SUMMARY RECORD

12th Meeting of the Regulatory Policy Committee

15-16 April 2015
OECD Conference Centre, Paris

This summary record is subject to the approval of the Regulatory Policy Committee.
Any amendment will be recorded in the summary record of the next meeting of the Committee, on 6 November 2015.

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Item 1. Adoption of the agenda and approval of the summary record of the 11th session of the Regulatory Policy Committee

1. Delegates approved the agenda for the 12th session [GOV/RPC/A(2015)1/FINAL] and the summary record of the 11th session of the Regulatory Policy Committee [GOV/RPC/M(2014)3].

Item 2. Future directions for the Regulatory Policy Committee

2. Delegates were informed of the need to update the mandate of the Regulatory Policy Committee, as per the requirement by the OECD Council to all OECD bodies to periodically review and update their mandates. While there was overall agreement by the Committee on the strategic orientations of the draft, a number of delegates suggested that the scope of the mandate be streamlined somewhat.

3. Next steps: delegates are invited to provide written comments to the Secretariat; a revised version of the RPC mandate will be submitted to RPC delegates in due course.

4. Delegates were informed of the upcoming Programme Implementation Report (PIR) on the 2013-14 Programme of Work and Budget of the RPC. The PIR is a key component of the OECD’s results-based management framework and aims to assist Members in medium-term planning. The PIR provides a basis to assess organisational performance with respect to the timeliness, cost, quantity, quality and impact of outputs completed as part of a committee’s programme.

Delegates were informed on the Council resolution requiring all OECD bodies to periodically review and, as necessary, update each Committee’s Global Relations Strategy and Participation Plan. Delegates discussed the updated draft Global Relations Strategy and Participation Plan.

5. Next steps: a revised Global Relations Strategy and Participation Plan will be submitted to delegates ahead of the 13th RPC meeting.

Item 3. Discussion on accession process of Latvia – confidential session

6. Refer to separate summary record [GOV/RPC/ACS/M(2015)2]

Item 4. Discussion on accession process of Colombia – confidential session

7. Refer to separate summary record [GOV/RPC/ACS/M(2015)2]

Item 5. Roundtable on Inclusive Growth

8. This roundtable discussed how countries use regulatory policy tools to integrate issues of inclusive growth into rule-making, focusing in particular on Regulatory Impact Assessment. It constitutes a building block in the development of a report on governance for inclusive growth to be presented at the Public Governance Ministerial meeting of 27-28 October 2015, in Helsinki, Finland.

9. The OECD has made efforts in different directions to build a greater understanding of the conditions for inclusive growth. Luiz de Mello, Deputy Director, OECD Public Governance and Territorial Development, highlighted in particular three aspects of the framework developed by the OECD: i) the importance of multidimensionality, i.e. of looking at outcomes other than economic growth, such as living standards, health, education, etc.; ii) the importance of understanding better the distributional consequences of policies, i.e. how different policies affect different social groups or employment; iii) the importance of having a better understanding of trade-offs and complementarities that may exist between different policy
areas. In this context, Ms Martine Durand, Director, OECD Statistics Directorate, presented the merits of the Better Life Index to visualise and compare across 11 key factors of well-being in OECD countries depending on their priorities – including education, housing, environment, and so on.

10. In this context, the tools of regulatory policy have a role to promote inclusive growth. Typically, Regulatory Impact Assessment (RIA) is well-suited to revealing, monitoring and managing the trade-offs between economic, social and environmental effects of regulatory proposals. The process of developing a RIA is in itself an opportunity to gather the inputs of regulated and more generally of affected parties. In practice however, preliminary OECD analysis [GOV/RPC(2015)4] and [GOV/RPC/RD(2015)3] highlights that RIA tends to focus on economic impacts rather than on more multi-dimensional impacts relevant to inclusiveness, and are often conducted too late in the process to usefully inform decision-making. There are issues of political commitment, as well as technical challenges such as: the risk of reducing the quality of the analysis by overloading the RIA procedures; the challenge of gathering relevant IG information and developing standard models and tools to measure social impacts and quantify the qualitative impacts; the difficulties in capturing some potential impacts on inclusion that are hidden or latent, and the lack of adequate skills and resources within ministries and regulatory agencies.

11. Delegates noted the importance of making the process of RIA more inclusive through more effective stakeholder engagement to reflect adequately the voice of those affected by regulations, and of supplementing the RIA process with greater use of ex-post evaluation (as to whether the intended objectives of regulation have been achieved).

12. Further work of the RPC on inclusive growth will focus on identifying how to make RIA a better tool to support the IG objectives of countries while avoiding procedural “overload”. In parallel, the RPC is developing Best-Practice Principles on Stakeholder Engagement that will support more inclusive regulatory policy making. An expert group could be established to provide guidance to the Secretariat on further work in this area.

**Item 6. Regulatory Policy Outlook**

13. The session provided an opportunity to discuss the first draft of the Regulatory Policy Outlook. It builds on discussions on the outline and the key messages from the Outlook held at the 10th and 11th meetings of the RPC in 2014 (see summary records [GOV/RPC/M(2014)2] and [GOV/RPC/M(2014)3]).

14. The discussions were organised in two rounds: the first one offered an opportunity to discuss the state of play and outlook for regulatory policy as they are reflected in the draft Regulatory Policy Outlook. The discussions benefitted from an intervention from Julia Black, Director for Research, London School of Economics. The second round allowed for a discussion on the use of the survey results to support key messages in the Outlook, in particular in the areas of stakeholders’ engagement, RIA and ex-post evaluation.

