



# OECD WORK ON REGULATORY POLICY AND GOVERNANCE

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# 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





# The importance of regulation on the business and society

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- 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

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- 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

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- 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

2012



RECOMMENDATION OF THE  
COUNCIL ON REGULATORY  
POLICY AND GOVERNANCE



# OECD Recommendation on Regulatory Policy and Governance

Strategic Approach	Institutions	Management Tools	Governance
Policy Statement	Oversight Body	Regulatory Impact Assessment	Whole of Government
Designated Minister	Regulators	Open Government/ Public Consultation	International Regulatory Co-operation
	Parliaments	Simplification and Burden Reduction	National/Sub- national interface
		Ex-post Evaluation	





# Regulatory Impact Analysis – Broad international trends

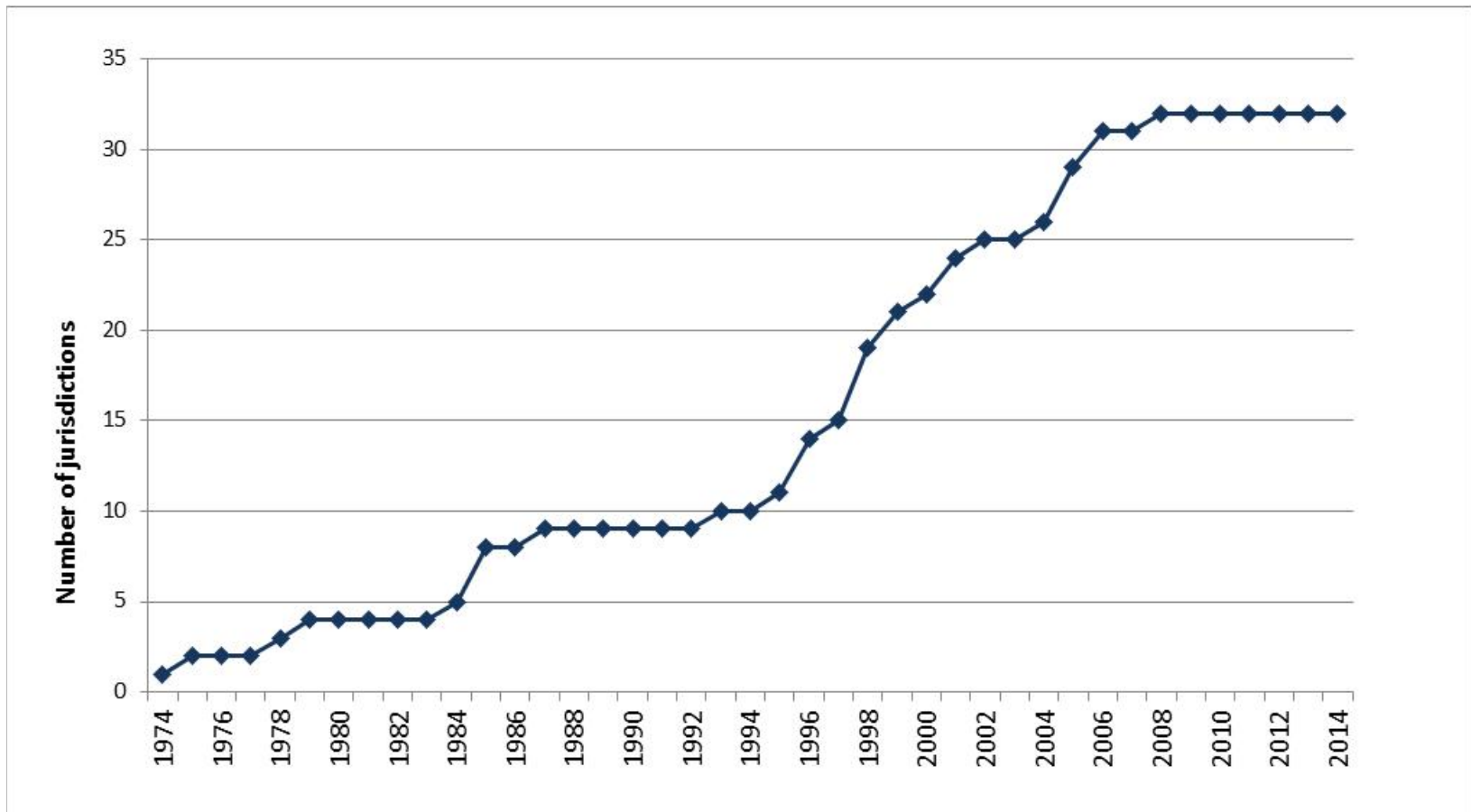
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- RIA is seen as a useful tool in support of more efficient, effective, transparent and accountable policymaking
- Well understood methodology (sponsored by OECD and others) and currently adopted nearly all OECD countries and at EU level, within broader 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

