regulatory policies as set out in principle and their efficiency and effectiveness in practice. How do specific institutions, tools and processes perform? What contributes to their effective design? The systematic application of *ex post* evaluation and measurement techniques can provide part of the answer and help to strengthen the framework.

E-Government is an important support tool for Better Regulation. It permeates virtually all aspects of regulatory policy from consultation and communication to stakeholders, to the effective development of strategies addressing administrative burdens, and not least as a means of disseminating Better Regulation policies, best practices, and guidance across government, including local levels. Whilst a full evaluation of this aspect is beyond the scope of this exercise and would be inappropriate, the report makes a few comments that may prove helpful for a more in-depth analysis.

#### Assessment and recommendations

##### *Development of Better Regulation strategy and policies*

*Interest in Better Regulation has been sustained and developed over time.* There is a real interest in the promotion of Better Regulation, which appears to be relatively high on the government priority list, strongly supported by the Prime Minister and other influential ministers. Denmark’s well-functioning economy has not reduced interest in promoting further

reforms, and many new initiatives have been taken in areas such as administrative simplification, consultation, the development of new regulations and multi-level governance. Denmark has maintained its capacity for innovation and continuous improvement, which had been highlighted in the 2000 OECD report as a major strength (Box 1.1). Recent initiatives to further strengthen and develop the administrative simplification programme highlight a continued search for innovative solutions to regulatory management issues.

### Box 1.1. Comments from the 2000 OECD report: Strategies and policies for Better Regulation

Almost a decade after the 1980s deregulation programme was abandoned, regulatory reform was effectively relaunched in Denmark in 1993. In seven years, much has been achieved and today Denmark is among the leading OECD countries in important areas of reform. Innovative approaches have been adopted and new tools developed to achieve reform goals. The Danish approach has demonstrated the complementarity of broad policy frameworks with decentralised initiatives at the ministerial level. The current Danish focus in policy debates on future challenges – ageing, the information society, the need to boost productivity in non-traded sectors of the economy – provides a context for motivating regulatory reforms within a structure of legitimacy and social dialogue. This can work well in sustaining progress on regulatory quality. The small size and traditions of informality and consensus in Denmark reduce the need for the formal and legalistic disciplines and institutions needed in many other OECD countries to improve incentives for high-quality regulation. These traditions also, if the risks of policy rigidity can be managed, potentially improve Danish capacities for nimbleness in response to changing conditions.

A strength of Denmark's current reform programme is that it is firmly based on a balanced concept of regulatory quality encompassing both good regulation and deregulation where justified. This principled approach can incorporate a wide range of reform topics within a consistent framework and be effectively marketed to a broad reform constituency. Danish regulatory reforms are also closely linked to a broad array of efforts to improve the efficiency and effectiveness of the public sector. This can boost the value of the whole reform programme. Regulatory reforms that reduce state intervention and increase the role of the market sometimes seem, however, to be less desirable in Denmark than those reforms that maintain the role of the state, but increase its efficiency. This is probably linked to the high-degree of trust in the institutions of the Danish State as well as to the extensive social partnership arrangements, and explains why the Danish programme emphasises administrative burden reductions more than competition principles. (...)

The annual report on regulatory costs aside, the Danish reform programme has proceeded on a largely *ad hoc* basis, by accumulating specific initiatives with little strategic planning uniting them. It must be emphasised that the programme has continued to expand since its inception in 1993 with new initiatives added in a range of areas that continue to be developed. This “continuous improvement” approach is strength of the Danish approach to reform. Nonetheless, lack of a strategic framework means that initiatives are not as effective as they could be. Significant areas for reform are remaining unaddressed, while resources are employed in other, possibly less fruitful, areas.

