OECD Workshop on Indicators of Regulatory Management Systems

Methodology: Composite Indicators of Regulatory Management Systems

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Compliance with Best Practice I

- Best practice defined in OECD Eurostat Handbook and other relevant international references:
  - Need for theoretical framework and underpinning: *OECD guiding principles for regulatory quality and performance (RQP)*
  - Well defined concepts
  - Selection of relevant indicators, scores on a scale from 0 to 1 for response options
  - Indicators aggregated and weighted according to the regulatory management analytical perspective (OECD RQP), expert weighting, consultation with delegates and experts
  - Separation between scores and weights

Weighted answers vs. scores and weights

- Weights stay the same. Only a matter of presentation!

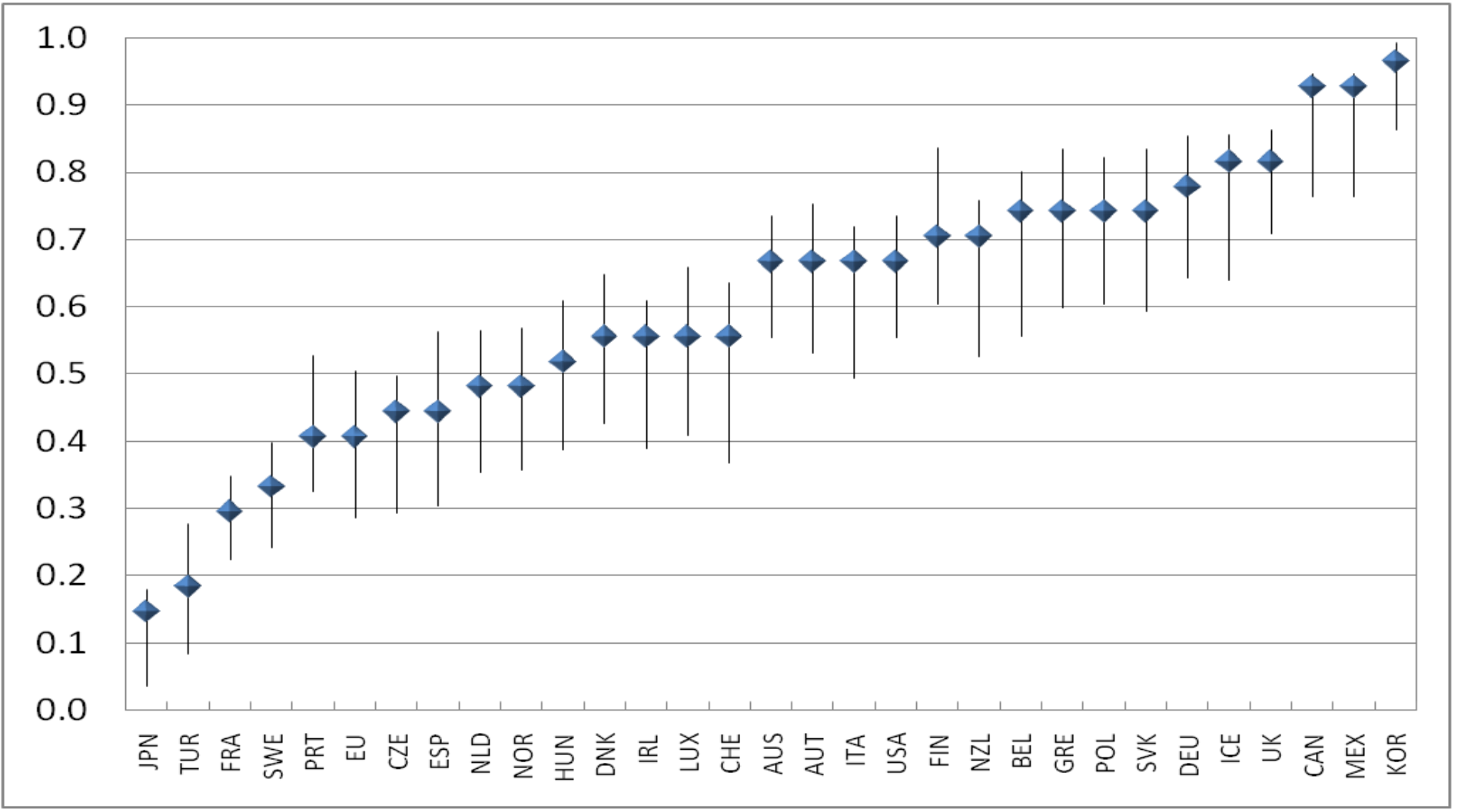
<table>
<tr><td colspan="2">Example: Question 10 a): Is regulatory impact analysis (RIA) carried out before new regulation is adopted?</td></tr>
<tr><td>Old presentation of weights</td><td>New presentation of weights in line with Best Practice: Split Score and Weights</td></tr>
<tr><td rowspan="2"></td><td>Score: No=0, In some cases=0.5, Always=1</td></tr>
<tr><td>Weight: 2</td></tr>
<tr><td>Weighted answer: No=0, In some cases=1, Always=2</td><td>Weighted answer: No=0, In some cases=1, Always=2</td></tr>
</table>

