

# 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

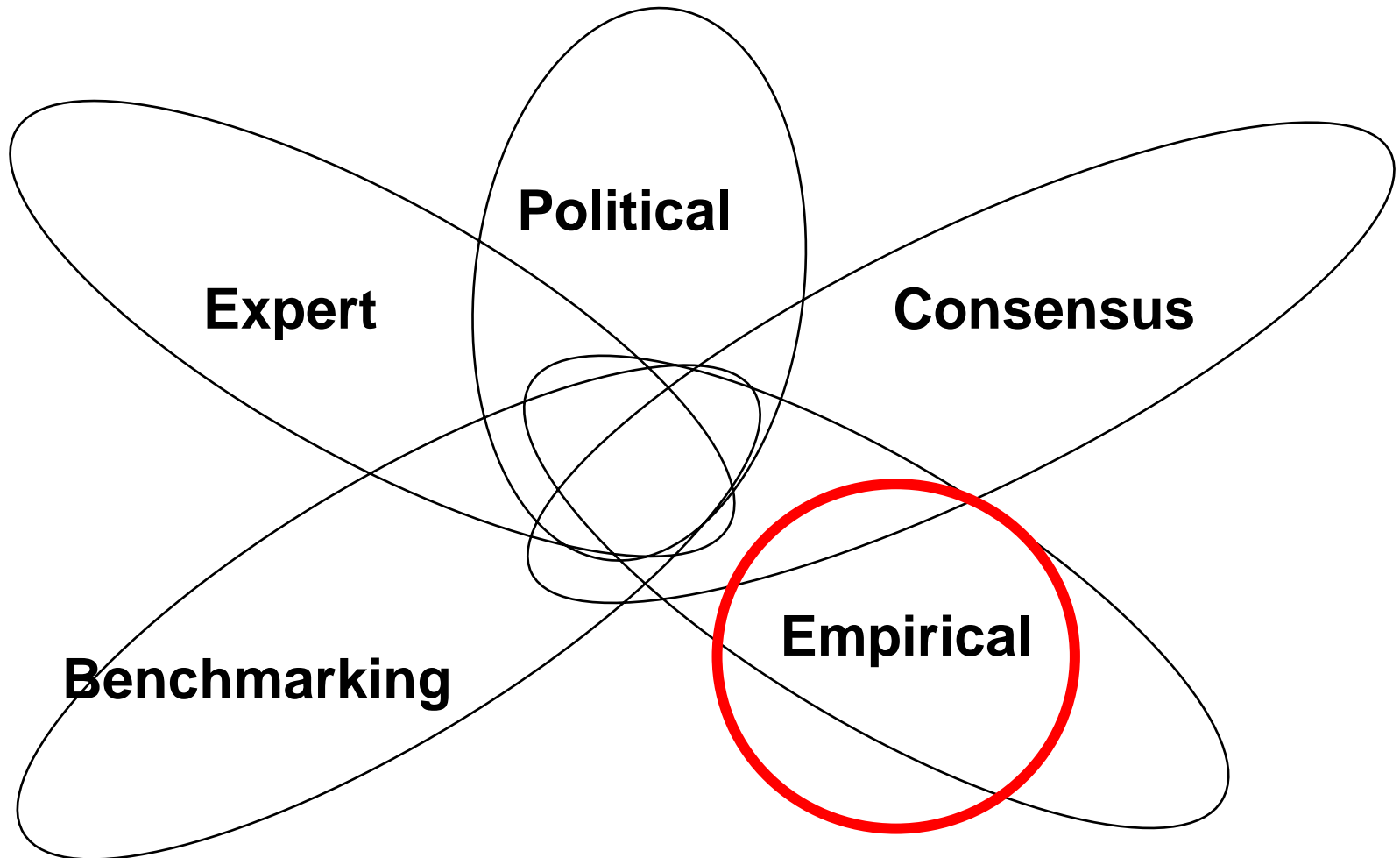
- Control of the stock (deregulation, up-dating, codification and restatement, formalities, etc.)

# 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/](http://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