משרד ראש הממשלה
אגף ממשל וחברה

BETTER REGULATION

A GUIDE TO REDUCING THE REGULATORY BURDEN

Guidelines for managing the work process

In accordance with Government Resolution 2118 of October 22, 2014,
on Reducing the Regulatory Burden (First edition, February 2015)

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GLOSSARY

The use of the term plan in this Guide

Domain – A set of regulatory rules under the responsibility of a specific regulator.

This set may constitute self-standing regulatory substance which can serve as the foundation for implementing a plan for reducing the regulatory burden. A domain is usually characterized by a defined legislative packet or is reflected in the organizational structure.

The Plan for Reducing the Regulatory Burden (the Plan) – This Guide outlines the work process of formulating a plan for reducing the regulatory burden in one specific domain only, and its outcome is the plan for reducing the regulatory burden. The plan must be implemented in relation to reductions in three areas: administrative costs, compliance costs and modification of technical requirements.

The Annual Ministerial Plan – All of the domains for which a ministry is planning to reduce the regulatory burden during that year. The requirement to achieve a reduction of 25% applies to the annual ministerial plan aggregately (starting in 2016). The annual ministerial plan derives from the five-year plan.

The Five-Year Plan – A plan which incorporates the five annual plans for each ministry, and details for which of the domains under the responsibility of each regulator the plan for reducing the regulatory burden will be implemented each year. The five-year plan must include all the domains under the responsibility of all the regulators in the ministry as listed in the Governmental Book of Regulators.

Terms related to reducing the regulatory burden – What is to be reduced?

Regulatory Compliance Costs – The direct costs incurred in connection to complying with the regulation's substantive requirements, which determine the standard that is demanded of the regulated entity in order to safeguard the public interest with regard to the quality of products or services provided to the consumer. These costs include funds spent on materials and equipment, the need to employ extra human resources or to publicize information to the public.

Bureaucratic[1] Costs – The costs incurred in the activities required to **prove** substantive compliance with the regulation, including, *inter alia*, obligatory reporting, submitting requests and forms and time spent waiting for a response from the regulator.

Modification of Technical Requirements – Modifying the technical requirements imposed on the importation or manufacturing of goods in accordance with the free import regulation or any other law, so that these requirements match those practiced in significant markets around the world, with the exception of special circumstances due to conditions unique to the State of Israel.

Regulatory Burden – The regulatory burden is the sum of regulatory compliance costs, bureaucratic costs and the costs incurred in the need to modify technical requirements to match those practiced around the world. The regulatory burden can create quantifiable regulation costs (hereafter) and non-quantifiable regulatory burdens.

Methodological terms

Regulatory Costs – The regulatory burden as it is calculated in money or time spent waiting for a response from the regulator, through a quantitative measurement of the regulatory costs (hereafter).

Regulatory Burden – The regulatory burden can create four types of burden on the regulated entities: regulatory costs (in money and time, as detailed above), prolonged procedures (delayed activity due to the need to adhere to regulation), uncertainty (limiting the ability to plan ahead) and vagueness (making it difficult to implement regulation). These burdens may exist in any procedure required by regulation (*procedure* as defined in the regulatory analysis as follows, for example – applying for an importation license for a product).

Betterment Tools – All of the possible ways to better regulation according to the regulatory burdens. These possibilities are summarized in the betterment tools table (p. 37), which provides a conceptual infrastructure for the possible ways the regulatory burden can be reduced.

Quantitative Regulatory Measurement – A quantitative measurement of regulatory costs (as defined above) conducted using a methodology which estimates the costs of activities required of the regulated entity in order to comply with the regulatory compliance obligations (while distinguishing between obligations derived from bureaucracy and obligations derived from requirements) and the time spent waiting for a response from the regulator. The measurement is conducted through a **regulatory analysis** which outlines all of the obligations stipulated in the laws and regulations (and where applicable, administrative instructions) imposed on a regulated entity when carrying out any procedure, for example – the obligation to submit specific documents as part of the process of obtaining an importation license for a product.

1 In this Guide, the term 'bureaucracy' is used instead of the term 'administration' which is used in the CCA (the OECD Regulatory Compliance Cost Assessment Guidance) for two reasons: a. The term 'bureacracy' is more commonly used in Israel, and we wanted to avoid confusion. b. As the Government Resolution defined a goal of a 25% reduction, we wanted the term to cover more costs than those included in the administrative costs.

INTRODUCTION

Regulation is one of the central means for any state to safeguard public interests and promote the economy and society by determining compulsory behaviors that are in line with the state's values and that create an infrastructure for sustainable growth and an equal and healthy society.

A government must ensure that the regulation creates the right balance between state intervention in the economy and the ability to establish and maintain an environment in which citizens and businesses enjoy freedom of activity. If regulation is not balanced, it might exact a price from the economy that is irrelevant in terms of protecting the public interest. In other words, such an imbalance is excess regulatory burden.

Regulation creates burden on the system and it has its cost, but these are only justifiable when they are necessary to achieve the objective of the regulation. They become a burden when they could be eliminated without undermining the public interest. Thus, regulatory burden relates to the excess burden or cost beyond that which is required to safeguard the public interest.

As governmental regulation is a complex system, a conscious and deliberate effort is needed to maintain the aforementioned balance. To this end, the Government adopted Resolution No. 2118 of October 22, 2014, on Reducing the Regulatory Burden (hereinafter: the Resolution). The Resolution establishes two mechanisms for honing the balance between the objective of the regulation and its cost, and for reducing the burden associated with it.

The first mechanism is the Regulatory Impact Assessment (RIA), intended to ensure that in the decision-making process of formulating a new regulation, the regulator takes a number of things into account so as to guarantee the balance between the objective of the regulation – the public interest which falls under the responsibility of that specific regulator – and its cost, without undermining other public interests. The second mechanism is a five-year process in which the Government has undertaken to reduce the existing regulatory burden.

These two mechanisms have entirely different characteristics. Whereas at the core of the RIA process are the objective of the regulation, its definition and an examination of the means to ensure its balanced implementation, with regard to existing regulation the objective has already been determined and the process is intended to examine how the related regulatory burden might be reduced while taking this objective into account. The assumption is that, in retrospect, bureaucratic procedures and regulatory requirements that can be re-examined and mitigated **in the interest of the public** are identifiable through risk management.

The objective of this Guide is to provide the tools to reduce the existing regulatory burden. In cases where one of the key components of the plan for reducing the regulatory burden is legislative change, the process for reducing the burden will be, in effect, the infrastructure for the RIA process.

The Guide is based on the experience we have gained thus far. As such, it sets out a general outline for formulating a plan for reducing regulatory burden. However, naturally the variance between regulators might dictate variance between processes so that they are suitable to the respective regulator. Therefore, each ministry must create a specialized work process for each domain of each regulator, based on the general instructions provided in this Guide.

This is the first edition of the Guide. We are positive that we will gain further knowledge and experience in the coming year, and the Guide will be updated accordingly from time to time.

The process of reducing the regulatory burden is difficult and complex. Many countries around the world have attempted, and succeeded, to do so. We in Israel are confident that we will be successful as well.

Sincerely,

Regulation Team

Governance and Social Affairs Department, Prime Minister's Office

MANAGERS' BRIEF – THE STRUCTURE OF THE GUIDE

The objective of this Guide is to help ministries in the process of implementing Government Resolution No. 2118 of October 22, 2014, on Reducing the Regulatory Burden.

The Guide comprises three books:

Book One – developing the work process step-by-step, taking into account the relevant players and their tasks. The Guide distinguishes between data collection and formulating the plan. This distinction is intended to enable a thorough mapping of the regulatory burdens from various perspectives and with various tools while collecting the data and prior to formulating the plan.

When collecting the data, the regulatory burdens are mapped in two parallel processes – working with the regulator and the ministry's professional staff in one, and through a dialogue with the stakeholders in the other. However, the method for mapping the burdens is identical in both processes so that the outcomes can be compared. While the burdens are being mapped, an **regulatory costs** measurement is conducted, which serves as an additional tool for mapping the burdens.

Hence, three sources are used as the basis for the **formulation of the plan**: the ministerial mapping of burdens, the stakeholders' mapping of burdens and an measurement of regulatory costs. The formulation of the plan is built upon a set of possible tools for **bettering regulation** which are commonly used around the world and are suggested in the Guide. This takes into consideration the ministerial risk management, so as to facilitate reducing the burden while safeguarding the public interest.

In addition to the dialogue with the stakeholders, the Guide instructs the ministries to confer with other government offices that have overlapping responsibilities, as they are essential to reducing the regulatory burden.

Book Two details at length the methodologies and the tools that support the process. The division between the first two books allows for the uninterrupted reading of Book One in the interest of gaining an overall view of the process; while Book Two is then intended to provide the process leader and its de facto executioners with the necessary tools.

Book Three details the measurement methodology. The core of the quantitative measurement is the **regulatory analysis** – laws and regulations which apply **to the requirements imposed on the regulated entity** whenever it wishes to carry out a specific **procedure**, for example, the requirement to submit certain documents as part of the process of importing a product. In order to fulfill the requirements, **the regulated entity must carry out a series of actions**, such as obtaining documents from the source country or filling out forms. As these are concrete actions, they can be subject to quantitative measurements.

The quantitative measurement measures how much the burden has been reduced with respect to its quantifiable components. At the same time, a qualitative evaluation should be conducted to determine whether the plan provides a solution for non-quantifiable burdens. To this end, the Prime Minister's Office is looking into the possibility of developing a qualitative indicator for evaluating the plan by creating a toolbox for good regulation.

Measurements will be conducted throughout the entire process, beginning with the regulatory analysis and the mapping of the burdens, and ending with the formulation of the plan and its evaluation. These measurements will indicate where efforts need to be focused, and will enable the ministry to conduct an additional examination of the plan before it is finalized and to propose any necessary improvements. At the end of the process, the plan will be made public.

WHAT IS TO BE REDUCED?

The Government Resolution defines the regulatory burden as comprising costs in three categories:

a. **Bureaucratic costs** – The costs incurred in connection to working with the regulator and by the activities required to **prove** substantive regulatory compliance. These include, inter alia, obligatory reporting and submitting requests and forms, as well as the monetary value of the time spent waiting throughout the process. **A quantitative goal of a 25% reduction in bureaucratic costs has been set, starting from 2016.**

b. **Regulatory compliance costs** – The direct costs incurred in complying with the regulation's substantive requirements, which set the standard that is demanded of the regulated entity in order to safeguard the public interest in relation to the quality of products or services provided to the consumer. These costs include materials and equipment, the need to employ extra staff or to publicize information to the public.

c. **Modification of technical requirements** – Modifying the technical requirements imposed on the importation or manufacturing of goods in accordance with the Free Import Regulation or any other law, so that these requirements match those practiced in significant markets around the world, with the exception of special circumstances due to the unique conditions in the State of Israel. Naturally, this adjustment is not relevant to every regulation.

This is a diagrammatic representation of regulatory burden:

With regard to the modification of technical requirements, the Government adopted a resolution[2] necessitating the modification of the importation requirements to match international requirements, except for special cases concerning the importation of goods which when imported into developed countries, in this context, the importer must provide a declaration accompanied by a detailed list of the documents that support it.

ASSESSING THE REDUCTION IN THE REGULATORY BURDEN

Quantitative measurement: The reduction in the regulatory burden will be accompanied by an measurement of what must be reduced. Similar to other countries around the world where a numerical goal for reduction has been determined, the Resolution calls for a reduction of 25% in the bureaucratic costs, beginning in 2016. This goal only refers to the bureaucratic burden, as is it assumed that there is always room for improvement in the process.

It should be noted that the measurement allows for a quantitative goal to be set, although the measurement is not the objective. The objective is to reduce the regulatory burden. The measurement could sway us from seeing the whole picture, and an improvement in one indicator might not denote a significant reduction in the burden. The measurement was created as an analytical tool and a means to raise questions and identify burdens. Consequently, although a binding goal was not set in regard to the regulatory requirements, an measurement could benefit the process of reducing the burden incurred in these requirements, and we will therefore also assess the improvement in them.

Qualitative evaluation: In order that the quantitative measurement not divert us from seeing the regulatory burden and all its components, a qualitative evaluation is also needed to enable us to estimate the quality of the plan in comparison to standards of good regulation recognized around the world. The Prime Minister's Office is considering the development of a qualitative indicator[3] based on the OECD's PMR (Product Market Regulation) indicator, and is studying over 200 ideas for better regulation gathered over the last year.

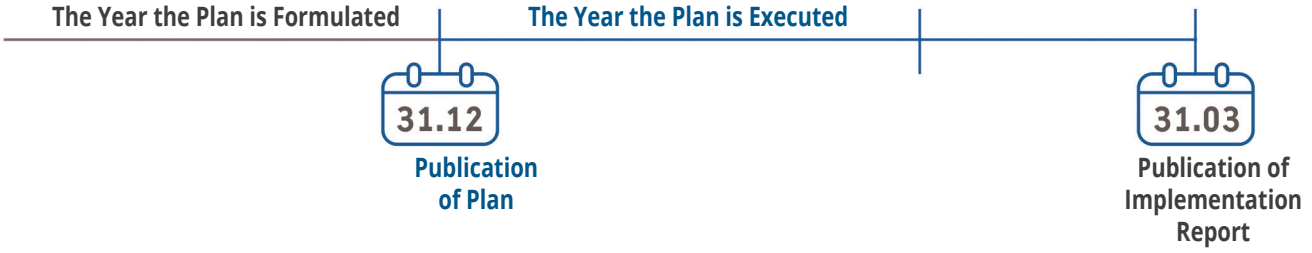
2 Government Resolution No. 2318 of December 11, 2014, on Increasing Competitiveness and Improving Regulatory Procedures in Importation.
3 http://www.oecd.org/eco/reform/indicatorsofproductmarketregulationhomepage.htm

THE PLAN FOR REDUCING THE REGULATORY BURDEN

Reducing the regulatory burden comprises three stages:

The five-year plan – The Resolution instructs all government offices and regulators to implement a plan for reducing the existing regulatory burden within five years, namely the five-year plan. In order to formulate the plan, the government offices must map the domains under the responsibility of each regulator listed in the Governmental Book of Regulators and the legislative basis (laws and regulations) for each domain. The five-year plan clearly determines which domains are to be worked on in each year, to ensure that at the end of the five years, the government offices will have carried out plans to reduce the burden in all of the areas under their responsibilities. In addition, the five-year plan enables government offices that have overlapping regulation to coordinate which year the overlapping matters are handled so that they are dealt with simultaneously across all relevant authorities.

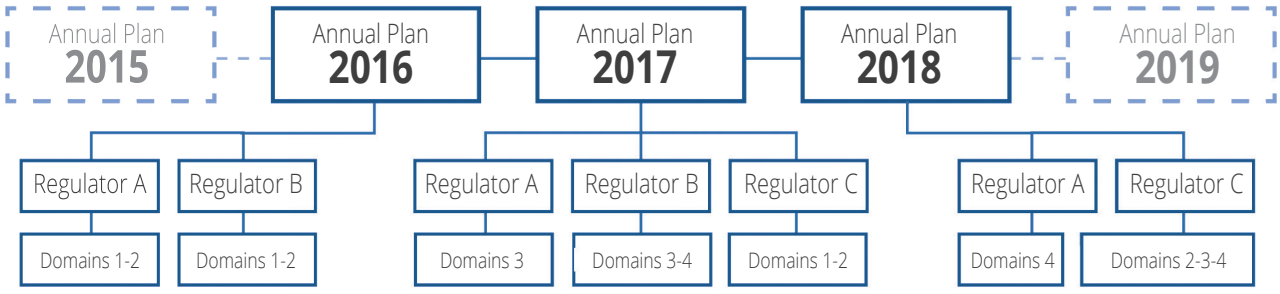
The annual ministerial plan – All of the domains which a ministry is working on in any given year will constitute the annual ministerial plan for that work year. The Government outlined the work process for the annual ministerial plans, divided into three stages:



It should be noted that the implementation of the plan may take longer than one year (in particular when legislative changes are required). In any case, the implementation reports must also include the status of any plans that have not been concluded. It should be emphasized that, as detailed in the Resolution, the goal of a 25% reduction refers only to the aggregate annual ministerial plans and only to the bureaucratic burden.

The plan for reducing the regulatory burden – Ultimately, the process of reducing the regulatory burden is executed by each regulator for each domain under their jurisdiction. While the five-year plan comprises five annual plans, and each annual plan consists of all the plans in the various domains, the substance – what is actually being reduced – lies in each of the domains. Hence, the core of the process is the plan for reduction in any specific domain. Therefore, this Guide focuses on the work required in order to formulate a plan in a given domain.

MINISTERIAL FIVE-YEAR PLAN



WHO IS INVOLVED IN THE PROCESS OF REDUCING THE REGULATORY BURDEN?

PERSONNEL IN THE MINISTRY

The regulator – The primary party in the process, responsible for regulation, the expert in the field with the necessary knowledge. It is up to the regulator to define the objective of the regulation, examine which burdens can be eliminated, recommend participants from the business sector and the third sector for the dialogue and play a pivotal role in the development of the plan.

The deputy director-general in charge of the process – The Government Resolution charges each ministry with appointing an incumbent deputy director-general to be responsible for overseeing the entire process, including formulating the five-year plan and the annual ministerial plan and overseeing its implementation. In most ministries it will be the deputy director-general for planning, who, as the representative of the ministry's administration, will assist the regulators throughout the process.

The ministry's process leader – One of the deputy director-general's staff who will lead the processes in the ministry together with the regulator. Their responsibilities include coordinating the services received by the consulting firm, managing the dialogue with the stakeholders and maintaining the ongoing collaboration with the Prime Minister's Office.

Legal consultation – Since regulation is manifested in a set of laws and regulations, the ministerial legal adviser must continuously accompany the process.

The director-general of the ministry – Responsible for the implementation of the Government Resolution in the ministry. Therefore their presence is vital at central crossroads throughout the process. The annual ministerial plans and the annual report are to be approved by the ministry's director-general prior to their final approval by the minister and their publication to the public[4].

THE PRIME MINISTER'S OFFICE

The Prime Minister's Office will provide guidance and assistance throughout the process by:

- Providing guidelines and methodological tools, including this Guide and related training;
- Serving as a central point of contact with a consulting firm, in cooperation with the Accountant General, who will provide the appropriate budget;
- Regularizing methods for working with the organizations representing the stakeholders;
- Publishing the five-year plan, the annual ministerial plan and the implementation reports.

As noted in the Resolution, the annual ministerial plans will be formulated in coordination with the Prime Minister's Office.

OTHER GOVERNMENT OFFICES LINKED TO THE REGULATION

The Government Resolution determined that if an annual plan involves matters that pertain to the jurisdiction of other government offices, the plan will be formulated in consultation with the other relevant authorities. Therefore, the five-year plans must be established in coordination with the other relevant government offices so that, as much as possible, matters pertaining to several authorities shall be dealt with in the same year.

At the beginning of each year, the overlapping authorities must be mapped thoroughly, in a way that will enable defining the nature of the consultations among the various authorites. It is possible that certain cases will require coordination or even a partnership, particularly if a separate authority has overlapping jurisdiction on the matter, while for other cases, a consultation or merely informing the other authority will suffice.

