

Regulatory impact assessment

When regulations are designed well, they can help to boost growth, tackle climate change, and enhance well-being. When not, they can result in unnecessary red tape and reduced trust in government action. Regulations should be clear, sound, and take into account a range of views. Regulatory impact assessment (RIA) supports decision-making by providing objective information about the likely benefits and costs of policy proposals. It is a tool to help governments create transparent, evidence-based policies. All OECD countries require RIA for some prospective regulations.

The Indicators of Regulatory Policy and Governance (iREG) survey measures the quality of OECD countries' RIA systems. The quality of RIA systems has been improving slowly over time. 23 of 38 OECD countries (61%) plus the EU improved the quality of their RIA systems relating to primary laws between 2018 and 2021 (Figure 5.3). 20 of 38 OECD countries (53%) plus the EU improved RIA systems relating to subordinate regulations over the same period (Figure 5.4). Some countries made substantial improvements. Latvia now requires RIAs to consider budgetary, financial, and administrative costs, and Israel, Portugal and Spain have all strengthened the scrutiny of information provided to decision makers in RIAs.

However, most OECD countries still have significant scope to improve their RIA systems. The areas with the greatest scope for improvement, for both primary laws (Figure 5.3) and subordinate regulations (Figure 5.4), is Oversight and Quality Control (mechanisms to monitor and ensure the quality of impact assessments), followed by Transparency. This remains the case despite the fact that these areas saw the largest improvements between 2018 and 2021.

OECD countries are considering a broader suite of impacts when conducting RIA. Of 34 OECD countries analysed plus the EU, virtually all now require consideration of competition, budgetary, and government impacts of regulatory proposals (Figure 5.5). More than 90% of those OECD countries and the EU now also require consideration of environmental impacts. The same percentage require analysis of small business, gender equality and various social impacts. Chile and Greece, for example, require an assessment of likely gender equity and other social impacts. Austria, France, Flanders in Belgium, and Germany apply "youth checks". Canada uses Gender-Based Analysis Plus to assess the impacts of policies and programmes on diverse social groups acknowledging intersecting identity factors. However, some relevant impacts remain less likely to be considered in RIAs, especially distributional factors by income and geography e.g. subnational and international impacts. Given the increasing interconnectedness of economies these types of impacts are likely to become ever more important in identifying the benefits and costs of regulatory proposals.

Methodology and definitions

The iREG survey draws on responses from central government officials. In 2021, 38 OECD countries, and the EU, responded to the survey. The data cover primary laws and subordinate regulations initiated by the executive. More information on iREG at oe.cd/ireg. iREG is based on the practices described in the 2012 OECD Recommendation on Regulatory Policy and Governance. The more practices a country has adopted, the higher its score. The composite indicator contains 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; *Systematic Adoption* records formal requirements and how often RIA is conducted; *Transparency* records how open RIA processes are. The maximum score for each category is 1. The total score ranges from 0 to 4.

Primary laws are regulations which must be approved by the legislature. Subordinate regulations can be approved by the head of government, a minister or the cabinet.

Youth Check is an impact assessment tool designed to consider the impact on young people of any new policy or legislation that is relevant to them.

