Iceland

Indicators of Regulatory Policy and Governance 2021







Overview and recent developments

Iceland has significantly improved its consultation system over the past years. It launched a new centralised consultation website for all ministries in February 2018. The website provides users with an overview of the lifecycle of the regulatory change, including access to the preliminary RIA and draft legislative text, details of the final regulatory decision, and a summary explaining how the comments impacted the proposal. The government encourages the participation of citizens through social media for some consultations; also, the public can subscribe to website and e-mail alerts for all consultations. It is generally noted in explanatory notes to draft laws which stakeholders were notified. Internal guidance developed by the Prime Minister's Office has been updated in 2020 to give further step-by-step instructions on aspects of consultation. These reforms seem to have facilitated easier consultation and improved transparency, with online consultation now being carried out for all primary laws at both early- and late-stages; however, the reforms have not been extended to subordinate regulations.

Iceland's RIA and *ex post* evaluation system have remained largely static since 2018. RIA is required for all primary laws as well as some subordinate regulations, and are posted on the consultation platform. A wide range of impacts are considered, though only impacts on the budget and public sector are required for all primary laws and major subordinate regulations. Other impacts, such as on competition, trade, small businesses, specific regions or groups, gender equality, environment, and other socio-economic variables, are only considered

for some primary laws and not for subordinate regulations. *Ex post* evaluation continues to be non-mandatory, but is used periodically for some primary laws and subordinate regulations.

The core responsibility for regulatory oversight lies with the Department of Legislative Affairs (DLA) within the Prime Minister's Office, which is a cabinet-level body responsible for improving and advocating for good regulatory practices across government. It also oversees stakeholder engagement, evaluates regulatory policy, provides guidance and training for the use of regulatory management tools, and scrutinises the legal quality of new legislation. The Department of Public Finances (DPF) in the Ministry of Finance and Economic Affairs is responsible for overseeing RIA, specifically concerning impacts on public finances and the economy, and developing guidance materials for RIA. The DPF also reviews RIAs on gender equality.

In continuing to iterate its reforms, Iceland may want to improve its regulatory management system for subordinate regulations as they have focused mostly on reforms to primary laws. A starting point could be to extend some of the positive changes made for consultations more systematically to subordinate regulations, where relevant. Attention could also shift to improving aspects of *ex ante* and *ex post* evaluation, including extending RIA requirements to all subordinate regulations and including more systematically a diverse range of impact categories, as well as making more systemic use of *ex post* reviews.

Indicators of Regulatory Policy and Governance (iREG): Iceland, 2021



Notes: The more regulatory practices as advocated in the <u>OECD Recommendation on Regulatory Policy and Governance</u> a country has implemented, the higher its iREG score. The indicators on stakeholder engagement and RIA for primary laws only cover those initiated by the executive (81% of all primary laws in Iceland).

Source: Indicators of Regulatory Policy and Governance Surveys 2017 and 2021, http://oe.cd/ireg.

Never

Never

Yes

Iceland: Transparency throughout the policy cycle





Consult with stakeholders on:

Draft regulations	All
Evaluations of existing regulations	All



Publish online:

Ongoing consultations*	ΔΙΙ
Views of participants in the	Yes
consultation process RIAs	All
Evaluations of existing regulations	No





Policy makers use:

A public consultation is

(RIA) is due to take place

Ex post evaluations are

planned to take place

Regulatory impact assessment

planned to take place

Interactive website(s) to consult with stakeholders	Yes
Website(s) for the public to	
make recommendations on	No
existing regulations	

Inform the public in advance that:

Policy makers provide a public response to:

Consultation comments	Yes
Recommendations made in ex post evaluations	Never

^{*} Publish on a single central government website.

Note: The data reflects Iceland's practices regarding primary laws initiated by the executive. Source: Indicators of Regulatory Policy and Governance Survey 2021, http://oe.cd/ireg.



THE OECD REGULATORY INDICATORS SURVEY AND THE IREG COMPOSITE INDICATORS

The data presented in the 2021 Regulatory Policy Outlook are the results of the 2014, 2017 and 2021 Indicators of Regulatory Policy and Governance (iREG) surveys.

The iREG survey investigates in detail three principles of the 2012 OECD Recommendation of the Council on Regulatory Policy and Governance: stakeholder engagement, regulatory impact assessment (RIA) and *ex post* evaluation. Three composite indicators were developed based on information collected through the surveys for these areas. Each composite indicator is composed of four equally weighted categories:

- Systematic adoption comprises formal requirements and how often these requirements are conducted in practice;
- Methodology presents information on the methods used in each area, e.g. the type of impacts assessed or how frequently different forms of consultation are used;
- Oversight and quality control reflects the role of oversight bodies and publicly available evaluations; and
- Transparency comprises information which relates to the principles of open government e.g. whether government decisions are made publicly available.

The data underlying the composite indicators reflect practices and requirements in place at the national level of government, as of 1 January 2021. The indicators for stakeholder engagement and RIA relate to regulations initiated by the executive, while the indicator on *ex post* evaluation relates to all regulations. Whilst the indicators provide an overview of a country's regulatory policy system, they cannot fully capture the complex realities of its quality, use and impact. In-depth country reviews are therefore required to complement the indicators and to provide specific recommendations for reform. A full score on the composite indicators does not imply full implementation of the Recommendation. To ensure full transparency, the methodology for constructing the composite indicators and underlying data as well as the results of sensitivity analysis are available publicly on the OECD website (http://oe.cd/ireg).

Related links:

- Regulatory Policy Outlook 2021
- · Indicators and underlying data and methodology
- 2012 Recommendation of the Council on Regulatory Policy and Governance
- OECD Measuring Regulatory Performance Programme
- OECD work on regulatory policy

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