4 Independent regulators who are not statutory corporations are obligated to reduce the burden in accordance with the organizational structure specific to the regulator.

OFFICIALS AND PARTNERS INVOLVED IN THE PROCESS OF REDUCING THE REGULATORY BURDEN

THE CONSULTING FIRM

The Accountant General, together with the Prime Minister's Office, will hold a public tender to engage consulting firms. These firms will be available to provide assistance throughout the process to government offices interested in such services. The tender will specify the requirements and outputs throughout the process, based on this Guide.

STAKEHOLDERS

The process of reducing the regulatory burden requires that a dialogue be conducted between the regulation's "customers," who are directly affected by it and experience its implications on a daily basis. Therefore, the Resolution determines that the annual ministerial plan be formulated after conducting a dialogue with the business sector and the third sector (henceforth: the stakeholders).

Throughout the entire process, the stakeholders are entrusted with an important role, as the Guide recognizes the value of ensuring they are fully aware of the importance of their representation of the reality on the ground, and in order to guarantee that full consideration is given to the issues that trouble them. At the same time, the Guide defines a clear framework for this dialogue, in order to ensure its effectiveness and to refine the information received. However, in should be emphasized that **it is the Government who manages, and is responsible for, the process**. Providing structure to the dialogue stresses the Government's responsibility in the decision-making process and stresses that the discussion is not ongoing.

The work format proposed in the Guide is based on experience accumulated over the past year working with the Presidency of the Economic Organizations (henceforth: the Presidency[5]), through a steering committee which represents all of the members of the Presidency (henceforth: the Presidency's steering committee). Working with the Presidency allows for utilizing knowledge possessed by the Presidency and its organizational abilities vis-à-vis business owners. It should be noted that the work format is addresses the fact that we do not find this knowledge to be sufficient, and therefore the data-collecting stages are focused primarily on working directly with the business owners.

However, the representative organizations and the business owners they represent are only one particular segment of the market. With that in mind, appropriate consideration must also be given to other entities which are not represented. To that end, in addition to working with the Presidency's steering committee, the Guide creates a separate channel for referring to, and conducting a dialogue with, stakeholders which are not represented, be they other businesses, civil organizations, experts or even individuals from the general public.

5 The Presidency of the Economic Organizations is the umbrella organization of 14 organizations which represent business owners. As such, it is the largest representative body of business owners in Israel.

BOOK ONE:
THE WORK PROCESS

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READING BOOK ONE OF THE GUIDE

The next page has a diagram of the entire process. The top image, which illustrates the data-collecting stage, is divided into two parallel processes: The left column depicts the ministerial work process, and the right column – the dialogue with stakeholders. Throughout Book Two: The Work Process, the processes carried out by the government offices are marked in blue, and the the stages involving the stakeholders are marked in orange.

This format stresses the fact that the two sides operate independently. Data is collected in the government offices and from the stakeholders, yet these materials are not merged until the plan is formulated. This division is intended to refine the perception of reality on each side, shine a light on any disparities and allow for thought processes and brainstorming in a "clean" environment, before discussing what is right or wrong. This enables the government offices to use vital information obtained from both channels to manage both processes.

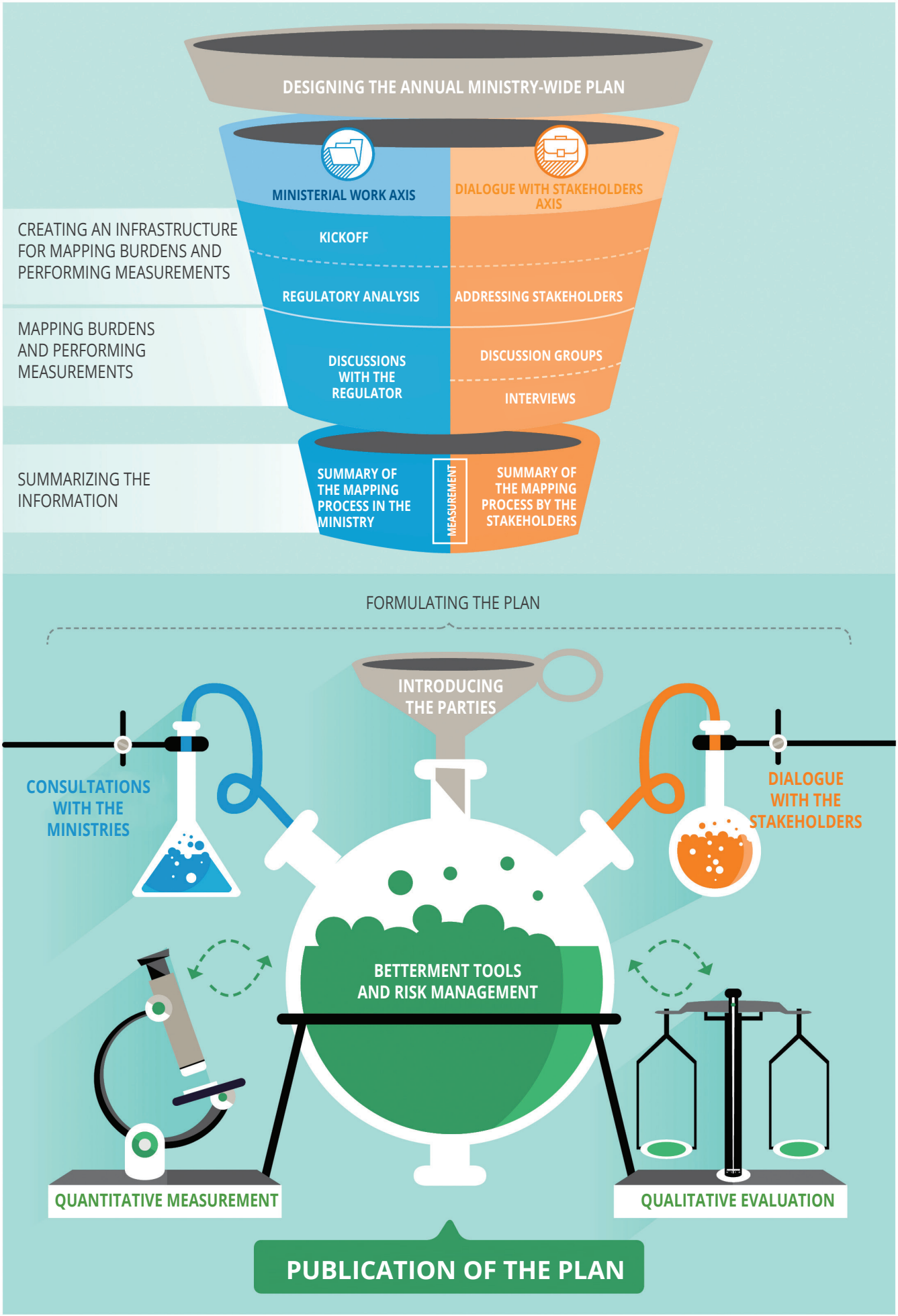
The book can be read continuously, page by page, or alternatively, one can read the intra-ministerial process by reading the pages marked in blue only, and the process with the stakeholders on the pages marked in orange separately.

The second image depicts how the plan is formulated. The pages in this Guide describing this process should be read continuously. The Guide was designed this way because at this stage, the work is concentrated in one place – at the ministry. Naturally, discussions with stakeholders have an important role here too.

Book One describes the work process only. Therefore, if the particulars of the methodology or an auxiliary tool are required, they can be found in Book Two of the Guide..

At the bottom of every page, a table refers the reader to tools and further assistance which can provide the ministries with guidelines. These references are marked with this symbol: [🛠].

At the top of every page, before the necessary actions are detailed, we have listed those who are most significantly involved. The list is indicated with this symbol: [☝]. The key official is marked in **bold**. Each page ends with a summary of the outcomes of the stage presented. The summary is indicated with [🧺].


DESIGNING THE ANNUAL MINISTRY-WIDE PLAN
MINISTERIAL WORK AXIS
DIALOGUE WITH STAKEHOLDERS AXIS
CREATING AN INFRASTRUCTURE FOR MAPPING BURDENS AND PERFORMING MEASUREMENTS
KICKOFF
REGULATORY ANALYSIS
ADDRESSING STAKEHOLDERS
MAPPING BURDENS AND PERFORMING MEASUREMENTS
DISCUSSIONS WITH THE REGULATOR
DISCUSSION GROUPS
INTERVIEWS
SUMMARIZING THE INFORMATION
SUMMARY OF THE MAPPING PROCESS IN THE MINISTRY
MEASUREMENT
SUMMARY OF THE MAPPING PROCESS BY THE STAKEHOLDERS
FORMULATING THE PLAN
INTRODUCING THE PARTIES
CONSULTATIONS WITH THE MINISTRIES
DIALOGUE WITH THE STAKEHOLDERS
BETTERMENT TOOLS AND RISK MANAGEMENT
QUANTITATIVE MEASUREMENT
QUALITATIVE EVALUATION
PUBLICATION OF THE PLAN

PART ONE:
DATA COLLECTION

Ministerial Work Process

DESIGNING THE ANNUAL MINISTERIAL PLAN

Involved parties: deputy director-general for planning, the ministry's process leader, legal counsel, the regulators in the annual plan.

As previously mentioned, the annual ministerial plan is an aggregate of plans to reduce the burden in various domains, wherein for each domain a process to reduce the burden is carried out as outlined in this Guide. That being the case, throughout the year, several processes with identical formats are carried out in various domains simultaneously under the responsibility of various regulators. This can create bottlenecks, for example in the legal department or when trying to coordinate the dialogue with the stakeholders. This means that although the process to reduce the burden is carried out for each domain independently, there is a need to integrate the annual plan with regard to managing the preliminary stages and the milestones of all the processes to reduce burdens in the various domains.

Naturally, this integration will have taken place during the fourth quarter of the previous year as part of the annual planning cycle and the planning of the work process for the entire ministry, and as part of the deputy director-general for planning's overall responsibility for ministerial planning processes. It should be emphasized that as early as this stage, government offices with overlap should be taken into consideration, and if needed, working with them should be coordinated.

The Prime Minister's Office will hold a preliminary discussion with each ministry before it formulates the annual ministerial plan.

DISCUSSION WITH THE DIRECTOR-GENERAL – APPROVING THE MINISTRY-WIDE WORK PLAN AND THE DIRECTOR-GENERAL GUIDELINES

Involved parties: director-general of the ministry, the regulators in the annual plan, the deputy director-general for planning, the ministry's process leader, legal counsel.

During the course of the ongoing discussions that are part of the planning cycle before the beginning of the work year, time should be set aside to present to the director-general the annual ministerial plan. The purpose of this is to engage the regulators and to ensure that the annual ministerial plan and its outcomes are a core objective of the ministry.

OUTCOMES

Formulating the details of the annual ministerial plan.

TOOLS

01 STAGE ONE – CREATING AN INFRASTRUCTURE FOR MAPPING BURDENS AND CONDUCTING MEASUREMENTS

Ministerial Work Process

KICKOFF MEETING WITH THE REGULATOR

Involved parties: the regulator, **the ministry's process leader**.

The process of reducing the burden begins with a meeting with the regulator about the domains in the annual plan which are under their responsibility. This meeting should comprise three parts: In the first part, the structure of the process in detail, the methodological terms and the measurement tools will be presented to the regulator. In the second part, the regulator will describe their activities, with reference to the public interest under their responsibility, and present any relevant materials that could help the deputy director-general for planning to familiarize themselves with the domain. At this point, the regulator's principal activities in the domain and the objective of the regulation must be defined. This objective is the framework in which the burden is reduced. In the third part of the meeting, various types of stakeholders are to be mapped and characterized, in addition to those that the regulator is already acquainted with from their ongoing work. As much as possible, specific parties should be identified. The stakeholders should be mapped and characterized according to the market segment in which they operate. In addition, at this meeting, questions that the regulator believes will help them map the burdens will be drafted. These questions will be forwarded to the stakeholders (in the form of a questionnaire, as detailed below). These will all serve as the basis for determining, together with the regulator, the milestones of the reduction in accordance with the overall outline of the process.

REGULATORY ANALYSIS

Involved parties: the ministry's process leader, the regulator.

'Regulatory analysis' is an international methodology for analyzing legislation. In this analysis, the regulation is broken down into regulatory **processes** (such as obtaining an import license for a product), and the **requirements** for each process (submitting documents in order to obtain the license). These requirements are in effect the core of the regulation and are therefore are legislated.

Regulatory analysis provides the infrastructure for assessing regulatory costs, as one can evaluate which **actions** the regulated entity needs to carry out in order to fulfill the regulatory requirements (such as laboratory testing or submitting documents). As these are concrete actions, they can be translated into direct costs.

In addition, regulatory analysis provides the basis for the meetings in which the burdens are mapped with the regulator, as the technical picture presented in this analysis raises a series of questions when this picture is juxtaposed with the practical aspects of complying with the law.

It should be noted that in addition to legislation, the regulatory analysis should also cover administrative instructions and director-general memoranda, if they include additional requirements imposed on the regulated entity, or if they are used to differentiate between sectors or geographical areas. In certain cases, it is possible that most of the requirements imposed on the regulator are actually specified in the administrative instructions.

As this is analytical work based on guidelines of a technical nature, there is an advantage to the initial analysis being done by a consulting firm, based only on the laws and written material, and not by a professional who is familiar with the way things are done de facto. Not having prior knowledge of how things work on the ground, on the one hand, and working according to structured written guidelines, on the other, can actually raise a series of interesting questions by someone "observing from the sidelines." Naturally, the regulator will complete the processes and the requirements.

OUTCOMES

Gathering material relevant for learning; identifying and mapping stakeholders – by the regulator; drafting questions for the stakeholders; regulatory analysis; formulating questions for discussion with the regulator.

TOOLS

The outline of the kickoff meeting (pp. 44-46); methodology for regulatory analysis, including a table according to which the analysis should be conducted (pp. 59-61).

01 STAGE ONE – CREATING AN INFRASTRUCTURE FOR MAPPING BURDENS AND CONDUCTING MEASUREMENTS

Dialogue with the Stakeholders

ADDRESSING STAKEHOLDERS

Involved parties: the ministry's process leader, stakeholders, legal counsel.

The dialogue with stakeholders takes place in two parallel channels – with stakeholders from the public who are unrepresented, and with stakeholders who are represented by organizations through the Presidency's steering committee. This stage is meant to create the operating infrastructure for establishing a comprehensive dialogue (detailed in the next stage), the objective of which is to formulate a list of stakeholders who are willing to take part in the continued dialogue, to gather initial raw material and to create the questionnaire for mapping the burdens which will be sent to the participants.

Public appeal – views on the regulatory burden

As is customary, addressing stakeholders from the public (unrepresented) will be done through a public appeal. The public appeal must stress to the respondents that the ministry will establish a comprehensive dialogue with some of the applicants. However, to ensure that everyone understands the dialogue process and restrictions, it should mention that the government is not obligated to respond to each applicant and that the invitation to participate in the dialogue will be in accordance with the ministry's policy regarding diversity among the participants and the quality of the information received from the applicants.

Meeting with the representative organizations

When the general appeal to the public is published, a meeting should be set with the relevant representative organizations. In addition to performing an initial introduction and ensuring that everyone understand how things work, this meeting has a threefold purpose. **First** – to suggest a list of businesses which will participate in the dialogue stages detailed below. This list must reflect a balanced mix which takes into consideration the size of the companies – **large companies and mid-sized and small businesses, with a focus on the latter two; the geographic distribution of the businesses, with a focus on the periphery (economic, social or geographic), and the specific regulator's districts, if such districts exist.** The list will be presented to the ministry for approval. **Second** – to establish an initial contextual discussion regarding burdens and problems that the representative organizations are familiar with. **Third** – to propose specific questions, in preparation for revising the questionnaire that will be sent out to the stakeholders.

Burden-mapping questionnaire (Questionnaire One)

Based on the public appeal and the meeting with the representative organizations, the ministry will create a list of stakeholders who are willing to participate in the dialogue. A questionnaire for mapping burdens will be sent to those on this list. This questionnaire is based on a generic questionnaire for mapping burdens, which can be found in this Guide, in Book Two: The Toolbox. Based on the raw materials received and on the kickoff meeting with the regulator, the ministry will supplement the questionnaire with additional questions relevant to a specific domain. All of the questionnaires sent out will be identical, in order to create uniformity in the information infrastructure. The Presidency's steering committee will be responsible for sending the questionnaires to businesses on the list approved by the ministry, collecting the completed questionnaires and forwarding them to the ministry. Naturally, the dialogue with the unrepresented stakeholders will be managed by the ministry. It should be noted that the questionnaires will be answered anonymously, so that they cannot be traced back to specific companies or businesses. Furthermore, the questionnaires will be classified as sensitive business material to protect the businesses from any content being published, particularly the raw material which they provided voluntarily. After the information is analyzed, if necessary, **clarification talks** will be held with any of the patriating businesses in order to further clarify fundamental matters, in preparation for the discussion groups.

It should be noted that, naturally, pertaining to regulatory burdens, the major stakeholders are the regulated entities to whom the regulation applies. However, in order to create a balanced picture, attention should also be given to the information obtained from parties that are not directly regulated but who represent the public which the regulation aims to protect, such as advocacy or consumer organizations, experts or even private individuals. The burden-mapping questionnaire is not relevant to this particular public, but precisely for that reason, it should be ensured that if such applications are received, an appropriate discussion is held with them.

OUTCOMES

Gathering initial information by directly appealing to the general public and from the representative organizations; creating a list of the stakeholders to participate in the dialogue; obtaining the information from questionnaires regarding the possible ways to reduce the regulatory burden.

TOOLS

Emphases for the public appeal (p. 37). Generic questionnaire for the stakeholders (pp. 38-39).

02 STAGE TWO – MAPPING BURDENS AND CONDUCTING MEASUREMENTS WITH THE REGULATOR

Ministerial Work Process

Involved parties: the regulator, the ministry's process leader.

Regulatory analysis provides an infrastructure for broad discussions with the regulator about regulatory burdens, and it offers possible ways of reducing the burden. Naturally, the regulator, who is well familiar with the subject from their day-to-day work, can identify burdens created by existing regulation and possible ways to reduce the burden. The proposed method involves a series of meetings with the regulator, with the goal of trying to make the regulator think about regulation from a different perspective through a structured format, in addition to their prior knowledge.

How does this work?

Discussing the regulatory analysis

The regulator will be presented with the regulatory analysis in order to validate the table and complete it. This analysis presents all the regulatory processes and requirements schematically and allows for discussion about the burdens when comparing the legal basis and practice. In particular, the analysis helps pinpoint the key processes that should be focused on when mapping the burdens and for which the measurement will be conducted. Therefore, as a rule, the centrality of a process must be determined strictly according to how commonplace it is. However, important processes should be taken into account even if they are not very common. The validation of the processes vis-à-vis the stakeholders will take place at the same time.

Mapping burdens

Four types of possible burdens caused by regulation can be characterized for any particular business:

DIRECT COSTS	PROLONGED PROCESSES	UNCERTAINTY	VAGUENESS
e.g. the cost of materials, submitting forms and waiting for a response from the regulator	caused by the regulation delaying business activity	limiting the ability to plan ahead	creating difficulties in implementing the regulation

The four types of burdens can be the result of bureaucracy or of the regulatory requirements. In Book Two of this Guide, we propose a list of questions based on the classification of the burdens to map possible burdens with the regulator.

