What is the OECD?

- The mission of the Organisation for Economic Co-operation and Development (OECD) is to promote policies that will improve the economic and social well-being of people around the world.
- The OECD provides a forum in which governments can work together to share experiences and seek solutions to common problems. We work with governments to understand what drives economic, social and environmental change.
OECD’s methodology of work

Data collection → Analysis → Discussion → Decisions → Implementation → Peer reviews, multilateral surveillance
The importance of regulation on the business and society

- Regulation is one of the three core levers for government to manage the economy (along with fiscal and monetary policy)

- Devising regulations is rarely straightforward
  - technical complexities, uncertainties,
  - political constraints,
  - unintended consequences, collateral damage, excessive cost and
  - not serve policy goals at all

- Governments have to be alert to the potential for things to go wrong in their regulatory endeavours.
  - Loss in economic performance or societal wellbeing
  - Adverse political consequences for governments themselves
Inherent risks to good regulatory outcomes

• Lack of evidence to inform policy development.
• Use regulation to solve problems for which regulation is not suited.
• Rent seeking behaviour on behalf of incumbents.
• Status quo bias of the administration – a reluctance to review and reform policy areas.
• Misalignment between administrative portfolios and regulatory problems.
Honing in on what regulatory policy and governance means to the OECD

- Regulatory policy seeks to improve public sector outcomes by changing the way governments design and deliver regulation.
- Regulatory policy focuses upstream (COG, Oversight bodies, Parliaments), downstream (regulators, inspectors, sub-national) and outside of government (civil society, private bodies).
- Regulatory policy is not a better business agenda. It’s about making markets work better.
- Regulatory policy is responsible for some less tangible but equally critical public governance outcomes.
RECOMMENDATION OF THE COUNCIL ON REGULATORY POLICY AND GOVERNANCE
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Regulatory Impact Analysis – Broad international trends

- RIA is seen as a useful tool in support of more efficient, effective, transparent and accountable policymaking.
- Well understood methodology (sponsored by OECD and others) and currently adopted nearly all OECD countries and at EU level, within broader regulatory reform programmes.
- The focus and depth of analysis change remarkably from country to country.
- RIA has been broadly more successful in Common Law jurisdictions but less successful in many Civil Law countries.
- Some very good examples of RIA and subnational level – Australia, Canada, Mexico.
- But there have been some notable failures!
  - Many jurisdictions enacted laws to oblige officials to prepare impact assessments for all new legislation.
  - These laws were rarely underpinned by adequate methodologies or institutional arrangements to oversee the quality of assessments.
  - As a result, the potential benefits from the use of this tool were lost.
Existence of a requirement for RIA across OECD countries

Most OECD countries have adopted RIA.
Adoption of RIA – Requirement and Practice

There is a significant gap between requiring RIA and the actual practice of RIA.
Many OECD countries identify costs and benefits of draft regulation, but only a small minority ensures that the benefits of regulations outweigh the costs.
The Oversight of RIA

Oversight bodies for RIA exist in many OECD countries, but these bodies do not appear to function effectively in a significant number of cases.
Stakeholder engagement in the RIA process

Stronger stakeholder engagement in the RIA process should be pursued.
Conclusion: RIA should become a part of a regulatory management system

- The Governance of RIA should be strengthened: Oversight, methodology, stakeholder engagement
- Incorporation of the results of a sound consultation process
- Provision of indicators for monitoring regulation at hand over time
- Inclusion of a “review clause” for evaluating the performance of the regulation
THANK YOU!

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