Compliance with Best Practice II

- Transparency: Methodological choices in weighting and aggregation exposed
- Interpretability, Metadata
- Statistical Tests
  - multivariate analysis
  - sensitivity Analysis

Sensitivity Analysis with RIA indicator

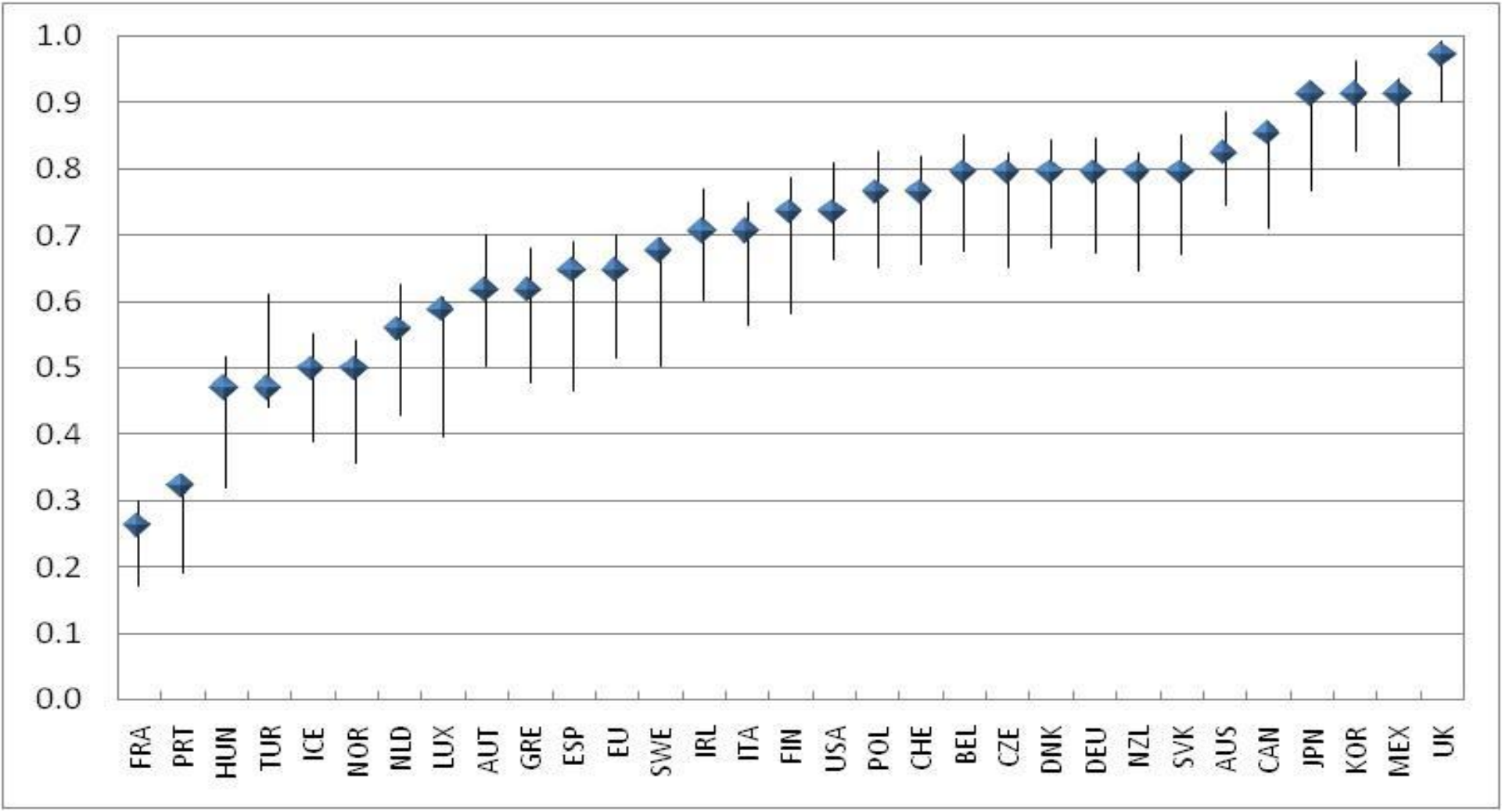
Explicit RIA processes 2005



Results obtained through monte carlo simulations, random weights

Sensitivity Analysis with RIA indicator

Explicit RIA processes **2008**



Results obtained through monte carlo simulations, random weights

Conclusion

- Usefulness of references to build meaningful indicators
- Compliance with methodological best practice and guidelines for GAAG
- Clarity and transparency of the results