

Recent Trends in RIA Implementation

Gregory Bounds
Deputy Head,
Regulatory Policy Division

Seminar on Regulatory Impact Assessment (RIA) in the Czech Republic
and in other OECD Countries

Prague - 1 June 2012

Gregory.Bounds@oecd.org

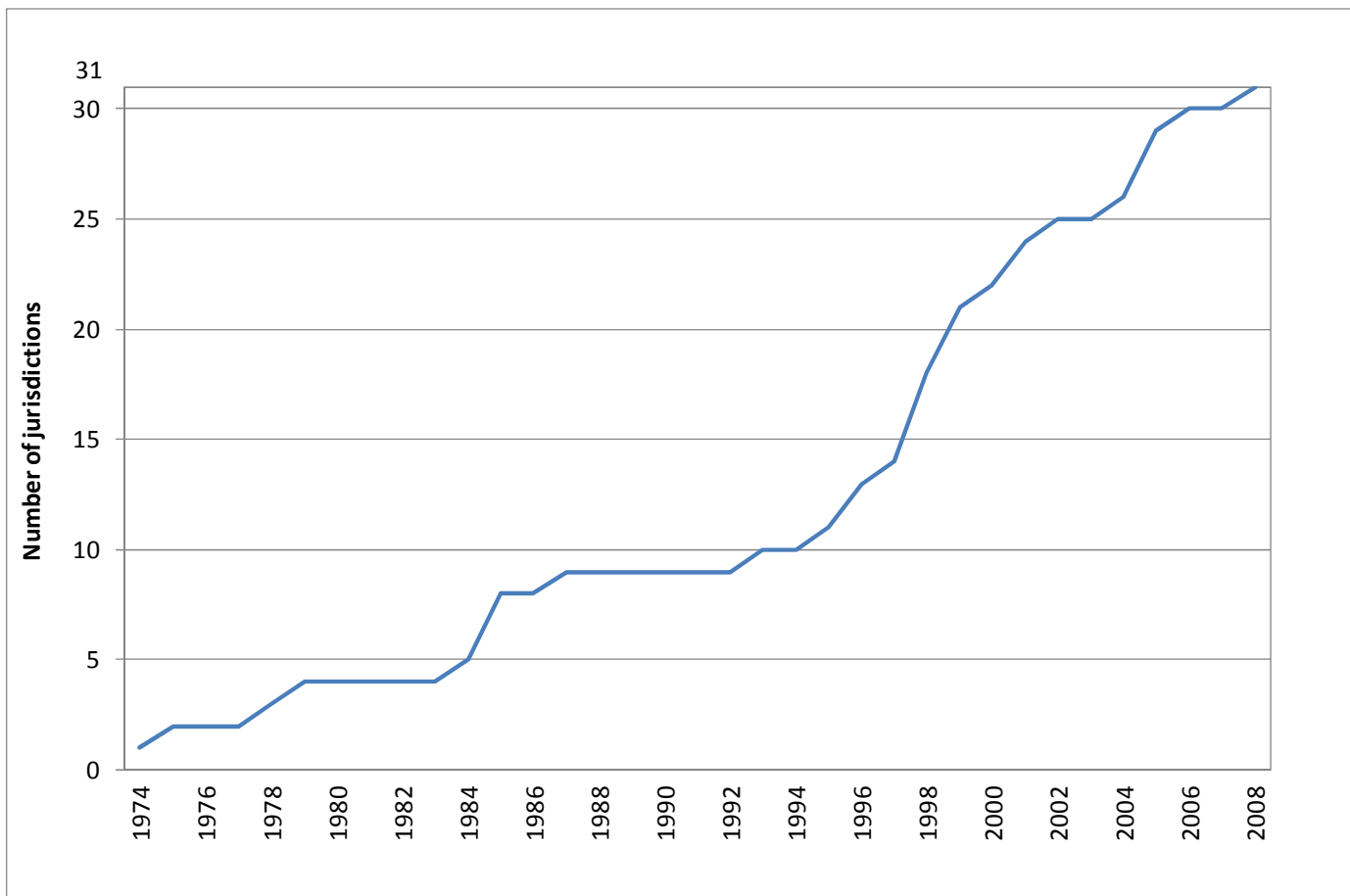


What is Regulatory Impact assessment (RIA) ?

