



# The Better Regulator<sup>®</sup>

## REGULATORY REFORM AND BETTER BUSINESS ENVIRONMENTS

The Global View from Jacobs  
and Associates  
January/April 2004

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## Letter from Scott Jacobs

Dear Colleagues,

The demand for sound advice on regulation has never been higher as governments recognize its relevance to their priority agendas:

- High-quality regulation facilitates trade and investment.
- Regulatory reform boosts competitiveness and private sector development, and promotes transparent and effective governance.
- Benchmarks on the cost of doing business and investment climates are revealing competitiveness problems that are correctable only with deeper regulatory reform.
- Debates continue over how to regulate privatized utility sectors to stimulate investment, ensure access for the poor, and avoid service interruptions.

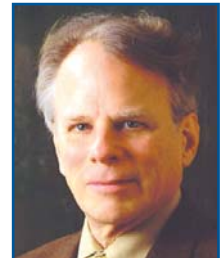
At Jacobs and Associates, we are expanding our global services in these and other areas, including:

- launching a new European training program on regulatory impact analysis that is open to all European civil servants;
- building the nuts and bolts of market rules, such as business registration that is fast, simple, cheap, and reliable;
- assisting in due process, administrative transparency, and other areas essential to the rule of law;
- focusing on the unmet needs of utility regulators, such as good practices for transparency, accountability, and management.

We are delighted to welcome two highly-experienced Directors. *Cesar Cordova-Novion* joins us from Paris, where he was the Deputy Head of the OECD's influential Regulatory Reform Program. *Jefferson Hill* comes from a 25-year career in the U.S. Office of Information and Regulatory Affairs, where he worked to strengthen regulatory review, quality controls, and due process.



Cesar Cordova-Novion



Jefferson Hill

Our newsletter contains highlights of selected regulatory reforms around the globe. It supplements our website at [www.regulatoryreform.com](http://www.regulatoryreform.com). Please contact the Directors at any time with enquiries.

With our best wishes for 2004,

**Scott Jacobs**  
Managing Director

## USE OF REGULATORY IMPACT ANALYSIS EXPANDS WORLDWIDE...

**F**ew reforms make a greater and more lasting contribution to low-cost and effective regulation than regulatory impact analysis (RIA). Cesar Cordova calls RIA, "a revolution in the rulemaking process." Scott Jacobs has written that RIA reduces regulatory market risk in transition economies, and promotes faster learning, transparency, policy coherence, and responsive government.\*

From the European Union to Bulgaria, Mexico, Korea and Sri Lanka, the use of RIA is expanding. Yet few reforms are more difficult to implement well. Many governments have found that building good RIA capacities is hampered by a severe lack of RIA training programs.

*"To meet the demand for training, Jacobs and Associates will offer in 2004 a new applied training course on impact analysis for civil servants in Europe..."*

To fill this gap, Jacobs and Associates will offer in 2004 a new impact analysis training course designed expressly for the needs of civil servants in Europe who use this analysis in making public policy decisions. The applied course, covering the concepts, methods, and practices of impact analysis, will be available by

subscription. The course will be based on case studies of the strengths and weaknesses of actual RIAs. It will draw on our 20 years of expertise in carrying out RIAs, in developing the RIA good practices that are now used as benchmarks around the world, and in building RIA capacities in many governments. Course schedules and reservations will be listed on our website on 1 May 2004.

We also offer courses tailored to the needs of individual governments. To support a stronger RIA program, the Korean Office of the Prime Minister in 2003 engaged Jacobs and Associates to deliver a one-week training course in RIA concepts and methods to Korean civil servants.

### ...as examples such as the new European chemicals policy illustrate how impact analysis can help make difficult public policy decisions.

**T**he EU's 2002 Action Plan for Better Regulation promised more rigorous impact analysis, and in 2004, the Commission will conduct over 40 impact analyses of its most important regulations.

The value of impact analysis, when combined with public consultation, was shown in the 2003 European debate over chemicals regulation. Few controversies over European policy were as intense as the European Commission's proposed regulatory scheme called Registration, Evaluation, and Authorization for Chemicals (Reach). The scheme would require manufacturers to prove the safety of more than 50,000 chemicals.

A key question for the Commission was how to balance the benefits of reduced exposures with economic costs. The European chemical industry manufactures almost a third of the world's chemical output, ahead of the US and Japan. It is the third largest manufacturing sector in Europe, and one of the top exporting industries.

