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RIA AS A TOOL TO IMPROVE REGULATORY ENVIRONMENT

CASE STUDIES IN REGULATORY REFORM AND REGULATORY IMPACT ASSESSMENT

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Main points of the presentation

What about RIA?

- RIA as part of a comprehensive regulatory environment strategy
- RIA as an evidence-based policy making tool to ask the right questions before the regulation creates unnecessary burdens
- RIA as a process and a report
- 10 Best Practices to implement RIA
- How to launch RIA in Bangladesh?
- RIA for SEZs is an opportunity to learn and experiment

Strategies for Assuring Regulatory Quality

RIA is part of an encompassing strategy to improve the regulatory environment

I. Building a regulatory management system

- Regulate the regulators through transparency and accountability mechanisms (laws, policies, institutions, enforcement, etc.)

II. Improving the quality of new regulations

- Control of the flow (RIA, consultation, alternatives, co-ordination, etc.)

III. Upgrading the quality of existing regulations

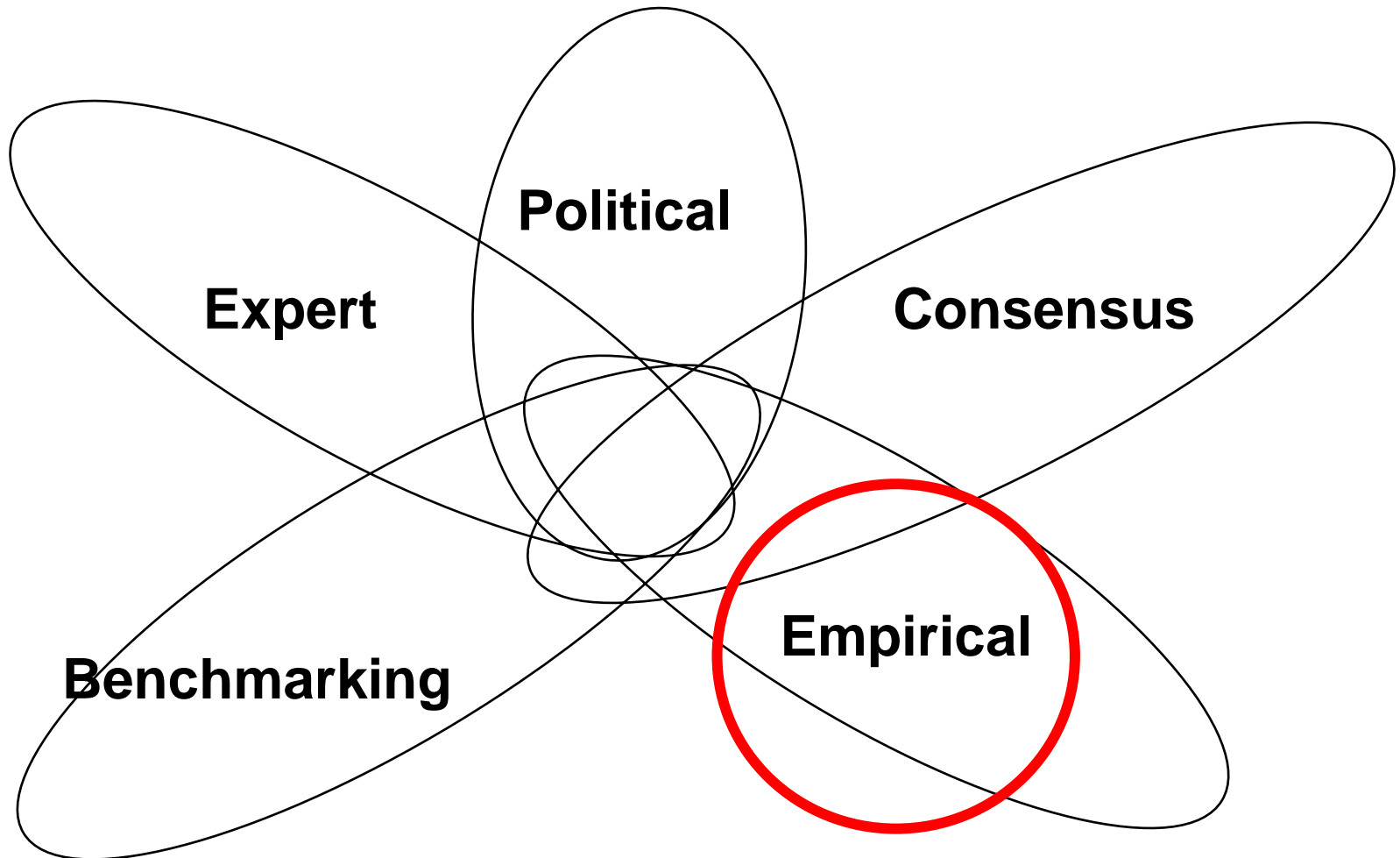
- Control of the stock (deregulation, up-dating, codification and restatement, formalities, etc.)

