

# Efficient scope of RIA and its implementation

## The OECD experience

Building capacity for RIA in South Africa  
26/29-05-2009

**Daniel Trnka**

Policy Analyst

Regulatory Policy Division

Directorate for Public Governance and Territorial Development



ORGANISATION FOR ECONOMIC  
CO-OPERATION AND DEVELOPMENT

# Why is scope important

- Breadth of application is fundamental for successful RIA
- RIA is highly resource-demanding
- RIA is also irritating
- Difficult to find the right balance

## 3 dimensions of scope

- Scope of requirements
- Scope of analyses
- Scope of implementation

# Scope of requirements

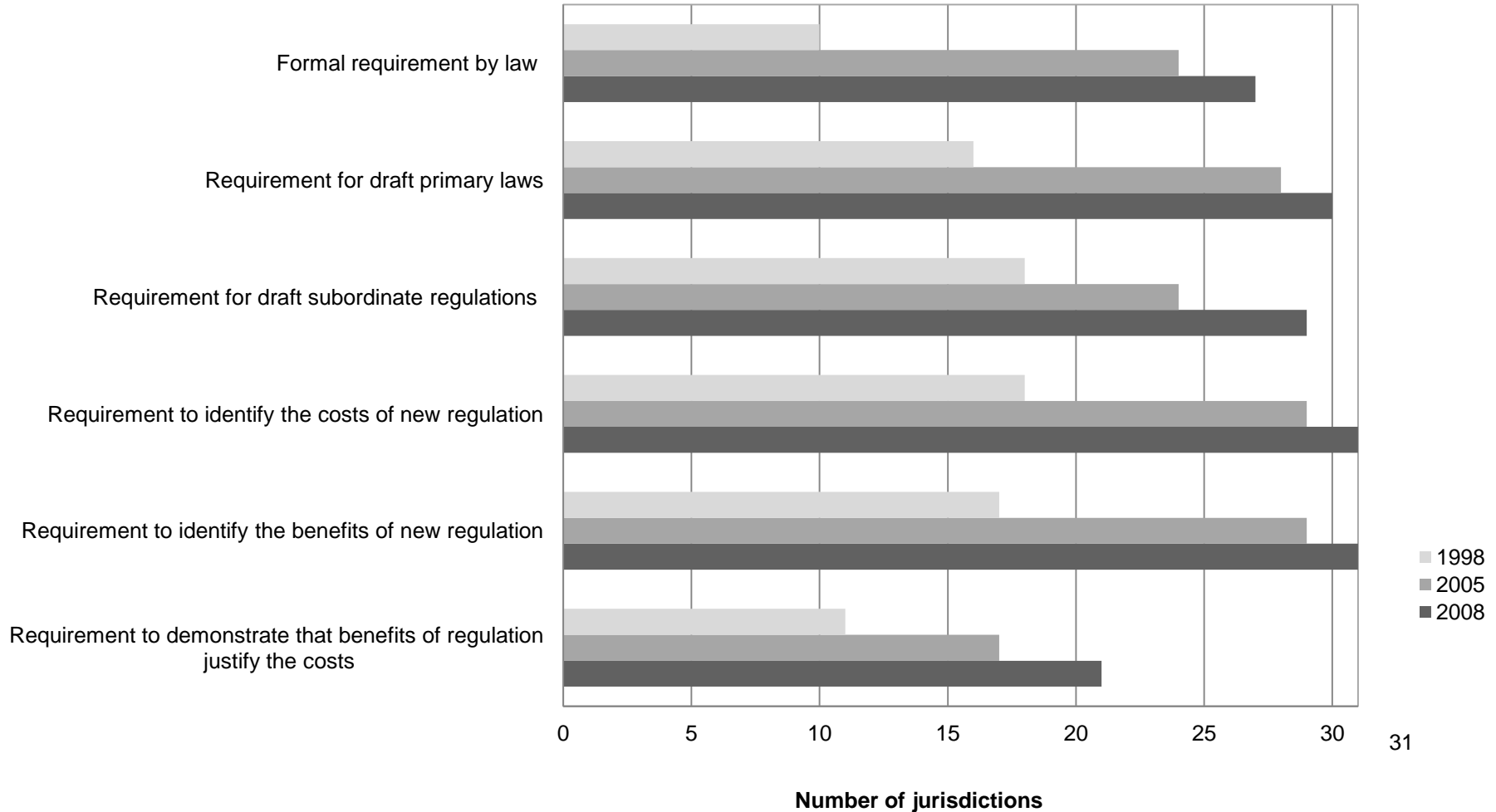
## Scope of requirements

- Question of which regulatory instruments will be subject to RIA
- In principle, these should be all regulations that have potential impact on society
- Mostly not feasible – RIA would not pass RIA on itself
- Targeting, proportionality and significance principles
- Targeting does not mean opening loopholes

