

Parameters of Innovation in Risk Regulation

Colin Scott

Principal, UCD College of Human Sciences
Professor of EU Regulation and Governance
University College Dublin
colin.scott@ucd.ie

IRGC Annual Conference
Improving Risk Regulation
Paris 13-14 October 2014



University College Dublin

An Coláiste Ollscoile, Baile Átha Cliath

Risk Regulation

- Regulating Risky Activities/Products
 - major infrastructure, nanotechnology, financial markets, foods, etc
- Risk-Based Regulation
 - Eg designing instruments and frequency of inspections by reference to scale and likelihood of potential harms



Regulatory Innovation

	Focus of Change	Example	Character	Decision Mode
1	Settings	Recalibrating Standards	Improvement	Procedural
2	Institutions/ Techniques	From Rules to Market Incentives	Evolution	Politics/ Bargaining
3	Goals/ Orientation	From Growth to Sustainability in Environment	Transformation	Reflexive

See further: Black, Lodge and Thatcher *Regulatory Innovation* (2005)



Regulatory Innovation

	Focus of Change	Example	Character	Decision Mode	Suitability Conditions
1	Settings	Recalibrating Standards	Improvement	Procedural	Technical
2	Institutions/ Techniques	From Rules to Market Incentives	Evolution	Politics/ Bargaining	Stable Interests/ Understanding of Issues
3	Goals/ Orientation	From Growth to Sustainability in Environment	Transformation	Reflexive	Uncertainty and Risk Over Goals/ Outcomes

See further: Black, Lodge and Thatcher *Regulatory Innovation* (2005)



Who Regulates How?

- Legislatures
- Departments and Agencies
- IGOs (eg UN, OECD)
- NGOs (eg FSC)
- Businesses
- Trade Associations

- Agencies and Departments
 - Businesses
 - NGOs
- Consumers
- Employees

Norms
(standard-setting)

Feedback
(information gathering)

Correction
(behaviour modification)

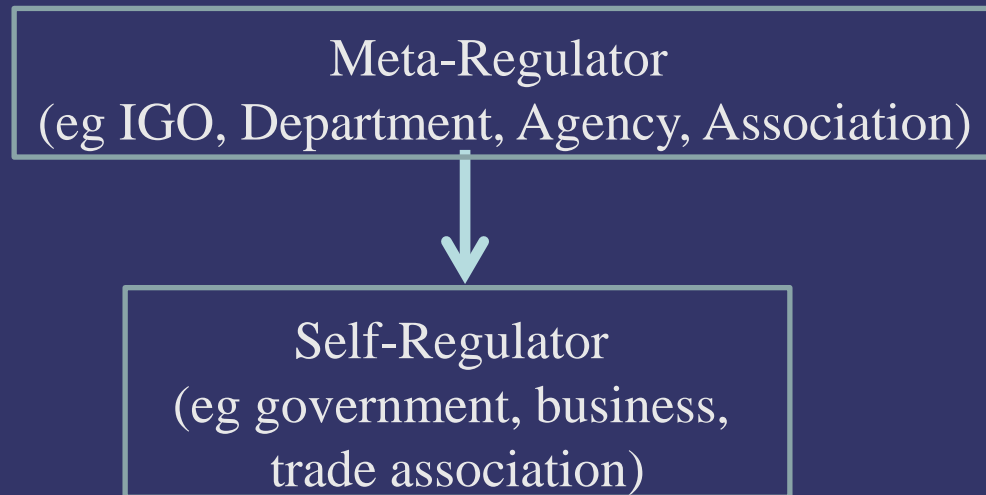
- Agencies and Departments
- Trade Associations
 - Businesses
 - NGOs
- Consumers

- Gatekeepers (eg banks, insurers)



Meta-Regulation

- Steering Self-Regulatory Capacity
- Providing Assurance
- Principles-Based
- Promotes Mutual Learning
- Harnesses Private Capacity
- Ties regulatory discretion to rule of law
- Outcome-oriented



Network Governance

- Inter-Governmental
(eg ICN, OECD, BEREC
Network of Economic
Regulators)
- Sectoral/Associational
(eg ISDA, EASA, FSC)

Opportunities

- Steering Behaviour
- Setting Norms

Consultation

- Adding Legitimacy
- Policy Learning

Learning about risk

- Operational Cooperation



Linking Innovation & Reflection

- **Tackling Intractable Problems with Reflection over Objectives, Preferences, Actors, Techniques**
- **Dialogue**
 - Enhanced consultations over policies, alternatives and outcomes
- **Evaluation**
 - Piloting, RIA, Research
- **Oversight**
 - Draw in capacities for direct oversight, gatekeeping, publicity
- **Information**
 - Transparency and feedback measures
- **Competition**
 - Monitoring effects of competition between regimes