Source: OECD (2000), *Regulatory Reform in Denmark: Government Capacity to Assure High-Quality Regulation*, OECD, Paris, [www.oecd.org/dataoecd/31/55/2510615.pdf](http://www.oecd.org/dataoecd/31/55/2510615.pdf)

*The Danish agenda for Better Regulation has broadened to cover new aspects of regulatory quality and is now directed towards all stakeholders. The competitiveness of the economy has remained a very important driver of Better Regulation policies, but other policy issues have gained prominence. The need to address the issues raised by an ageing*

population, growing labour shortages and expectations that high levels of social welfare can be sustained is reflected in the current agenda, which targets not just business but also frontline public sector workers as well as citizens.

*Better Regulation policies rest increasingly on well-developed and consistent methods, as well as improved co-ordination.* This has been reflected in the development of the administrative reduction programme for businesses, and now with the De-bureaucratisation project, which tackles regulation inside government. The approach has been to set general objectives, define action plans with targets and timelines, and develop a co-ordinated approach to the plans. Ministries have retained a significant autonomy in the implementation of the policies, but co-ordination has been strengthened, including through enhanced guidance to officials. The formulation of targets for some projects has increased accountability for reforms and sustained attention on the policies and their outcomes, both within and outside the administration.

*Many of the elements for a complete and coherent strategy are now in place.* There have been significant improvements in the tools and processes for the development of new regulations. Transparency in public communication on regulations is high, and has improved as regards public consultation. There is a well-developed project for reducing administrative burdens on business, and the newly established De-bureaucratisation programme for frontline public sector workers looks promising. Important initiatives have been taken to improve multi-level regulatory governance, with the identification of shared priorities and targets for Better Regulation based on the annual financial agreement between central government and the municipalities, and with the introduction of a specific procedure for assessing the impact of new regulations on local government. The EU dimension is well handled and Denmark is active in seeking to ensure that Better Regulation policies are effective at the EU level.

*To secure an optimal performance, some aspects of Better Regulation policies could be further strengthened.* Significant progress has been made to develop the framework for *ex ante* impact assessment. However there is still a large potential for improvement of the framework if Denmark wants impact assessment to have a sustained positive impact on the flow and quality of new regulations (see Chapter 4). Public consultation on the development of new regulations would benefit from a more consistent approach to ensure that the same standards are systematically applied, building on the growing transparency of the past few years. Policies to simplify the stock of existing regulation may need more systematic attention. Effective monitoring of the De-bureaucratisation Programme needs to be put in place.

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**Recommendation 1.1. Denmark should give consideration to strengthening the institutional framework for impact assessment monitoring and quality control, further promoting quantification as well as qualitative analysis, and ensuring that public consultation is fully integrated into the process. (The recommendation is detailed in Chapter 4). Denmark should also consider whether further action is needed to strengthen public consultation practices, to ensure systematic simplification of the regulatory stock, and to establish effective monitoring of the De-bureaucratisation Programme (see Chapter 3 and Chapter 5).**

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*To sustain momentum, Denmark must now show clearly how Better Regulation policies combine and can be further developed into a strategy that supports long-term public policy goals.* Denmark's approach to Better Regulation is founded on a collection of policies, with

a large scope but with no clear “big picture” bringing the different policies together and linking them to overarching policy goals or a vision for the future. The 2000 OECD review had already pointed out this lack of strategic overall approach. The Danish civil service has a positive attitude, but the OECD peer review team picked up worries about the possible underperformance of Better Regulation processes compared with potential, leading to a possible loss of momentum. Is the government underperforming, compared with what it could achieve? How can public sector workers be motivated to sustain and enhance their efforts? How can the business community- which is also looking for reassurance and a vision- be persuaded to continue supporting Better Regulation efforts in a positive way?