In reaching this balance, the fight over REACH quickly became a public and useful fight over the quality of the impact analysis:

- Among other consultation efforts, such as sector workshops, the Commission published in May 2003 a draft text on the Internet for an 8-week consultation period. Over 6,000 responses were received.
- Several private studies that assessed the economic impact of REACH on member states found that national GDPs would drop, hundreds of thousands of jobs would be lost, and companies would suffer.
- France, Germany and the UK wrote a public letter requesting the Commission to "carry out a full evaluation of the concrete effects of the planned regulations on the European chemicals industry, as well as on the economy...."

On 29 October 2003, the Commission released a revised proposal and a new impact assessment. The Commission stated that revisions to

the draft proposal, identified by comments from the Internet consultation and new data from an improved impact assessment, had reduced its costs by over €10 billion. Costs to the chemicals industry and downstream users of the revised proposal were estimated at between €2.8 and €5.2 billion over 11 years. DG Environment released an "indicative scenario" that estimates the value of health benefits at €50 billion over 30 years.

The new assessment will not end the controversy. Environmental NGOs stated that the revised estimates "expose the industry's scaremongering", while industry groups demanded an "independent and extended impact assessment" that examines the dynamic effects of REACH on employment, investment, and time to market.

\* *Assisting economic transition: an RIA strategy for developing countries*, a speech by Scott Jacobs delivered at the Centre on Regulation and Competition, University of Manchester, 26-27 November 2003, can be downloaded from our website.

## A PRESCRIPTION FOR CREATING JOBS: FAST, SIMPLE, AND CHEAP BUSINESS REGISTRATION

**C**reating jobs requires investment. Investment increases in a good business climate, where the costs of doing business are low, government procedures are efficient, and the risk of corruption is minimal. Indeed, the quality of the business environment is becoming ever more important, as competition for investment increases.

The costs and delays of business registration reduce business start-ups and new investment. In Serbia, Bulgaria, and Lesotho, Jacobs and Associates is working on building business registries that are fast, cheap, simple, and reliable.

Business registration is not just another routine procedure. It is recognized by the World Bank as a key to market performance. Why? It is because the registration of businesses provides reliable information on who is legally

doing business, and how they are doing it. This information is needed by banks, by investors, by customers, and by insurance companies, shareholders, tax authorities, customs inspectors, and many others. This vital information fuels activities in the market, and reduces market risks and criminal abuses.

There is no substitute for a good national registry. Like an invisible virus, the costs of a bad registry multiply through the economy by increasing risks, criminality, and business costs.

To build market confidence, the new business registry must be, from the very beginning, a trusted and reliable source of information. To this end, reform should aim to create a business registry that:

- is fast, simple and cheap for businesses, with minimal data needs and electronic registration;
- provides a single national, electronic, and publicly accessible database to support market transactions; and
- delivers information of a timeliness and quality to serve public needs such as tax enforcement, national statistics, and inspections.

Download "*Reforming business registration in Serbia*" on our website.

### Experts Needed for Our Global Network

Jacobs and Associates offers its clients a global network of experts on regulatory reform, business environments, and good governance. If you would like to join our network of consultants, please send an email to [jateam@regulatoryreform.com](mailto:jateam@regulatoryreform.com) with your CV.

## WHEN THE LIGHTS GO OUT: WHAT REGULATORY RESPONSE?

**P**ower failures in New York in August 2003 left 50 million people without power. A blackout hit the London transport system in August, a faulty transmission line in September caused a blackout in Denmark and Sweden, and, worst of all, a blackout on September 28 left 57 million Italians without electricity for large parts of a day.

The immediate causes of these failures seem trivial: the Italian blackout was caused by a tree falling on a power line in Switzerland. In the United States, the New York failure occurred when transmission lines owned by an Ohio electric utility came into contact with trees, causing them to short-circuit.

These blackouts should not lead to the conclusion that our energy grids are under attack by trees. Rather, they reveal structural weaknesses in energy networks. How are regulators addressing these weaknesses after the crises?



Satellite view of North America during the New England Blackout in August of 2003.

Efforts are underway. The US blackout could have been avoided if the Ohio utility had followed voluntary electricity reliability guidelines. Therefore, a bill is now in the US Congress to make the existing standards mandatory and give the Federal Energy Regulatory Commission (FERC) explicit authority to enforce them.