RIA is a scientific method for making regulatory decisions

Structurally, RIA is a method of

- asking the right questions in a structured format to support a wider and more transparent policy debate.
- systematically and consistently examining selected potential impacts arising from government action or non-action.
- communicating the information to decision-makers and stakeholders.

Methods to take a regulatory decision



What is the purpose of regulatory impact analysis?

- **Analysis:** Calculating the costs and benefits of government action
- **Opening up decisions** to a wider range of interests
- **Improving regulatory quality**
- **Reassess** the proper role of government:
 - “regulation cannot solve all the problems.”
 - The government need to shift its role from “rowing” toward “steering”
- **Change to culture** of the regulator

Some Key Dimensions

- Theory Vs. Practice
 - Experimental period Vs enforcement
 - Credibility of the initiative
- Fine-tuning the instrument(s)
 - A continuous quality process
 - Start small, scale rapidly
- Shifting and balancing the emphasis on ‘carrots’ and ‘sticks’
- Periodic external evaluation of the instrument(s)

Two dimensions of a RIA system:

- An administrative process
 - For instance Canada
- A substantive report addressing content issues
 - For instance Australia or UK

Canada Regulatory Process Diagram*

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9 to 24 months

1. Conception and Development of Regulation

2. Ministry Drafts Regulation & RIA

3. Interministerial consultation, review by MoJ, & **Oversight Regulatory Authority**

4. Ministerial Approval for Pre-Publication

5. Pre-Publication Review by **ORA**

6. Pre-Publication of Regulation & RIA in *Canada Gazette* with Comment Period

7. Ministry Redraft of Regulation & RIA

8. Final Review by **ORA**

9. Final Submission to Government Cabinet

10. Publication in *Canada Gazette*

11. Parliamentary Review by Special Committee

* www.pco-bcp.gc.ca/

1. Problem Analysis
2. Objective(s)
3. Options
4. Impact Analysis
5. Consultation
6. Conclusion and Recommended Option
7. Implementation and Review

10 best practices (1)

1. Maximise political commitment to RIA
2. Allocate responsibilities for RIA programme elements carefully
 - Decentralised functions
 - Central unit functions
3. Use a consistent but flexible analytical method
 - Qualitative Vs. Quantitative analysis
 - Benefit-cost analysis
 - Risk assessment
4. Develop and implement data collection strategies
 - Expert groups
 - Business Test Panels
 - Focus groups
 - Model enterprises
 - Opinion surveys
 - Direct interviews

5. Target RIA efforts

- Primary and secondary regulations
- Thresholds
- 'Common sense'
- Two-step approach

6. Integrate RIA with the policy making process

- Start as early as possible
- Avoid to transform RIA on a justification report or internal 'red tape'
- Assessment of alternatives to regulations

7. Involve the public extensively

- Democratic/participation dimension
- Data gathering mechanisms
- Increase compliance
- Accelerate and ease the implementation

8. Communicate the results

- Improves transparency and accountability
- Improves regulatory compliance
- Increases trust in government and RIA

9. Train the regulators

- A decision-making technique
- A vehicle for a cultural change of regulators
- A mechanism to improve and co-ordinate public policies in general

10. Apply RIA to existing as well as new regulations

- RIA as a performance assessment instrument
- Periodic analysis and feedback on the RIA process

- “Start small scale rapidly”
- Political support for ‘Better Regulation’
 - From Prime Minister or Parliament mandate
- First phase (6 months)
 1. Require all draft measures to have a 5 page check list
 2. Circulate the checklist together with legal text

Second phase (6-12 months)

1. Review the rulemaking process
 - Including the publication of RIAs (“notice & comments”)
2. Develop a template
3. Set up a national program
 - Allocate a budget for training and support
4. Establish an oversight body to control quality of drafts
 - Table an annual report of progress

Experiment

- In parallel to the national upgrade of the regulatory management
- Launch pilot RIAs in 2 or 3 ministries and agencies in charge of policies areas dealing with
 - Economic policies
 - Social & environmental policies
 - Administrative procedures
- Launch a RIA project for Special Economic Zones
 - Starting with a ‘blank slate’
 - A laboratory for best practices
 - Adapting RIA to national circumstances
 - Training RIA drafters