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**Recommendation 1.2. Consider whether it would be helpful to develop a White Paper on Better Regulation to promote a clear purpose and vision. A White Paper could serve a number of purposes. First, it would trigger an evaluation of achievements so far, and the value of the different projects and processes that have been launched. Second, it would be an effective vehicle for wide ranging consultation with stakeholders (within and outside government) to gather views and ideas for the future, and validate current efforts. Third, it would put an integrated public face on Better Regulation, providing an opportunity to demonstrate joined up government and the respective responsibilities of different players.**

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### ***Communication on Better Regulation strategy and policies***

*Public communication of Better Regulation strategy and policies needs to be boosted.* There is a need to package and communicate reform proposals to promote more enthusiastic support by stakeholders and ensure that the more controversial proposals are not rejected by the parliament. Beyond the communication that takes place on the administrative burden reduction programme for business, there does not appear to be any sustained or co-ordinated effort to promote or explain the government’s work on Better Regulation. This creates a knowledge gap which can lead stakeholders to underestimate progress made and discourage support to reform. At this stage and in a more mature phase of Better Regulation policy development, there is a need to move away from the separate presentation of policies and towards a more integrated approach, which will clarify for stakeholders the overall government objectives and Better Regulation’s link with the achievement of economic and societal goals. The government’s capacity to communicate on its agenda within the administration, to external stakeholders and to the parliament would benefit from a clearly visible leadership for the overall Better Regulation agenda (see Chapter 2).

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**Recommendation 1.3. The government should consider how to make communication an integral part of Better Regulation strategy and policies.**

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### ***Ex post evaluation of Better Regulation strategy and policies***

*Ex post evaluation of Better Regulation has gained significant ground over the past few years, and could be boosted further through a more systematic approach.* The maturity and scope of Better Regulation policies in Denmark now calls for a more systematic approach to their evaluation, both strategically and programme by programme. Some important evaluations have been carried out, not least the 2007 evaluation by the National Audit Office of Denmark (NAOD) of the impact of Better Regulation and simplification. Monitoring reports on the programme for the reduction of administrative burdens on business have helped to shape and develop the action plans. Evaluation, however, is not

systematic across all the relevant programmes (the effectiveness of *ex ante* impact assessment processes for example, see Chapter 4). Evaluation is important in order to develop and strengthen all Better Regulation tools and processes. What are the benefits of specific policies? How much do they cost? What is the opportunity cost? Against the background of sustained Better Regulation initiatives over more than two decades, an overall strategic evaluation may also be useful, not least to point directions for the future.

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**Recommendation 1.4. Ensure that, where this is not already done, adequate *ex post* evaluations of Better Regulation tools and processes are carried out. Consider whether this is an appropriate time to carry out an overall evaluation of Better Regulation, in order to help set directions for the future (for which this OECD report could be an initial contribution). The White Paper mentioned above could be a way to take this forward.**

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### ***E-Government in support of Better Regulation***

*Denmark is an OECD leader in e-Government development and implementation, but e-Government policies and frameworks in support of Better Regulation could be further developed, as in most other OECD countries.* The OECD review of e-Government in Denmark from 2005 (OECD, 2006) shows that Denmark is among the front-runners in e-Government development and implementation among OECD countries. E-Government is rightly considered to be a key support tool for Better Regulation. A full evaluation of e-Government is beyond the scope of this review. However, interviews highlighted the progress made, as well as some indications that the potential in support of Better Regulation could be further developed (for example some ministries appeared considerably more advanced than others)

## **Background**

### ***Economic context and drivers of Better Regulation***

Better Regulation policy is part of Denmark's set of forward-looking reforms to sustain the positive economic and social performance of recent years. It has long been on the agenda of the Danish government. Initial policies for regulatory quality and simplification were established in the early 1980s as part of a comprehensive deregulation programme to modernise the economy. They aimed at removing regulations harmful to the competitiveness of the business sector. Over the years the focus of policy moved from "deregulation" to "regulatory quality". In the 1990s and 2000s the government took initiatives to improve the quality of new legislation and manage the legislative agenda more effectively. The programme was progressively broadened, in particular with respect to the reduction of administrative burdens on enterprises and more recently inside the administration.