In the Italian case, investigators blame both Swiss and Italian operators for taking inappropriate measures. In its own analysis the

European Commission said lack of investment in domestic power generation had resulted in Italy's dependence on foreign electricity for a quarter of its night-time energy demand. It also criticized the "lack of co-ordination between the transmission system operators" and argued that transnational power links are the Achilles heel of the European energy network.

A European legislative proposal will force energy companies to invest both in new power generation capacity and transmission infrastructure. National regulators would draw up performance targets relating to transmission and distribution of electricity. Failure to meet the targets would result in financial penalties for the companies involved.

Will these measures solve the problem of coordination and lack of investment in transmission grids? Next summer, we shall see.



## IS EUROPE FINALLY TAKING REGULATORY REFORM SERIOUSLY?

**W**e reported in our last newsletter that the European Commission made in 2003 a major new push to meet its target of becoming the world's most competitive economy by 2010. Services, which account for 70 per cent of the EU economy, were targeted as the major gap in the Single Market. President Prodi also promised to cut European laws by 25 per cent within three years. This was welcomed by the ten accession countries, laboring under the strain of rapidly assimilating more than 90,000 pages of EU regulations.

The result was mostly sound and fury, with few results. True, progress was made in energy and telecoms liberalization, and most of the 42 measures in the Financial Services Action Plan were adopted. A bright spot is the increasing use of impact analysis in European legislation to assess market impacts and improve transparency, public debate, and accountability. See the article on RIA on p. 2 in this newsletter. Yet, in 2003, regulatory reform was neglected as Europe faced a host of other issues. The European single market continues to suffer from policy inertia and backtracking on new legislation, and slow adoption of Single Market legislation.



- The Commission, to its credit, continues to push hard for reform. In January 2004, Prodi launched another barrage of criticism at Member states for failing to implement 40 per cent of the measures they had agreed were needed to complete the EU single market. In the Commission's Spring report on the economy, Mr Prodi said progress in delivering the EU's competitiveness targets was "far from satisfactory". Germany and France were singled out again for their poor record in implementing EU law, for running big budget deficits, and for delays in fundamental reforms. Prodi said he wanted agreement on measures in the field of financial services, recognition of professional qualifications and patents before the European parliament is dissolved in May. An economic summit is now being planned for 2005 to mark the halfway point of the competitiveness reforms. A test of the Union's seriousness will be if states can agree on a single EU patent, which has been discussed for 14 years.
- The EU's much fought-over takeover directive, finally adopted in December 2003, may be worse than no action at all. The final version of the directive did not ban practices such as pumping out shares to thwart bids - instead, it enshrines them as "options" and may actually encourage companies to use them. Single market Commissioner Frits Bolkestein complained that, with this kind of reform, "the European Union will never reach its target of becoming the most competitive economy in the world by 2010".
- The Irish Presidency of the EU, due to run from January-June 2004, has promised to press the issue.. Mary Harney, Irish deputy prime minister, said in January, "Certainly we are not on track. We have to take away the air of complacency and move like a greyhound." In January 2004, to boost regulatory reform in Europe, the Irish, Dutch, Luxembourg and UK Presidencies agreed on a joint initiative on regulatory reform over 2004 and 2005. This sustained initiative will focus on better monitoring and institutional support, regulatory quality, simplification and consideration of alternatives to regulation, at EU and national levels. Indeed, Ireland has just published its own national White Paper setting out guiding principles on regulation.
- New regulatory issues are emerging in Europe. Turning Europe's national high-speed trains into a trans-European network is hindered by inconsistent regulations. National railways have incompatible safety rules, and the gap is not being closed quickly. After months of testing, France has still not certified Germany's 320kph ICE3 or Italy's 300kph ETR500 as safe to run on its network.
- Even when reforms are adopted, they are not enforced. In 2003, the Commission proposed that "single market watchdogs" should be created in each member state to supplement the more than 1,500 legal complaints by the Commission against Member states.

Europe's business community is anxious over the lack of progress. UNICE, the European business organization, published a report in November 2003 showing that Europe's economic output per head is still a third lower than in the U.S., and the gap is narrowing very slowly. The report said that Europe lacks entrepreneurs and is weighed down by regulations. For example, starting a business in Europe takes 11 times longer than in the U.S.