- Formal and systematic “policy tool” and “decision process” to examine and measure the likely benefits, costs and effects of new regulation
- Promoted as a government wide institutional approach
- Evidence-based policy making: Is regulation the best available means to address the policy objective?
- Improves transparency – consultation both within Government and with civil society



Trend in RIA adoption by central governments across OECD countries (1974-2008)



2012



RECOMMENDATION OF THE
COUNCIL ON REGULATORY
POLICY AND GOVERNANCE

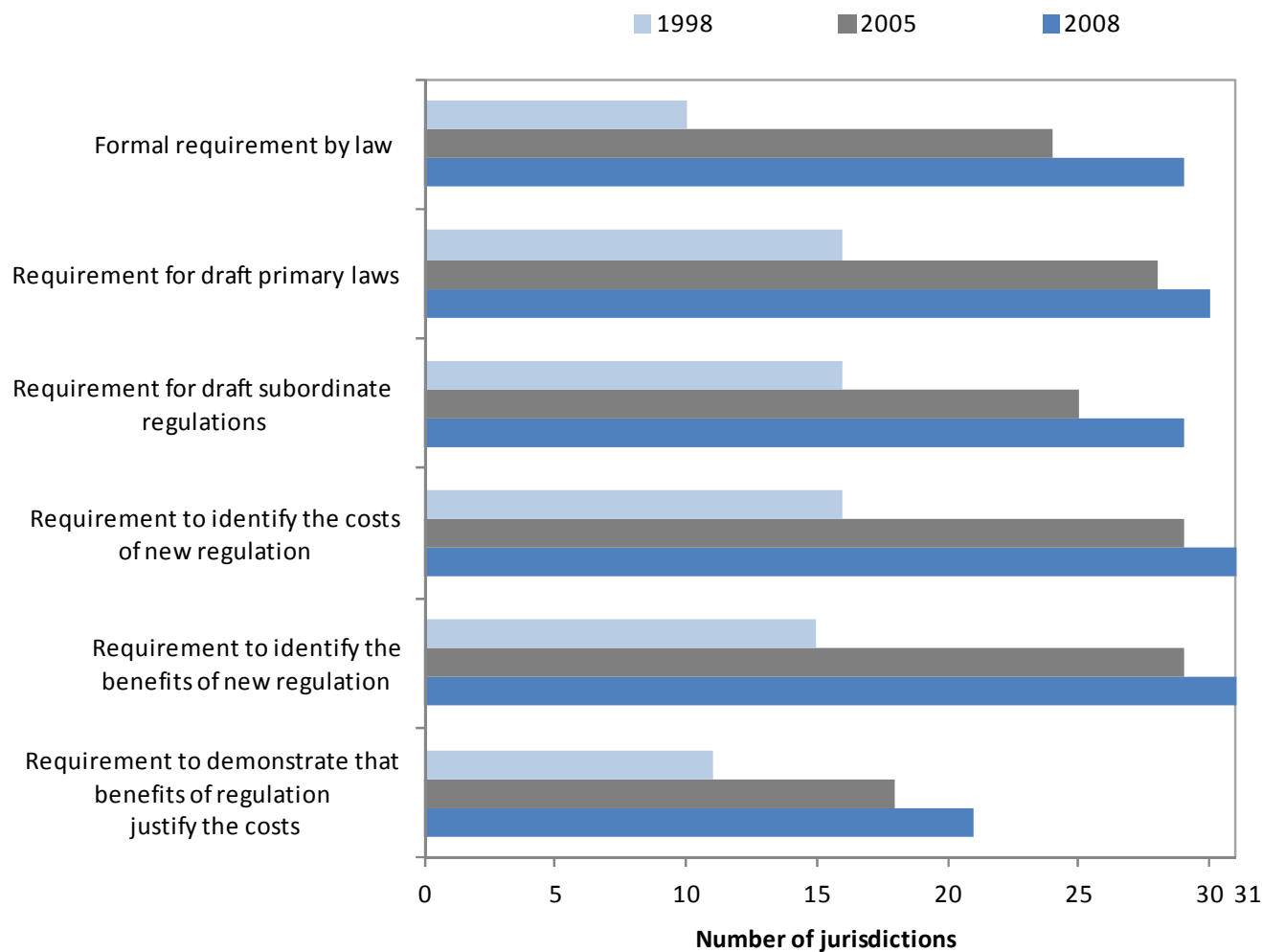


3. Establish mechanisms and institutions to actively provide oversight of regulatory policy procedures and goals, support and implement regulatory policy, and thereby foster regulatory quality.

4. Integrate Regulatory Impact Assessment (RIA) into the early stages of the policy process for the formulation of new regulatory proposals. Clearly identify policy goals, and evaluate if regulation is necessary and how it can be most effective and efficient in achieving those goals. Consider means other than regulation and identify the tradeoffs of the different approaches analysed to identify the best approach.