In the recent period the Danish government has reached a set of reform agreements to address upcoming social and economic challenges, including preparing for an ageing population. These agreements are part of an overall medium-term strategy, which puts fiscal sustainability as the overarching objective (Box 1.1). The importance attached by Denmark to Better Regulation today is based on the contribution which it can make not only to the competitiveness of the economy, but also to meeting social and quality of life goals against the background of an ageing population and labour shortages, and the need to make the public sector an attractive career option for young people.

Labour markets are a key issue in the government's policy, and major reforms have been launched in this area. In 2006, the government entered major political agreements with a broad majority of the parliament to make structural reforms in the areas of employment, education and research. The Welfare Agreement includes measures to reform the pension system and increase the supply of labour. It implies that the eligible age for retirement is increased in line with life expectancy. In connection with the Welfare Agreement the government has developed a Globalisation Strategy to boost education and research and development.

Improving public services is another central element of the government's strategy. A major initiative has been the reform of municipalities and region structures which came into force in January 2007 and led to substantially fewer municipalities and a redistribution of responsibilities across levels of government. The aim is to create more efficient administrations and unlock resources which can be used to improve welfare services. In continuation of the local government reform, the Danish government launched the Quality Reform in August 2007, which aims at strengthening quality of public services and ensuring an efficient use of resources. Core initiatives have included investments in welfare services, definition of quality standards in childcare, elderly care and healthcare, and reforms to enhance the quality of services and improve the attractiveness of working in the public sector.

### **Box 1.2. Denmark's medium-term strategy: "Towards new goals – Denmark 2015"**

In August 2007 the Danish government presented a new medium-term strategy leading up to 2015. The 2015 plan sets out the overall framework and guidelines for economic policy in the coming years.

Key elements of the 2015 plan are:

#### **A sustainable public economy**

Fiscal policy must be sustainable in the long run. This implies that the planned priorities and improvements in tax and expenditure policies towards 2015 can be sustained thereafter – without tax increases or other tightening of fiscal policy.

The structural fiscal surplus must be kept at 0.75 – 1.75% of GDP towards 2010. From 2011 to 2015, the fiscal position must be in surplus or in balance. EMU-debt is reduced further towards 2015.

Fiscal policy aims at stable and high employment. Fiscal policy focus on stable economic developments and sustainable public finances ensures confidence in the fixed exchange rate policy.

#### **Higher employment**

New initiatives should increase employment (unsupported) by a further 20 000 persons towards 2015.

Average hours worked must remain at least at the present level towards 2015, even though demographics will tend to reduce average working hours for the employed.

The government appoints a labour market commission to give recommendations, by the end of 2008, on how to meet or exceed the requirements concerning employment and hours worked.



**High quality of public services**

The expenditures for public consumption can increase in line with the overall economy. Expenditures may amount to up to 26.5% of GDP (cyclically-adjusted) in 2015.

The recent reform of the municipal and regional structures provides conditions for a better prioritisation of public expenditure. The target is to unlock resources for further public services in municipalities and regions amounting to DKK 1 billion every year in 2009 -13 or DKK 5 billion permanently by making administration more effective.

Strategy for better quality of public services – DKK 10 billion has been allocated over the next four years for the initiatives in the government’s proposed reforms – including tri-partite agreements.

A quality fund of DKK 50 billion to finance public investments in the health sector, primary and lower secondary schools, day care institutions, care of the elderly, etc. during the next ten years.

**Tax freeze and lower labour tax**

The tax freeze will continue to ensure that taxes will not increase.

Tax on labour income is reduced. Income tax will be reduced by DKK 9.5 billion.

**Climate- and energy strategies**

Energy consumption should remain stable and renewable energy sources should account for at least 30% of total energy consumption by 2025.

To reach the ambitious goals in the climate- and energy strategies, energy taxes will be fixed in real terms at their 2008 level.