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(Download *The Cure For Eurosclerosis* by Scott Jacobs at [www.regulatoryreform.com](http://www.regulatoryreform.com) and *The Lisbon Agenda: Progress and Prospects*, by Eoin Gahan, Director, March 2003, at <http://www.realinstitutoelcano.org/documentos/51.asp>)



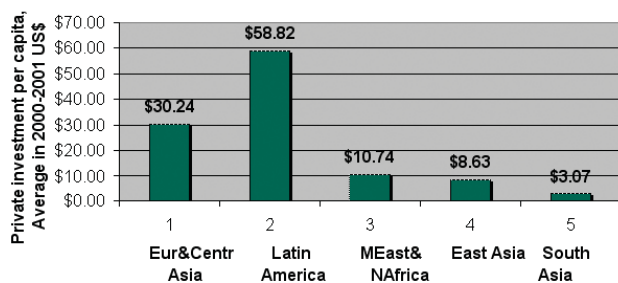
## DESIGN OF UTILITY REGULATORS: AN OLD DEBATE IS FAR FROM FINISHED....

Few regulatory reform issues have been more studied than the strategies, design, and role of utility regulators in the liberalized utility sectors. Yet the performance of utility regulators in developing countries continues to disappoint, and this debate is far from over. Even in countries with the longest experience of "independent regulators", the structure and role of utility regulators is evolving. Jacobs and Associates assesses how these regulators can produce better results within the constraints of their governing environments.

### ....in Asia...

Water, energy, communications, transport, local utilities - accessibility to these vital services help determine the quality of life for Asians, particularly the almost 800 million Asians who live in poverty. The level of investment needed to provide an adequate level of service to the poor cannot be reached without mobilizing much more private investment. Yet, as the figure below shows, private sector participation in Asian infrastructure is, on a per capita basis, much lower than in Latin America and Europe. The World Bank has estimated that East Asia alone needs \$300 billion of private investment per year in water, sanitation, power and transport, but the region received less than \$20 billion in 2001.

*Private investment in infrastructure in developing countries, by region, US\$ per capita per year, 2000-2001*



Source: Jacobs and Associates, based on data from World Bank PPI Database

One reason for low investment is high regulatory risk and weak regulators. Utility regulators in Asia deal, on a daily basis, with regulatory challenges that are more difficult than those facing their counterparts in developed countries. The main reason is that the external environment of structural, policy, and governance reforms remains extremely difficult. Structural problems have crippled many liberalization initiatives. Most Asian countries suffer from half-completed privatization and severe conflicts of interest in operation-ownership-regulation that make it almost impossible to credibly regulate a competitive market, regardless of the capacities of the regulator. Conflicting public policy missions include, simultaneously, protecting jobs and stability while reducing prices, and attracting foreign investment.

An informal survey of 22 East Asian and Pacific utility regulators was conducted by Jacobs and Associates for the Joint Expert Meeting on Utility Regulation in East Asia and the Pacific, sponsored by the 4th APEC Privatization Forum, PPIAF and the World Bank in June 2003. Download the survey results from our website: *Evolution of East Asian utility regulators: diversity and challenges.*

### ...in Europe...

In the United Kingdom, the trend is toward consolidation of sectoral regulators toward super-regulators to reflect technological convergence. Ofcom, the new media super-regulator, replaced five media and communications watchdogs in January 2004. The new regulator will oversee an enormous industry with combined sales of £44 billion.

The performance of the new regulator will be measured by innovation, according to Stephen Carter, Ofcom's chief executive. "Our ambition is to be measured by growth in the sector but not growth in regulation," he says. Growth depends on the UK moving from analogue to digital broadcasting, opening the door to hundreds of new channels; switching from voice to data calls, and from narrow-band internet access to high-speed broadband; and developing a wireless communications network.

### ...and in Latin America.

In Brazil, meanwhile, the concept of independent regulators is under attack. Brazil's government has introduced a controversial proposal to curtail the power of the country's utilities regulators.

Regulatory agencies in Brazil were instrumental in opening up the telecommunications and energy sectors, which attracted tens of billions of dollars in foreign investment in the late 1990s. But now regulatory uncertainty is cited as one of the key obstacles to reversing the recent fall in private and particularly foreign investment in South America's largest economy.