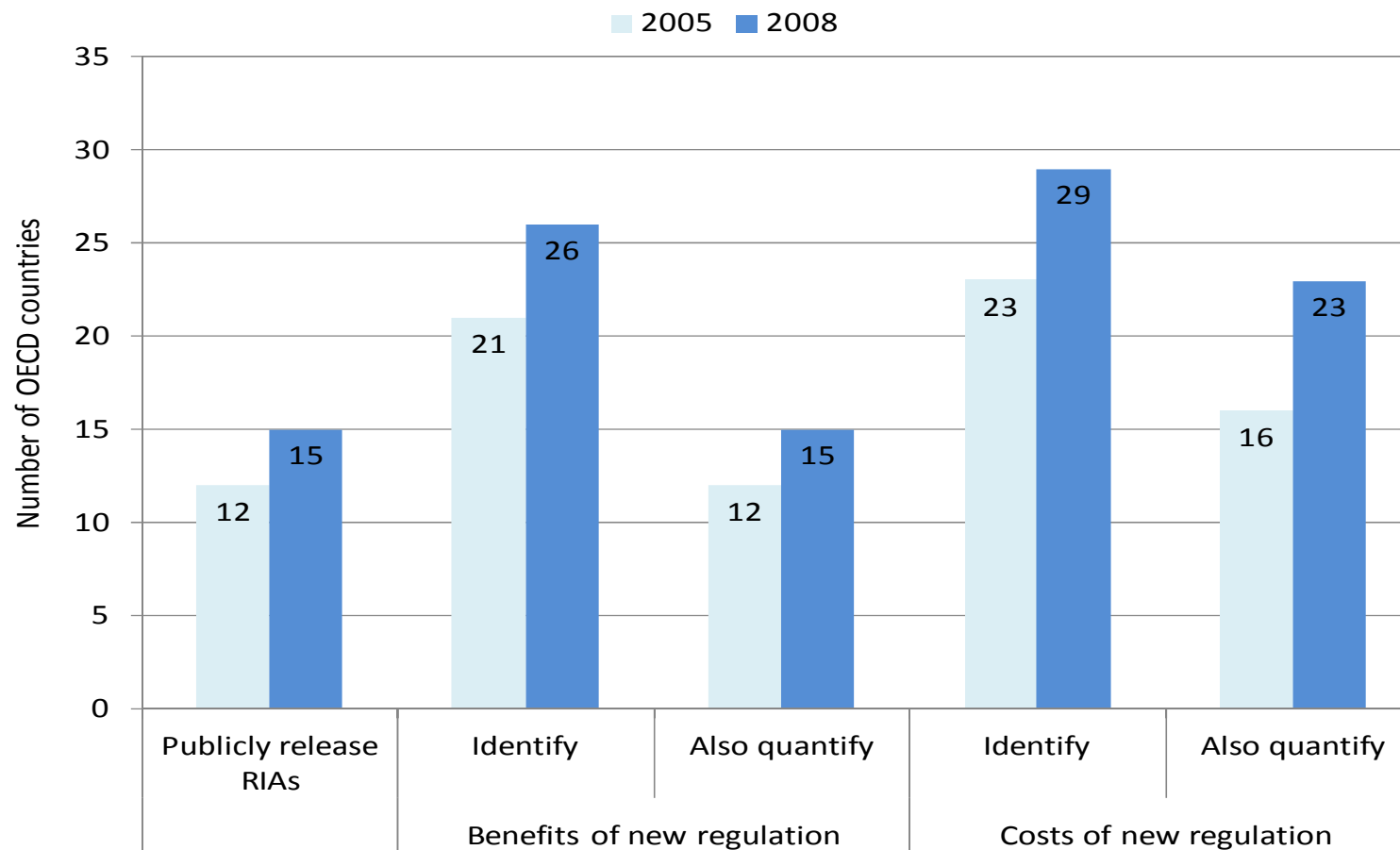


Requirements for RIA at central government level (1998 – 2005 – 2008)