*Source: The Danish Government (2007), Denmark’s National Reform Programme, Second Progress Report – October, Ministry of Finance, Copenhagen.*

***Main developments in Denmark’s Better Regulation agenda***

Since the end of the 1990s Better Regulation policy in Denmark has integrated efforts at improving the law-making process and the simplification of existing regulations, in particular through the reduction of administrative burdens. While in the 1980s regulatory reform in Denmark was linked to structural reforms aimed at deregulating parts of the economy, the 1993 programme of regulatory reform of the Social Democrat-led government marked a shift towards regulatory quality. This shift has been maintained and reinforced by subsequent governments. Over the past decade, the government has developed a Better Regulation policy as a support to the modernisation of the public sector and the competitiveness of the economy. The overall objective is not to eliminate regulations *per se* but to promote the most efficient business environment in Europe and to provide Danish citizens with public services that focus on their needs.

Better Regulation policy in Denmark has been directed towards all stakeholders (businesses, citizens, administration). In 2005, the National Reform Programme formulated by Denmark as a contribution to the EU Lisbon Strategy, stated: “*It is important that the regulation does not entail unnecessary costs for the business sector. Enterprises should spend their time on production and innovation – not on unnecessary administration*”. “*...The citizen regulation and decentralised authorities also constitute key factors for*

*Danish society's overall productivity*" (Danish government, 2005). There are however significant differences in pace and focus between the different elements of this policy.

- *Better Regulation policy towards business.* This is the most long-standing, developed and systematic policy, and is anchored in the reduction of administrative burdens. It constitutes the core of Denmark's Better Regulation agenda in the framework of the Lisbon strategy.
- *Better Regulation inside government* was addressed in previous years in a non-systematic way, but has been given a strong push since 2007. The government launched a broadly scoped project – the De-bureaucratisation programme – to address the interaction between the levels of government and make the administration more efficient. The programme has been heavily influenced by the experience gained in the reduction of administrative burdens on businesses. It reflects the need to provide efficient public services to citizens and businesses, but also the need to address challenging trends in the labour market, including the effects of an ageing population.
- *Better Regulation towards citizens* is formally part of the Better Regulation agenda, although there is no specific Better Regulation policy for citizens. Developments in this area are however significant, and have been closely associated with e-Government strategies, more specifically with a project for a common citizens' portal.

**Table 1.1. Milestones in the development of Better Regulation policies in Denmark**

1993	Prime Minister issues a revised circular on intra-governmental consultation on legislative proposals. This includes for the first time a requirement for ministries to identify business and environmental impacts.
1995	Prime Minister amends a circular on legislative proposals again to require that "the immediate cost implications of the proposal for the business sector" be stated. Report of a government committee investigating administrative burdens leads to an action plan outlining 25 specific reductions. Ministry of Business and Industry issues a manual on business impact assessment of bills. First report on the total business impact of legislation adopted in the previous year.
1996	Government launches a programme on simplification of rules and regulations. Ministry of Business and Industry establishes Business Test panels to assess administrative costs of new legislative proposals on business sector.
1997	Parliament implements annual reporting on trends in administrative burdens on business. Ministry of Business and Industry establishes a division for administrative simplification. Ministry of Business and Industry establishes six rotating panels to review its legislation with a view to simplifying or eliminating superfluous provisions.
1998	Government establishes the Regulation Committee with mandate to monitor the implementation of the regulatory quality policy. Government identifies four key points for the future development of the regulatory quality policy.
2002	Government launches its public sector modernisation programme titled "Citizens at the Wheel". Government presents a cross ministerial action plan for regulatory simplification consisting of close to 200 initiatives, and sets a 25% reduction target. This is followed by other annual action plans in 2003 and 2004.
2004	Establishment of 10 "burden committees" to help prepare action plans for the reduction of administrative burdens.
2005	Launch of the Consultation Portal (Høringsportalen) Ministry of Finance publishes guidelines on impact assessment, which law drafters have to use when preparing regulations.