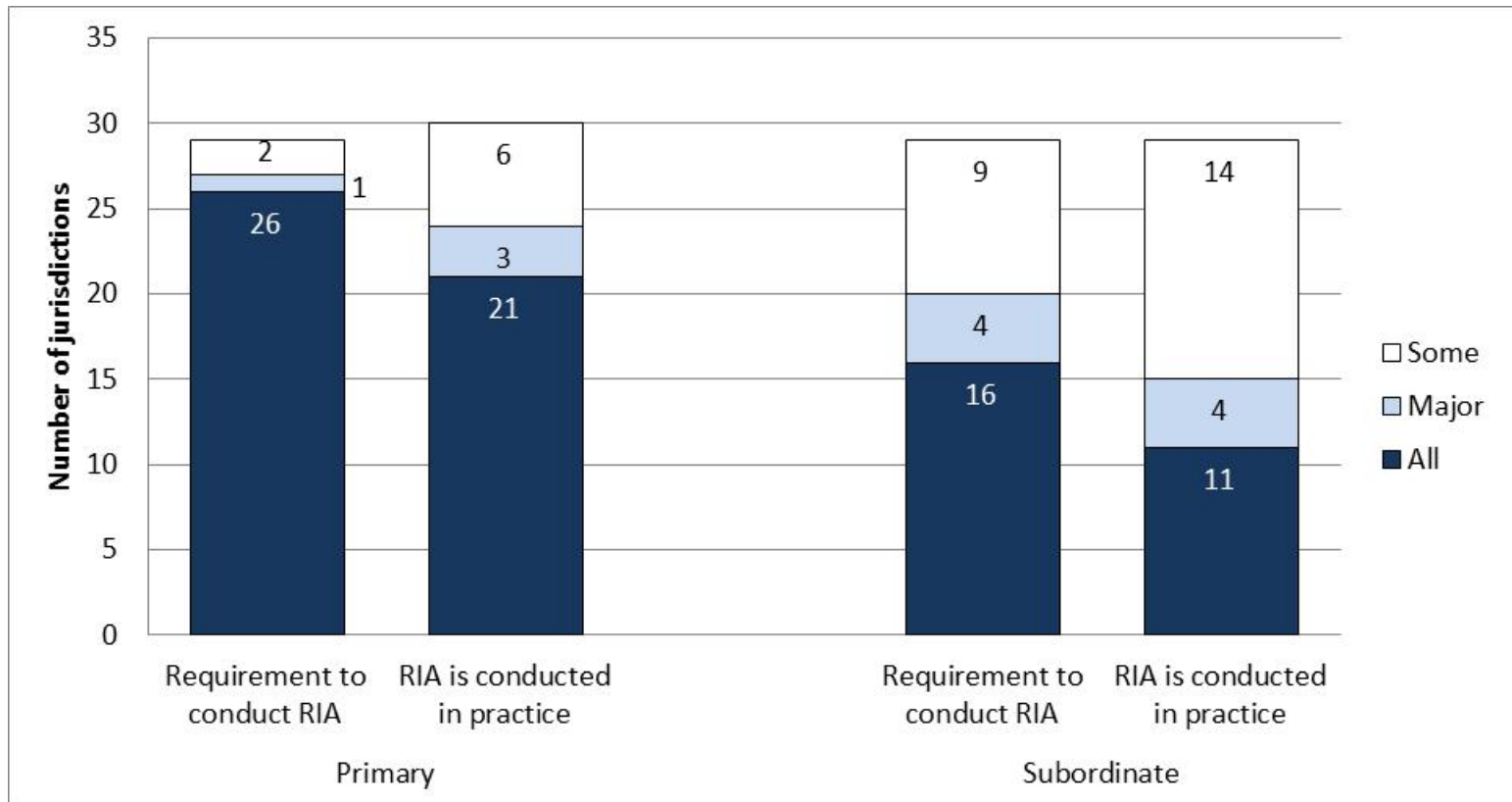
Most OECD countries have adopted RIA.





