RIA Implementation Steps

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RIA Implementation

- Setting the stage for practical exercises
- Outline of fundamental RIA implementations steps
- Regulator presentations of Zambian RIA case studies
- Re-applying RIA implementation steps to Zambian case studies in small group settings
The RIA Process

The process of Regulatory Impact Analysis

Definition
Identification
Assessment
Consultation
Design

Policy objectives
Regulatory options
Costs
Benefit
Involving stakeholders
Enforcement, compliance and monitoring mechanisms

After RIA is prepared: DECISION MAKING

Before we regulate, we should be able to answer three fundamental questions:

1) What is the specific social or economic problem we are trying to solve?

2) Why is government intervention needed?

3) Why is regulation the most efficient and effective means of achieving the objective?
Establishing the baseline

- The “baseline” is the best assessment of current state of the world absent the regulation.
  - The starting point for measuring costs and benefits.

- RIA compares the current state of the world, the “baseline scenario” to the expected state of the world with the regulation in effect -- the “policy scenario”.

- Impacts of regulations are measured as the differences between these scenarios.
Defining Regulatory Requirements

- What specifically would the regulation require of stakeholders?

- Why are these requirements necessary to achieve the policy goal?

- How will compliance be measured/achieved?
Analyzing Policy Alternatives

- Does the analysis enumerate other alternatives to address the problem?
- Is the range of alternatives considered narrow or broad?
- Does the analysis identify and quantify incremental costs of all alternatives considered?
- Does the analysis identify the cost-effectiveness of each alternative considered?
- “No action” alternative to regulation should be considered but not in isolation
Regulatory Alternatives

- Information measures rather than regulation
- Market-oriented approaches rather than direct controls
- Performance standards rather than design standards
- Different requirements for different geographic regions
- Different requirements for different-sized firms
- Different degrees of stringency
- Different enforcement methods
- Different compliance dates
- Different choices defined by statutory instruments
Analyzing Costs and Benefits

- Costs to whom?
  - Clearly define who the regulated entities are

- Benefits to whom?
  - To which segment of the population do benefits accrue as a result of the regulation?

- Costs and benefits should be quantified where possible and should clearly cite data sources and methods to arrive at estimates.

- Qualitative analysis may be only feasible option but subjectivity can be problematic
Data Collection and Quality

- If RIA analysis is quantitative, where did the data come from and how do we know it is useful or trustworthy?

- Data quality assessment
  - Specify sources, assessment of accuracy, relevancy, representativeness, and appropriateness for intended uses

- RIA should specify assumptions, caveats and shortcomings of data utilized in the analysis.
  - If the analysis identifies data gaps, shortcomings or quality issues then the RIA can direct specific questions to stakeholders to elicit the desired data.
What should RIA practitioners do when lacking data on costs and benefits of policy options?
- PUBLIC CONSULTATION can fill the gaps

Design questions/inquiries to stakeholders based on the information desired

If data is utilized from consultation, tell how this information was generated and how it was used
Practical Exercises

- Zambian RIA Case Studies
  - WRMA borehole/water quality
  - Road to Rail Cargo
  - Public Broadcasting
  - Health Fees

- Each will be analyzed through the lens of these implementation steps

- Objective is not to criticize or discredit, but to raise new issues, apply new concepts and spur debate about options and solutions
  - Remember – NO ONE SIZE FITS ALL!