As with the regulatory analysis, here too a format for the intra-ministerial discussion has been designed, in order to ensure that participants consider things they were not aware of before. Therefore, although the discussion takes place within the ministry, we suggest following the set interview format as outlined in the methodology, in order to also ask questions about what seems to be obvious.

Although formulating a plan from the various possible approaches for reducing the burden takes place at a later stage, such possibilities naturally arise throughout the discussion on burdens. Therefore, the betterment tools table detailed in the formulating-the-plan chapter can initially be used here too. This way, when the burdens have been completely mapped, the outcome will also include possible approaches for reducing the burden.

OUTCOMES

Completing the regulatory analysis; mapping burdens and raising possible ways to reduce the burden.

TOOLS

Classification of burdens and a list of questions (pp. 31-35);

02 STAGE TWO – MAPPING BURDENS AND CONDUCTING MEASUREMENTS WITH THE STAKEHOLDERS

Dialogue with the Stakeholders

The structured dialogue with the stakeholders is meant to lead to an effective discussion in which system-wide problems are raised, conditional upon the ministry's willingness to listen. Experience has taught us that stakeholders recognize and appreciate the value of public interest, which provides the framework of the discussion. We have also learned that the discussion will sometimes focus on the regulatory requirements, but the issues raised most frequently in discussions structured this way pertain to administrative aspects.

Like mapping the burdens together with the regulator, mapping the burdens together with the stakeholders also takes place using two tools: an open discussion about the burdens and problems of which they are aware, based on the questionnaire they were sent prior to the discussion; and assessing regulatory costs.

Involved parties: the ministry's process leader, the stakeholders.

Discussion Groups

Based on the questionnaires, discussion groups should be held with the stakeholders in order to refine the information and create examples. Naturally, the discussion does not need to include all those who filled out the questionnaires – a representative sample can be selected. However, all of the various groups of stakeholders should be given the possibility to participate in the discussions.

The objective of the discussions is to create a clear picture of the situation according to the following criteria:

- **Mapping the central regulatory burdens** while gathering examples for demonstration purposes, if none were obtained in the questionnaires and the clarification talks;
- **Rating the regulatory burdens** in order to identify substantial system-wide problems;
- **Initial discussion on assessing the regulatory cost**: In the last part of the discussion, the participants will be presented with the regulatory analysis table. This table will be used as the basis for an measurement questionnaire (Questionnaire Two) which will be sent to them after the discussion. In this questionnaire they will be asked to detail the actions they need to take to comply with the regulatory requirements, and to quantify the costs of carrying out these actions. Before the questionnaire is sent to them, the participants in the discussion groups will be asked to note which processes they view as central, so that the second questionnaire refers only to these processes.

It should be emphasized that in order to ensure the effectiveness of such discussions, the number of participants (representing companies only, not including the government and discussion leaders) should be between five and ten.

Assessing regulatory costs – Questionnaire Two (measurement) and interviews with stakeholders

As mentioned, after the discussion groups, the measurement questionnaire will be sent to the stakeholders, and it will be used to complete the measurement table. A ministerial discussion should be held regarding the revised table, the raw data which was entered and the methodological decisions (in particular those pertaining to averaging the data).

Based on this discussion, and in order to complete and validate the measurement, interviews will be held with specific stakeholders about the complete table, taking into consideration the mix so as to create an accurate picture of the costs.

OUTCOMES

Mapping and rating the regulatory burdens from the stakeholders' perspective; Regulatory cost measurement table.

TOOLS

03 STAGE THREE – SUMMARIZING THE INFORMATION

Involved parties: deputy director-general for planning, the regulator, the ministry's process leader.

At this point, all of the information obtained should be compiled and a comparative discussion be held about it. In effect, the ministry will now have three relevant documents:

1. A summary of the data collected in the ministerial process;
2. A summary of the data collected in the dialogue with stakeholders;
3. The quantitative measurement table.

The outcomes of the work done in each of the processes are to be presented separately, in accordance with the requirement to differentiate the two. This is done in order to enable the ministry to compare the various perceptions of reality and identify the differences. It should be emphasized that if the steering committee was significantly involved in the process, it should be given a copy of the draft of the document summarizing the dialogue with the companies that are relevant to the committee. If the members of the committee have any reservations about the report, they will be given an opportunity to present their position to the ministry when they receive the report. Additionally, the Prime Minister's Office will hold a meeting with the ministry to discuss the three documents.

Following are some guiding questions for the ministerial discussion. Their objective is to enable the ministry to analyze the information not merely as a list of burdens and costs, but rather primarily to examine whether the forest can be seen through the trees, i.e. whether a substantive overall common picture emerges. The following list provides the core issues for discussion:

- Juxtaposing the two axes: Is there overlap between the burdens mapped by the ministry and those mapped by the stakeholders? If not, why is there a difference between the two? In addition, a comparison can be made between the possible methods for betterment that were raised in the dialogue in each of the processes.
- An in-depth analysis of the burdens: The methodology enables differentiating between different types of burdens. This classification allows for determining whether the predominant burdens are due to direct costs, prolonged processes, uncertainty or vagueness, and whether they stem from regulatory requirements or bureaucracy. To that end, Book Two: The Toolbox offers an Excel spreadsheet where the data can be manipulated, allowing for various cross-sections of the burdens.
- Measurement: What are the most expensive processes, and do these figures surprise us? Is there a correlation between the burdens brought up by the ministry and the stakeholders and the more costly processes? If not, why not??
- In addition to the burdens caused by regulation, was any information received regarding its effectiveness and efficiency, necessitating a closer examination or additional work beyond the reduction of the regulatory burden?

This discussion links the data-collecting stage to the formulation of the plan, as it makes it possible to think about the plan not merely as a list of solutions to a series of burdens and costs, but to come up with an outline for a comprehensive solution, or a fundamental idea that could provide one. To that end, an auxiliary Excel spreadsheet is appended to this guide. In it, the burdens mapped by the regulator and the stakeholders can be entered according to the classifications used throughout the process. This spreadsheet enables the ministry to analyze the data and see an overall picture that arises from it.

OUTCOMES

A summary of the data gathered on the ministerial axis; a summary of the data gathered on the dialogue with the stakeholder axis; measurement spreadsheet.

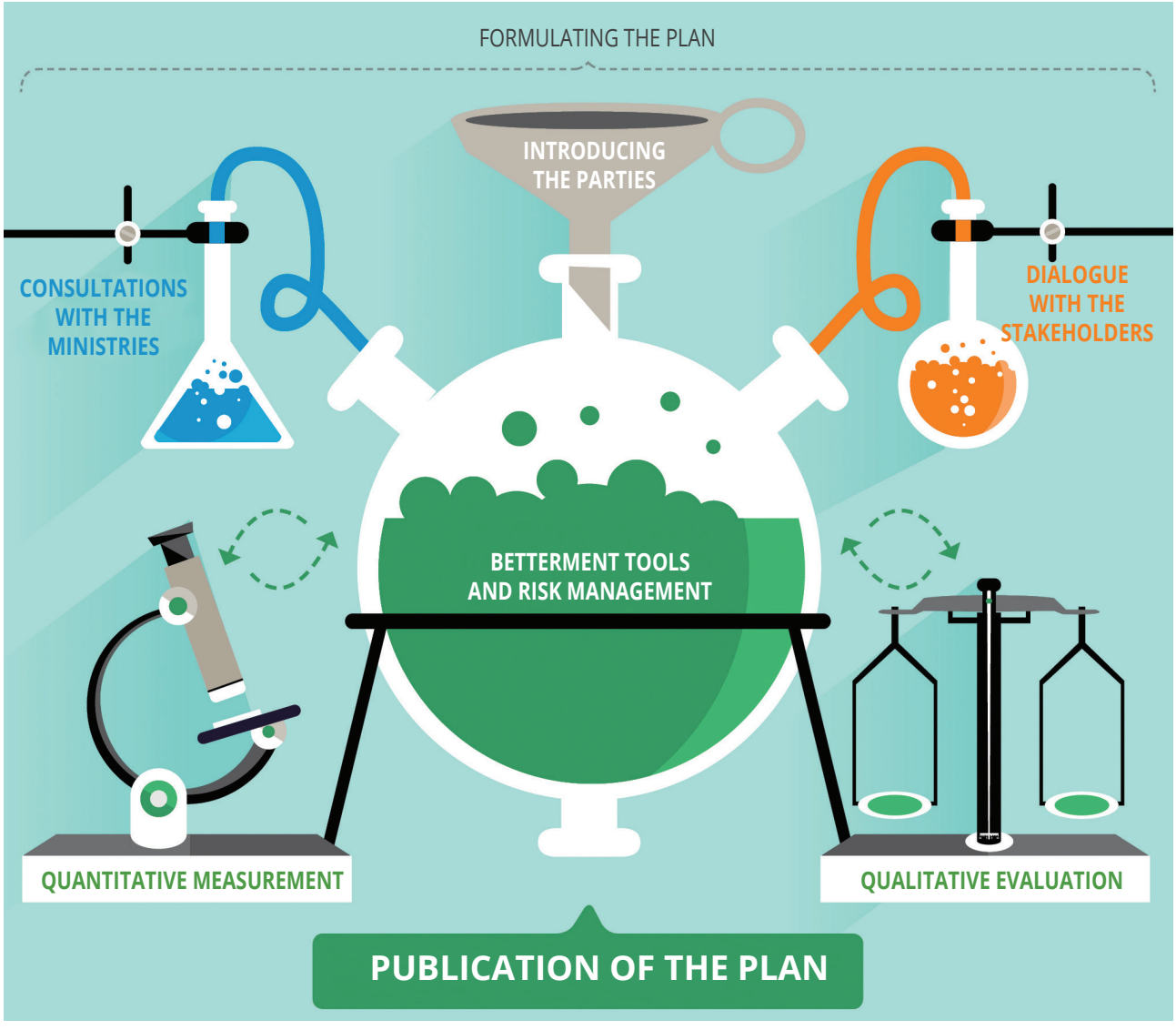
TOOLS

Format for summarizing the data from the ministerial axis (pp. 40-44); format for summarizing the data from the dialogue with the stakeholder axis (pp. 45-46); auxiliary Excel spreadsheet for an in-depth analysis of the burdens (pp. 47-48); the measurement spreadsheet in Book Three: Measurement (p. 66).

PART TWO:
FORMULATING THE PLAN

04 STAGE FOUR – FORMULATING THE PLAN

Unlike **the data collection**, which is acquired from various sources, the **formulation of the plan** is undertaken centrally by the ministry. The image below, which is the bottom half of the diagram depicting the work process, presents the organizating principle underlying the proposed method for formulating the plan:



The diagram is self-explanatory. The following are the main pointss:

04 STAGE FOUR – FORMULATING THE PLAN

INTRODUCING THE PARTIES

Involved parties: director-general of the ministry, the deputy director-general for planning, the ministry's process leader, stakeholders, the Prime Minister's Office.

As explained previously, data is collected on two axes. However, formulating the plan requires a dialogue between the ministry and the stakeholders on the content, so that the plan formulated will be effective. Therefore, at this point of the process there is value in holding an official meeting involving the parties, with the responsible officials and decision-makers all sitting together at the table with the stakeholders to hear their positions in an unmediated manner. This meeting fires the proverbial starting pistol on the process of formulating the plan, and therefore, the presence of the director-general, and naturally the regulator, is vital. The Prime Minister's Office will also be invited to this meeting.

The purpose of this meeting, then, is twofold: First, it gives the stakeholders an opportunity to present their position directly to the ministry's administration and the regulator. Second, it creates focus and trust in preparation for the formulation of the plan. Therefore, at this meeting, it is not advised to discuss solutions, but primarily to listen to the stakeholders, to create attentiveness and a willingness to understand their concerns, their perception of reality and their day-to-day activities, without negating their positions.

Naturally, parties which spent time collecting data will expect to be given an opportunity to take part in the discussion and voice their positions throughout the process of formulating the plan also. While the format of the follow-up meetings is determined by the government office, it is critical to make sure that all parties know what to expect so that the relationship is built on trust. For that reason, the meeting must outline the stages of progression ahead of formulating the plans and determining the stakeholders' standing in the follow-up discussions. In any event, it should be emphasized that the responsibility, and therefore also the authority, is in the hand of the government.

BETTERMENT TOOLS AND RISK MANAGEMENT

Involved parties: the regulator, the deputy director-general for planning, the ministry's process leader, legal counsel.

As explained before, the plan for reducing the burden is based on three sources: a ministerial mapping of burdens, the stakeholders' mapping of burdens, and an measurement of regulatory costs. These three sources are the fundamental raw materials, but it is possible that at this stage the need will arise to conduct in-depth research in order to formulate the plan. For example, international comparisons, a business process management analysis of work processes vis-à-vis the regulator or any other empirical analysis. As this sort of research requires resources, it should be conducted if it appears that the problems and burdens that were mapped require substantial changes and additional information is required.

As mentioned earlier, as part of the ongoing discussions about the regulatory burdens, several possible approaches for reducing the burden were discussed. However, as with the catalogue if burdens, the possibilities for reducing the regulatory burden can also be placed in a spreadsheet (the betterment tools table), with reference to the distinction between bureaucracy and regulatory requirements. These tools, when organized in a table, enable systematic thinking about the burdens that were mapped and examining approaches for reducing the burden.

04 STAGE FOUR – FORMULATING THE PLAN

THE BETTERMENT TOOLS

Bettering Requirements		Bettering Bureaucracy	
Easing of Requirements	**Adopting 'Soft' Regulation**	**Easing of the Process**	**Improving Clarity and Consistency**
Canceling requirements	Canceling the requirement and making it the norm	Combining and reducing information requirements	Clarification of processes (SLA)
Cutting prerequisites	Shift to self-regulation	Reducing the frequency of required reporting	Reducing the frequency of changes
Creating distinctions in regulation: public/product/risk level	Preferring disclosure requirement over reporting	Uniform specifications	Solutions to problems in implementation on the ground (between regions/inspectors)
Adopting international standards	Use of non-regulatory tools	One Stop Shop (computerization and remote accessibility)	Involving stakeholders and regulator availability

There are two central strategy to better requirements: one – easing and changing the actual requirements; and two – keeping the regulatory requirements, but with decreased involvement by the regulator, giving the business more flexibility in implementing the regulation.

Similarly, there are two strategy to better bureaucracy: one – reliefs related to procedural requirements vis-à-vis the regulator, especially in decreasing the requirements for information and reporting; and two – improving the clarity and consistency of the ongoing interaction with the regulator.

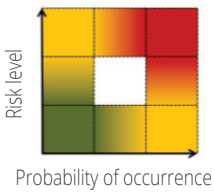
The set of possibilities and ideas for reducing the burden should be examined in relation to the ministry's risk management. Several basic regulations in risk management can be determined:

First, the type of damage and its cause must be characterized, for example, physical harm to citizens when unsafe products are introduced into the market as a result of an importer's error, or possibly due to criminal intent on the part of the importer. In effect, at this stage the risk scenario is defined – what can transpire and why. The scenario should be broken down into two components:

- Risk level – how bad is the damage, how reversible is it, what is the 'risk area,' and what is the extent of its impact?
- Probability of occurrence – what is the probability of a the occurrence of a scenario that can cause damage, and in particular, significant damage?

Many regulations are introduced as a result of actual incidents, i.e. scenarios which occurred and caused damage, and in particular significant damage. Therefore, regulations are often meant to prevent extreme but rare incidents. Risk management enables us to create distinctions in regulation according to the type of scenario (a scenario that is the result of an error should be differentiated from one caused by criminal intent), and the fundamental components of the risk levels and probability of occurrence. This way, the extreme scenario, which is also less common, will be treated differently, so that most cases are dealt with simply with regulation which imposes as little burden as possible. In other words, optimal risk management allows for a reduction in the burden caused by regulatory requirements, while maintaining the public interest. In this context it is important to examine, together with legal counsel, the means of supervision and control, those that exist and those required, their measure of deterrence and their efficiency.

Risk Management



OUTCOMES

A set of possible ways to reduce the burden.

TOOLS

04 STAGE FOUR – FORMULATING THE PLAN

CONSULTING WITH OVERLAPPING GOVERNMENT MINISTRIES AND DISCUSSIONS WITH STAKEHOLDERS

Involved parties: the regulator, the deputy director-general for planning, overlapping ministries, stakeholders, legal counsel.

The five-year plan was created in such a way that areas with overlap between ministries will be worked on the same year. Thus, consulting with overlapping ministries should be part of the data-collecting stage (as part of the ministerial work process), and creating cooperation between the overlapping ministries is an essential part of managing the process. Experience has taught us that the earlier other ministries are involved in the process, as early as the planning stages and before getting "stuck" in a certain direction, the greater the willingness to cooperate and the ability to reach agreements.

However, the extent of the stakeholders' involvement in formulating the plan is under the discretion of the ministry. This can range from exclusively ministerial work and a final report presented for comments (verbal or written) to a plan which is formulated through ongoing cooperation.

From experience: the dialogue which has taken place thus far has created trust, enabling the ministry to extensively involve the stakeholders in discussions held in preparation for the formulation of the plan. When the ministry and stakeholders find common ground, the stakeholders might be able to contribute ideas that could help the regulator form good regulation. Furthermore, when a plan is formulated in an inclusive environment, it is easier to present it and implement it.

Therefore, while the plan is being formulated, it is advised to hold discussions with overlapping ministries and the stakeholders, including those who represent the public protected by the regulation's objective. These discussions can be held in various forms, such as exclusive meetings or a roundtable. Either way, it is clear that ultimately, when decisions need to be made, if there are disagreements, the authority to make the decisions is the government's.

Indeed, the ministry is permitted to determine the degree of cooperation of the stakeholders in the formulation of the plan, but in any event, it is expected that the ministry hold at least one additional meeting with the stakeholders on the outline of the plan.

QUANTITATIVE MEASUREMENT AND QUALITATIVE EVALUATION

In preparation for completing the draft of the plan, it can be evaluated using the index. Starting in 2016, reaching the goal of a 25% reduction in the bureaucratic burden is required. The measurement will enable the ministry to take a step back and adjust the plan if needed, until a balance is found between the reduction in the regulatory burden and maintaining the objective of the regulation. Following are several emphases in regard to measurement:

- As long as according to the quantitative measurement the plan does not reach the goal of a 25% reduction in bureaucratic costs, the plan must be revised until this goal is reached.
- Although it is only the bureaucratic costs that must be reduced by 25%, the measurement tools also enable assessing the reduction in regulatory requirements.
- The qualitative evaluation determines the nature of the change in the plan in reference to burdens that cannot be assessed. The development of a qualitative index is currently being examined. This index will be added to the quantitative measurement.

OUTCOMES

A draft of the plan for reducing the regulatory burden.

TOOLS

The measurement book.

04 STAGE FOUR – FORMULATING THE PLAN

COMPLETING THE PROCESS WITH THE STAKEHOLDERS AND PUBLICATION OF THE PLAN

Involved parties: director-general of the ministry, the regulator, deputy director-general for planning, the Prime Minister's Office, stakeholders.

