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**« Regulatory Impact Analysis (RIA)
Measuring the Impact of Reform...
...a practical approach and some methodological
approaches »**

Concept paper developed by Oliver Clark

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TABLE OF CONTENTS

1.	RIA, A TOOL FOR « ANALYSIS » OR « ASSESSMENT »?	2
2.	EX-ANTE AND EX-POST RIA	2
3.	HISTORY AND DEVELOPMENT	3
4.	THREE MAJOR AREAS OF APPLICATION	5
5.	POLITICAL AND GOVERNANCE DIMENSION	5
6.	STRATEGIC USE FOR CAPACITY BUILDING	6
7.	CONSTRAINTS TO IMPLEMENTATION	7
8.	RELATIVITY OF DIFFICULTIES AND MECHANISMS FOR MITIGATIONS	8
9	ADVANTAGES AND DISADVANTAGES OF STANDARDISATION OF METHODS	10
10	EXAMPLES OF DERIVED METHODOLOGIES : OOIA APPROACH (AUSTRIA) & WRAPS APPROACH (USA)	10
11	CONCLUDING REMARKS	11
	BIBLIOGRAPHY AND WEBSITES	13

1. RIA, a Tool for « Analysis » or « Assessment »?

The Regulatory Impact Assessment (RIA) name is a source of confusion, since it stands for several different words, which are near-synonymous in their meanings, but create some uncertainty in terms of the concept.

The “R” is frequently used to signify “Reform”, whereas, it originated (in the 1970’s) as an acronym for “Regulatory”. With the generalisation of economic liberalisation policies and the establishment of supply-sided reforms in the 1980’s, the semantics slid towards “reform”. All regulations are not reforms and all reforms do not take the form of formal legislative or regulatory texts, so that the two meaning are indeed different. However, the RIA tool itself, and its methods and processes, is unchanged by application to either changes in economic or other strategies / policies on the one hand or to the expression of these changes in a legal / regulatory framework.

The essential difference is that when understood as “regulatory”, the field of inquiry covered by a RIA is focused on a specific set of formalised decisions by a sovereign entity, rather than on a broader general strategy, whose decision-takers may be less clearly defined. This difference makes it rather simpler to define when defining the scope of such a RIA task.

Regarding the “A” part of the acronym, it is either considered to signify “Assessment” or “Analysis”. This difference is very minor: the analysis being the set of methodological tools selected and used in a RIA, whereas the assessment is the more general action of seeking to evaluate measure and qualify a given relation between an action or policy and ulterior results in a given environment.

RIA is defined by the OECD¹ as : “a systematic approach to critically assessing the positive and negative aspects of proposed and existing regulations and non-regulatory alternatives”. Its major characteristics are therefore to be evidence-based, objective, quantifiable and demonstrable.

Such characteristics do not preclude a very large degree of variability in the approach and more significantly in the selection of the scope and depth of possible causalities being investigated : economics is about people and their use of resources, and any economic analysis must be based on a number of models describing people’s expectations, perceptions and behaviours.

Unlike more strictly objective sciences, economics must establish its “perimeter of uncertainty” on the basis of the respective weights of “behavioural economics” and “mathematical modeling”. Any RIA must make some hard choices about how much to synthesize and modelise, to achieve “understandability” at the expense of “reality”.

2. Ex–Ante and Ex–Post RIA

Additionally to the core definition of the RIA instrument, there are in fact two very different approaches which differ fundamentally in their nature.

Ex post RIA is designed to study and objectivise the present impact(s) of an existing regulatory measure (i.e. implemented in the past). It seeks to answer the question :”what results has had action X ?”

¹ <http://www.oecd.org/gov/regulatory-policy/ria.htm>

Exactly opposite, *ex ante* RIA is designed to measure the projected and likely impacts of a regulatory proposal. It attempts to answer the question: "what will happen if action Y is taken?".

It appears very clearly that one of the defining issues (besides the *ex post* vs. *ex ante* nature) of any RIA is the choice made at the very conception (ToRs) of the work being carried out :

- What action(s) is /are selected as the subject of the study?
- What types of outcomes, results and impacts are to be considered?
- What is the spectrum of causations envisaged?
- What is the time scale?
- What degree of certainty in correlation and what proof of causation is sought?

To a lesser degree, other methodological questions arise such as :

- How many iterations of any indirect or induced effects (resonance factors) are to be studied?
- What proportion of a given impact is due to the "announcement factor"?
- What effect does the timing or publicity have on the correlation between cause and effect?