	Measurement of administrative costs stemming from all business regulations is completed (2001 baseline). Government strengthens efforts to reduce administrative burdens by requiring that any new regulations with expected administrative costs over 10 000 hours (equivalent to approximately EUR 350 000) be submitted to the Economic Committee for approval.
2006	Government launches a new action plan for simplification, which focuses on businesses. From 2006 on the government reports to the parliament on progress in the ministries' individual action plan for simplification every six months. Government introduces VAKKS, a procedure for assessing the impact of new regulations on local governments, in the process of preparing regulations.
2007	In June, the government, the association of municipalities (LGDK), the association of regions (Danish Regions), and trade unions make a tripartite agreement on the need for further simplification of regulation inside government (between levels of government). Government launches the De-bureaucratisation Programme, which focuses on regulation inside government. The programme is part of the larger Quality Reform of the government. First projects are launched in four areas related to the labour market. Government launches the Burden Hunters project to identify "irritation" administrative burdens for businesses. Government releases its strategy for e-Government for the period 2007-10.
2008	Government announces the new user-driven project, Ten Business Flows, to reduce administrative burdens on businesses. A political agreement is reached for financing the De-bureaucratisation Programme (regulation inside government). A methodology for screening, mapping and measuring internal burdens is developed and applied in four areas related to public service provision.
2009	Government presents the Plan for De-bureaucratisation for Business. Government introduces a more systematic approach to reduce "irritation burdens" for businesses as a supplement to the 25% reduction target. Mapping and measurement of regulation inside government continues in six areas related to public service provision.

### ***Guiding principles for Better Regulation***

Although the government has been progressing on all fronts, administrative simplification is the keynote. The administrative burdens reduction programme (for business regulation) and now the De-bureaucratisation Programme (for regulation inside government) are the flagships of the government's Better Regulation policy. The formulation of a quantitative target for the reduction of business administrative burdens in 2002 has given this programme a particular prominence. However this policy is considered as only one of the pillars of Denmark's Better Regulation policy. Other pillars are strengthened impact assessment procedures, a strong policy for handling EU origin regulations as well as actions to influence EU level Better Regulation, digitalisation, and improved coherence and interaction between the central and local level of government.

### ***Main Better Regulation policies***

#### *The reduction of administrative burdens on businesses*

The current Danish programme for the reduction of administrative burdens on businesses dates back to 2002, when the government presented a cross ministerial action plan for administrative simplification consisting of close to 200 initiatives. Initiatives to reduce red tape are however older since a first action plan was launched in 1995. Since 2002 the government has carried out annual action plans, except in 2005 when it undertook a review of the policy.

The government has taken a broad approach to administrative simplification. The policy is not only about the simplification of existing procedures, but also preventing the creation of new burdens. through more thorough impact assessment procedures and specific

attention to any new regulation that would create significant burdens (with the requirement set in 2005 to get the approval of the Economic Committee for any regulation with expected administrative costs above 10 000 hours, equivalent to approximately EUR 350 000). Other tools for administrative simplification are the use of information and communication technologies (ICT) and efforts at ensuring quality of EU regulations.

### *The De-bureaucratisation Programme*

Following an agreement with local governments, trade unions and businesses, the government launched an initiative in 2007 to improve regulation inside government, as part of a broader Quality Reform of government. The aim is to simplify rules, requirements and procedures that place unnecessary burdens on local and central authorities, and public sector employees. The programme, which is mainly structured around action plans at the ministerial level, supports employees' initiatives to cut red tape by promoting innovation and service development, in order to free up time for service provision.

### *Legal quality and impact assessment*

Significant efforts have been made to enhance the quality of processes for the development of new regulations, including the development of guidance for law drafters. An integrated Internet guidance tool was put in place in 2007, following co-operation between the Ministry of Justice and the two core ministries for Better Regulation (Ministry of Finance and Ministry of Economic and Business Affairs). Steps have also been taken to strengthen *ex ante* impact assessment procedures (see Chapter 4) and ensure transparency of consultation (creation of a Consultation Portal, see Chapter 3). Specific procedures have been put in place or reinforced to prevent the creation of new burdens (*ex ante* impact assessment on administrative burdens for businesses and on local government).