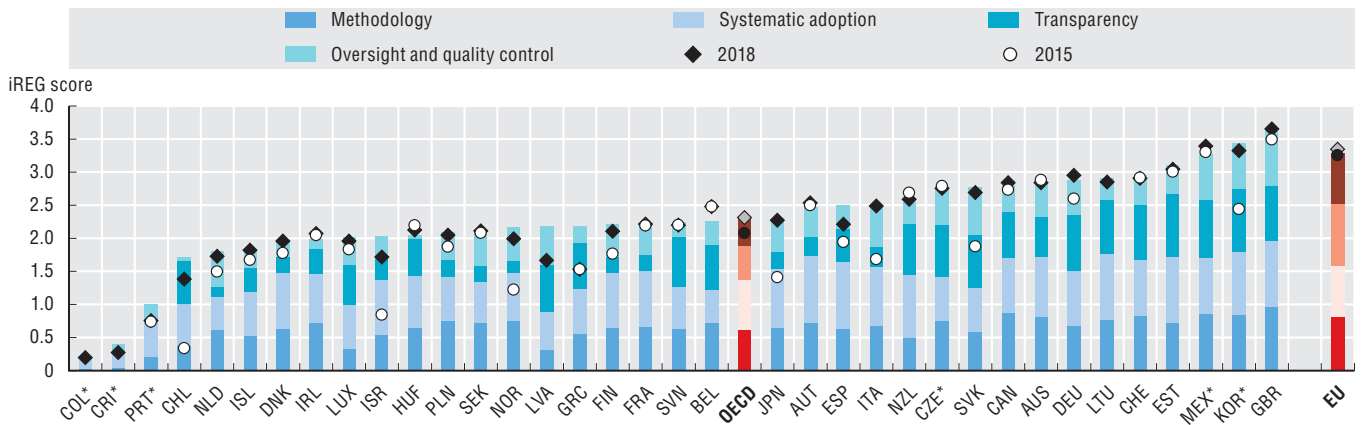
Further reading

- OECD (2021), *OECD Regulatory Policy Outlook 2021*, OECD Publishing, Paris, <https://doi.org/10.1787/38b0fdb1-en>.
- OECD (2020), *Regulatory Impact Assessment*, OECD Best Practice Principles for Regulatory Policy, OECD Publishing, Paris, <https://doi.org/10.1787/7a9638cb-en>.
- OECD (2012), *Recommendation of the Council on Regulatory Policy and Governance*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264209022-en>.

Figure notes

- 5.3. Indicator only covers practices in the Executive. Figure excludes the United States where all primary laws are initiated by Congress. *Indicates countries where a higher share of primary laws are initiated by the legislature.
- 5.3 and 5.4. 2014 data based on 34 countries that were OECD members in 2014 and the EU. 2017 and 2021 data include Colombia, Costa Rica, Latvia and Lithuania.
- 5.3 and 5.5. Due to an ongoing process in the legislative system regarding RIAs during the survey period affecting the processes for developing laws, composite indicators for Türkiye are not available for RIA for primary laws.
- 5.5. Data based on 34 OECD member countries and the EU. Data for Colombia, Costa Rica, Latvia and Lithuania not included.

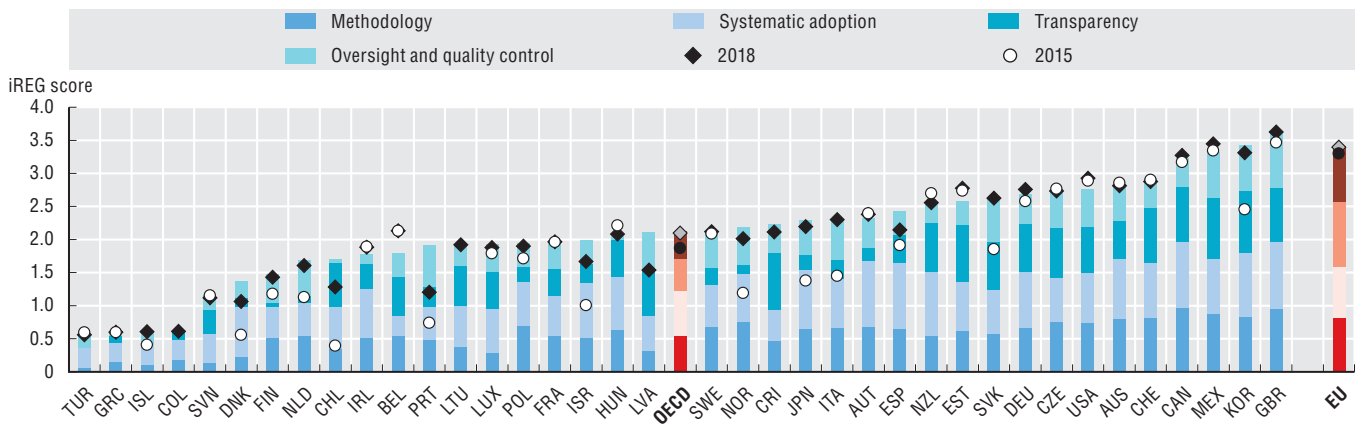
5.3. Regulatory impact assessment for developing primary laws, 2021, and total score in 2015 and 2018



