TRANSFORMING THE REGULATORY SYSTEM USING OECD PRINCIPLES AND RECOMMENDATIONS: OPPORTUNITIES AND CHALLENGES

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Regulation is a key lever of formal state power

- Increase societal well-being and quality of life
- Stimulate economic growth
- Protect the environment
- Ensure inclusiveness
- Respond to technological challenges
- …
Regulations tend to make headlines when they do not work…
OECD and Regulatory Policy

25 years of experience in dealing with regulatory policy/better regulation

OECD has reviewed regulatory policy in most of its member countries + China, Russia, Indonesia, and many of LAC countries: Brazil (2008), Mexico (2014), Colombia (2014), Chile (2016), Peru (2016), Argentina (2019)

Internationally recognised Principles: Recommendation on Regulatory Policy and Governance
RECOMMENDATION OF THE COUNCIL ON REGULATORY POLICY AND GOVERNANCE

- Apply an Explicit Policy for Regulatory Quality
- Develop Regulations through Communication, Consultation and Engagement
- Empower Institutions for Regulatory Oversight
- Integrate Regulatory Impact Assessment
- Review and Reform the Regulatory Stock
- Assess Regulatory Reform Programmes
- Co-ordinate the activities of Regulatory Agencies
- Establish effective Review Processes
- Apply Risk Regulation
- Promote Regulatory Coherence across levels of government
- Foster regulatory management capacity at sub-national government
- Pursue International Regulatory Cooperation

2012
The Regulatory Governance Cycle

Policy issues for government action

Develop policy roadmap
- choose the policy instrument(s)

Monitor and evaluate performance of regulation

Enforce regulation

The 4 Cs
Consultation
Co-ordination
Co-operation
Communication

- Design new regulation
- Check current regulation

Other Policy Tools

Regulation
The OECD Regulatory Policy Outlook series

- Evidence-based cross-country analysis of progress to improve quality of laws & regulations
- Chapters on trends in RIA, stakeholder engagement and ex post evaluation; institutional setup for regulatory policy; regulatory delivery; international regulatory co-operation; and the use of behavioural insights
- Profiles for all OECD member and accession countries and the EU
- Based on the Indicators of Regulatory Policy and Governance (iREG)

https://oe.cd/RPO2018
Why stakeholder engagement?

• Stakeholders have a right to participate in the regulation-making process.

• Better input – stakeholders have the right information on real-life effects of regulations and undesired effects, may propose different solutions to the problem.

• Increase a sense of ownership among stakeholders – increases compliance and reduces enforcement costs.

• Increase accountability of the government and civil servants, helping to balance opposing interests.
Composite indicators: Stakeholder engagement in developing secondary regulation, 2018

Notes: Data for OECD countries is based on the 34 countries that were OECD members in 2014 and the European Union. Data on the new OECD member and accession countries Colombia, Costa Rica, Latvia and Lithuania is only available for 2017. The more regulatory practices as advocated in the 2012 Recommendation a country has implemented, the higher its iREG score. The indicator only covers practices in the executive. This figure therefore excludes the United States where all primary laws are initiated by Congress, as well as Colombia, Costa Rica, Korea and Mexico, where a majority of primary laws are initiated by the legislature.

Scope and implementation of stakeholder engagement varies across the LAC region

Composite indicator: stakeholder engagement in developing subordinate regulation

Note: The figure displays the total aggregate score across the four separate categories of the composite indicator. The maximum score for each category is one and the maximum score for the aggregate indicator is four. The more regulatory practices as advocated in the 2012 OECD Recommendation on Regulatory Policy and Governance a country has implemented, the higher its indicator score. The data on LAC countries reflect the situation as of 31 December 2015. Data on OECD countries cover all OECD countries and reflect the situation as of 31 December 2014.

What is Regulatory Impact Assessment (RIA) and why is it important?

- A **policy tool and decision process** on whether and how to regulate to achieve policy goals
- Helps to **identify the best solution** to address a policy problem among different alternatives
- Improves the use of evidence in policy making and help **avoid regulatory failure**
- Provides information on **who is likely to benefit and who is likely to bear the costs** of regulation
- Points to **trade-offs between the economic, social and environmental effects** of potential regulatory responses
- Documents the evidence and **increases accountability** of policy decisions
Notes: Data for OECD countries is based on the 34 countries that were OECD members in 2014 and the European Union. Data on the new OECD member and accession countries Colombia, Costa Rica, Latvia and Lithuania is only available for 2017. The more regulatory practices as advocated in the 2012 Recommendation a country has implemented, the higher its iREG score. The indicator only covers practices in the executive. This figure therefore excludes the United States where all primary laws are initiated by Congress, as well as Colombia, Costa Rica, Korea and Mexico, where a majority of primary laws are initiated by the legislature.

Why is ex post evaluation useful?

• Did the regulation achieve its objectives?
• Beware of outdated regulations!
• Make use of the learning effect
• Increase trust and acceptance of regulations
Composite indicators: Ex post evaluation for secondary regulation, 2018

Notes: Data for OECD countries is based on the 34 countries that were OECD members in 2014 and the European Union. Data on the new OECD member and accession countries Colombia, Costa Rica, Latvia and Lithuania is only available for 2017. The more regulatory practices as advocated in the 2012 Recommendation a country has implemented, the higher its iREG score.

Brazil: the way forward in regulatory policy

• Broaden the scope of regulatory policy
• Align the use of public consultation across the administration
• Expand the use of regulatory impact assessment gradually
• Invest in ex post evaluation

visit: www.oecd.org/gov/regulatory-policy/
THANKS!

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