# Adoption of RIA – Requirement and Practice

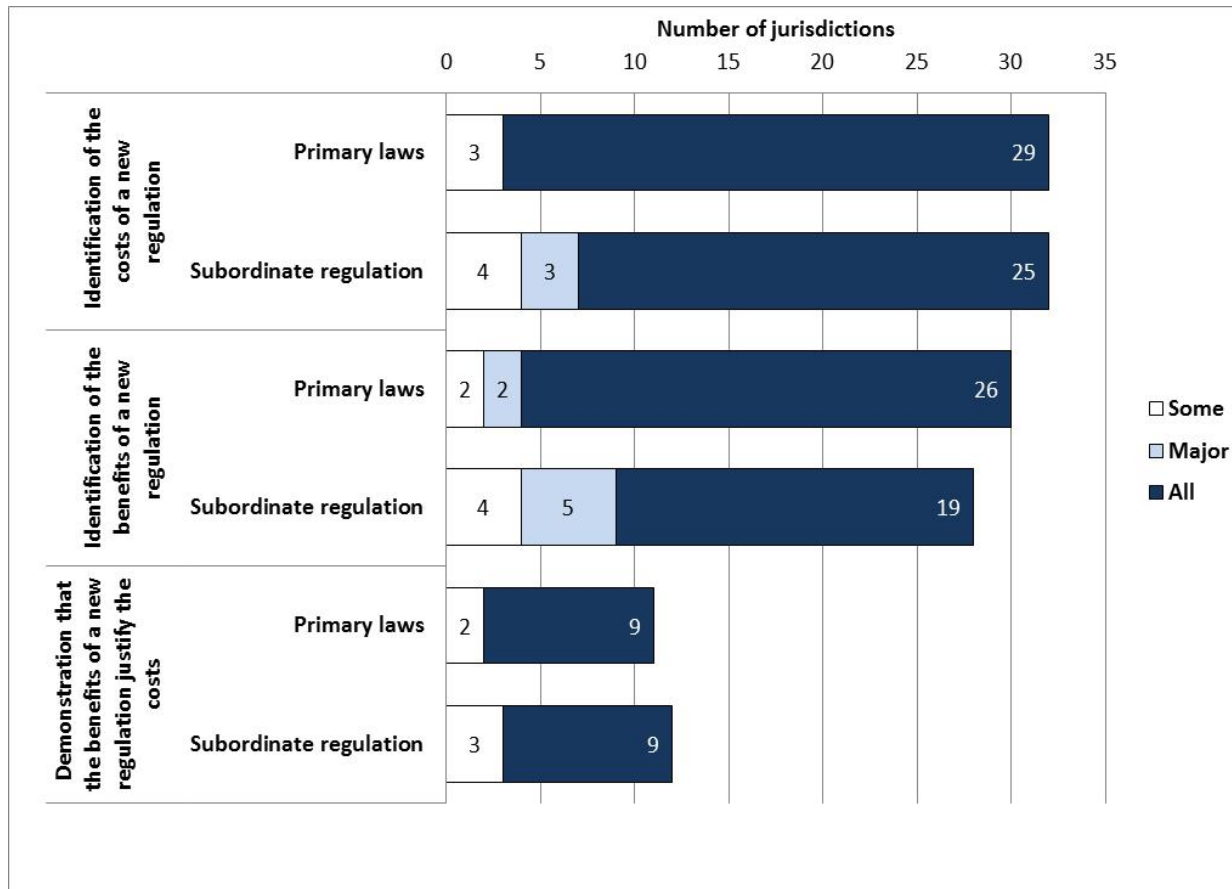
There is a significant gap between requiring RIA and the actual practice of RIA.