Source: Indicators of Regulatory Policy and Governance Surveys 2014, 2017 and 2021, [oe.cd/ireg](https://www.oecd.org/ireg/).

StatLink <https://stat.link/6vt7gx>

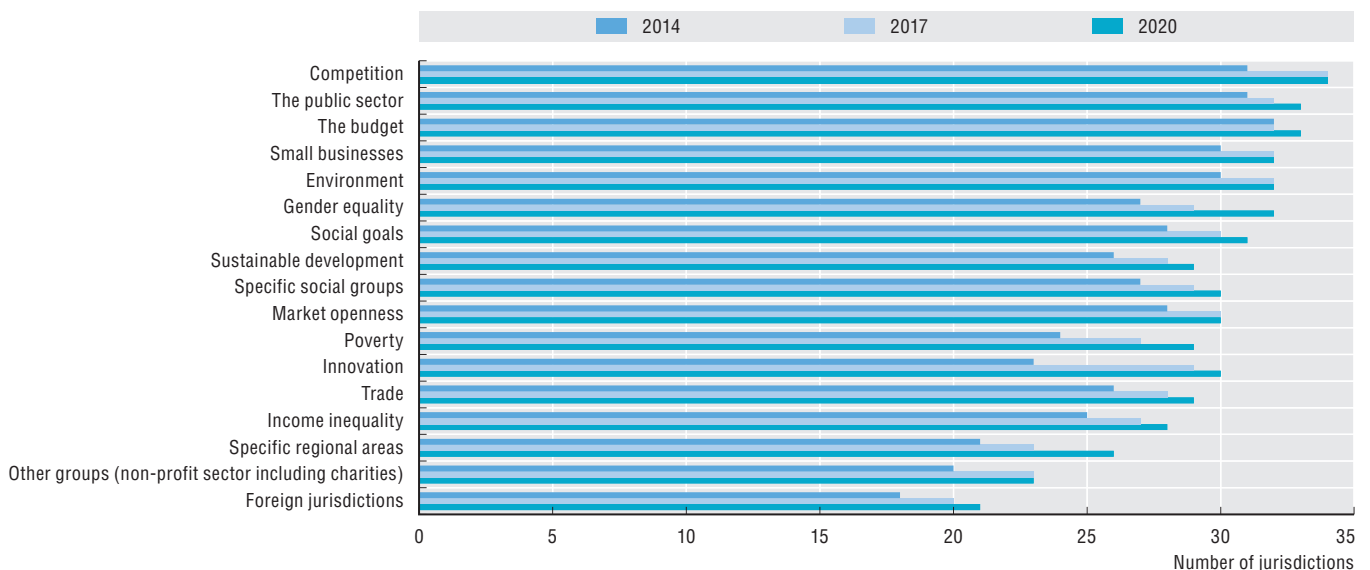
5.4. Regulatory impact assessment for developing subordinate regulations, 2021, and total score in 2015 and 2018



Source: Indicators of Regulatory Policy and Governance Surveys 2014, 2017 and 2021, [oe.cd/ireg](https://www.oecd.org/ireg/).

StatLink <https://stat.link/jh8rw4>

5.5. Factors assessed in regulatory impact assessments, number of jurisdictions



Source: Indicators of Regulatory Policy and Governance Surveys 2014, 2017 and 2021, [oe.cd/ireg](https://www.oecd.org/ireg/).

StatLink <https://stat.link/ur3inw>



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