Ex ante (potential impact of proposed new regulatory measures) is a direct decision-taking tool and seeks to optimise the quality of choices on the basis of incomplete information and in uncertain conditions. While *ex post* (actual impact of existing regulations) is related to a monitoring and evaluation function even if conclusions are obviously expected to be used for the establishment of strategies and policies shaping the future rather than only generating information about the past.

Both of these RIA approaches are similar in many of the evidence-based approach and quantitative data analysis they employ, but they differ fundamentally in their results and in the use that can be made of these results by decision-takers.

More frequently used is *ex ante* appraisal, largely because of resource constraints (time, manpower and money). *Ex post* is often considered a poor use of limited resources within governments to undertake such appraisal, and may also be considered a hazard for governments to dwell on whether previously introduced regulatory measures have achieved their desired results. *Ex post* RIA is sometimes employed to demonstrate - *a contrario* - that previous strategic choices or policies made (by someone else!) were bad and therefore increase the credibility of one's own strategies and policies.

Even when there are carried out, there is usually a relative lack of interest in publishing *ex post* assessments, probably demonstrating a preference for 'letting sleeping dogs lie'.

3. History and Development

Without detailing the specific history of the RIA, it is probably of importance to mention that originally, the RIA approach, strongly based on the more simplistic Cost-Benefit Analysis (BCA), was developed for the narrow purpose of theoretical macro-economic projections about inflation, and the impact it was expected to have on the general economy of the USA (after a long period of "stagflation").

The economic context - and the difficult relation between the Federal Reserve and the Administration - was clearly in need of theoretical models to understand the likely results in the medium and long-term of variations in the interest rate and therefore the monetary supply.

In the context on the internationalisation of the US debt resulting from a continuous and increasing trade deficit, this question was often perceived as “exporting inflation”, with an obvious global political and economic impact. This - contrary to what has frequently been believed - did not exclude from such an analysis the non-quantitative economic aspects of economics. On the contrary, it was particularly attentive to the issues raised by the “behavioural economics” since inflation’s impact is clearly determined to a very large extent by the “reasonable expectations” of consumers, producers and all other economic actors.

The high value of this too for Political decision-takers in Washington DC encouraged its application to other specific questions relative to US economic strategy and the policies it was generating under President Carter and Reagan.

Because of its success as an information supply tool to political institutions, and also because of the broad diffusion of the information provided by early American RIA studies, other free-market economies adopted the instrument fairly rapidly (Australia, Canada, Singapore).

The resulting diffusion of the RIA approach to the entire world was encouraged and accelerated by its systematic use by large Development Banks (IBRD, IDB), Financial Institutions (IMF) and International Development Institutions (Official Development Assistance actors from US, EU and other developed economies). By the mid 90’s, OECD countries use RIA, and by the first decade of the century, all economically advanced countries use it as a matter of course.

Today, although it is clearly a by-default political and economic tool for all countries, including most developing economies, its generalisation has led to a hugely varied usage of the instrument. It has been adapted and adopted in so many different ways that it is not always obvious what the core elements of RIA remain : from a macro-economic theoretical modelisation tool aimed at establishing objective and quantifiable causalities, it has morphed into a vast array of different approaches (sometimes even in a single country), with varied methodologies, objectives and stakeholders. The 2008 economic crisis, caused by the meltdown of the property market bubble in the US and spread by the partial collapse of the banking sector, has both contributed to a disaffection of economics (wrongly deemed incapable of predicting the existing structural weaknesses) and an urgent need for new strategies and policies. This questioning of the “Washington consensus” clearly meant that the frantic search for alternative strategies and policies demanded a wild increase in ability to assess or analyse their possible outputs, outcomes and ultimate impacts.

RIA is of course the instrument of choice for this, and its results have been increasingly made visible and accessible to the stakeholders of economic policy, including the general public. It is used by all economic actors in such a task, and the disparity and variability of the numerous approaches used in RIA show that it is no longer a unified and well-defined instrument, but a general and systematic approach to conception, design and implementation of strategies and policies.