# Analysis of costs and benefits in RIA

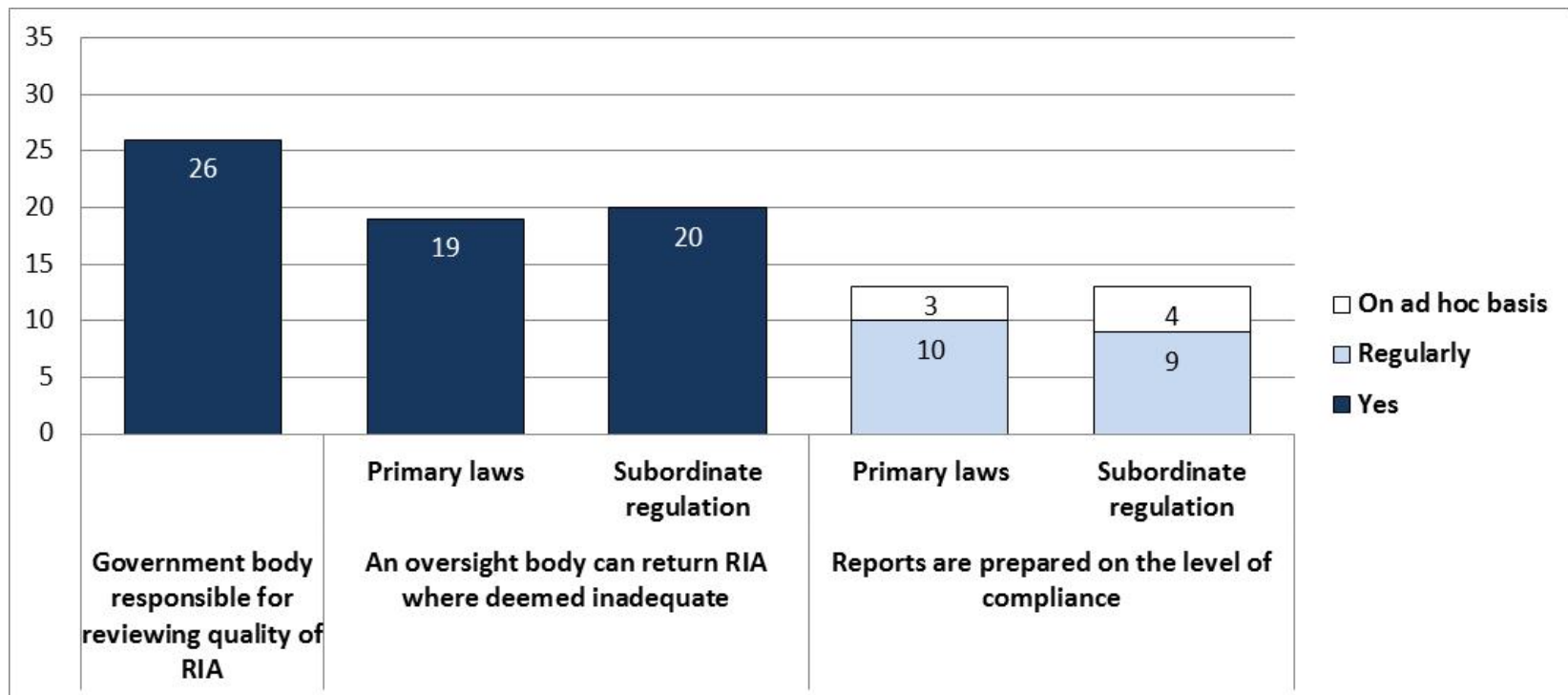
Many OECD countries identify costs and benefits of draft regulation, but only a small minority ensures that the benefits of regulations outweigh the costs.