Before the plan is finalized, stakeholders who have invested time in the process expect that they be involved in some sort of closure, in which they can understand how the ministry is referring to the issues they raised. Experience shows us that this stage is often skipped, and despite being involved in a positive process, they leave it feeling frustrated. The ministry can decide whether it sends a final draft to the partners before its publication, or hold a meeting in which it presents the decisions. If such a meeting is held, it would be valuable to have mutual feedback on the dialogue that was had.

Eventually, it is time for the ministry to make a final decision about the plan. Before it is finalized, a meeting will be held with the Prime Minister's Office to coordinate the plan and evaluate its measurement. Following are some important points to pay attention to before the plan is finalized:

- Does the plan address all the burdens that were mapped throughout the process by the regulator and with the stakeholders? If not, why not?
- Were all the ideas that were raised throughout the process examined carefully? Considering risk management, could they be examined again to see whether they can be implemented, even if only in part?
- Has we merely created a list of small technical improvements, or does the change reflect a fundamental process?
- Have we achieved an improvement in the index? Is this the best improvement possible?
- Have we conducted an measurement of the impact of these changes on the stakeholders? Accordingly, do we estimate that the impact of the change will be significant or minor? Is this 'merely' a change impacting the players in the market, or is this a structural change that will improve the economy?

OUTCOMES

Published plan.

TOOLS

Format of the plan-publication report (pp. 49-54).

BOOK TWO:
THE TOOLBOX

Book One: The Work Process **11**

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The Toolbox for the Ministerial Work Process 29

The Toolbox for the Dialogue with the Stakeholders 37

The Toolbox for Summarizing Information 40

The Toolbox for Formulating the Plan 49

Book Three: Measurement **55**

TOOLS FOR THE MINISTERIAL WORK PROCESS:

1. **Stage 1** – Kickoff meeting with the regulator: tools and aids.
2. **Stage 2** – Mapping burdens and conducting measurements: a table classifying the burdens and a list of questions for the meeting.
3. **General** – A Gantt chart of the process of reducing the regulatory burden.

TOOLS FOR THE DIALOGUE WITH STAKEHOLDERS:

4. **Stage 1** – Addressing stakeholders – Public appeal: emphases for the public appeal.
5. **Stage 2** – Mapping burdens and conducting measurements: Questionnaire One – burden-mapping questionnaire for stakeholders.

TOOLS FOR SUMMARIZING INFORMATION:

6. **Stage 3** – Summarizing the information: format for summarizing the work done by the ministry.
7. **Stage 3** – Summarizing the information: format for summarizing the work with the stakeholders.
8. **Stage 3** – Summarizing the information: auxiliary Excel spreadsheet for an in-depth analysis of the burdens.

FORMULATING THE PLAN:

9. **Format of the plan-publication report.**

THE TOOLBOX FOR THE MINISTERIAL WORK PROCESS

STAGE 1 – KICKOFF MEETING WITH THE REGULATOR

Part 1 – Presenting the process, with a focus on:

1. Basic terms in the Government Resolution (bureaucratic costs, compliance costs, modification of technical requirements).
2. Explaining the methodological tools in relation to the regulatory burdens, possible tools for reducing the regulatory burden and for assessing costs.
3. The structure of the reduction process, with an emphasis on the dialogue with stakeholders.

Part 2 – Presenting the regulator's work, with a focus on:

1. Presenting the public interest which the regulator protects (the regulatory objective). Following are emphases pertaining to defining the objective:
   - Risks: In relation to the objective, it is advised that the major and actual **risks** with which the regulator deals be discussed, as well as possible **scenarios** and their **probabilities**. In particular, try to separate the probable case and the risk it involves from the rare and high-risk cases;
   - The extent of involvement: Are the regulatory tools suitable to deal with the risk, and to what extent can the market be relied on to offset the risks with 'softer' regulation?;
   - The goals of the regulation: What does the regulator expect the benefits of the regulation to be, and what is in their view an "ideal" market? The main activities of the regulator should be examined to determine whether they advance the regulator towards achieving that ideal in relation to this goal.
2. An overall explanation about the regulator's work environment, such as a characterization of the target regulated audience, overlapping regulators, links to international regulation, central processes that the regulator has carried out in the past several years, the organizational structure, personnel, etc. In this context, it is important to provide details about the control and enforcement authorities and their effectiveness.
3. In particular, all permits and licenses granted by the regulator should be mapped, and quantitative information about managing the permits and licenses should be requested, in regard to the following:
   - The number of requests for permits, of which how many are new permits and how many are renewals of existing permits (this information reflects new activity in the market and the entry of new players);
   - The number of permits granted every year and the number of requests denied, including the reasons for rejection;
   - The average time it takes to receive a permit, and why it takes that long.
4. Gathering preparatory information: verifying the existing information in the five-year plan (laws and regulations), gathering additional information, focusing on director-general memoranda (which are binding rules) as well as internal procedures, guides for the regulated entities and other relevant information for a regulatory analysis, as detailed in Book One: The Work Process.

Part 3 – Mapping and identifying stakeholders:

1. Mapping the types of businesses directly affected by the regulation, taking into consideration differences between businesses, such as size and geographical location.
2. In addition, organizations that are not regulated but whose perspective could contribute to the understanding of regulatory burdens should also be mapped. These entities include such professionals as lawyers, CPAs and other experts; specialists such as accessibility counselors, international certification experts, consulting firms specializing in the field, etc.; as well as those who are central to the stakeholders' work, such as manufacturers who provide the businesses with the necessary equipment to comply with the regulation.

3. Mapping third-sector organizations, which represent the public which the regulation is meant to protect.
4. Identifying specific stakeholders: Among all stakeholders, one can identify specific players whom the regulator would like to involve in the dialogue. Identifying these stakeholders is meant to allow for relevant parties which are not usually consulted or whose voice is rarely heard to take part in the dialogue. These organizations identified by the ministry can be invited to take part in the process. This could be particularly relevant in regard to stakeholders representing the target audience which the regulation is meant to protect, as this audience tends to be less active in this kind of process.
5. Updating the stakeholders' questionnaire: Based on a conversation about the characteristics of the market and the stakeholders, questions can be introduced to update the questionnaire so that it is suited to the particular characteristics of the regulation and the stakeholders taking part in the process.

Future actions: At the end of the meeting, milestones should be set for the work and dates should be marked in the diary. The nature of the meetings should be determined, with a focus on the regulator's staff, which will spend time working on the process.

STAGE 2 –
MAPPING BURDENS AND CONDUCTING MEASUREMENTS: TABLE FOR CATALOGUING BURDENS AND DETAILED QUESTIONS FOR DISCUSSION

It should be stressed that the objective of the work is to create changes in any possible aspect, including legislative change and resolving disagreements with other entities. This is not an overall mapping process, but rather a commitment to significant change. Therefore, this is the time to raise any problems, even if they seem unresolvable (such as matters beyond the authority of the regulator or those that require the Knesset's attention).

The structure of the discussion with the regulator

a. **Validating and concluding the regulatory analysis**: The regulator reviews the regulatory analysis and validates it, and approves processes and sub-processes in the regulation and any requirements involved. If the actions were evaluated, a discussion will be held on them too.

b. **Discussing the analysis**: A comparison is made between processes and requirements raised in the regulatory analysis and what happens in practice. The following can be referred to:

- Exercising the regulator's authority to reduce regulation that is required by law, for example, creating green tracks, relief on certain types of products etc.;
- Exercising the regulator's authority to increase regulation and add requirements, such as necessitating the approval of an expert;
- How documents are submitted and information transferred (having a system);
- Applying sanctions stipulated by law and the effectiveness of enforcement.

Discussing the table of burdens will allow for focusing on the regulator's central processes, in relation to which burdens will be mapped.

c. Mapping regulatory burdens:

The regulatory burden (regulatory requirements, bureaucracy or technical requirements that do not match those practiced around the world) could create **four types of burdens**: direct costs, in terms of money and time waiting for a response from the regulator; prolonged processes delaying business activity; uncertainty, which restricts the possibility to plan ahead; and vagueness, which creates difficulties in implementing regulation. These burdens can exist in every process required by the regulation ('process' as defined in the regulatory analysis below, such as submitting an application to import a product).

The regulatory burdens can stem from several **causes**, i.e. characteristics of the regulatory process that trigger costs and create burdens. The causes for burdens can be classified into those stemming from bureaucracy and those stemming from requirements.

TOOLBOX AND AIDS FOR THE WORK PROCESS

CAUSES OF BURDENS	
BUREAUCRACY	**REQUIREMENTS**
1. Multiple steps and authorities	1. High threshold of requirements
2. Vague instructions and implementation	2. Complexity and meticulousness of requirements
3. Availability and responding to questions/problems	3. Double requirements (overlap and contradictions)
4. Vagueness in working with supervisors	4. Frequent changes

FOUR TYPES OF BURDENS
1. Direct costs – expenses for materials, submitting forms, time waiting for a response from the regulator
2. Prolonged processes – stemming from regulation and delaying business activity
3. Uncertainty – limiting the ability to plan ahead
4. Vagueness – making it difficult to implement regulation

The table of burdens and causes of burdens can be prepared using a list of questions that will provide a basis for the discussion with the regulator on mapping the burdens. To use the list of questions, go over them and refer to the regulator's central processes as mentioned above.

LIST OF GUIDING QUESTIONS FOR MAPPING REGULATORY BURDENS AND RAISING IDEAS FOR BETTERING REGULATION:

THE REQUIREMENTS				
Vagueness (making it difficult to implement regulation)	**Uncertainty** (limiting the ability to plan ahead)	**Prolonged processes** (regulation causing setbacks in business activity)	**Direct costs** (requirements, bureaucracy and time spent waiting for a response from the regulator)	
To what extent do the requirements stipulated in the regulation create burden on the business and how difficult are they to implement?	Are there any regulatory updates in the pipework? How significant are they?	How long does it take to comply with regulatory requirements?	Are the regulatory compliance costs significant?	High threshold of requirements
Do the regulated entities know what is expected of them in various scenarios? Is there unity in the implementation in the field?	Are the requirements in Israel meet those abroad? Why is there a difference?	Do the requirements cause delays in time to market?	Are requirements for small business different from those of large businesses? Can new businesses be given easements? Are credible business given any easements?	
To what extent do the costs of the requirements weigh heavily on the structure of the sector in terms of competition and entrepreneurship, lawlessness and non-reporting, the dynamism of the market, etc.?		Are there any "fast lanes"? Special channels for exceptional cases? Are there differences between various types of products based on the level of risk? Are there easements in the renewal process or changing a request, compared to the first-time application?	Is there a mechanism that, if implemented, could lower the threshold of requirements? Can the "scale of interference" be lowered (preferring a requirement of disclosure rather than reporting/ self- or joint-regulation/supervision in the markets/use of incentives or publicizing)?	
To what extent is implementation of the requirement hard (technical and professional complexity), and to what extent does the requirement involve specifications which make it difficult to implement/carry out?		Is it common for a regulated entity to need to repeat the same actions until complying with the regulatory requirements (for instance, carrying out recurrent tests until obtaining a permit)?	To what extent does the regulation necessitate expert services (lawyers, CPAs, appraisers, etc.)?	Complexity and meticulousness of requirements
Does the regulation encourage innovation and allow for the business to choose and make decisions, or does it dictate minute details?			Does implementing the regulatory requirements necessitate use of materials/knowledge that are costly or of limited availability?	
To what extent is adhering to the regulation simple, or is there a need to hire consultancy services and brokerage vis-a-vis the regulator (to submit applications etc.)?			Does ongoing maintenance of the requirements involve further expense? To what extent?	

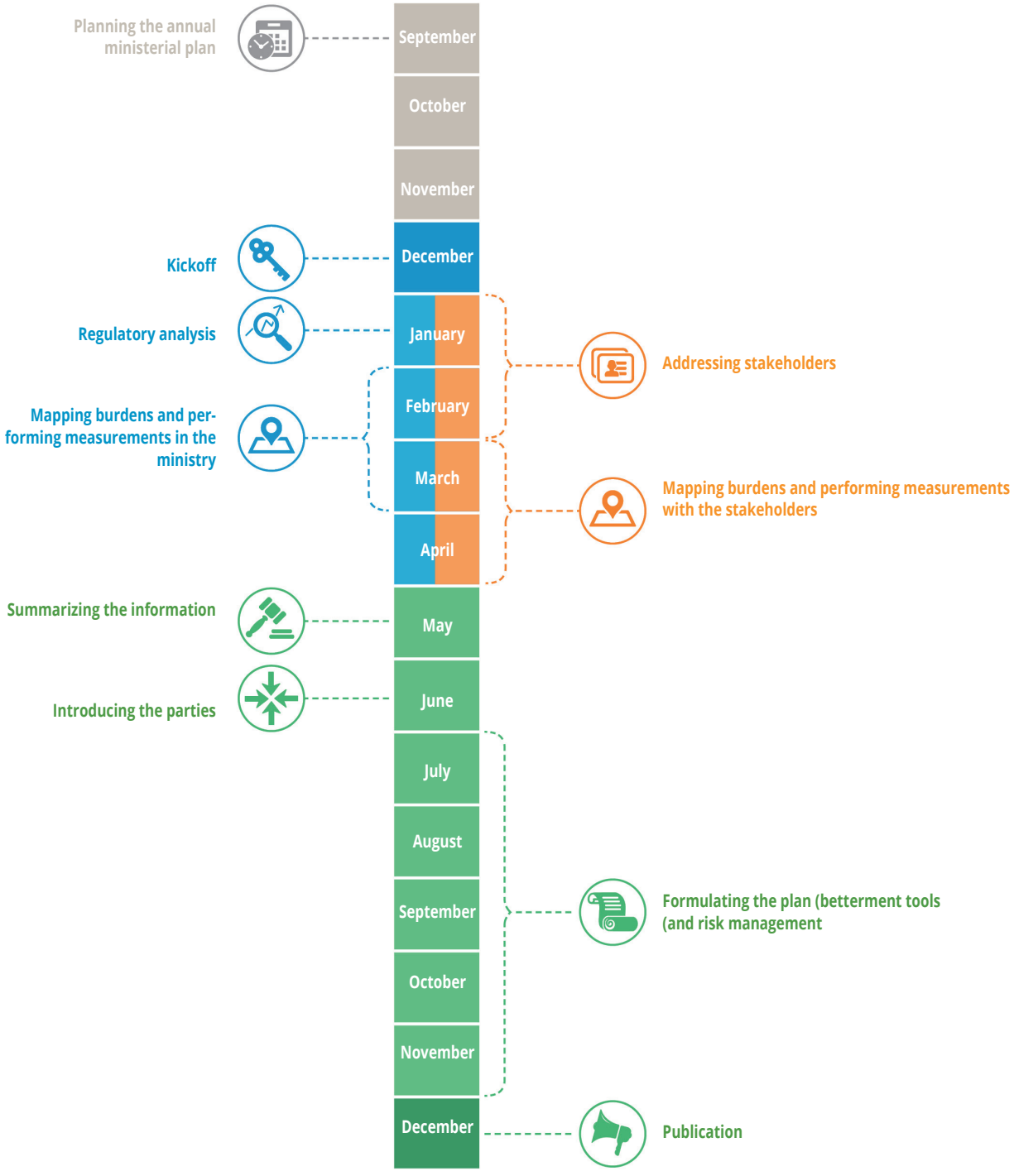
TOOLBOX AND AIDS FOR THE WORK PROCESS

THE REQUIREMENTS				
Vagueness (making it difficult to implement regulation)	**Uncertainty** (limiting the ability to plan ahead)	**Prolonged processes** (regulation causing setbacks in business activity)	**Direct costs** (requirements, bureaucracy and time spent waiting for a response from the regulator)	
Does the fact that there are double/overlapping/ contradictory requirements make it difficult to implement the regulation?	Does the overlap/ multiplicity among regulators/regulations undermine the ability of the regulated entity to plan ahead? Is it clear to them what will be required later?	Does the fact that there are double/contradictory requirements cause delays in the business's work processes?	Are there any overlapping/ double requirements in other regulations within the ministry, in other ministries or among other regulators?	Overlap and contradictions in requirements
Does the fact that there are contradictions/ multiplicities expose the regulated entities to sanctions/ prosecution for not complying (in cases of "innocent" regulated entities who try to comply with the regulation)?			Are extra expenses incurred as a result of implementing similar/ identical regulation?	
Is there a regular mechanism for dialogue with the regulated entities before changes take place? How comprehensive is the discussion (only a hearing or a deep discussion)?	Are changes made frequently? How many changes have been made in the past year?	To what extent do the changes that have taken place or are planned to take place in the regulation influence the regulated entity's work processes (such as time to market)?	To what extent do the changes/ updates to the regulation require changes to the implementation, incurring increased expenses (personnel, resources, information systems, investments, etc.)?	Frequent changes
Is any effort made to make the changes by the regulator accessible?	Do the regulated entities know about the impending changes? Are they given ample time to study them and prepare for them?		To what extent do the changes that have taken place or are planned to take place in the regulation affect the time spent waiting for a response from the regulator (for obtaining permits/ approvals, for example)?	