### *Better Regulation and local government*

Alongside the De-bureaucratisation Programme the government is giving increasing attention to the interaction between central and local governments. The underlying strategy is to promote performance-based regulations, leaving municipalities the capacity to define their own processes for achieving required standards of service quality. This strategy is supported by initiatives to ensure better coherence between central government and subnational governments. The annual agreement between central and local government on the overall financial framework for municipalities now includes priorities and targets for Better Regulation. As well, the government has introduced specific procedures (“VAKKS”) for assessing the impact of new regulations on local governments, and created a dedicated unit (KREVI) in charge of carrying out VAKKS and more broadly of promoting regulatory quality and the effective management of resources in municipalities and regions.

### *The EU dimension*

The Danish government has put in place a highly institutionalised internal co-ordination system for dealing with the negotiation and transposition of EU regulations. The system closely associates the government and the parliament. The objective is to promote both internal and external unity, to maximise the influence of a small country in the EU arena. Denmark is also an active player in the development of the EU Better Regulation agenda.

### *Communication on the Better Regulation agenda*

Public communication on the Better Regulation agenda has mostly focused on administrative simplification and e-Government, and has been largely done through consultation of stakeholders (see Chapter 3).<sup>1</sup>

### ***Ex post evaluation of Better Regulation strategy and policies***

Some important *ex post* evaluations have been carried out. In 2005 the administrative burden reduction programme for business initiated in 2001-02 was subject to an assessment, following which action plans were adjusted. At a more strategic level, there have been external evaluations by the OECD (in 2000 and again with this report). The 2007 report of the National Audit Office of Denmark (NAOD) on the government's Better Regulation and administrative simplification programmes is the most recent example of an evaluation initiative (*Rigsrevisionen*, 2007). The NAOD examined the Better Regulation efforts of five ministries, and the results obtained. The evaluation covered simplification initiatives, measurement of administrative burdens on businesses and local government, and addressed the creation of new regulations (including impact assessment procedures). This evaluation goes some way towards capturing other key Better Regulation policies. However specific evaluations of these other policies have not yet been carried out or could be further developed (such as the *ex ante* impact assessment processes, the use of alternatives to regulation, or the effectiveness of the guidelines for the development of regulations). It may also be helpful to have an internal strategic view of what has been achieved and what could be improved, to complement the external views of bodies such as the OECD.

### ***E-Government in support of Better Regulation***

Denmark is an OECD leader in e-Government (OECD, 2006), which is seen as a key support tool for Better Regulation, and includes a target that “all relevant communication between government and business should be digitalised by 2012”, as well as addressing citizens' needs (who already benefit from some entirely digitalised services such as fully automated personal tax management). This has been done mainly through the development of a citizen portal (“*borger.dk*”) and a business portal (“*virksom.dk*”). Recent progress has been made to personalise the services on the citizen portal<sup>2</sup>, and to extend digital reporting by businesses to the administration through the business portal. (For an overview of Denmark's e-Government strategy for 2007-10, see Box 1.2 and for a detailed analysis, the 2006 OECD review of e-Government in Denmark). Institutionally, a joint public sector management board led by the Ministry of Finance (STS Committee, see Chapter 2), co-ordinates and develops policy for the roll out of e-Government, supported by a Digital Task Force. An important role is also played by the Ministry of Science, Technology and Innovation (notably as regards back office standardisation).

#### **Box 1.3. Denmark's e-Government strategy**

In 2007 the Danish government launched its third strategic programme to develop e-Government, jointly with Local Government Denmark (LGDK) and Danish Regions. The document entitled “Towards Better Digital Service, Increased Efficiency and Stronger Collaboration” sets the policy programme for the period 2007-10.

