

### 47. Evaluating regulatory performance

Evaluation is core to evidence-based and accountable policy making. It helps to ensure that the policy aims of regulations are met, while maximising benefits and minimising costs. Regulatory impact analysis (RIA) is a systematic policy tool used to examine and measure the likely benefits, costs and effects of new or existing regulation. If undertaken *ex ante*, RIA assists decision makers to choose among the best alternative policy options. Conducted *ex post*, RIA helps to identify whether existing regulations should be revised. Cost-benefit analysis informs both the *ex ante* and *ex post* evaluation of a regulation and its alternatives. Consideration is best given early in the policy cycle to the criteria for *ex post* evaluation, including whether the objectives of the regulation are clear and what data will be used to measure performance, as well as the allocation of institutional responsibilities for review and evaluation.

Typically, OECD countries appear to commit fewer resources to identifying the benefits of regulations than they do to assessing the burdens and costs of regulation. In 2008, 24 countries reported quantifying the costs of regulation and only 16 reported quantifying benefits. This may be because intangible benefits are difficult to quantify. For example, while it is relatively straightforward to calculate the economic costs of reducing airport traffic through regulations that limit flights at night, quantifying the expected benefits of the resulting noise reduction requires making more complex assumptions.

The number of countries adopting mechanisms for *ex post* evaluation of regulations has increased over the last decade. Regulations can become obsolete over time, producing undesired side effects, and may no longer be the most efficient way of achieving the desired policy objectives. In some policy areas, the majority of OECD member countries report now having automatic review requirements for primary laws (20 countries). However, systematic *ex post* evaluation is less common. Only six OECD countries reported in 2008 that periodic evaluation of existing regulation was mandatory for all policy areas and 12 countries report using sunseting including, Australia, Austria, Canada, Finland, France, Germany, Iceland, Korea, New Zealand, Switzerland, the United Kingdom and the United States.

#### Methodology and definitions

The indicators draw upon country responses to the OECD Regulatory Management Systems' Indicators Survey conducted in 2005 and 2008 for the (then) 30 OECD member countries. Responses were provided by OECD delegates and central government officials. Data were subsequently collected for the four countries that joined the OECD in 2010 (Chile, Estonia, Israel and Slovenia) as well as three other major economies (Brazil, the Russian Federation and South Africa). Data for these countries refer to 2009. Country-specific data are available on line at: <http://dx.doi.org/10.1787/888932392305>.

Primary laws are those approved by the legislature, while subordinate regulations are those that can be approved by the executive only (that is, by an authority other than the legislature).

Sunseting is the automatic repeal of regulations a certain number of years after they have come into force.

#### Further reading

OECD (2009), *Indicators of Regulatory Management Systems*, OECD Publishing, Paris, [www.oecd.org/regreform/indicators](http://www.oecd.org/regreform/indicators).

OECD (2009), *Regulatory Impact Analysis – A Tool for Policy Coherence*, OECD Publishing, Paris.

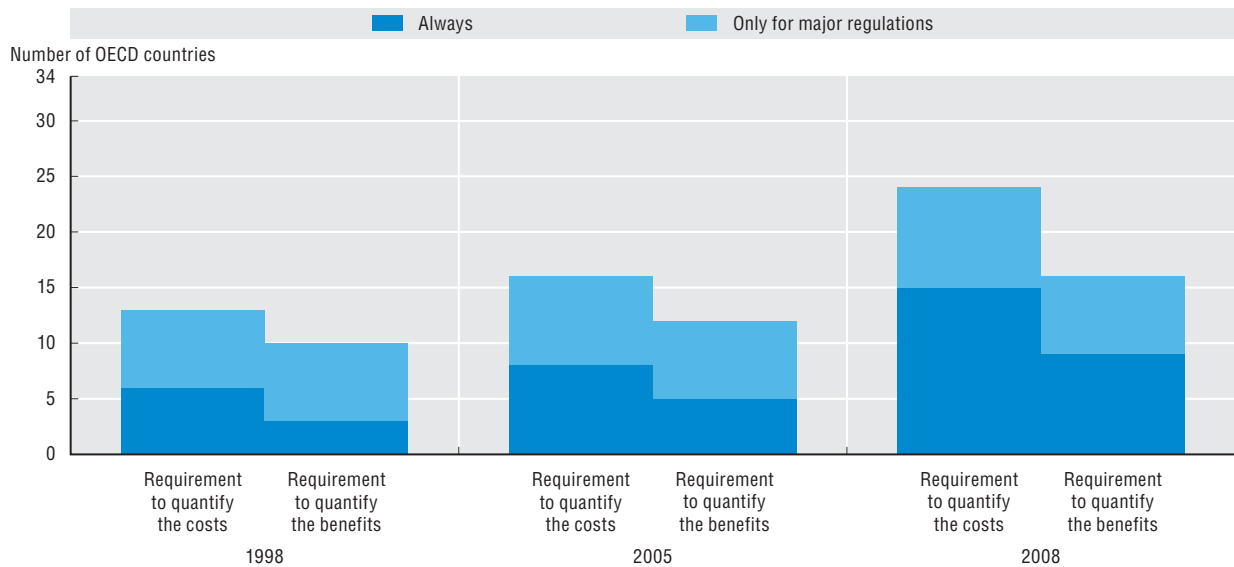
OECD (2010), *Regulatory Policy and the Road to Sustainable Growth*, OECD Publishing, Paris, [www.oecd.org/regref/eu15](http://www.oecd.org/regref/eu15).