TOOLBOX AND AIDS FOR THE WORK PROCESS

THE PROCESS				
Vagueness (making it difficult to implement regulation)	**Uncertainty** (limiting the ability to plan ahead)	**Prolonged processes** (regulation causing setbacks in business activity)	**Direct costs** (requirements, bureaucracy and time spent waiting for a response from the regulator)	
Does the regulated entity know who they should be working with, what the role of each authority is and what their objective is for each step? Are there decisions that fall through the cracks (lacking one clear decision maker)?	Can the multiplicity of steps affect the ability of the business entity to plan ahead? Does it affect time to market? Does it influence the market's dynamism?	To what extent does the multiplicity of steps delay processes (for example, due to the need to work with multiple authorities or a mutual dependency among the authorities)?	Does implementing the regulation require performing multiple steps and working with multiple authorities (within the ministry or inter-ministerial authorities)? What are these steps and who are the authorities? Are the steps performed consecutively or simultaneously? How do they affect the waiting time for a response from the regulator?	Multiple steps and involved authorities
Does a system exist that clarifies the steps to the regulated entity and what is required of them for each step?	Does the regulator have a system for tracking the market to enable risk management, which helps identify delinquents, conduct inspections, ease regulations for credible regulated entities, etc.?	Is there a mechanism that allows for the regulated entity to continue their business activity before the regulatory process is concluded, such as a tacit agreement or a temporary license?	Is the work with the regulator done online or manually? Are all the steps and parties required? Are there any materials that need to be submitted more than once (within the same process or similar processes or to various authorities)?	
To what extent are the instructions for implementing the regulation clear – are they focused and straightforward? Can they be understood by the "simple" business owner (in their own field)?	Are the instructions for implementing the regulation clear enough so that the ability of the business entity to plan ahead is not restricted? Is the business required to pre-rule before implementation due to vagueness? How much work does the regulator have because of the pre-ruling?	Are the instructions for implementing the regulation clear enough so that time can be invested in properly implementing the regulation instead of being wasted on repeating steps due to vague and ambiguous instructions?	Do the regulated entities need to spend money (for consulting, etc.) in order to understand the regulation?	Clear instructions and implementation
	Does the regulator know of any regulatory requirements that have been understood differently by various entities?	Is there a permanent system for informing the public? Are there official channels for communicating with the regulated entities?		
Are there representatives who are designated to handle appeals from the public in relation to implementing the regulation?	Are there cases when business entities do not receive clear responses for questions regarding the required implementation of the regulation? Are responses provided in a reasonable time frame when pre-ruling is required?	Are the regulator and their representatives available to provide timely responses to the entity implementing the regulation regarding any questions/problems that have arisen? What is the average response time?	Is it possible to arrange a meeting with the regulator in a reasonable time frame? What is the process for arranging such a meeting (reception hours, setting an appointment by phone, call center)?	Availability and responding to questions/ problems
Do various inspectors/ district managers conduct their inspections similarly – in terms of carrying out the inspection and in the interpretation of the law? Is the regulator aware of any complaints that have been filed about variance between inspectors/district managers?	Are supervision processes managed according to risk management, in a way that focuses the regulators' work where it is needed? Do the inspectors help the regulated entities by clarifying what the shortcomings are and how to fix them?	Is the supervision effective – for the regulator (preventing delinquency and knowing what is happening in the market) and for the regulated entities (getting timely decisions and not prolonging processes)? Is it possible to oppose or appeal the decisions of the inspectors/ district managers?	Are processes for supervising the regulated entity's work taken into account to facilitate their work (coordinating inspection of various inspectors, arranging inspections at times that are less likely to interfere with business, etc.)	Clarity in working with supervising authorities

GENERAL – GANTT CHART OF THE PROCESS OF REDUCING THE REGULATORY BURDEN



THE TOOLBOX FOR THE DIALOGUE WITH THE STAKEHOLDERS

STAGE 1: ADDRESSING THE STAKEHOLDERS – PUBLIC APPEAL: EMPHASES FOR THE APPEAL

Following are several emphases for drafting the public appeal, in order to match expectations with the applicants:

1. The purpose of the public appeal:
   - Understanding the public's perspective on the regulatory burden in a specific regulatory domain. As such, applicants can be asked to refer to the regulatory burden and to problems in supervising or implementing the regulation.
   - Identifying relevant bodies with which the dialogue will continue regarding the mapping of burdens and proposing possibilities for reducing the regulatory burden, based on the quality of the responses received and the ministry's policy regarding the makeup of the parties in the dialogue.
2. Emphases for the public appeal:
   - Limiting the number of pages to be filled out by the applicants (usually two to three pages) and the final submission date.
   - Clarifying that the ministry will receive the applications, but is not obligated to reply to all applicants.
   - Clarifying that the ministry is permitted to publish the applications. If an applicant would rather their application not be published, they must specifically say so.
   - Clarifying that the ministry reserves the right to address several bodies, according to the number of applications received, to ask them to participate in the mapping of burdens and in raising possible approaches for reducing the regulatory burden.
   - If an applicant wishes to participate in the continued dialogue, they should specifically mention so in their application. It should be noted that the dialogue between the ministry and the stakeholders involves several steps:
     - Filling out a questionnaire about the burdens brought about by the regulation as it is at present.
     - Filling out an measurement questionnaire, which examines the costs of the current regulation.
     - Discussion groups with representatives of the ministry.

STAGE 2: MAPPING THE BURDENS AND CONDUCTING THE MEASUREMENT: QUESTIONNAIRE ONE FOR THE STAKEHOLDERS – BURDEN-MAPPING QUESTIONNAIRE

The following questions will serve as the basis for the questionnaire sent to the stakeholders. The questionnaire will be updated as needed according to the kickoff meeting with the regulator and the meeting with the representative organizations.

Part I – A general description of the regulation

A short description of the regulator and the regulatory domain referred to in the questionnaire will be presented here.

1. In reference to the regulatory domain, what are the central processes in your work with the regulator. (Use your own words to name the process, e.g. "obtaining an import license." If you do not know the name of the process, please provide a verbal description.)
2. Next to the name of the process, please detail what the process involves in 2-3 sentences.
3. Rank the centrality of the various processes for your company.
4. If applicable, please specify any other regulators relevant to each process, and the role of that regulator in the process.

Part II – The major problems, their implications and proposed solutions

In reference to the processes detailed above, please state any problems related to the regulation referring to the following questions:

Problem number 1

1. Briefly describe the problem that stems from the aforementioned processes. (Heavy regulation could cause a range a problems, such as delays that could hinder business activity, not granting permits, etc.)
2. How is this problem manifested in your daily work with the regulator. (Please provide actual recent examples.)
3. What is the cause for the regulatory problem detailed in the previous question? You can mark more than one answer (any weighty problems can be categorized in either of the two categories: a. Weighty requirements; b. Burdensome bureaucracy. Each category can be further categorized into four reasons for burdens).
    a. Weighty problems – costs derived from the regulatory content requirements, classified as:
        - High threshold of requirements;
        - Complexity and meticulousness (over detailing) of the requirements;
        - Multiple requirements (overlap and contradictions);
        - Frequent changes to regulations.
    b. Cumbersome bureaucracy – burdens that stem from work processes vis-à-vis the regulator, classified as:
        - Multiple steps and authorities involved in the process;
        - Unclear instructions to implement the regulation;
        - Problems with availability and responding to questions/problems;
        - Clarity and simplicity in working with supervising authorities.
4. Describe the implications of the burden. Please detail the burdens stemming from the regulation (mark the relevant burdens. If you mark 'Other,' please detail the type of burden) – you can mark more than one answer.
        - Direct costs – investment, reporting and time spent waiting for the regulator;
        - Prolonged processes – due to regulation which delays business activity;
        - Uncertainty – limiting the ability to plan ahead;
        - Vagueness – making it difficult to implement regulation;
        - Other (please detail the type of problem).

If needed, please provide a verbal explanation next to the answers you marked.

5. Ranking the significance of the burdens – if you marked more than one burden in the previous question, please rank their significance. For example, if you marked all four types of burdens, they should be ranked in descending order starting from the most significant burden.
6. In addition to the burdens mentioned above, does the problem influence the economy at large, in terms of entrepreneurship and competition, delinquency, etc.?
7. How can the problem be solved?

Here, you can propose ways for reducing the problems stemming from the regulation, such as lowering the requirement threshold, changing the way the process is administered, increasing personnel to deal with applications, etc. If you can provide relevant examples of how the regulation is managed in other countries, please detail them here.

Clarification: You can repeat the questions above in reference to different processes and the problems they entail.

Part III – General

1. Do you think that the regulation is lacking in terms of legislation or the supervision and oversight mechanisms required to optimally achieve the objective of the regulation and protect the public interest? How do you think these shortcomings can be solved?
2. Are there any other regulatory problems you would like to mention?
   - Yes. Please detail.
   - No.

Clarification: The information provided in this questionnaire is confidential business information and will be transferred anonymously to the relevant government officials.

THE TOOLBOX FOR SUMMARIZING INFORMATION

STAGE 3 – SUMMARIZING THE INFORMATION: FORMAT FOR SUMMARIZING THE WORK DONE BY THE MINISTRY

This document provides the ministry with a summary of the information accumulated in its work, which is the basis for the plan to be formulated later. This document comprises four sections:

1. **The regulator's activity in the domain – general explanations and basic information**: This section is based primarily on the kickoff meeting with the regulator. It focuses on explaining and expanding on the public interest that the regulator is responsible for, the objective of the regulation, and risks, scenarios and goals of the regulation, as well as outlining supervision and enforcement mechanisms and their effectivity. In regard to the objective, the legal basis for the regulator's activity should be detailed, a list of the licenses and permits they provide, tangential regulation and regulators and any other information that the ministry deems necessary.
2. **Mapping burdens**: This section is based on the interviews with the regulator regarding the regulatory burdens as they view them. First, the work that has been done in the ministry should be briefly described, as well as the central processes and problems that came up in the regulatory analysis. Then, the list of burdens identified by the regulator should be presented on an axis positioning each burden in relation to bureaucracy and requirements, and each burden should be expanded on separately.
3. **Measurement:** The quantitative measurement described here is conducted in a separate table (as detailed in the Book of Measurement). Therefore, in the summary document, only the central points of the measurement should be presented**.**
4. **Summary of the burden mapping and measurement – main conclusions**: This section summarizes the key insights that arose from the process. This is in reference to the topics for discussion that appear in the work process book (in the information summary stage) and the conclusions that can be reached from an in-depth analysis of the burdens through the auxiliary Excel table.

FORM NO. 1

SUMMARY OF THE BURDEN MAPPING AND MEASUREMENT – MINISTERIAL WORK PROCESS

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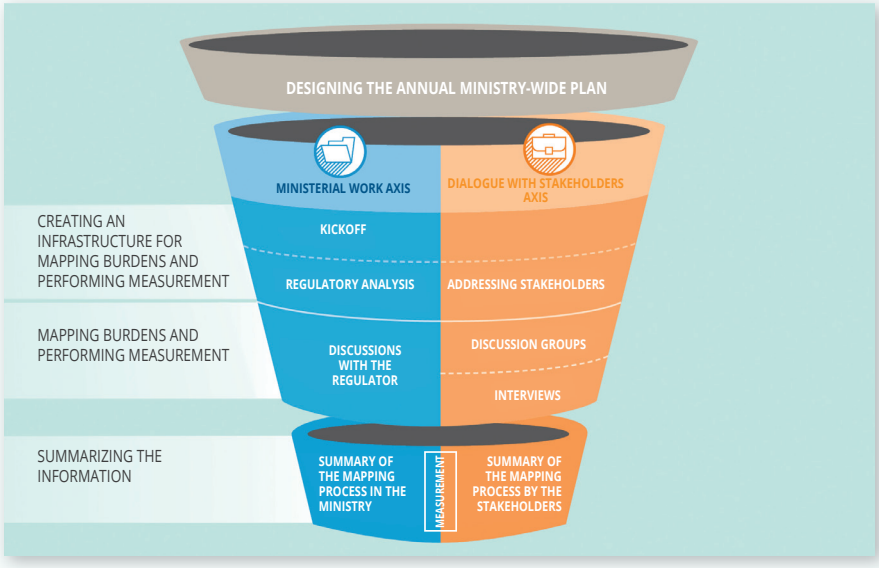
BACKGROUND

Following Government Resolution 2118 of October 22, 2014, on Reducing the Regulatory Burden, all government ministries are required to carry out plans to reduce the regulatory burden. This document summarizes the data collected in the ministry, in the <XX> domain as part of the work of the regulator <name of regulator>.

Implementation of the Resolution is based on the Guide to Reducing the Regulatory Burden. The guide differentiates between collecting the data and formulating the plan. Data is collected by mapping the burdens on two parallel axes: with the regulator and the professionals in the ministry on the one, and through a dialogue with the stakeholders on the other. While the mapping is being carried out, an measurement of the existing regulatory burden is conducted, which allows for mapping burdens that might not have come up in the mapping process on both axes.

So in effect, there are three processes that provide the basis for formulating the plan: the ministerial burden mapping, the burdens mapped in the dialogue with stakeholders who feel the weight of these burdens in person, and the measurement process which enables assessing the actual costs.

This document is intended to summarize the process of mapping the burdens as implemented in the dialogue with the regulator and the professionals in the ministry, together with the summary of the regulatory burden measurement.



PART 1 – THE REGULATOR'S ACTIVITIES: A GENERAL EXPLANATION AND BASIC INFORMATION

a. **The public interest and the main activities of the regulator in the domain:** A description of the public interest protected by the regulator, which is, in fact, the objective of the regulation. In regard to this objective, the major risks should be detailed, possible scenarios, their probability, the regulator's goals and their main activities which stem from the goals, with reference to the supervision and enforcement mechanisms and their effectiveness;

b. **The legal basis for the activity:** All relevant legislation which guides the regulator in their work should be detailed (including secondary legislation and administrative instructions). Any other instructions or tools for guidance and accessibility can be presented here;

c. **Permits and licenses provided by the regulator**: A list of the permits and licenses that the regulator provides (noting the number of applications for permits and renewals, the number of applications denied and the reasons for denial, and the average time it takes to obtain a permit), together with additional key processes carried out by the regulator;

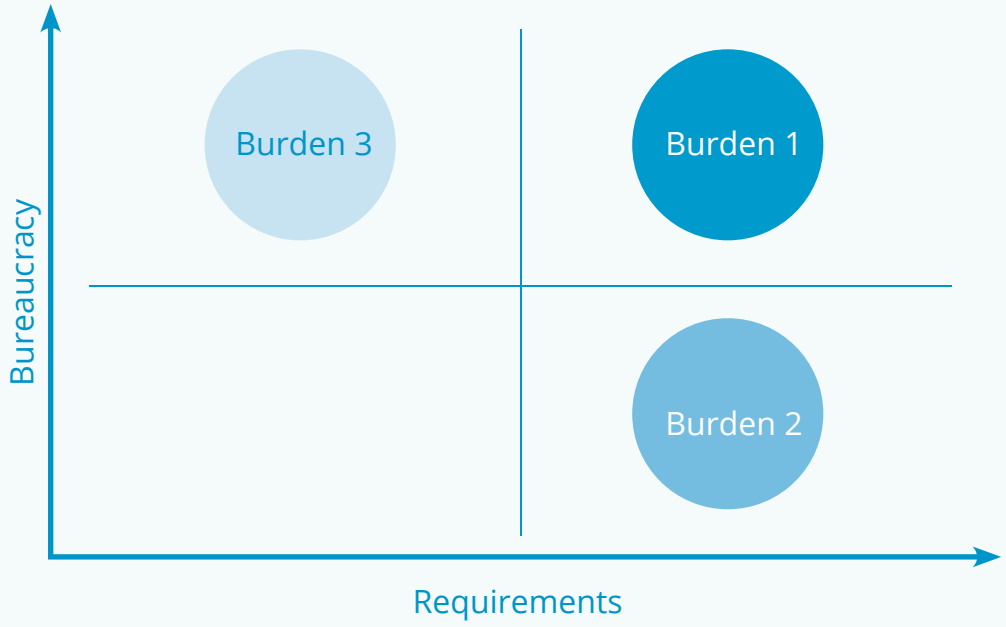
d. **Tangential regulation and regulators:** Details of regulation that is tangential, overlapping or contradictory to the domain, that is not carried out by the regulator but by other ministries and regulators;

e. **Expanding the regulator's activities:** You may detail additional activities carried out by the regulator that are not expressed in the aforementioned clauses, including a characterization of the target audience and the scope of the market, links to international regulation, key processes that the regulator has carried out in the last few years, future plans, organizational structure, personnel, lines of communication available to the regulated entities, cooperation, etc.

PART 2 – MAPPING BURDENS

a. **Summarizing the activity carried out in the ministry:** Referring, *inter alia*, to key position holders in the process, the central stakeholders identified, central processes, important issues that came up in the regulatory analysis, etc.;

b. **A list of the burdens mapped by the regulator:** With an estimation of how significant the burdens are to the regulated entities and classifying the burdens as being caused by bureaucracy or requirements: the position of the burden on the graph represents its relation to requirements or bureaucracy, and the color represents the weight of the burden on the regulated entities (the darker the color, the weightier the burden);



A list of regulatory burdens:

1. **Burden No. 1**: Each burden should be categorized according to the type of burden (direct costs, prolonged processes, uncertainty or vagueness), and the cause for burden (according to the table of burdens). In addition, details and explanations should be provided, with reference, for example, to the significance of the burden (such as the number of people influenced by it, or the extent of the influence on them), an measurement of its indirect or general impact on the economy (how it impacts competition and entrepreneurship, delinquency and failure to report, small and mid-sized businesses, new businesses, etc.), as well as indicating preliminary ideas for reducing the burden;

Burden No. 2: As above;

Burden No. 3: As above.

c. Additional burdens and system-wide issues: A list of the burdens from a system-wide viewpoint, with reference to indirect and general impacts, such as competiveness, entrepreneurship and delinquency, issues pertaining to the structure of the economy, and any additional information.

PART 3 – MEASUREMENT: MAIN CONCLUSIONS

a. **Describing the process:** The measurement method, the number of businesses in the process and the make-up of the participants, the normalization calculations, a referral to the summary table;

b. **Quantified measurement**: Referring to the key processes assessed, differentiating between assessing bureaucratic costs and the cost of complying with requirements, detailing which processes were assessed as being more costly and any other insights.

PART 4 – SUMMARY OF THE BURDEN MAPPING AND MEASUREMENT: MAIN CONCLUSIONS

a. **Comparing the burdens mapped by the ministry with those mapped by the stakeholders:** Detailing any overlap or divergence between the burdens as mapped by the ministry and the stakeholders and the reasons for these differences;

b. **Comparing the regulatory burdens with the assessed costs:** Identifying the discrepancies or divergences between the burdens mapped and the key processes assessed as being more costly;

c. **General insights:** To what extent do the burdens stem from bureaucracy or requirements; does the categorization of the costs paint a particular picture (of direct costs or prolonged processes as a central problem, for example)? And where do the costs stem from?;

d. **Main possible solutions**: The main possible solutions that came up in the discussions, and an measurement of their impact on the burden and the economy in general. A comparison between the solutions raised by the ministry and those proposed by stakeholders is also possible.

STAGE 3 – SUMMARIZING THE INFORMATION: FORMAT FOR SUMMARIZING THE DATA OBTAINED FROM THE STAKEHOLDERS

This document presents the summary of the data obtained from the stakeholders. The document is divided into two: The first part describes the process with reference to the stages detailed in the Work Process Book. The second maps the burdens that were brought up. It should be emphasized that the dialogue is formatted in such a way that it clarifies the information obtained from the stakeholders, but does not filter it. In other words, this document should reflect all the burdens and comments raised by the stakeholders, without making any judgement as to the veracity of the claims. While the ministry is not obligated to accept all of the stakeholders' claims, the purpose of this document is to reflect the information received and not to discuss its substance.

FORM NO. 2

SUMMARY OF THE DIALOGUE WITH THE STAKEHOLDERS

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BACKGROUND

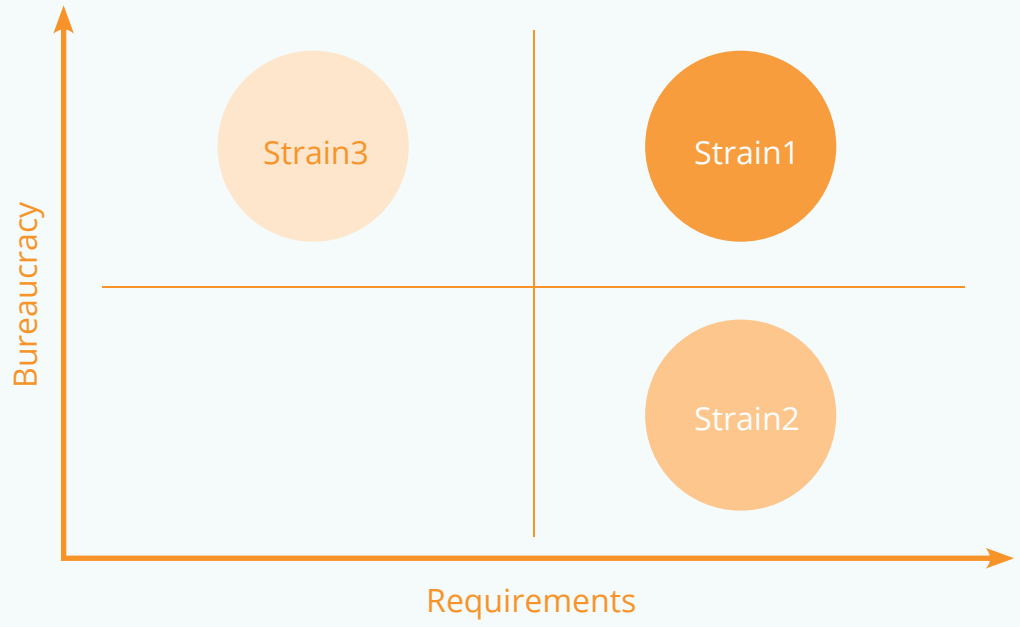
Following Government Resolution 2118 of October 22, 2014, on Reducing the Regulatory Burden, all government ministries are required to carry out plans to reduce the regulatory burden. This document sums up the dialogue held with the public by the <XX> Ministry as part of the process to reduce the burden in the domain of <XX>.