15. Delegates welcomed the draft as a thorough analysis of the current regulatory policy practices across OECD countries providing clear indication of the challenges ahead and on the areas where improvements are needed. Delegates welcomed the strong anchorage of the Outlook to the results of the 2014 Survey of Regulatory Indicators carried out since July 2014. Delegates see the Outlook as an unprecedented source of information and examples of country practices.

16. Delegates highlighted the challenges to provide a comparative analysis across OECD countries given the high heterogeneity in institutional setting. They recommended that the Outlook acknowledges this diversity and refrains from promoting a blue print for institutional organisation of regulatory policy. Despite the challenges faced by countries in implementing regulatory policy, important progress has been
made in the past two decades, which should be clearly acknowledged in the report. The Outlook should support on-going efforts in countries to embed regulatory policy in law and practices by highlighting the progress made and examples of successful reforms.

17. Delegates welcomed the composite indicators as a unique set of evidence on regulatory policy and highlighted the solid participative process to design the questionnaire and the methodology for the indicators. At the same time they acknowledged the limits of this type of exercise and recommended to explain the methodology used and the limitations in the Outlook, as well as to indicate that indicators cannot replace in-depth country reviews. Delegates suggested illustrating the messages in Chapter I through visuals that would highlight clusters across countries and their situation compared to the means (rather than absolute levels).

18. The Outlook and its derived products will be a critical tool to communicate on the importance of regulatory policy to different audiences, including politicians, policy makers and the general public. The Outlook will be launched at the Public Governance Ministerial meeting of 27-28 October 2015 in Helsinki. The Ministerial Meeting will be an important opportunity to reach out to the high-political level. The main highlights from the Outlook and the Regulatory Indicators Survey will also be reflected in larger audience publications, such as Government at a Glance and How is Life?. Delegates were invited to share with the Secretariat any opportunity in their countries or at international level to disseminate the messages from the Outlook and the Regulatory Indicators Survey.

19. Next steps: the Outlook will be revised to take into account comments received at the meeting and through written procedure.

Item 7. Regulatory Policy Review of Lithuania

20. The session focused on the key findings, assessment and recommendations of the Regulatory Policy Review of Lithuania. The review takes an integrated approach, addressing rule making and implementation with an extended focus on inspections and enforcement, territorial planning and construction permits, drawing on the OECD Best Practice Principles on Enforcement and Inspections. Peers from Estonia and the United Kingdom participated in the preparation of the review.

21. The Secretariat presented the review’s structure, methodology and key conclusions, highlighting that:

- Lithuania has been implementing a comprehensive reform of inspections as part of its effort to strengthen regulatory policy.
- Substantive efforts have also been made towards reducing administrative burdens on businesses, including through a review of licensing and a reform of construction permits.
- A number of regulatory management tools are in place, falling short, however, of a whole-of-government policy; responsibility for steering and co-ordinating regulatory policy is spread across different institutions; communicating on regulatory policy priorities both internally and externally is challenging.
- The RIA process is mostly formal, with limited quantification of impacts and diffused responsibility for quality control and oversight.
- There is a clear commitment to transparency and consultation, but mostly through informal mechanisms without an overarching policy or a single consultation portal.
22. The Lithuanian delegation, headed by Mr. Gediminas Onaitis, Vice Minister of Economy, welcomed the review as a useful contribution to improving regulatory policy and the business environment in Lithuania and a key contribution to Lithuania’s forthcoming accession process to the OECD stressing that:

- The Government announced that strengthening openness and transparency will be a key priority for 2016 and this will also include reforms aimed at facilitating stakeholder engagement in developing and implementing regulation;
- There is a clear need for organic change to increase quality controls and scrutiny of proposed regulation (and not just on the legality of proposals);
- An additional challenge is to ensure that administrative burden reduction targets are met at the subnational level; a pilot project is being launched to support action at the municipal level.
- A threshold test could be helpful to better calibrate the depth of RIAs (but no plans to introduce it have been developed) as would a better regulation intranet portal could be introduced to facilitate internal communication.

23. In his closing remarks, the Chair reminded delegates of the critical importance and usefulness of peer reviews of members and non-members’ regulatory policy, including in the critical area of enforcement and inspections, and invited interested countries to explore opportunities for a peer review similar to the one conducted in Lithuania.

24. Main action points:

- Delegates are invited to provide written comments and feedback on the Regulatory Policy Review of Lithuania, including on practices and examples that could be particularly relevant for the issues and themes addressed in the review, by 15 May 2015.
- Delegates are invited to contact the Secretariat to discuss similar reviews of their regulatory policy.

25. Next steps: building on comments from delegates, the OECD Secretariat will:

- Finalise the Regulatory Policy Review of Lithuania, with a view to publish it and launch it in the third quarter of 2015.

Item 8. Country initiatives related to regulatory policy

26. Pascal Schuster, RPC delegate from France, presented the outcomes of the joint OECD/France Prime Minister Office Workshop on Administrative Simplification Programmes held on 27 January 2015.

27. Maria Pia Junquera, RPC delegate from Spain, made a presentation on the Simplification and Improvement of Regulatory Policy in Spain.

Item 9. Update on current and ongoing projects

28. Mr. Khoo Boo Seng, Senior Director, Ministry of International Trade and Industry from Malaysia, presented the outcomes of the first meeting of the ASEAN-OECD Good Regulatory Practice Network held on 12 March.
29. Delegates welcomed the document prepared by the Secretariat delineating activities on IRC for 2015-16, and agreed with the proposed next steps in the work on regulatory convergence and trade agreements developed with the Trade Committee (TC), as well as the work with the OECD Legal Directorate on improving rule-making of international organisations.

30. Delegates welcomed the next steps in the activities of the NER, including the work on a conceptual framework for understanding the practical implications of independence for economic regulators; on emerging good practices and lessons on transparency, accountability and inter-institutional coordination; and on the use of behavioural insights by economic regulators.