## Primary or secondary legislation? Or both?

- Less and less divergence among OECD countries
- Primary legislation usually has more far reaching impact
- Secondary regulation (decrees, bylaws) may set technical standards, adoption usually not that transparent
- It may be easier to constrain delegated regulatory authority

# RIA Requirements in OECD Countries



## Threshold test

- Thresholds for the application of RIA to relatively minor regulation
- Difficult to identify suitable threshold
- Quantitative vs. qualitative thresholds
- USA – annual costs exceeding \$100 mil. or those likely to impose major increases in costs for a specific sector or region, or have significant adverse effects on competition, employment, investment, productivity or innovation



## Threshold test (cont'd)

- Or solely qualitative approach – “appreciable burden”, “non-negligible costs”
- Impact on specific sectors or specific impacts (UK)

## “Two-step” approach

- First step (preliminary RIA) applied to (almost) all regulations – lighter analysis, usually qualitative only
- Second step (full RIA) applied only to a limited number of most “significant” regulations based on the results of the first step
- Netherlands, Ireland, UK, Czech Republic, European Commission, etc.

# Screening RIA in Ireland

## **1. Description of policy context, objectives and options (for example different forms of regulation)**

- i) A brief description of the policy context.
- ii) An explicit statement of the objectives that are being pursued.
- iii) An identification of the various policy options or choices which are under consideration.

## **2. Identification of costs, benefits and other impacts of any options which are being considered**

- i) Identification of likely costs, and estimation of their magnitude and to whom they fall.
- ii) A description of expected benefits and where these will fall.
- iii) Verification that there will not be disproportionately negative impacts on:
  - a) national competitiveness;
  - b) the socially excluded or vulnerable groups;
  - c) the environment.

And that regulation does not:

- d) involve a significant policy change in an economic market;
- e) impinge on the rights of citizens;
- f) impose a disproportionate compliance burden on third parties;
- g) other criteria to be decided from time to time by government.
- iv) Summary of costs, benefits and impacts of each option identified in 1, identifying preferred option where appropriate.

## **3. Consultation**

Summary of the views of any key stakeholders consulted must include any relevant consumer interest and other government departments

## **4. Review**

Identify mechanisms for review and specify indicators which would demonstrate the success of the policy proposal

# Full RIA in Ireland

## 1. Statement of policy problem

Description of background to the issue and identification of policy problem to be addressed.

## 2. Identification and description of options

To include no action where relevant and at least one approach which is either a non-regulatory approach or an alternative form of regulation to command-and-control (*e.g. self-regulation, co-regulation, etc.*).

## 3. Impact analysis including costs and benefits of each option

i) Tangible cost should be quantified as far as is possible including compliance costs. Effects on national competitiveness should be identified and where possible estimated. Any negative social and environmental impacts should be identified and where possible quantified.

ii) Where costs are extremely significant, formal cost-benefit analysis to be conducted to include competitiveness, social and environmental impacts.

## 4. Consultation

A formal consultation process to be held with a minimum of 6 weeks for responses. Views expressed during this process to be summarised and addressed.

## 5. Enforcement and compliance for each option

A detailed description of how enforcement is going to be achieved, an outline of any particular compliance issues and how these are to be addressed.

## 6. Review

i) A description of how each policy approach would be reviewed.

ii) Identification of performance indicators for measuring the success of each option.

