

Regulatory impact assessment (RIA) is a key tool for policy makers to decide on whether and how to regulate to achieve public policy goals. RIA analyses the costs and benefits of regulation and non-regulatory alternatives of achieving policy goals to identify the approach that is likely to deliver the greatest net benefit to society. RIA unveils the trade-offs inherent in regulatory proposals, and identifies who is likely to benefit from a regulation and who will bear the costs. RIA supports the use of evidence in policy making and helps avoid regulatory failure (e.g. from unnecessary regulation or lack thereof). Finally, RIA documents the evidence underlying policy decisions and hence increases government accountability.

Overall progress in RIA systems is stalling across OECD countries, although individual countries have made substantial improvements. In 2017, all OECD and accession countries and the European Commission require a RIA during the development of at least some regulations. Some countries have reinforced the systematic adoption of RIA, with investments in broadening formal requirements and more proportionate approaches in the past three years. For example, Chile issued a Presidential Instruction in 2016 that establishes its first-ever obligation to conduct RIA for ministries with portfolios affecting economic matters, and Portugal strengthened its RIA framework by making it compulsory for ministries to quantify the impact of new regulations on businesses as well as to assess the legislative impacts on citizens. Other countries, such as Israel, Italy, Poland and Spain have issued new RIA procedures and guidelines. RIA in a growing number of jurisdictions focuses specifically on those regulatory proposals that are expected to have the greatest impacts. Notably, several countries, such as Japan and Korea, have recently adopted a threshold test to decide whether a simplified or detailed RIA is needed.

Although oversight and quality control is still the area where OECD countries are the least advanced, some countries have made significant progress in fostering their oversight mechanisms for RIA. For example, Norway and Finland created the Norwegian Better Regulation Council and the Finnish Council for Regulatory Impact Analysis, bodies at arm's length from the government that review the quality of selected RIAs and regulatory proposals. In 2015, the Slovak Republic established the Permanent Working Committee of the Legislative Council at the Ministry of Economy, which is responsible for overseeing the quality of RIAs.

The indicator presented here is part of the iREG indicators and a key OECD indicator to measure OECD countries' adoption of evidence-based policy making processes. It is based on the practices described in the 2012 *OECD Recommendation on Regulatory Policy and Governance*. The more of these practices a country has adopted, the higher is its indicator score. The composite indicator is composed of four equally weighted categories: *methodology* gathers information on different assessments included in RIA;

oversight and quality control records mechanisms to monitor and ensure the quality of RIA processes; *systematic adoption* records formal requirements and how often RIA is conducted in practice; *transparency* records how open RIA processes are. The maximum score for each category is 1, and the total score for the composite indicator ranges from 0 to 4.

Methodology and definitions

The Indicators of Regulatory Policy and Governance (iREG) draw upon responses provided by delegates to the OECD Regulatory Policy Committee and central government officials to the 2017 and 2014 OECD Indicators of Regulatory Policy and Governance Survey for 38 OECD member and accession countries and the European Union. The data only covers primary laws and subordinate regulations initiated by the executive. In the majority of OECD and accession countries, a majority of primary laws are initiated by the executive. The exceptions are Colombia, Costa Rica, Korea and Mexico, where a higher share of primary laws is initiated by the legislature. All questions on primary laws are not applicable to the United States as the US executive does not initiate primary laws at all. More information on the iREG indicators can be found in Annex E and at oe.cd/ireg.

Primary laws are regulations that must be approved by the legislature, while subordinate regulations can be approved by the head of government, by an individual minister or by the cabinet.

