OECD OVERVIEW ABOUT THE PORTUGUESE EXPERIENCE – APPROACHES AND PERSPECTIVES

Daniel Trnka, Senior Policy Analyst, OECD
Eric Thomson, Policy Analyst, OECD
ASSESSMENT OF THE RIA FRAMEWORK IN PORTUGAL
Quick scan of the RIA framework in Portugal

- Conducted in November/December 2017
- Desk research + presentations by the Portuguese government
- Fact-finding mission – meetings with institutions, trade unions, private sectors and academia
- OECD 2012 Recommendation (#4)
- Report on the first year of activities
LIA - a fundamental starting point

- **Strong points:**
  - Strong political support
  - A solid legal base
  - A formal oversight body in the centre-of-government (JurisAPP-UTAIL)
  - A simple and clear methodology for measuring costs along with some tools to help the exercise
  - A pragmatic, incremental approach to implementing RIA
  - Positive and constructive stance towards the reform
From an incremental approach to a systemic change

• The RIA process itself is important
• RIA in Portugal mostly focusing on costs, but benefit analysis also paramount.
• Definition of a problem is missing as well as identifying alternative options
Leveraging RIA to tackle wider regulatory challenges

• Structural, systemic and strategic considerations “with and beyond” Custa Quanto? approach and timeline
• Key regulatory challenges in PT
  – Predictability
  – Stakeholder engagement
  – Data availability
  – Implementation & enforcement
• A consistent, whole-of-government regulatory policy that tackles these challenges seems to still be missing.
Key recommendations

• A plan to sustain momentum
• The incremental approach vs systemic change in policy design
• Encourage demand for RIA by showing how it is used to effectively design regulations and policies.
• Limiting the types of initiatives for which RIA is required
• RIA should be integrated with legislative planning, stakeholder engagement, compliance and enforcement policies and administrative simplification efforts
• Tackle other Better Regulation issues - predictability, transparency and consultations, open data, compliance and enforcement
THE RIA MODEL IN PORTUGAL
Report on the current RIA model and recommendations for its improvement

➢ Background
  ➢ Authors: Luís Balthasar and Eric Thomson

➢ Methodology
  ➢ Desk research on the experience and models of other OECD countries
  ➢ Information on the experience of implementing the "Custa Quanto?"
  ➢ Interviews during missions in Lisbon carried out by the OECD team with a peer from Germany. Complemented by survey.
The RIA Model in Portugal

- Characterization of the legislative proposal
- Origin
  - Incidence
  - Benefits
- Characterization of incidence
  - Time
  - Population/activities
  - Economic sectors
- Data collection and processing
  - Collection of information on cost parameters
- Conclusion of LIA
  - Cost estimation
  - SME Test
  - Competition Imp. Assess.
- LIA Report
  - RAIL
  - RAILP (preliminary report)

Ministries/network of services and public bodies

UTAIL follows the entire AIL process through the support of the information sheet and the Methodological Guidelines to support the exercise. This support is provided to the Ministries as well as to the public agencies/services involved.
Ministries were generally happy with the tool. Most said that it helped the design process.

Covers the whole process as of 2018.

Data in the tool was useful. Most users didn’t experience bugs (around 70%)

UTAIL provides a lot of analytical support and guidance, despite its small team. The lowest # of employees per RIA of countries reviewed.
Over time, the Model will become more complicated as new requirements for analysis are added. The tool could be targeted to high-impact proposals.

Excel may not be an ideal platform, particularly to make RIA an integral part of the legislative development process. Technical and data improvements are possible.

UTAIL’s resources to support implementation are likely to be stretched as the program expands.
Threshold Tests

- Threshold test: An initial assessment of a policy proposal to determine how deep the proposer should analyse the issue.
  - A one-size fits all analysis doesn’t make sense for policy-making
  - They exist in many countries in many forms (Canada, U.S., Switzerland, etc.)
  - Portugal should implement a threshold test for its RIA as the RIA process expands to a cost-benefit analysis
Threshold Test: Proposal

<table>
<thead>
<tr>
<th>Descriptions</th>
<th>Thresholds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total costs</td>
</tr>
<tr>
<td>Low Impact</td>
<td>&lt;100.000€</td>
</tr>
<tr>
<td>Medium impact</td>
<td>b/w 100.000€ to 10 milhões</td>
</tr>
<tr>
<td>High impact</td>
<td>&gt;10 milhões</td>
</tr>
</tbody>
</table>
Conclusions

• Good first step to help policy makers look at new draft proposals

• **Next steps**
  – *Portugal should continue to move towards a full cost-benefit analysis tool*
  – *Portugal should implement a threshold test*
  – *The RIA tool should be supported with a solid IT platform, human resources, permanent training and guidance*
THANK YOU!