PART 1 – SUMMARY OF THE DIALOGUE WITH THE STAKEHOLDERS

Summary of the dialogue stage: A verbal description of the dialogue, with reference to the public appeal, discussion groups and interviews. We suggest that you provide the number of applicants and their characteristics (sector, market segment, etc.), the number of participants in the discussion groups and interviews, the number of discussion groups held, etc.

PART 2 – THE STAKEHOLDERS' BURDEN MAPPING

a. **A list of the burdens mapped by the stakeholders:** With mention of an estimation of how significant the burdens are to the stakeholders and classifying the burdens as being caused by bureaucracy or requirements: the position of the burden on the graph represents its relation to requirements or bureaucracy, and the color represents the weight of the burden on the regulated entities (the darker the color, the weightier the burden);



A list of the regulatory burdens:

1. **Burden No. 1:** Please detail the burden in your own words. You may present additional information such as the number of those impacted and the extent of the impact on them. If possible, please try to evaluate its indirect impact on the economy (its effect on competition and entrepreneurship, delinquency and failure to report, small and mid-sized businesses, new businesses, etc.), as well as indicating the initial possible ideas for reducing the burden. Beneath each burden, please indicate the type of burden (direct costs, prolonged procedures, uncertainty and vagueness) and the cause for burden (according to the table of burdens);
2. **Burden No. 2**: As above;
3. **Burden No. 3**: As above.

b. Additional burdens and emphases: Additional information obtained from the stakeholders.

STAGE 3 – SUMMARIZING THE INFORMATION: AUXILIARY EXCEL SPREADSHEET FOR AN IN-DEPTH ANALYSIS OF THE BURDENS

Several distinctions were made to help in the process of mapping the burdens. Once there is a list of the burdens from both work axes, this list can now be presented in a table according to these distinctions. This will allow for an examination as to whether the list can be segmented and analyzed according to these distinctions, and to see if such a segmentation provides us with an overall conclusion. This table is intended to serve the entire ministry when discussing the information and to enable it to get an overall picture, in addition to the detailed list of the burdens.

Each burden can be classified according to the following categories:

1. The source of the information: Was information about the burden obtained from the ministry, the stakeholders or both?
2. Bureaucracy/requirement: What type of burden is this? As the burden is usually attributed to a process and not a specific obligation, the burden can stem from bureaucracy and requirements, i.e. it could be categorized in both.
3. The type of cost: The method for mapping the burdens (page 47) presented the four types of burdens: direct costs (as assessed in the quantitative measurement), prolonged processes, uncertainty and vagueness.
4. The cause for burden: In reference to the distinction between burdens stemming from bureaucracy or requirements, four possible causes were provided:
5. Bureaucracy: multiple stages and authorities involved; vagueness in directions and implementation; unavailability of the regulator to answer questions and solve problems; vagueness of the work process vis-à-vis supervising authorities;
6. Requirements: a high threshold of requirements, complexity and meticulousness of requirements, double requirements (overlap and contradictions), frequent changes.

TOOLBOX AND AIDS FOR THE WORK PROCESS

Summary Table – Mapping of Burdens							
Ideas for Betterment	**Categories**					**The Burden**	
Possible ideas for reducing the burden	**Type of cost**	**Cause for burden**		**Bureaucracy/ requirements**	**Source of information**	**Description**	**Title**
	Select one of the three types of costs: 1. Direct costs 2. Prolonged procedures 3. Uncertainty 4. Vagueness	Bureaucracy: 1. Multiple steps and authorities involved 2. Clear instructions and implementation 3. Availability and responding to questions/ problems 4. Clarity in the work vis-à-vis inspecting authorities	Requirements (one or more): 1. High threshold of requirements 2. Complexity and meticulousness of requirements 3. Overlap and contradictions in requirements 4. Frequent changes		Stakeholders/ regulator or both	Succinct description of the burden	General title of the burden
Reducing the number of required documents to the minimum, and only to those that have changed	Direct costs; Prolonged procedures	Multiple steps and authorities involved		Bureaucracy	Stakeholders	When applying for a license renewal, all the documents are required, even those that the regulator already has or if some of the information is unchanged	Cumbersome process for license renewal
A system for joint reporting	Direct costs; Uncertainty	Clarity in the work vis-à-vis inspecting authorities		Bureaucracy	Regulator	Identical reporting is required to two different enforcement authorities	Reporting mechanism to two authorities at the same time
Reducing the number of documents and affidavits required; Differentiating between types of businesses and establishing a green lane	Direct cost; Prolonged processes		High threshold of requirements; Complexity and meticulousness of the requirements	Requirements; Bureaucracy	Stakeholders; Regulator	When registering a business, there are complex requirements, such as those pertaining to the physical location and the requirement to have a lawyer sign the documents	Complex and meticulous requirements when registering a business in the field
Establishing binding instructions for supervision and enforcement authorities for regulation implementation; Binding transparency regarding district managers' discretion and determining authority limits; Allowing for decisions of supervisors/district managers to be appealed	Uncertainty; Vagueness	Clarity in the work vis-à-vis inspecting authorities	Overlap and contradictions in requirements	Requirements; Bureaucracy	Stakeholders	Regulations are enforced differently in various districts and by supervisors in the same district	Different implementa-tion by enforcement authorities
		Multiple steps and authorities involved		Bureaucracy	Stakeholders; Regulator	When changing a business' category according to its nature and scope of activity, many checks are required, and the regulator's reply is delayed for long periods	Complex procedure for changing business category

THE TOOLBOX FOR FORMULATING THE PLAN

THE FORMAT OF THE PLAN-PUBLICATION REPORT

The Government Resolution determines that the annual ministerial plan be published at the end of every year and implemented the following year. In effect, this report summarizes the main points of the interim documents with the addition of the actual plan. The report comprises three chapters[6] and an measurement appendix:

Chapter 1 – The regulator's activity: overall explanation and basic information. Only the first part of this document, the overall explanation and basic information, is copied from the ministerial summary document, as any other information is in draft form, as part of the work processes in the ministry.

Chapter 2 – Summary of the dialogue with the stakeholders: a document summarizing the dialogue with the stakeholders, which is an 'as is' outline of the stakeholders' mapping process, and therefore copied almost in its entirety. Additionally, the document includes a detailed list of the ideas for bettering regulation raised by the stakeholders and the catalogue of burdens.

Chapter 3 – The ministerial plan for reducing the burden. Naturally, this chapter appears only in the final report and is its crux. The chapter includes the following sections:

- A summary of the burdens and problems in the existing regulation: In this section the ministry will present an analysis, from its perspective, of the summary of burdens and problems that exist within current regulation. This analysis is based on the last part of the ministerial summary document, but is not copied from it. In addition, if the ministry disagrees with claims made by stakeholders, this is where it should explain why.

- The details of the ministerial plan: This part will include a detailed list of the steps that the ministry will take towards reducing the burden. Accordingly, an explanation should be provided as to how these steps alleviate the burdens that were mapped by the stakeholders (if the ministry recognized them). In accordance with the Government Resolution, the document should also state the reduction in the three types of costs: bureaucracy, requirements and when relevant – modifying technical requirements.

- An analysis of the impact: Refers to meeting the goal of a 25% reduction in bureaucratic costs. In addition, this is where the ministry should assess the system-wide impacts of the plan from an economy-wide perspective.

Timetable and milestones: Self-explanatory.

The Measurement of Reduced Regulatory Costs Appendix: A table presenting the main reduction measurement will be appended to the report. This table will summarize the cost measurement table. Instead of the detailed table, the cost of the regulatory process is divided to bureaucratic costs (in time or money) and requirements, and the reduction is presented in percentages.

6 For convenience, the various parts of the report will be referred to as chapters, and the term 'part' will refer to the parts of the summary documents upon which this report is based, or to the new parts that are added to the report for publication.

FORM NO. 3

SUMMARY REPORT – THE PLAN TO REDUCE THE REGULATORY BURDEN

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BACKGROUND

Following Government Resolution 2118 of October 22, 2014, on Reducing the Regulatory Burden, all government ministries are required to carry out plans to reduce the regulatory burden. This report summarizes the main points raised in the ministerial plan to reduce the burden in the domain of XX.

PART 1 – THE REGULATOR'S ACTIVITY: OVERALL EXPLANATION AND BASIC INFORMATION

a. **The public interest and the main activities of the regulator in the domain:** A description of the public interest protected by the regulator, which is, in fact, the objective of the regulation. With regard to this objective, major risks should be detailed, as well as possible scenarios, their probability, the regulator's goals and the main activities of the regulator stemming from the goals, and reference should be made to the mechanisms for supervision and enforcement and their effectiveness.

b. **The legal basis for the activity:** All relevant legislation which guides the regulator in their work should be detailed (including secondary legislation and administrative instructions). If there are any other directions or guidance and accessibility tools, they may be presented here.

c. **Permits and licenses provided by the regulator**: A list of the permits and licenses that the regulator issues (noting the number of applications for permits and renewals, the number of applications denied and the reasons for denial, and the average time it takes to obtain a permit), as well as additional central processes carried out by the regulator.

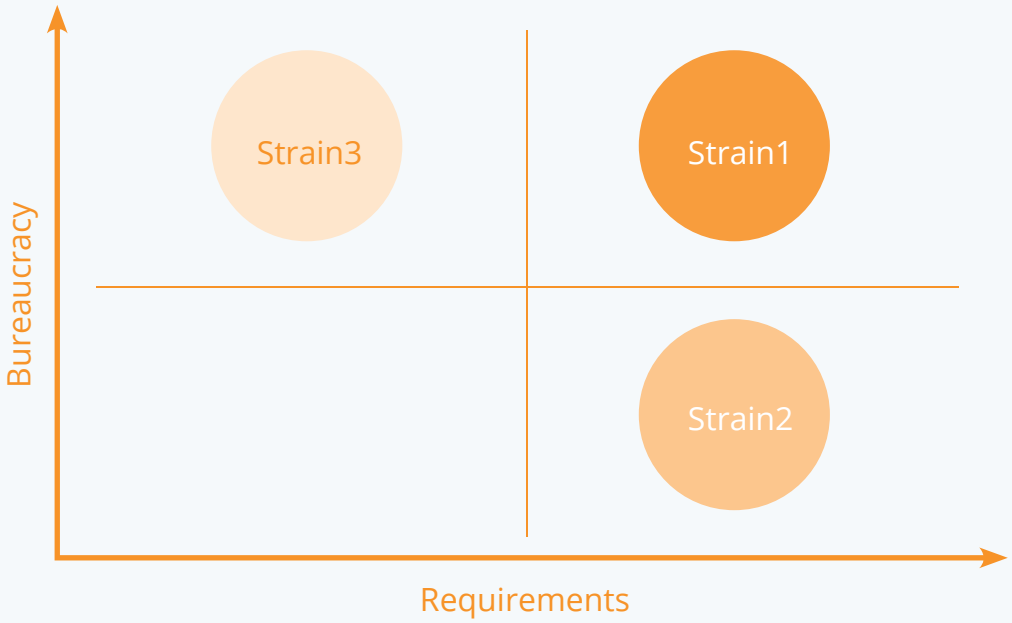
d. **Tangential regulation and regulators:** Any regulation that is tangential to, overlapping with or contradictory to the domain which is carried out by other ministries and regulators should be detailed.

e. **Expanding the regulator's activities:** Additional activities carried out by the regulator that do not appear in the previous items may be detailed, including a characterization of the target audience and the market scope, links to international regulation, important processes carried out by the regulator in the last few years, future plans, organizational structure and personnel, lines of communication available with the regulated entities, cooperation, etc.

PART 2 – SUMMARY OF THE DIALOGUE WITH THE STAKEHOLDERS

a. **Summary of the dialogue stage:** A verbal description of the dialogue, with reference to the appeal to the public, the discussion groups and the interviews. We suggest providing the number of applicants and their characteristics (sector, market segment, etc.), the number of participants in the discussion groups and interviews, the number of discussion groups held, etc.;

b. A list of the burdens mapped by the stakeholders: With mention of an estimation of how significant the burdens are to the stakeholders and to the burdens as divided between those caused by bureaucracy and those caused by requirements: the position of the burden on the graph represents its relation to requirements or bureaucracy, and the color represents the weight of the burden (the darker the color, the weightier the burden) on the regulated entities;



c. **A list of the regulatory burdens**:

1. **Burden No. 1**: Please detail the burden in your own words. You may present additional information such as the number of those impacted and the extent of the impact on them. If possible, please try to evaluate its indirect impact on the economy (its effect on competition and entrepreneurship, delinquency and failure to report, small and mid-sized businesses, new businesses, etc.),
2. **Burden No. 2**: As above;
3. **Burden No. 3**: As above.

Additional burdens and emphases: Additional information obtained from the stakeholders.

PART 3 – THE MINISTERIAL PLAN TO REDUCE THE BURDEN

a. Summary of the burdens and problems within existing regulation: Please provide the ministry's analysis of the existing situation, regulatory burdens, their causes and their impact on the economy. You may expand on additional problems and any other relevant information that describes the regulatory burden and the need for change.

b. The details of the ministerial plan: In addition to the plan itself, the detailed presentation should also include an explanation of how it provides a solution to the burdens that were mapped by the stakeholders. If the stakeholders' claims were not accepted by the ministry, please explain why not.

c. **Analysis of the impacts**:

- Changes that have been made in bureaucracy: A verbal presentation of the reduction in costs stemming from bureaucracy, as well as a report on whether the plan has met the goal of a 25% reduction in bureaucratic costs.
- Changes made to the regulatory requirements: A verbal presentation of the reduction in costs stemming from regulatory requirements.
- Modifying technical requirements to those accepted around the world: A verbal presentation of the changes and their significance, if such changes are relevant.
- Supervision and enforcement: If there are any changes in the mechanisms for supervision and enforcement, please detail them and their impact on the regulated entities.
- Analysis of the plan's economy-wide impacts: With reference to competitiveness and entrepreneurship, delinquency and failure to report, small and mid-sized businesses, new businesses, etc.

d. Timetable and milestones: The schedule for implementing the plan, including milestones for the various parts of the plan.

MEASUREMENT OF REDUCED REGULATORY COSTS – APPENDIX

For office use: this table is taken from the Excel sheet of the measurement table, which accompanies the measurement of regulatory costs detailed in Book 3.

Cost after plan	Current cost	Current situation cost	Process	No.
100	200	Bureaucratic costs – money	Submitting a request for regular registration (equipment registered or marketed in another country)	1
8	12	Bureaucratic costs – time		
6,580	9,520	Cost of requirements		
1,300	1,800	Bureaucratic costs – money	Submitting a request for equipment that is not registered in another country or licensed for marketing in a recognized country	2
20	24	Bureaucratic costs – time		
8,080	8,080	Cost of requirements		

Reduction in regulation costs			Cost of existing regulation		
Bureaucracy		Requirements	Bureaucracy		Requirements
Time	Money		Time	Money	
28	1,400	14,660	36	2,000	17,600

36%	17%	**Reduction in percentages**

BOOK THREE:
MEASUREMENT

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GLOSSARY

Terms related to reducing the burden – what is reduced?[7]

Regulatory Compliance Costs – The direct costs incurred in complying with the regulation's substantive requirements, which determine the standard that is demanded of the regulated entity in order to safeguard the public interest with regard to the quality of products or services provided to the consumer. These costs include funds spent on materials and equipment, the need to employ extra human resources or to publicize information to the public.

Bureaucratic Costs – The costs incurred in the activities required to **prove** substantive compliance with the regulation, including, *inter alia*, obligatory reporting, submitting requests and forms and time spent waiting for the regulator.

Modification of Technical Requirements – Modifying the technical requirements imposed on the importation or manufacturing of goods in accordance with the free import regulation or any other law, so that these requirements match those practiced in significant markets around the world, with the exception of special circumstances due to conditions unique to the State of Israel.

Regulatory Burden – The regulatory burden is the sum of regulatory compliance costs, bureaucratic costs and the costs incurred in the need to modify technical requirements to match those practiced around the world. The regulatory burden can create quantifiable regulation costs (see below) and regulatory burden that is non-quantifiable.

Regulatory Costs – The regulatory burden calculated as money or time spent waiting for the regulator, through a quantitative measurement of the regulatory costs (see below).

Methodological terms

Quantitative Regulatory Measurement – A quantitative measurement of regulatory costs (as defined above) conducted using a methodology which estimates the costs of activities required of the regulated entity in order to comply with the regulatory compliance obligations (while distinguishing between bureaucratic obligations and derived from requirements) and the time spent waiting for the regulator. The measurement is conducted through a **regulatory analysis,** which outlines all of the obligations defined in the laws and regulations (and where applicable, administrative instructions) imposed on a regulated entity when carrying out any procedure, for example – the obligation to submit documents as part of the process of obtaining an importation license for a product.

Compliance Obligation – The conditions required of the regulated entity as stipulated by law or under the authority of the regulator in order to achieve the objective of the regulation. These obligations should be catalogued according to those incurred in connection to bureaucracy and those incurred in connection to requirements.

Process – All of the compliance obligations required of the regulated entity as a condition to carry out activity regulated by the regulator, for example, a license to open a business or a permit to import a product. A process can include one obligation, such as submitting a form to the regulator, or several obligations.

Action – What is required of the regulated entity to actually meet the regulatory obligations.

Waiting period – Time spent by the regulated entity waiting for the regulator's response within a process.

Cost Component – Inputs required of the regulated entity in order to undertake required actions. These inputs are assessable in terms of monetary costs.

7 For convenience, some of the terms appear in this glossary as well as in the glossary of Book One.

INTRODUCTION

At the end of the 1990s, various methods for assessing the costs of regulation were being developed around the world. In 2006, the "International Standard Cost Model"[8] (SCM) was developed in the Netherlands, upon which the measurement methods are based in most OECD member countries. The objective of the SCM is to assess the bureaucratic costs of regulation (AD?? – Administrative Burden), which are the costs incurred in the need to submit documents and provide information.

In 2014, the OECD published the "OECD Regulatory Compliance Cost Measurement Guidance"[9] CCA). This document summarizes the measurement methods developed in the various countries, and presents a methodology for assessing regulation costs (in addition to the AD). However, this model focuses only on a quantitative measurement of direct costs. It seems that a model has yet to be developed for a quantitative measurement of the regulation's indirect costs, such as financial costs, lost opportunities, public governance costs and macro-economic impacts (competition, entrepreneurship and delinquency).