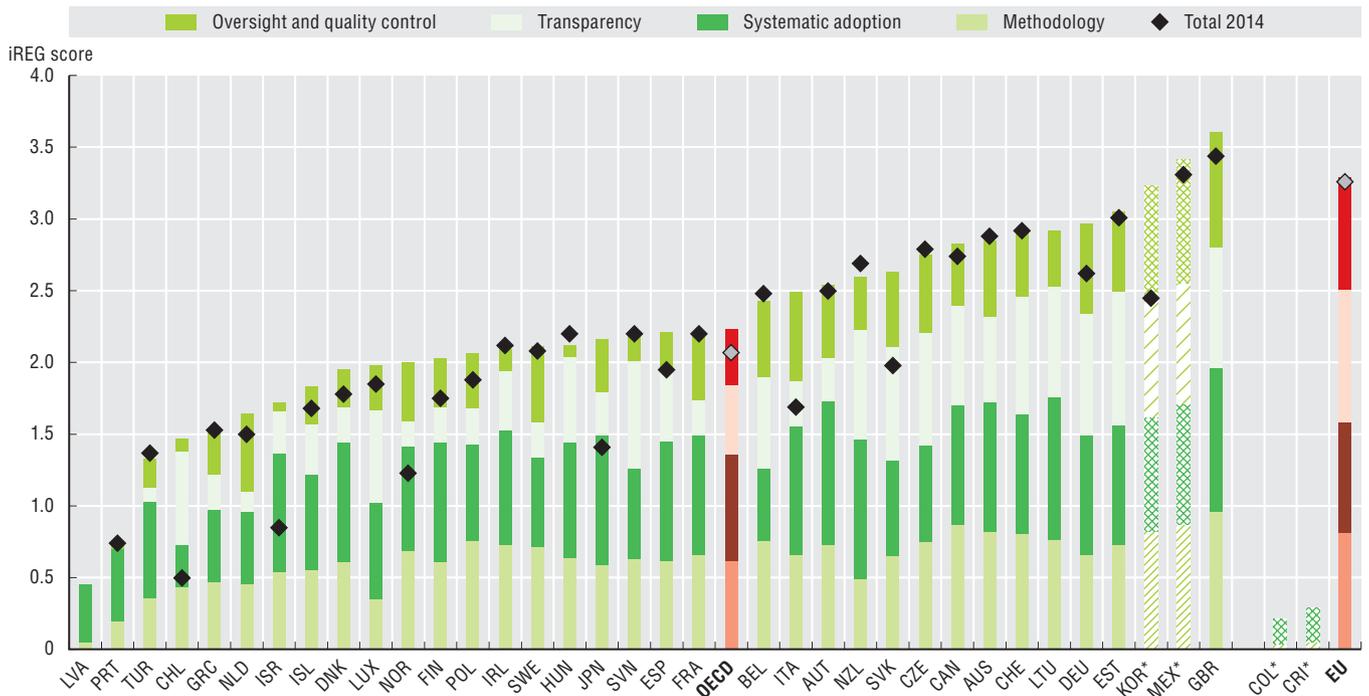
Further reading

- OECD (forthcoming), *OECD Best Practice Principles for Regulatory Policy: Regulatory Impact Assessment*, OECD Publishing, Paris.
- OECD (2018), *OECD Regulatory Policy Outlook 2018*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264303072-en>.
- OECD (2012), *Recommendation of the Council on Regulatory Policy and Governance*, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0390>.

Figure notes

- On data for Israel, see <http://doi.org/10.1787/888932315602>. Data for Latvia, Lithuania, Colombia and Costa Rica are not available for 2014.
- 7.3: Country scores are not presented for the United States where primary laws are initiated by Congress. "In the majority of OECD countries, most primary laws are initiated by the executive, except for Korea, Mexico, Colombia and Costa Rica where a majority of primary laws are initiated by the legislature."

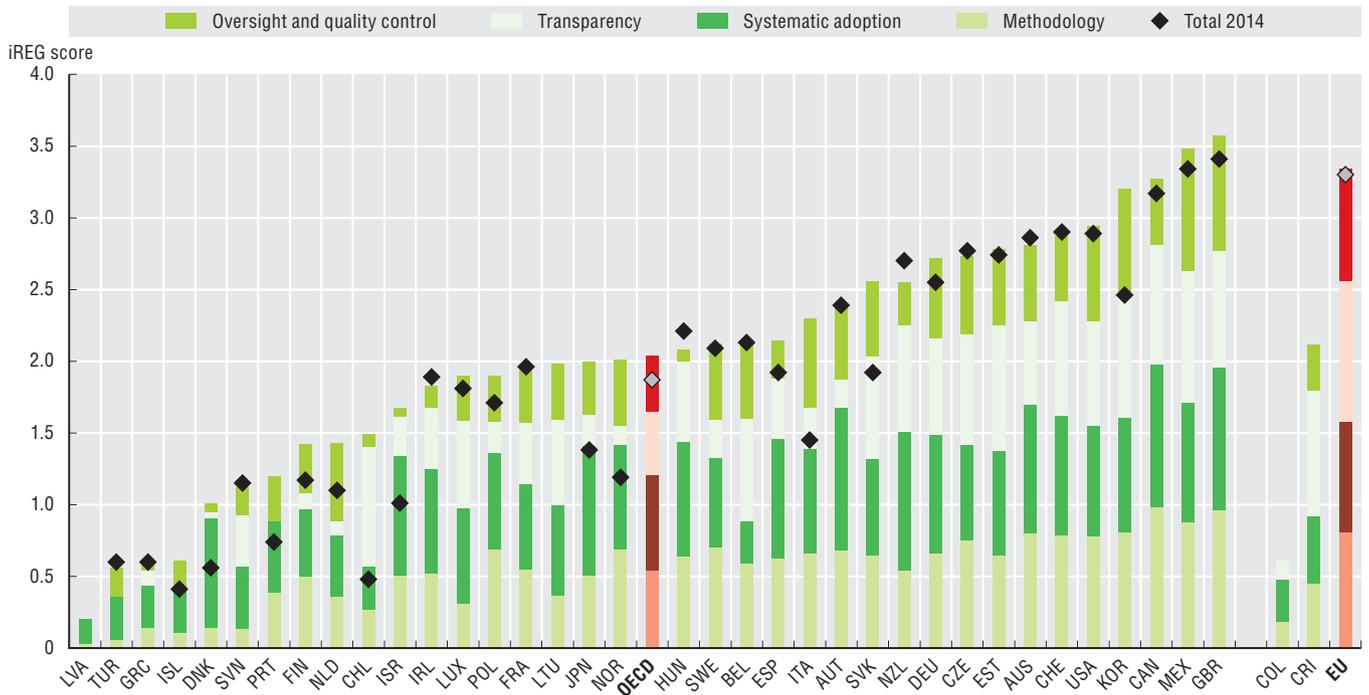
7.3. Regulatory Impact Assessment for developing primary laws, 2014 and 2017



Source: OECD Indicators of Regulatory Policy and Governance (iREG) 2015 and 2018, <http://oe.cd/ireg>.

StatLink <https://doi.org/10.1787/888934032700>

7.4. Regulatory Impact Assessment for developing subordinate regulations, 2014 and 2017



Source: OECD Indicators of Regulatory Policy and Governance (iREG) 2015 and 2018, <http://oe.cd/ireg>.

StatLink <https://doi.org/10.1787/888934032719>



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