The strategy builds on the experience from the two previous e-Government strategies. The first e-Government strategy for 2001-04 primarily marked the start-up of joint digitalisation co-operation between the municipal, regional and state levels of administration — which is still the basic concept behind the Danish approach to e-Government. The second e-Government strategy for 2004-06 added impetus to the development of internal public-sector digitalisation. In turn, the new strategy period aims at raising the level of ambition and setting new standards for the development of citizens' services and cohesion across the public sector. The new strategy entails better and more binding co-operation and emphasises that implementation of specific digitalisation measures will enable to make efficiency gains within the administration.

The strategy is built on three overarching priority areas, that interact:

- Making public service more readily accessible to citizens and businesses.
- Facilitating increased efficiency of the administration.
- Enhancing collaboration within the administration.

Accessibility to public services is to be improved through the expansion of a government portal for citizens (“*borger.dk*”) and for businesses (“*virk.dk*”). These portals are to become central contact points between citizens, businesses and the public service. The Citizens Portal is the common public digital service channel for citizens, and is to make digital self-service more attractive and more widespread. The objective is to integrate all self-service digital services in the portal by 2012. Likewise, the objective of the Business Portal is to make it possible for businesses to perform their reporting to the public sector more quickly and easily (the objective being that by 2010 75% of business reporting be done digitally). A related objective to the development of the portals is to make it possible for businesses and citizen, as much as possible, to supply information to the public sector only once.

Other major actions to making public services more readily accessible include: improving communication channels (through digital communication between citizens, businesses and the administration), involving citizens and businesses in the development of digital services (such as the project for the simplification of 10 business flows), further strengthening security and safety in data handling.

*Source:* The Danish Government, Local Government Denmark (LGDK) and Danish Regions (2007), The Danish e-Government Strategy 2007-10, June 2007, The Digital Taskforce, Copenhagen, [http://modernisering.dk/da/english/e\\_government\\_strategy](http://modernisering.dk/da/english/e_government_strategy).

Interviews with the OECD peer review team showed that e-Government is considered to be a critical element of Better Regulation, and that Denmark is pro active and well advanced in its deployment.<sup>3</sup> Denmark has two important advantages relative to some other OECD countries: the high level of trust in government which facilitates the task of implementing key tools such as data re-use,<sup>4</sup> and the relatively small size of the country.<sup>5</sup> Most interviewees considered that Denmark has progressed well in recent years. It was also noted that the effective development of e-Government is demanding, resource intensive and takes time. Linked to this, there is a widespread awareness of potential still waiting to be exploited.<sup>6</sup> Some ministries have been very active in their own field. For example, the Ministry of Environment has a programme to digitalise permits. The Ministry of Taxation has developed a new system for the collection of business taxes. Further developing e-Government efforts requires a clear central steering and support, as initiatives are increasingly complex and involves different branches of government. The high level of ambition and many cross governmental initiatives demand a high degree of co-ordination to ensure cost efficient deployment, coherence, data re-use and interoperability.

## Notes

1. A communication campaign was launched in autumn 2008 with two main tracks: general promotion of Better Regulation and administrative simplification programmes, and initiatives aimed more specifically at informing companies of regulatory and other changes (such as ICT) intended to make their life easier.
2. Updated in October 2008.
3. The legal and regulatory environment for e-Government was analysed as part of the review of e-Government in 2005. Further details can be seen in: OECD (2006), chapter 3.1 on the *Legal and regulatory environment*, page 56 ff.
4. A report on public sector transformation mentions information and data sharing as one of the key drivers for transformation and thus simplification of public administrations. See OECD (2007), “E-Government as a Tool for Transformation”, GOV/PGC(2007)6, 28 March.
5. These are also known as prerequisites for uptake of e-Government services as analysed in OECD (2008), “User Take-up of e-Government Services”, GOV/PGC(2008)16, 13 October 2008. One of the interesting examples regarding Better Regulation is the Danish pro-active multi-channel management and the promotion of the use of digital channels where possible (see for example *Box 3.30. Denmark: Mandatory use of digital channels through proactive channel management* in the report).
6. We were told, for example, by the NAOD that digitalisation is now the main way to improve the situation for citizens.