#### Figure notes

Data for 1998 are not available for Luxembourg, Poland and the Slovak Republic. Data for 1998 and 2005 are not available for Chile, Estonia, Israel and Slovenia. Therefore, the figure is based on data for 27 OECD countries for 1998, 30 countries for 2005, and 34 countries for 2008. Data for Chile, Estonia, Israel and Slovenia refer to 2009.

Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

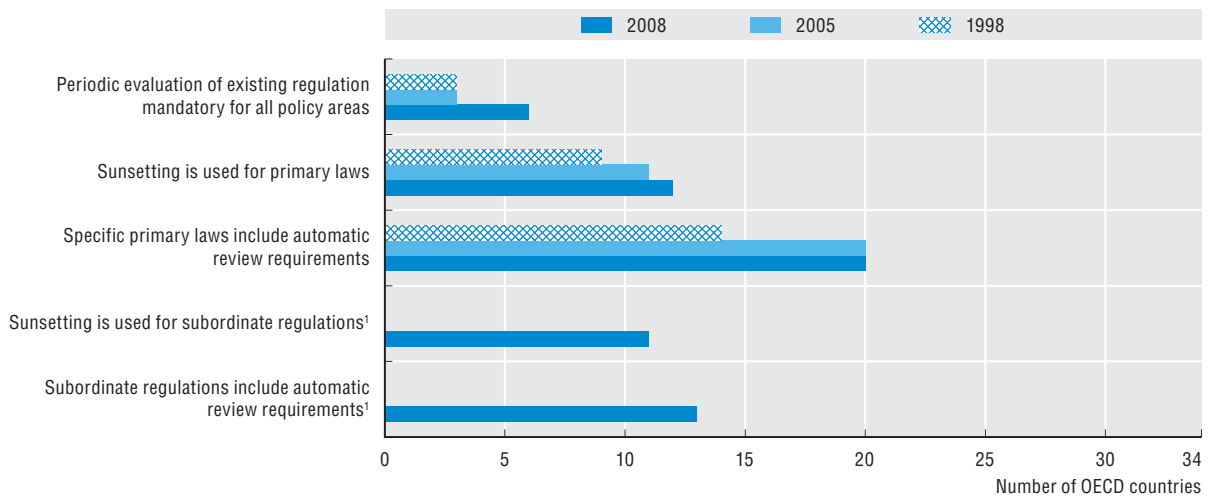
**47.1 Requirement for RIA at the central government level: Quantification of costs and benefits (1998, 2005 and 2008)**



Source: OECD Regulatory Management Systems' Indicators Survey 1998, 2005, and 2008/09, [www.oecd.org/regreform/indicators](http://www.oecd.org/regreform/indicators). See StatLink for country-specific data.

StatLink <http://dx.doi.org/10.1787/888932391222>

**47.2 Regulatory review and evaluation at the central government level (1998, 2005 and 2008)**



1. No data are available for 1998 and 2005.

Source: OECD Regulatory Management Systems' Indicators Survey 1998, 2005, and 2008/09, [www.oecd.org/regreform/indicators](http://www.oecd.org/regreform/indicators). See StatLink for country-specific data.

StatLink <http://dx.doi.org/10.1787/888932391241>



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