At the same time, the OECD developed the "Product Market Regulation index"[10] (PMR), which estimates the quality of the regulatory system in the member countries. This index includes structural components (which are not relevant to us – such as governmental ownership of public companies), as well as qualitative evaluation components that address the quality of the regulation with regard to the tools thorough which it operates. Similar to the CCA index, this index checks bureaucratic aspects (such as the existence of one-stop-shop systems) and the requirements (such as the preference for 'soft' regulatory tools).

In recent years, many countries have set an obligatory goal for reducing regulatory costs. Some have determined a goal only for the administrative/bureaucratic component, while others have determined a goal for reducing the regulatory requirements themselves. Most countries have applied this goal on the existing stock of regulation, yet some have also limited, through a quantitative goal, the possibility of adding regulatory costs through new regulations.

The Government Resolution adopted a goal accepted in many countries: a 25% reduction in the bureaucratic burden only. The Resolution also determined that requirement costs be reduced, but did not set a qualitative goal. With regard to new regulation, it determined that the regulatory burden expected from the regulation must be calculated, but did not limit the added regulatory costs.

This book details the quantitative measurement model, based on the CCA. Meanwhile, the Prime Minister's Office is currently working on developing a model for a quantitative evaluation based on the PMR index, as well as on over 200 betterment ideas collected over last year, bottom-up.

The book is divided into two chapters: The first chapter presents the methodology for conducting the quantitative measurement, and the second details how the measurement is integrated into the process of reducing the burden de facto, based on the steps of the process detailed in Book One of this Guide. In this respect, Book Two is a necessary complement to the management of the process of reducing the burden. As mentioned – an additional chapter addressing the qualitative evaluation will be added later.

8 OECD International Standard Cost Model Manual: Measuring and reducing administrative burdens for businesses
9 OECD (2014), OECD Regulatory Compliance Cost Assessment Guidance, OECD Publishing. http://dx.doi.org/10.1787/9789264209657-en
10 http://www.oecd.org/eco/reform/indicatorsofproductmarketregulationhomepage.html

CHAPTER ONE: QUANTITATIVE MEASUREMENT

The Government Resolution defined the regulatory burden as comprising three components: bureaucratic costs, regulatory compliance costs and costs stemming from the technical requirements being different to those customary around the world[11]. The quantitative measurement of the regulatory burden in monetary terms or waiting periods is the regulatory cost.

There are four stages to the measurement: performing a regulatory analysis of the processes and obligations, identifying the actions required to meet the regulatory obligations and the estimated cost components of each action, calculating the cost of the existing regulation and calculating the reduction in the cost after formulating the plan.

These four stages are summed in one table of cost measurement, which is filled in throughout the measurement process.

We recommend working with the table while reading this guide.

11 See glossary on page 70-71.

01 STAGE ONE – REGULATORY ANALYSIS

Regulatory analysis is an international method of analyzing regulation by mapping all the obligations stipulated by law or regulations (and where applicable, in administrative instructions) which are imposed on any regulated entity when carrying out any process. Following are the definitions of several terms, followed by a detailed explanation and an example.

Definitions

Process

All of the obligations required of the regulated entity as a condition to carry out activity regulated by the regulator, for example, a license to open a business or a permit to import a product. A process can include one obligation, such as submitting a form to the regulator, or several obligations.

Examples of processes

1. Requesting a permit/license
2. Renewing or changing a permit/license
3. Registering a product
4. Pre-ruling – receiving instructions in advance for categorizing the activity
5. Monitoring a product on the market (post marketing) and reporting to the regulator

The examples above demonstrate the diversity of processes. In particular, one should pay attention to the difference between **pre-approval processes** in relation to actions regulated through registration, permits or licenses, and **the process of post-factum oversight** in relation to actions that do not require a license, i.e. actions that are supervised post factum. In the former, the process is defined through licensing, such as obtaining a license or renewing it, while in the latter, the process is the actual action. For example, a product can be imported by declaration only and without the need for a license, if the product meets certain standards and the importer has all the required documents to support their declaration. In such a case, the process is the importation of the product[12].

Regulatory obligations

Regulatory obligations are the conditions required of the regulated entity as stipulated by law or under the regulator's authority in order to achieve the objective of the regulation. These obligations can be categorized in two categories, similar to the costs:

Obligations incurred in connection to bureaucracy – obligations in the work with the regulator, in particular those pertaining to providing information. The objective of these obligations is to prove compliance with the regulatory requirements.

Obligations incurred in connection to requirements – obligations incurred in the substantive requirements which define the standard which must be met by the regulated entity in order to maintain the public interest, i.e. the quality of the product or the service provided to the consumer.

Examples of bureaucratic obligations

1. Submitting documents to obtain a license
2. Appointing a contact person to work with the regulator

Examples of requirement obligations

1. The requirement to purchase materials and equipment
2. The obligation to publish information

12 This differentiation was emphasized in Government Resolution No. 2318 of November 11, 2014, on increasing competition and improving regulation on importation.

01 STAGE ONE – REGULATORY ANALYSIS

EXPLANATION

Regulation is, in essence, a series of obligations that the regulated entity must fulfill in specific situations. Therefore, the obligation is the basic mapping process. In other words, an analysis of the legislation means carefully reviewing all legislation – primary and secondary – and mapping all the obligations that appear in it.

These obligations are naturally organized according to processes, which means that the legislation charges the regulated entity with an obligation when they want to do something specific as part of a process. There are laws that are structured in such a way that organizes the obligations in advance as part of the processes, but there are laws (mostly from older legislation) that do not clearly outline the process and require exercising discretion throughout the process. It should be emphasized that the mapping process is focused mostly on obligations. Their division into processes is intended to help organize them, but is not substantial in and of itself.

In many cases a process appears in a general outline and within it one can identify sub-processes. For example, in the vehicle licensing process, there are sub-processes for the licensing of private vehicles, trucks, tractors etc. In such cases, the process should be split into sub-processes.

One should note that in addition to legislation, the regulatory analysis should also be applied to administrative instructions and director-general memoranda if they add to the obligations imposed on the regulated entities or are used to differentiate sectors or geographical regions. In certain cases, most of the obligations imposed on the regulator might possibly be in administrative instructions.

Regulatory Analysis					
Process	**Sub-process**	**Obligations**	**Required information/ detail**	**Category**	**Reference**
Submitting registration application	Standard – equipment registered or licensed for marketing in a recognized country	Conducting a risk survey		Requirements	Name of the law/ regulation/ etc.; clause no.
		Conducting a clinical evaluation		Requirements	
		Presenting two expert opinions		Bureaucracy	
		Packing the equipment and packaging specifications	The quantity that can be packed, the type of packaging, its quality and safety	Requirements	
		Marking the equipment	Details about the marking and labeling of the equipment and packaging	Requirements	
	Equipment manufactured in Israel	Presenting good manufacturing practices certificate		Requirements	
		Submitting request for registration		Bureaucracy	
		Appointing a contact person or an appropriate professional to be responsible for submitting applications		Bureaucracy	
Submitting renewal request for registration	Standard	Appointing a contact person or an appropriate professional to be responsible for submitting applications		Bureaucracy	
Submitting renewal request for registration	Standard	Presenting a summary of control and oversight actions carried out by the registration holder		Requirements	
		Sending a message to the regulator regarding the continued marketing of the equipment		Bureaucracy	

In accordance with the above, the table begins from the process and the sub-process (when such a distinction is needed) and only then is the actual obligation mentioned.

In regard to the bureaucracy or requirements categorization, it should be noted that the distinction between bureaucracy and requirements might not be clearcut in cases where approvals are presented for substantive requirements, for example, presenting the good manufacturing practices certificate. In such cases, the action could be viewed as providing information and consequently categorized as bureaucracy, yet it is actually a requirement. This is because in effect, the certificate is the law's way of ensuring that the regulated entity carries out a substantive requirement, which is to meet the good manufacturing practices.

The distinction generally depends on the objective served by the obligation: if it is intended to serve as a substantive standard which protects the public interest, it is a requirement. If it assists the regulator in the approval processes or supervision, it is classified as bureaucratic. It is possible that a similar obligation will be classified differently in different contexts. For instance, a laboratory test conducted as part of quality assurance in the manufacturing process is a requirement. However, a lab test on a product when imported into the country after it has already been approved helps the regulator confirm that the product is not counterfeit and is therefore bureaucratic.

The following question provides a rule of thumb in determining the classification: Does waiving the need for the approval mean waiving the requirement? When addressing the requirement for good manufacturing practices, the requirement cannot be enforced without the obligation to present approvals. Therefore, presenting the certificate is classified as a requirement. However, if the expert opinions were no longer required by law, this would not undermine any of the requirements regarding the quality of the actual equipment, and they are therefore classified as bureaucratic.

The same consideration is also true when presenting a summary of the supervision and control activities. The obligation to carry out these actions is a substantive requirement stipulated by law and pertains to the company's responsibility for the product it markets. Waiving the need to present the summary means waiving the requirement and therefore presenting the approval is a manifestation of the requirement itself. In contrast, appointing a contact person to be responsible for submitting requests is not part of the substantive requirements pertaining to the product, but merely part of the work vis-à-vis the regulator. Therefore, waiving the need for this appointment would have no effect on the product and is therefore classified as bureaucratic.

The same question can be asked differently: What is the regulated entity required to do in order to obtain the approval? Is the action they need to perform related to the substantive standard that safeguards the public interest, or is the action required as part of the work process vis-à-vis the regulator in order to prove meeting the substantive standard?

In order to present an approval for good manufacturing practices, or a summary of the supervision and control activities, the regulated entity needs to adapt the manufacturing plant to suit the desired manufacturing practices or establish a control system. These two actions pertain to a substantive standard for maintaining public interest. However, in order to present an expert opinion or to present an appointed contact person, the action required of the regulated entity will not alter the quality of the product and its meeting the substantive standard, but will fulfill the bureaucratic need of proving to the regulator that the regulated entity meets the standard.

02 STAGE TWO – ACTIONS AND COST COMPONENTS

The regulatory analysis is required by legislation and other binding instructions. The product of the regulatory analysis is a spreadsheet. Based on this spreadsheet, one can estimate the regulatory costs by identifying the actions required in order to meet the regulatory requirements and the cost estimation of these actions. Following are definitions of several terms, followed by a detailed explanation and an example.

DEFINITIONS

Actions

What is required of the regulated entity to actually do to meet the regulatory obligations.

Examples of actions[13]

1. Testing, such as lab tests, quality assurance, etc.
2. Relevant calculations for reporting
3. Purchasing equipment, information systems, software, raw materials, etc.
4. Filling in and editing documents and sending them to the regulator
5. Studying the regulation, training and keeping updated on any changes to the regulation
6. Photocopying, distributing and filing of any information, etc.
7. Holding meetings and discussions

Waiting periods

The bottom line of any process is the waiting period, defined as the time spent by the regulated entity waiting for the regulator's response within a process (the Government Resolution determined that waiting periods are considered bureaucratic costs). This does not refer to any time spent waiting by the regulated entity as part of internal actions performed (for example, time spent waiting to receive lab test results, although this test may be a regulatory requirement). Despite the fact that during waiting periods the regulated entity is not performing any specific actions, this is dead time for business activity and, as such, has a cost. Therefore, these times waiting for the regulator should be classified as an action.

Waiting periods usually refer to the time in which the regulated entity awaits the regulator's decision in approval processes, though other processes, such as pre-ruling, may also entail waiting periods. As a rule, the waiting period begins once the request is fully submitted. However, the time period between the first submission and the full submission should be taken into account. Methods to shorten this period should be examined, and when it is notably long, weighing it in with the waiting period should be considered. Therefore, for every process, the waiting period should be calculated as an action with a cost[14].

13 This spreadsheet is taken from the 16 administrative activities listed in the SCM. See: OECD International Standard Cost Model – Manual Measuring and Reducing Administrative Burdens for Businesses, p. 25.

14 As we will see below, the cost of time will be calculated separately as a percentage of the general cost of bureaucracy. Generally, the cost of time can be calculated in various economic terms such as delayed income, financial capitalization etc. However, these require complex calculations. Therefore, waiting periods are counted simply as the number of days, whereas in the calculation, the time will be given weight as part of the deduction from the administrative costs.

02 STAGE TWO – ACTIONS AND COST COMPONENTS

Cost components

Inputs required of the regulated entity in order to undertake required actions are the cost components. These inputs are assessable in terms of monetary costs.

Examples of cost components

1. Wages – employee/manager
2. Contacting a consulting firm for research
3. Accountant/lawyer/appraiser fees
4. Procurement and implementation of information systems
5. Material maintenance
6. Equipment procurement
7. Lab tests

Measurement units

Measurement units are used to translate the cost components into actual costs. There are three possible measurement units: **money**, when it is a direct monetary expense; **work hours** – divided into employee work hours and manager work hours, which have different hourly values; and **days**, in reference to the waiting period.

Value (hour/time)

The value is determined according to the relevant measurement unit, and is the parameter according to which the measurement unit will be converted into total cost (see formula below):

- **Money**: the field will be left empty, as direct monetary costs do not require conversion.
- **Hour**: when the measurement unit is work hours, parameters must be set for employee and manager hours. These parameters will be determined as an average based on the measurements provided by the stakeholders.
- **Time**: when the measurement unit is days, the number of days spent waiting will be expressed in one of three values – high, mid and low, taking into account the regulator's and the businesses' measurement of the impact of the waiting period on business activity. Each of the values will be given a relative weight, as detailed below. The value (high, mid or low) should be entered in the cross section of the '(Hour/Time) Value' column and the 'Waiting Time' row.

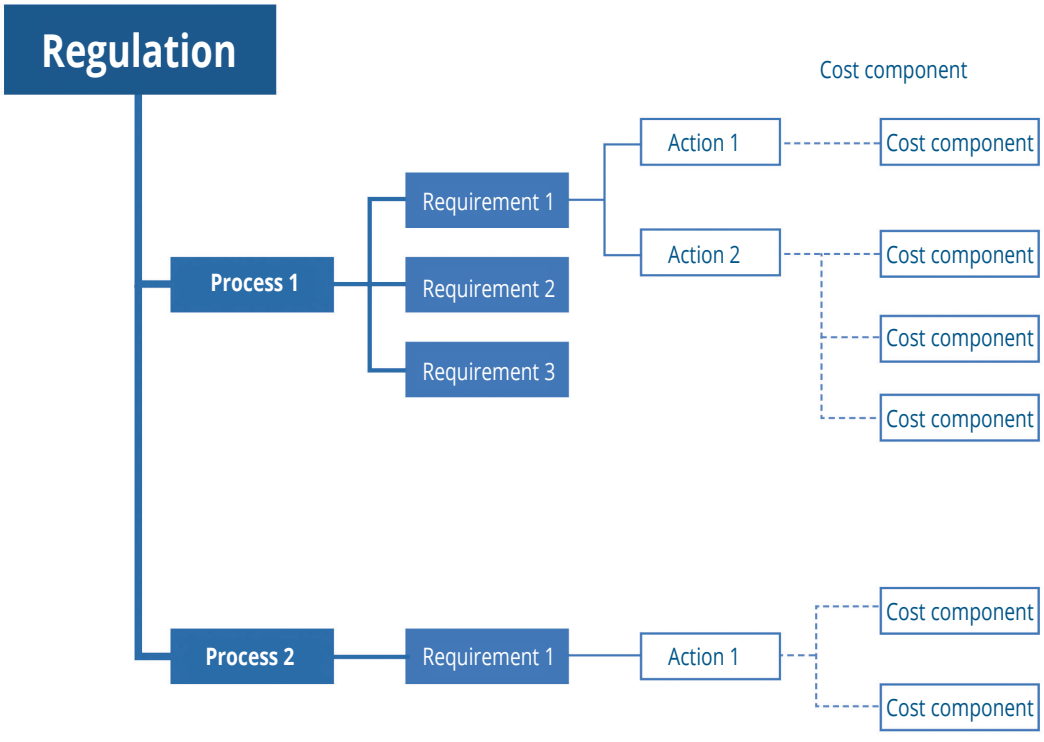
02 STAGE TWO – ACTIONS AND COST COMPONENTS

EXPLANATION

In order to comply with a given regulatory requirement, the regulated entity is required to carry out certain activities. Each action requires the investment of inputs, which are cost components that can be quantified. There are cases when the action is identical to the cost component or is somewhat similar to it. For example, if the regulation requires the regulated entity to purchase equipment, the action is the equipment procurement. This action costs money in and of itself, and is therefore a cost component. However, the cost of the equipment alone does not cover all the cost components, since the equipment needs to be installed, the employees need to be qualified in operating the equipment and the equipment must be maintained. These are all additional cost components beyond the original purchase.

It should be emphasized that, unlike the regulatory analysis, the actions and the cost components are empirical data. Therefore, their measurement should also be conducted with the regulated entities, as they are who carry out the actions in reality. However, we have learned from experience that as early as the regulatory analysis stage, one can estimate which of the actions that the regulated entity must perform are central. Therefore, the actions will be filled in, as detailed below, as early as the regulatory analysis stage and the data will be completed later, together with the stakeholders. Naturally, all the data will be given to the regulator for inspection.