## 7. Summary of the performance of each option and identification of recommended option where appropriate

# Scope of analyses

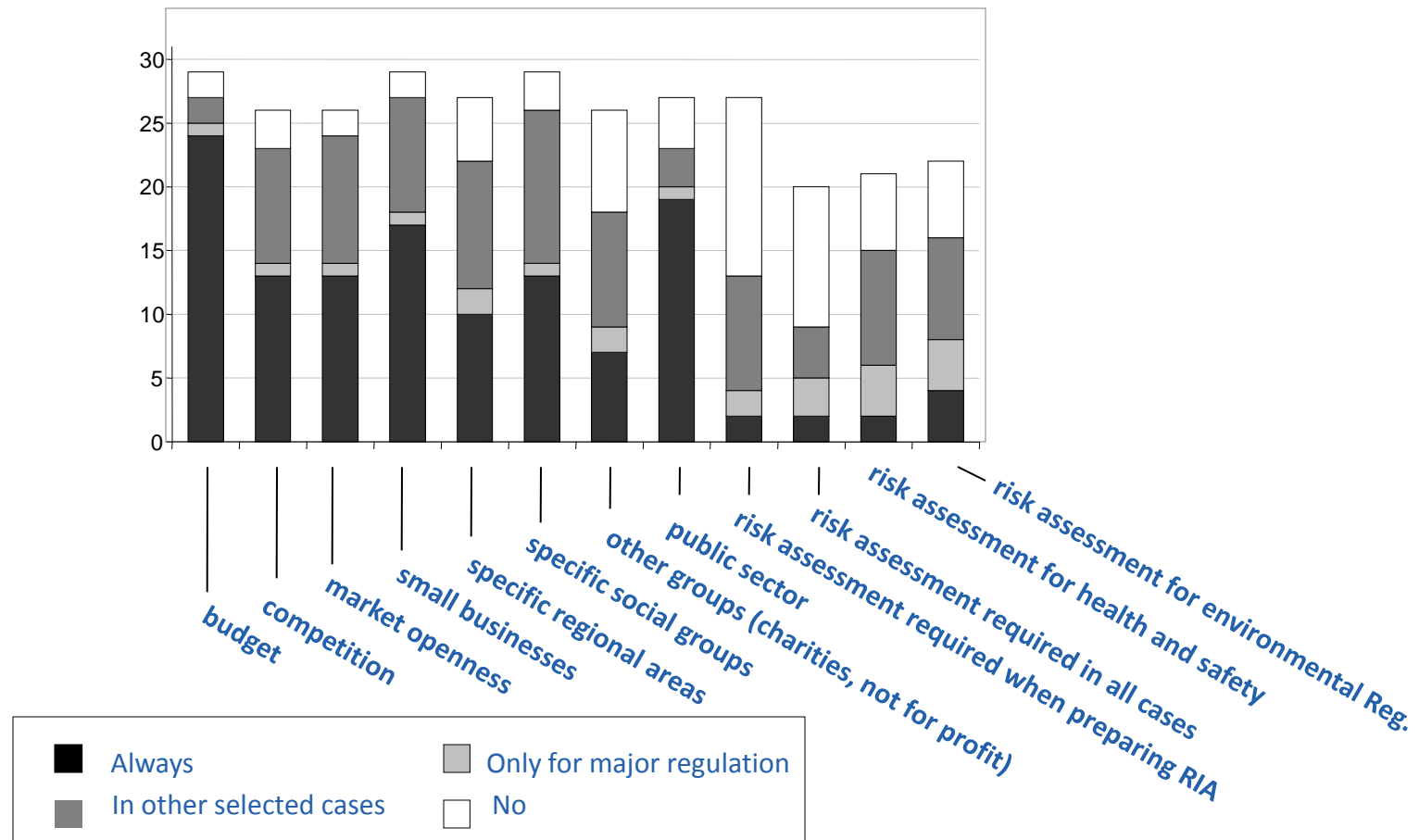
## Depth of analyses

- Important which method to choose in various cases
- CBA gives the most precious result
- On the other hand the most resource-demanding
- “Lighter” methods available
- Quantification vs. qualitative assessment
- Perfect can be an enemy of the good
- Two-step approach

## **Limitation to certain sector(s) or area (s)**

- Budgetary impacts assessed almost in every case
- Selected sectors that are important for a given country (/small/ business, competitiveness, pro-poor RIA)
- Exclusion of specific areas (e.g. tax regulation)
- Two-step approach
- Example of Uganda

# Requirement to measure specific impacts



Notes: See Q11:d(ix), 2005 OECD Regulatory Indicators Questionnaire, GOV/PGC/REG(2005)12/ANN1.



# Pro-poor Regulatory Impact Assessment

- Important for some developing countries
- Assesses impacts on low-income population, prices, jobs, access to credit
- Used in developed countries as well – UK impacts on children, elderly, disabled

# Scope of implementation

# Step by step implementation

- One-off vs. step by step approach
- Sectoral view
- Importance of training before and during implementation

# Pilot projects

- Help to link theory with practice and to adapt to local conditions
- Monitoring and evaluation
- Appropriate time

# Structure of a pilot project

- Definition of responsibilities, timeframe and overall institutional framework.
- Planning: timetable, resources involved, objectives and supervision-monitoring mechanisms.
- Selection of the law proposals which will be the object of study. (relevant economic or sectoral issue and the data collection or estimation should be relatively easy to obtain)
- Development of the RIA document.
- Analysis of the outcomes of the pilot phase and study of possible applications in the future in a more systematised way.
- Communication process and publicity of outcomes. This should also be done from the beginning of the pilot process to promote support

## Experience of the Czech republic

- Pilot projects did not raise too much interest
- One-off approach needed
- Overarching scope
- Two-stage approach
- Devil is hidden in the exceptions
- RIA will not make you popular



Thank you  
for your attention

[www.oecd.org/regreform](http://www.oecd.org/regreform)  
[daniel.trnka@oecd.org](mailto:daniel.trnka@oecd.org)