The bill would strip regulators of the authority to tender public services, such as operating licenses for energy companies. Such powers would return to the ministries. The move has raised concerns of political favoritism and conflict of interest. The minister of energy, for instance, would be in charge of tendering oil exploration contracts but also head of the administrative council of Petrobrás, the state oil company. Under the bill, the government would impose performance requirements on regulators in an annual contract. Concern over government intervention increased when, in January 2004, the head of Brazil's telecommunications regulatory agency resigned under pressure.

## ECONOMIC GROWTH, THE RULE OF LAW, AND GOOD GOVERNANCE

A large and growing body of cross-country empirical work links various institutional and governance measures to growth rates. For example, The *Global Competitiveness Report 2002-2003*, published by the World Economic Forum, claimed that improvement in the rule of law (including the control of corruption) from relatively poor to merely average performance would result in the long run in an estimated fourfold increase in per capita incomes, a reduction in infant mortality of a similar magnitude, and significant gains in literacy.

The regulatory and administrative climate for business is particularly important. Numerous studies have found that non-transparent, costly red tape is among the most important disincentives to investors in both developed and developing countries. Such barriers raise the cost of production, reduce entrepreneurship, market entry and business expansion, hurt consumers, and weaken competitive forces throughout the economy. In fact, most studies show that the quality of the business environment (governance) is more important in influencing FDI flows than traditional investment incentives such as low wages, tariff cutting, and special investment inducements.

Improving the rule of law and the business environment requires strengthening of a range of public institutions. Jacobs and Associates is expanding its work in two crucial, yet neglected, areas: due process and transparency.

Policies and methods that assure due process and administrative certainty improve institutional accountability, and reduce opportunities for favoritism and corruption. Such methods include:

- Adoption of administrative procedure laws that establish uniform, legally enforceable ways to create, implement, enforce, and amend regulations;
- Regulatory standards that are explicit, public, and applied through a decision-making process that creates a public record of what is decided and why;
- Appeals procedures that are clear, predictable, and consistent;
- Institutional transparency through public consultation, broader opportunities for public participation, plain language drafting, simplification of regulatory legislation and implementing directives, comprehensive and secure regulatory registers, and electronic dissemination of regulatory policy documents and administrative decisions.

(Excerpts from the Global Competitiveness Report are at <http://www.weforum.org/>. For an up-to-date grouping of overall governance indicators for 175 countries, go to <http://www.worldbank.org/wbi/governance/govdata2002/>).



## MEXICO TAKES A BIG STEP FORWARD ON REGULATORY TRANSPARENCY, BUT A STEP BACKWARD ON REGULATORY BARRIERS TO ENTRY

Mexico is in the forefront in Latin America in improving its regulatory policies and tools. In 2003, the federal government set up a new independent regulator, the *Instituto Federal de Acceso a la Información Pública* (IFAI) ([www.ifai.org.mx](http://www.ifai.org.mx)) to enforce the 2002 Freedom of Information Act. IFAI will ensure that the public can effectively access information handled by more than 250 federal entities, as well as regulate the privacy of records handled by public and private entities. In its first 6 months of operation, IFAI received nearly 26,000 access requests by the public.

Mexico's Federal Regulatory Improvement Commission, or *Cofemer* ([www.cofemer.gob.mx](http://www.cofemer.gob.mx)) is the high-level body in charge of Mexican regulatory reforms. In May 2003, it launched a registry of all federal administrative procedures: the *Registro Federal de Tramites y Servicios*

(RFTS). Compared to the previous inventory of formalities, the RFTS provides legal security to citizens and businesses. That is, no authority can request any information that has not been previously approved and registered by *Cofemer*. Currently, the RFTS lists 982 obligatory administrative formalities or procedures, such as licenses and permits. Nearly 25 % have a 'silent is consent' mechanism. The RFTS also contains 1,377 procedures to obtain public services, such as getting a scholarship, a subsidy, or an export credit. All formalities are accessible through *Cofemer's* web page, where users can also find a large number of specific forms and user-friendly search tool.

In the fall, *Cofemer* also launched an ambitious electronic system to manage the federal regulatory impact analysis (RIA) process. Through its portal, all regulators are now able to

send electronically their RIA proposals for *Cofemer* review. The same portal also posts all RIAs being reviewed. Currently, more than 1,771 RIAs can be accessed on-line.