# The Oversight of RIA

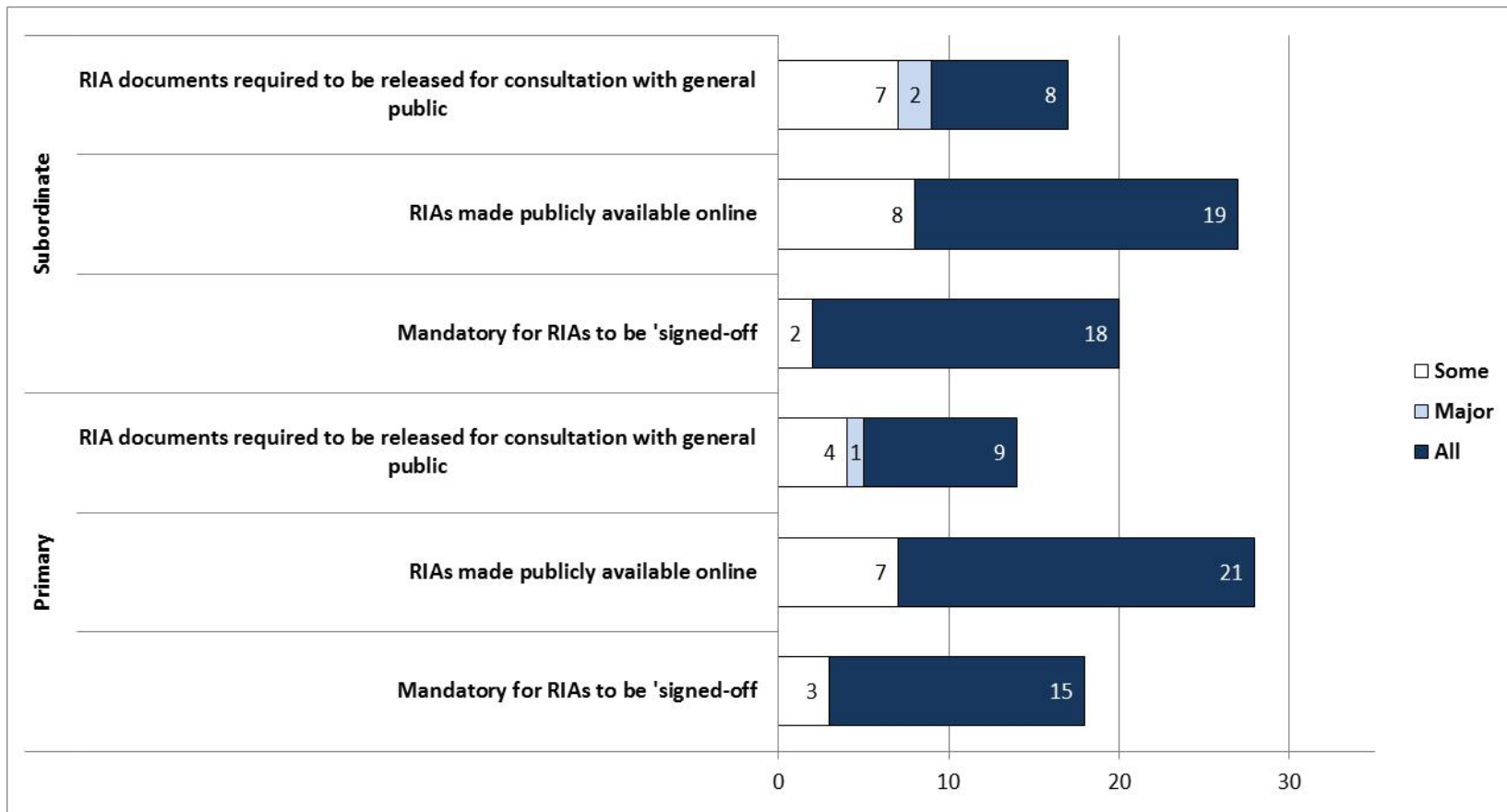
Oversight bodies for RIA exist in many OECD countries, but these bodies do not appear to function effectively in a significant number of cases.





# 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

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- 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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