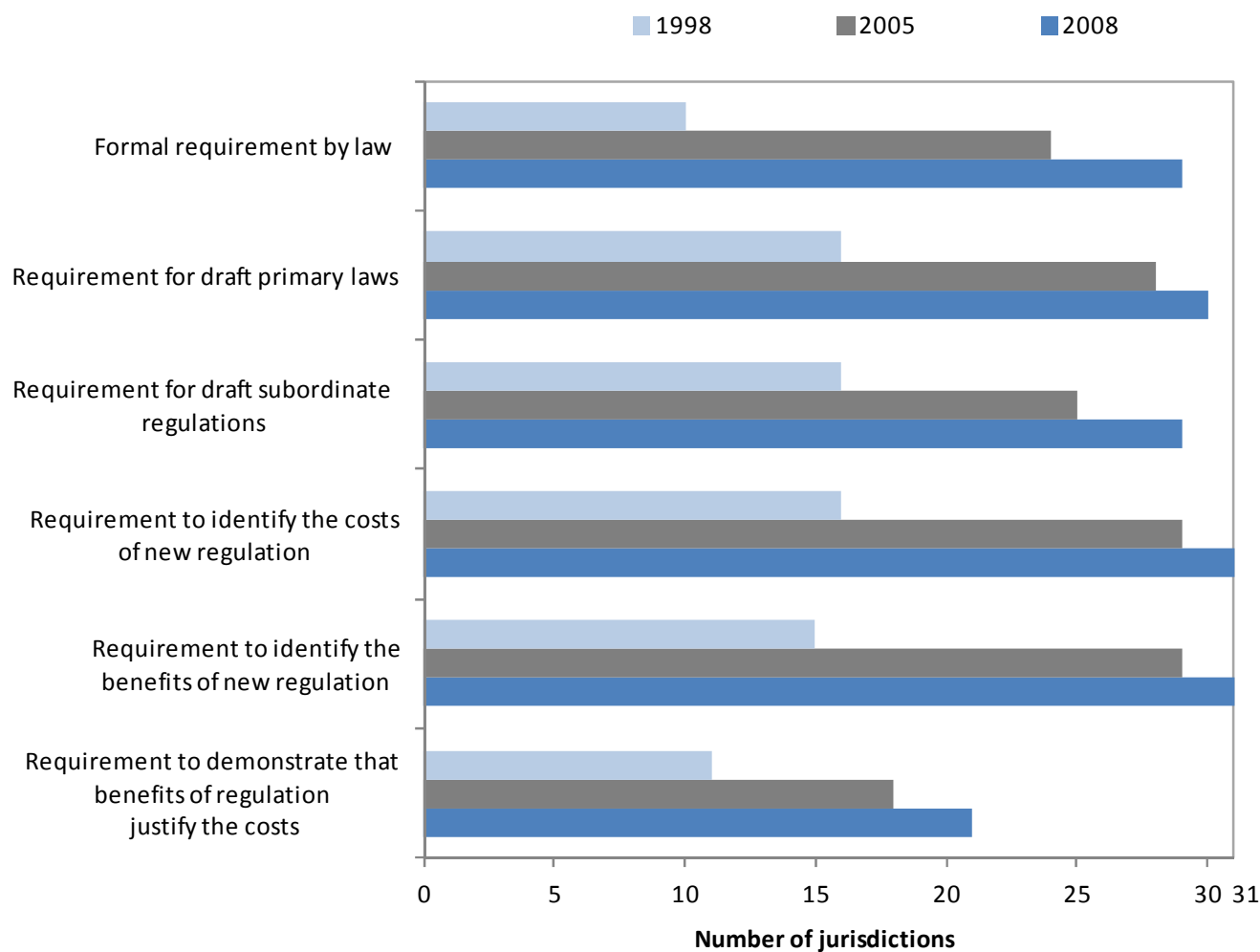


Analysis of Cost Benefits and Public Accessibility in OECD Countries (2005-2008)





Requirements for RIA at central government level (1998 – 2005 – 2008)





Institutional Issues

- Political commitment
- Administrative Status of the policy
- Role of central oversight body
 - ❖ Ability to reject RIA
 - ❖ Location within government
 - ❖ Training role
 - ❖ Advocacy
- Consultation within the Government and with the public
- Ex post review of RIA



Policy Design Issues

- Applying RIA broadly to Primary & subordinate legislation (threshold tests, significance & incidence of costs),
- Starting RIA early and Integration with policy process (Multi-stage RIA)
- Analytical methods (BCA, CEA, EIA) Range of impacts considered (benefits or only costs?)
Competition Assessment
- Integrated analysis vs separate, partial analyses



Methodological Issues

- Need for a flexible, but rigorous approach to tailor the most suited tool to the specific case
- Limited recognition of this in RIA guidance docs
- Basic methodological tools/options
 - ❖ Benefit/cost analysis (BCA)
 - ❖ Cost effectiveness analysis & “least cost analysis”
 - ❖ Break-even analysis
 - ❖ Multi-criteria analysis (MCA)
- Economic analysis, not financial, embraces “all things that are valued” (includes environmental & social impacts)



Conclusion

- Systemic issues can limit RIA effectiveness
- Policy design, institutional & methodological improvements key to improve practical performance
- RIA is an integrated analysis tool: potentially broad enough to take all policy considerations into account
- Necessary to address policy tradeoffs and overcome a “silo” approach
- OECD Recommendation recognises that effective oversight and management necessary to promote performance