However, much remains to be done. It still takes many days to set up a business in Mexico. The World Bank has calculated that at least 51 days are needed compared to 30 days on average for OECD countries (see *Doing Business in 2004. Understanding Regulation*, [www.worldbank.org/DoingBusiness/](http://www.worldbank.org/DoingBusiness/)).

More worrying, in mid-January 2004, the power of the competition authority to assure market access across the 32 federal states was annulled by a judicial court. This situation may revive internal market protections and distortions, and, if sustained, is a substantial step backward in opening up the Mexican economy.



## THE CULTURAL ROOTS OF OVER-REGULATION IN KOREA

**K**orea is one of the most heavily regulated market economies in the world. This is a natural consequence of government-led industrialization over the last four decades. However, there is a cultural background for the current state of regulation in Korea that may not be unique to Korea. Many East Asian countries and developing countries share this cultural affinity for over-regulation.

Korean society is influenced by Confucian values that emphasize obedience to authority. It is implicitly accepted that what the government does is good for the society, and hence is right and must be obeyed. Even today, many in Korea believe that private citizens should have the government's blessing to undertake any kind of business, whether or not there are specific regulations affecting them.

As a result, Korean regulations are not just pervasive and large in number, but also highly judgmental and vague so that most decisions and interpretations of the regulations are left with the regulators. Many interventions are made based on "past practices" and sometimes without legal basis.

The opaque procedures, ambiguous rules, and unpredictable results create uncertainties in doing businesses.

This is by far the most painful and costly aspect of government regulation in Korea and in many developing countries. Excessive regulatory burden in Korea is caused not only by the large numbers and complexity of regulations, but also by uncertainties and excessive compliance costs created by non-transparent rules.

Another distinctive characteristic of Korean regulation is that the requirements of many regulations are idealistic and sometimes unrealistic. They state the most desirable goal, rather than the possible or practical. This either leads to excessive compliance costs or reduces compliance. Both regulators and businesses know that the regulation cannot be enforced as written, and thus businesses have a strong incentive to lobby the regulators to circumvent the regulatory enforcement.

Many countries pursue two conflicting concepts of regulatory reform.

- One is "soft" reform, demanded by businesses, which reduces bureaucratic intervention and red tape to reduce constraints and costs on existing businesses.
- The other is "hard" reform, which promotes competition and market openness. This makes the market environment harder for existing businesses.

As a result of these conflicting concepts of regulatory reform in Korea, there has been an agreement on the need for regulatory reform, but many disagreements on the details of regulatory reform. In fact, Korean regulatory reform has mostly focused on soft reform. Since soft reform is intended to cut red tape and reduce regulatory control over business activities, the burden of soft reform has fallen mostly on government bureaucrats, who have become the main obstacles to soft reform. Ironically, regulatory reform in Korea so far has been the job of bureaucrats. This is why Korean regulatory reform was inherently limited from the very beginning.

Despite the more fundamental problems of regulatory quality, such as opaque rules, informal interventions and discretionary enforcement, the Korean government's efforts to reform Korean regulations have concentrated mostly on reducing the number of regulations and simplifying procedures. Of course this will help, but, unless the quality of regulations and their enforcement are improved, abolition of thousands of individual regulations will not make much difference to the business environment in Korea.

### OUR ADVICE: USE THESE INTERNET RESOURCES ON REGULATORY REFORM

**M**any Internet sites offer research, articles, and news on regulatory reform. This information is of variable quality - caveat emptor. Here are four excellent sites that come with our gold star, since we consult them often:

The *Rapid Response Unit of the World Bank* offers a Papers and Links database at [rru.worldbank.org/Resources.asp](http://rru.worldbank.org/Resources.asp) that covers over 30 development topics and includes nearly 800 papers and links with information and advice on policy and practice pertaining to market and private sector development in developing countries.

The *Centre on Regulation and Competition (CRC)* of the University of Manchester publishes cutting-edge research on regulatory reform. The CRC uses a multidisciplinary approach, research into competition, regulation and regulatory governance in developing countries. Its publications page is at [idpm.man.ac.uk/crc/public.html](http://idpm.man.ac.uk/crc/public.html)

The *AEI-Brookings Joint Center for Regulatory Studies* provides analyses of existing regulatory programs and new regulatory proposals in the United States. Their publications page is at [www.aei.brookings.org/publications/index.php?menuid=3](http://www.aei.brookings.org/publications/index.php?menuid=3).