The structure of the regulatory cost can be represented in the following diagram:



02 STAGE TWO – ACTIONS AND COST COMPONENTS

Example

Regulatory Analysis			Actions and Cost Components			
Process	**Requirement**	**Category**	**Actions**	**Cost Components**	**Measurement Unit**	**(Hour/Time) Value**
Submitting registration application for equipment registered or licensed for marketing in a recognized country	Performing a risk survey	Requirements	Expert research	Contract with experts	Money	
				Lawyers' fee	Money	
				Preparing survey report	Employee hour	40
			ISO testing	Contacting laboratory	Money	
				Work hours – employee	Employee hour	40
			Preparing survey report	Work hours – Manager	Manager hour	80
				Work hours – employee	Employee hour	40
	Conducting a clinical evaluation	Requirements	Conducting a clinical experiment	Paying laboratory	Money	
				Work hours – employee	Employee hour	40
			Preparing the final report	Work hours – Manager	Manager hour	80
				Work hours – employee	Employee hour	40
	Presenting two expert opinions	Bureaucracy	Hiring experts	Contract with experts	Money	
				Work hours – employee	Employee hour	40
			Sending equipment to experts	Work hours – employee	Employee hour	40
				Shipping costs	Money	
	Packing equipment and packaging specifications	Requirements	Preparing report	Work hours – employee	Employee hour	40
				Work hours – Manager	Manager hour	80
			Printing and production	Contract with supplier	Money	
	Marking equipment	Requirements	Training employees	Work hours – employee	Employee hour	40
				Work hours – Manager	Manager hour	80
			Preparing labels and signs	Work hours – employee	Employee hour	40
			Printing and production	Contract with printer	Money	
			Waiting period		Days	High

03 STAGE THREE – CALCULATING THE COST OF EXISTING REGULATION

Based on the identification of the actions and the cost components, one can calculate the actual regulatory cost. Below is an example of an measurement table, followed by a detailed explanation:

Regulatory Analysis			Actions and Cost Components				Calculating Existing Regulatory Cost		
Process	Requirement	Category	Actions	Cost Components	Measurement Unit	(Hour/ Time) Value	Cost	Frequency in 12 Months	Total Cost (NIS)
Submitting registration application for equipment registered or permitted for marketing in a recognized country	Performing a risk survey	Requirements	Expert research	Contract with experts	Money		20,000	0.2	4,000
				Lawyers' fee	Money		5,000	0.2	1,000
				Preparing survey report	Employee hour	40	200	0.2	1,600
			ISO testing	Contacting laboratory	Money		3,000	0.2	600
				Work hours – employee	Employee hour	40	50	0.2	400
			Preparing survey report	Work hours – Manager	Manager hour	80	10	0.2	160
				Work hours – employee	Employee hour	40	40	0.2	320
	Conducting a clinical evaluation	Requirements	Conducting a clinical experiment	Paying laboratory	Money		15,000	0.2	3,000
				Work hours – employee	Employee hour	40	150	0.2	1,200
			Preparing final report	Work hours – Manager	Manager hour	80	10	0.2	160
				Work hours – employee	Employee hour	40	40	0.2	320
	Presenting two expert opinions	Bureaucracy	Hiring experts	Contract with experts	Money		5,000	0.2	1,000
				Work hours – employee	Employee hour	40	30	0.2	240
			Sending equipment to experts	Work hours – employee	Employee hour	40	20	0.2	160
				Shipping costs	Money		2,000	0.2	400
	Packing equipment and packaging specifications	Requirements	Preparing report	Work hours – employee	Employee hour	40	50	0.2	400
				Work hours – Manager	Manager hour	80	20	0.2	320
			Printing and production	Contract with supplier	Money		5,000	0.2	1,000
	Marking equipment	Requirements	Training employees	Work hours – employee	Employee hour	40	100	0.5	2,000
				Work hours – Manager	Manager hour	80	10	0.5	400
			Preparing signs	Work hours – employee	Employee hour	40	20	0.5	400
			Printing and production	Contract with printer	Money		10,000	0.5	5,000
			Waiting period		Days	High	120	0.2	24

Cost of Existing Regulation		
Requirements	Bureaucracy	
	Money	Waiting period
22,280	1,800	24

03 STAGE THREE – CALCULATING THE COST OF EXISTING REGULATION

EXPLANATION

Cost (hours/time/money)

In this column, the actual cost should be filled in, i.e. the number of work hours, days spent waiting or the sum of money.

Frequency

The final cost is calculated per year. Therefore, when the expense is annual, the value in this column should be 1; when the expense twice yearly, the value is 2; and when the expense is once every five years, the value is 0.2.15

Total cost

This column is calculated automatically using the formula value x cost x frequency. The cost is calculated separately for the cost of requirements and the bureaucratic costs.

Based on these calculations, an overall cost is calculated at the end of the table. This is divided into requirements and bureaucracy, with the bureaucratic cost further divided into monetary costs and the waiting period.

15 It should be noted that for the sake of simplicity, the maximum frequency is once in 10 years. This means that the minimum value in this column is 0.1. This is also true for approvals granted for 20 years.

04 STAGE FOUR – CALCULATING REDUCTION IN COSTS

Taking into account the formula of the calculation, the reduction in costs can stem from two factors: reduced costs or reduced frequency. Accordingly, when calculating the cost reduction, the calculation table has three additional columns: frequency, cost and total. At the end of the table, the percentage of the reduction is noted. The following is an example, presented only in part due to lack of space:

Regulatory Analysis		Actions and Cost Components		Calculating the Cost of Existing Regulation			Reducing the Regulatory Cost		
Requirements	Category	Actions	Cost components	Cost	Frequency in 12 months	Total cost (NIS)	Cost after reduction	Frequency after reduction	Total cost after reduction
Performing a risk survey	Requirements	Expert research	Contact with experts	20,000	0.2	4,000			
			Lawyers' fees	5,000	0.2	1,000			
			Employee work hours	200	0.2	1,600			
		ISO testing	Contract with laboratory	3,000	0.2	600			
			Employee work hours	50	0.2	400			
		Writing survey report	Manager work hours	10	0.2	160			
			Employee work hours	40	0.2	320			
Submitting a survey report and clinical evaluation in the source country	Bureaucracy	Obtaining the information from the manufacturer	Employee work hours				5	0.2	40
Performing a clinical evaluation	Requirements	Performing a clinical experiment	Paying the laboratory	15,000	0.2	3,000	15,000	0.2	3,000
			Employee work hours	150	0.2	1,200	150	0.2	1,200
		Writing a final report	Manager work hours	10	0.2	160	10	0.2	160
			Employee work hours	40	0.2	320	40	0.2	320
Presenting two expert opinions	Bureaucracy	Hiring experts	Contract with experts	5,000	0.2	1,000	2,500	0.2	500
			Employee work hours	30	0.2	240	15	0.2	120
		Sending the equipment to the experts	Employee work hours	20	0.2	160	10	0.2	80
			Shipping costs	2,000	0.2	400	1,000	0.2	2000
Packing equipment and packaging specifications	Requirements	Preparing a report	Employee work hours	50	0.2	400	10	0.1	40
			Manager work hours	20	0.2	320	4	0.1	32
		Printing and production	Contract with suppliers	5,000	0.2	1,000	3,000	0.1	300
Marking the equipment	Requirements	Employee training	Employee work hours	100	0.5	2,000	50	0.5	1,000
			Manager work hours	10	0.5	400	10	0.5	400
		Preparing labels	Employee work hours	20	0.5	400	20	0.5	400
		Printing and production	Contract with printer	10,000	0.5	5,000	8,000	0.5	4,000
		Waiting period		120	0.2	24	100	0.2	20

Cost of Existing Regulation			Cost after Reduction		
Requirements	Bureaucracy		Requirements	Bureaucracy	
	Money	Waiting period		Money	Waiting period
22,280	1,800	24	10,852	940	20

	Requirements	Bureaucracy
Reduction in Percentages	51%	40%

04 STAGE FOUR – CALCULATING REDUCTION IN COSTS

The table in the example 'narrates the story' of the following reduction plan: As part of the existing regulation, the regulated entity is required to conduct a risk survey, perform a clinical evaluation, present two expert opinions, comply with specific packaging standards and mark the equipment when it is imported from a recognized country. In the reduction plan, the ministry decided to recognize the risk survey conducted in the recognized country. Therefore, the requirement to conduct a risk survey was cancelled, and in its place came the bureaucratic requirement of presenting to the regulator the report of the risk survey from the country of origin.

As part of adopting the regulation of the recognized country, the packaging requirements were adjusted so they are the same as those in the recognized country. This eased the requirements related to the product packaging, thereby reducing any related costs.

In addition, as this is a recognized country, it was decided that there is no longer need for two expert opinions, and one expert opinion will suffice. This reduced the bureaucratic requirement by half and streamlined the regulator's work so that the waiting period was cut down from 120 days to 100 days.

Below the table, the rate of reduction is calculated automatically. As one can see, the cost is calculated in such a way that we can separate requirement-related costs from bureaucratic costs in calculating the reduction too. In this example, we can see that the reduction in bureaucratic costs is 46%, well beyond the 25% goal. The cost of the requirement was reduced by 100% as the requirement in this example was cancelled.

With regard to the adjusted calculation of waiting periods: As mentioned above, the regulator's and the businesses' measurement of the impact of time on business activity is given one of three values – high, mid and low. Each of the values is given a different weight in the adjusted calculation, with the value of the monetary cost completing the calculation to 100%:

- High: 25% (monetary cost value: 75%);
- Mid: 15% (monetary cost value: 85%);
- Low: 5% (monetary cost value: 95%).

In this example, as the waiting time in the specific process was defined as 'high', it was given the value of 25%, and the monetary cost is automatically set to 75%. Based on these parameters, the bureaucratic reduction was calculated as 46%.

In this method of calculation, the cost of each process (or sub-process, if such exists), is calculated separately, according to the ratio between the waiting period and the monetary cost of the whole process. The total cost and rate of reduction are the sums of all the processes.

One should pay attention to the fact that the regulatory measurement does not differentiate between processes and requirements. They are given the same weight in the final total of the regulatory cost. Therefore, as detailed in Book One of this Guide and the second chapter of the Measurement Book, one should give preference to central processes for which the measurement will be conducted, and only those processes.

CHAPTER TWO:
THE MEASUREMENT PROCESS

The OECD's CCA guide details a long list of measurement sources: business surveys, questionnaires and interviews, observations, supplier evaluations, data from the Central Bureau of Statistics and others. The choice of source for measurement depends on various factors such as resources, importance, the importance of the measurement, etc. However, the measurement described in the following pages refers to the process for reducing the burden as determined in Book One as part of the mapping process with the regulator and the dialogue with the stakeholders.

The objective of this chapter is to demonstrate how the quantitative measurement is integrated throughout the process of reducing the burden, taking into account the stages detailed in Book One – The Work Process. In addition, integrating the measurement into the process enables us to provide solutions to several methodological issues.

It should be noted that a quantitative measurement is very meticulous work, requiring attention to details, filling in tables, gathering data from questionnaires, etc. Therefore, the measurement management, as drafted here, is very detailed in each of the stages of the process. With that in mind, and in order to clarify precisely what needs clarification, the wording is very technical and in the form of instructions to the person carrying out the measurement, making it absolutely clear what needs to be done in every stage. This is all based on the assumption that the methodology, the terms and the tables are all clear.

Due to the nature of the work, the CCA guide specifically mentions that the measurement is conducted in most countries by consulting firms which help government offices analyze the regulation and gather the data. The Accountant General at the Ministry of Finance and the Prime Minister's Office are working on a general tender to help the various ministries who are interested in entering into agreements with consulting firms.

The cost measurement combines working with the regulator and with stakeholders, and is conducted in four stages, in accordance with Book One of the Guide:

- Creating the infrastructure for mapping the burdens and conducting the measurement
- Mapping the burdens and conducting the measurement
- Summarizing the information
- Formulating a planFormulating a plan

01 STAGE ONE – CREATING THE INFRASTRUCTURE FOR MAPPING THE BURDENS AND PERFORMING THE MEASUREMENT

Kickoff meeting with the regulator

At the kickoff meeting, relevant material should be gathered, with an emphasis on primary legislation, rules and director-general memoranda (if they are binding instructions). Additional materials that can help perform the regulatory analysis should also be gathered, including position papers, internal regulations and guides for the public.

Regulatory analysis

Mapping requirements – The materials accumulated at the kickoff stage should be carefully read when mapping the requirements. In the 'Required Information/Details' column, each of the requirements should be added in brief. With regard to bureaucratic requirements (which are largely requirements relating to information), the required information should be noted, and for substantive regulatory requirements, the nature of the requirement should be explained.

Grouping and categorizing the processes and sub-processes – After mapping the requirements, an attempt should be made to group and categorize the requirements and the required information into the processes and sub-processes which the regulated entity is required to perform.

Initial mapping of actions and cost components – Mapping the actions and the cost components is done by the regulated entities in detail, as this is empirical information and they know what they actually do and what inputs are required of them. However, the mapping can be performed on the requirements stipulated by law as early as the regulatory analysis stage based on common sense. This initial mapping will help regulators control the empirical information that will be obtained from the regulated entities, and will allow them to identify any differences.

Listing questions and clarifications

Questions for the regulator – As noted in Book One of the Guide (see page 27-28), the regulatory analysis raises numerous questions for discussion with the regulator, such as questions relating to the use of the power granted by law to the regulator, enforcement and the cost of sanctions on the regulated entities.

Questions for the stakeholders – In addition to the questions for the regulator, questions and clarifications needed regarding the mapping process up to this point should be listed, as well as for questions regarding inputs invested by businesses in order to comply with specific requirements, etc. Answers to these questions can provide the information for the burden-mapping questionnaire given to the stakeholders (Questionnaire One) and the measurement questionnaire (Questionnaire Two).

Validating the regulatory analysis and discussing the table

Presenting the table to the regulator for the purpose of examining the accuracy and completeness of the regulatory analysis – requirements and processes. In addition, a discussion should be held about mapping the actions and cost components. This discussion should refer to the questions and clarifications, and update the questionnaire for the stakeholders, which will help gather information regarding the costs imposed on businesses.

As part of this discussion, the key processes for measurement should be given priority. The main criteria for defining a process as 'key' is its prevalence, based on the assumption that a key process is usually carried out often, i.e. it is a process within which much of business activity is contained. Prioritizing the processes is vital, as the regulatory analysis does not differentiate between a common, key process and one that is not. A similar prioritization will be performed with the stakeholders in the discussion groups.

Discussion groups

The discussion groups focus mainly on mapping the burdens. However, as detailed in Book One – The Work Process, during the final part of the discussion, the stakeholders will be shown the regulatory analysis table and the measurement questionnaire (Questionnaire Two) before it is sent out. Key processes should be given priority here too, as detailed above.

Updating the measurement questionnaire (Questionnaire Two)

Updating the questionnaire before it is sent out, based on the discussion with the regulator about the regulatory analysis table and the burden mapping, in which the key processes were prioritized, and taking into account the prioritization presented by the stakeholders.

Sending out the measurement questionnaire (Questionnaire Two)

Sending the second questionnaire to the participants in the discussion groups and completing the regulatory analysis table with the information obtained from the questionnaires.

Consolidating the data

Consolidating the data and sending it to the various sectors according to the breakdown determined in Book One – The Work Process in the first stage – creating the infrastructure for mapping the burdens with the stakeholders. Main points for consolidating the data:

- **Assessing key processes** – As mentioned above, when only processes are being assessed, the key processes should be prioritized by the regulator and the stakeholders.
- **Variance among businesses** – As much as the measurement sample allows for (which is reliant upon the scope of regulated entities and the number of participants in the discussion groups), businesses should be differentiated according to sectors and the policy regarding the mix: large/mid-sized/small businesses and geographical location. If needed, various sectors or types of businesses should also be differentiated (for example, in relation to food-related businesses, a restaurant should be differentiated from a grocery store when regulation is relevant to both). An examination should be carried out accordingly whether there is a difference in costs according to the type of business.

After the data has been consolidated, the differences and gaps in information will be marked, and questions will be drafted for the interviews with the stakeholders to complete said information.

Ministerial discussion

Consolidating the data requires making several methodological decisions regarding normalizing data, determining the set of actions required for each process, etc. To that end, as detailed in the Book One – The Work Process (page 36), at the end of the stage of mapping the burdens and conducting the measurement with the stakeholders, a discussion should be held in the ministry about the updated table, and in light of the raw material, the table should be filled in and completed. Based on this discussion, the decision will be made whether or not there is a need to complete missing information, and the structure of the clarification interviews with the stakeholders will be determined accordingly.

Interviews and clarification discussions with stakeholders

In accordance with the above, interviews will be held with specific stakeholders.

Normalizing the data

The data normalization can be performed after completing the information collection (from questionnaires, interviews and clarification discussions) and the division into sectors has been done. The objective of this step is to evaluate, based on the data collected, how long it takes a normative business in a specific sector (for example, a business of a specific size) to complete any given action. As the sample of businesses is not very large, discretion should be exercised. Therefore, the ministry should be sure to supervise the normalization calculations and record the considerations, enabling the calculations to be followed. Despite the operational complexity, the principles of normalization, in and of themselves, are simple:

Action A		Average Normalized Time
Business 1	5 hours	5.25 hours
Business 2	7 hours	
Business 3	5 hours	
Business 4	5 hours	
Business 5	15 hours	

In this example, there is a significant difference between the data from Business 5 and the data from the other members of the sample. Therefore, the data from Business 5 should not be taken into account and the average should only include Businesses 1-4.

Action B		Average Normalized Time
Business 1	1 hours	1.5 hours
Business 2	2 hours	
Business 3	1 hours	
Business 4	2 hours	
Business 5	1.5 hours	

In this example, the differences between the various data are not great, and therefore an average of all businesses can be calculated.

Action C		Average Normalized Time
Business 1	1 hours	Due to the significant differences between the values, additional interviews or clarification discussions should be held
Business 2	2 hours	
Business 3	5 hours	
Business 4	0.25 hours	
Business 5	1.5 hours	

In this example, the data of the entire sample are largely different. Therefore it is impossible to make an unequivocal decision regarding the true data that should be used. This means that additional interviews or clarification discussions need to be conducted with the intent of expanding the sample and if needed, to reconsider the sector division.

Validating the cost measurement

After the data has been collected from the stakeholders, and before the table is finalized, a discussion will be held with the regulator about the findings and the data. An examination of the accuracy and completeness of the cost measurement will be brought for discussion before the meeting between the regulator and stakeholders.

03 STAGE THREE – SUMMARIZING THE INFORMATION

Presenting a document which summarizes the data collected by the ministry

The format for summarizing the information has been included in Book Two – The Toolbox (page 55). As detailed in the Book One – The Work Process, this summary should present the essence of the measurement and the lessons derived from it. The complete measurement table should be presented with the document.

04 STAGE FOUR – FORMULATING THE PLAN

Re-examination of the plan to reduce the burden through measurement

The findings of the measurement are a key tool in the discussions about formulating the plan to reduce the regulatory burden (in addition to the burden mapping). Throughout the process of formulating the plan, the impact of the plan on the measurement should be evaluated, and particularly whether the goal of a 25% reduction in the regulatory burden has been reached. The plan should be amended and adjusted until the balance is found between reducing the regulatory burden and maintaining the objective of the regulation. It should be noted that, although the goal specified in the Government Resolution is a 25% reduction in administrative costs, an measurement of the regulatory costs is also conducted.

Publishing the plan

The final plan will present the current regulatory costs and the costs after the plan will be implemented. The format for the publication report can be found in Book Two – The Toolbox (page 65).

APPENDIX – MAIN POINTS AND FREQUENTLY ASKED QUESTIONS

Measurement principles

- **Using estimations** – Estimations are used when assessing the regulatory costs (such as the estimated cost of a work hour), which requires exercising discretion and could have a serious impact on the overall burden being taken into account.
- **Clarity** – Due to the need to use estimates and the size of the sample, discretion must be exercised while conducting the measurement. Therefore, the clarity of the presumptions and the information that was used for the measurement of the regulatory costs must be ensured
- **Consistency and unity** – The value of the measurement lies in its consistency. The clarity of the assumptions and the information are crucial to that consistency. In addition, meticulously implementing the guidelines gives validity to the entire measurement as a government-wide process, and will allow for comparisons over the years both between years and between ministries.

Coping with the differences between the size and scope of the activity of various companies, or the differences between businesses

First, in order to cope with the differences between businesses, which are the result of several variants, we must normalize the data by using averages, while neutralizing abnormal estimates with a relatively high standard deviation. We are, in fact, trying to find the estimates which most accurately present a normative, efficient business. Due to the centrality of the normalization and its impact on the final result, a ministerial discussion must be held on this matter.

In addition, due to the fact that different businesses have differing scopes of activity, the measurement focuses on a single process and does not take into account how often the process is performed by the business.

In order to cope with the differences between businesses, they should be divided in advance into the sectors the regulation applies to, and the measurement should be conducted for each sector separately.

What should be done when the costs incurred by a business are attributed to two laws or more?

They should be taken into account only once (attribute the costs to one of the laws, or divide the costs equally between the laws). Whenever there is doubt or disagreement, it should be discussed in the ministry.

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