The *OECD* continues to publish excellent comparative work and country studies on regulatory management and reform. Their page is on the [www.oecd.org/](http://www.oecd.org/) site under regulatory reform.



**JACOBS & ASSOCIATES**  
international consultants in regulatory reform

*Jacobs and Associates is a consulting firm on regulatory reform and business environments based in Washington, D.C., Seoul, and Dublin. Our Directors have advised national governments in over 60 developing, transitional, and developed economies in Asia, the Americas, Europe, and Africa.*

- We specialize in assessing, designing, and implementing high-quality rules and institutions to boost the performance of competitive markets. As international leaders in regulatory reform, we have helped develop many tools of regulatory reform, including regulatory impact analysis, market instruments, building government capacities for better regulation, regulatory transparency, due process, and trade and investment facilitation through good regulation;
- We diagnose market performance, identify the impacts of policy reforms, and develop practical and tested solutions, based on international good practices, to maximize the benefits of moving to markets;
- We provide a multi-disciplinary and strategic understanding of how interactive problems and policy reforms relate to the macro- and micro-environment for private sector development.

**Our approach to good regulation is hands-on and pragmatic. A focus on practical institutional designs tailored to individual country needs and capacities is essential.**

Our Directors are top international experts in regulatory reform and competitiveness. Their CVs can be downloaded from our website.

*Scott H. Jacobs*, Managing Director, developed and directed the influential Program on Regulatory Reform in the Paris-based Organisation for Economic Co-Operation and Development (OECD) from 1995 to 2001, working with its 30 Member countries. He has written 18 books and many articles on regulation. Contact him at [scottjacobs@regulatoryreform.com](mailto:scottjacobs@regulatoryreform.com)

*Eoin Gahan* is the former Chief Economist of Forfas, Ireland's industrial policy board. He directed the research of the National Competitiveness Council and instituted Ireland's Annual Competitiveness Reports and the Council's work on regulatory

reform, and on small business and entrepreneurship. He has worked with UNIDO, where he was Co-ordinator of the Industrial Development Decade for Africa. Contact him at [eoingahan@regulatoryreform.com](mailto:eoingahan@regulatoryreform.com).

*Jong Seok Kim*, professor of economics at Hong Ik University in Seoul, specializes in economic regulation, industrial policy, competition policy, and public enterprise reform. He was Chair of the Policy Evaluation Committee of the Korean Fair Trade Commission, and member of Korea's Presidential Committee on Regulatory Reform. Contact him at [jongseokkim@regulatoryreform.com](mailto:jongseokkim@regulatoryreform.com).

*Cesar Cordova-Novion* was, until January 2004, the Deputy Head of the OECD Program on Regulatory Reform, where he worked with OECD, APEC, and South East European countries in cutting-edge regulatory design. He has published work on regulatory governance, administrative simplification, measuring red tape, and institutional design of sectoral regulators. He was a NAFTA negotiator and General Director of Mexico's Economic Deregulation Unit.

*Jefferson Hill* has worked, for 25 years, at the highest levels of regulatory reform in the U.S. Office of Information and Regulatory Affairs in the Office of the President, where he worked to strengthen regulatory review and quality control. He specializes in due process, transparency, reducing red tape, and improving the quality of information used by government agencies. He graduated from Harvard Law School.

*Jacobs and Associates* assembles a worldwide team of consultants who are among the leading experts in their fields in tackling complex regulatory problems. Our Associates include:

- *Ivy Broder* is Dean of Academic Affairs and Professor of Economics at American University in Washington, DC.
- *Rex Deighton-Smith*, former Director of the Office of Regulation Reform in the Government of Victoria, Australia.
- *Do Hoon Kim*, senior fellow and director in Korea Institute of Economics and Technology.

- *Tae Yun Kim*, former Director of the Research Center for Regulatory Reform at the Korea Institute of Public Administration.
- *Claudio M. Radaelli*, Professor in the Department of European Studies at Bradford University, and Jean Monnet Fellow at European University Institute in Florence.
- *Patrick Xavier*, an international economist and telecommunications expert based in Australia.
- *Caroline Varley*, formerly responsible for energy market reform at the International Energy Agency.

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