RIA remains the theoretical “filter” and the basis for evaluating post-crisis “reforms”, which are often different or even opposed to the supply-sided economic trends and the market liberalisation theories and policies of the 70’s and 80’s. The success of these reforms - from 2008 to today - has been and continues to be the object of much conjecture and debate, even as the recession affects countries in strikingly different ways. The successive US Administrations have obviously made some unusual choices, with seemingly positive results in the medium-term. In Europe, the progressive adoption of the IMF-inspired austerity model has led to both a high degree of political stress between the EU members and to a backlash of theoretical contradictory policies. With the impossibility of any autonomous monetary policy due to the common currency, there is a focus on fiscal policy which highlights the major structural and economic situations of different EU countries.

The major study is now the establishment of causation and the quantification of correlations between different countries' macro-economic strategies (crypto-nationalisation, austerity, injections of cash in companies deemed too big to fail, quantitative easing etc..) and their ability to recover from recession and generate growth and employment.

4. Three Major Areas of Application

RIA is applied mostly to regulation proposals of three types: Economic, Social and Environmental, with a heavy concentration in terms of monitoring economic regulation.

As suggested in the paragraph above, the definition of a RIA will need to define the "universe" it is expected to analyse, and there is no possible economic analysis without some degree of overlap with the realm of social and even societal structure.

Even if environmental issues remain peripheral to many economic studies, it is a very clear and strong trend that the physical environment (however defined) is a major element and component of any economic environment. The simple examples of global warming or health is an obvious demonstration that such "externalities" have ceased to become marginal and are now very much a central topic of any economic strategy or policy.

The division of RIA into three such fields of research is therefore less meaningful than it was in the past: the natural tendency is for any economic study to encompass aspects of social and environmental dimensions.

5. Political and Governance Dimension

RIA contributes to 'good governance', in large part because the generation of such information as is generated by a RIA project cannot be kept secret from interested stakeholders, in particular in information-driven societies. This is not a cause-effect situation: the governance aspect of the RIA instrument is most prevalent in democratic and open societies, whereas less free environments are likely to avoid applying RIA in a way that will make results available.

This is not to say that RIA is not used, but only that it does not involve those for whom it is not intended. This implies a contradiction, because one of the conditions of the meaningfulness and validity of any RIA conclusions is the fact that there are the fruit of a debate and an exchange of ideas. If a RIA is only a one-dimensional exhortation to select a preferred strategy or to carry out a given strategy, it is obviously a meaningless effort. The success of RIA's diffusion shows that the Governance dimension is increasingly taken into account, thereby improving the quality of the assessments and the value of the instrument.

Thus, in most countries where RIA is applied to new regulations, public consultation and debate does occur with emphasis on public notices and invitations to comment on proposals (participatory decision taking). This signifies consultation involving outside experts, government bodies and the private sector. Less frequently, it may involve consumer groups and other bodies representing civil society.

Consultation occurs either / both before and after the government prepares detailed regulations, but only infrequently do countries make public the views of participants in the consultation exercise, suggesting room for improved transparency.

Particularly in a development or transition context, quite apart from considerations of governance and effectiveness of the process expressed above, if RIA is to contribute to

economic development and poverty reduction, it is important that it is operated properly, with due consultation and without 'capture' of the process by special interests.

The designing and carrying out of RIAs, by a recipient Government or a beneficiary Institution, simply to impress outsiders such as foreign Technical Assistance experts or donor agencies, and to rubber stamp decisions made by the executive are not worth the effort, and are in fact counter-productive.

If it is not done as a real information-creating exercise, it will generate no decision-support knowledge nor offer any basis for improving strategy: RIA is useless as a self-justification tool for politicians, Administrators or managers of Public Policy.

Experience shows that where RIA is used, consultation is formally incorporated as part of the process, but this consultation tends to be limited to government and the business sector, with consumer interests and other civil society interest groups under-represented in the consultation process. Overall, the duality of inputs from civil society and the feedback to civil society should be a major component of any RIA, in particular where issues where high social stakes coexist with high political or financial interests.

Examples of this kind of regulatory (or reform) context are as land usage (ownership, expropriation or relocation), access to basic commodities and utilities (health, education, energy, housing, movement) or questions relative to strategic orientation concerning externalities (extractive industries, natural resources, cultural patrimony).

The RIA approach is not a political tool in its own right, and should certainly not be perceived as a "election" specific to a given question, but it does remain open to being used to consult and listen to stakeholders on a specific subject, rather like a topical "referendum". In this way it can contribute to developing a consciousness of collective interest and create a capacity to debate constructively on technical issues and material realities, rather than theoretical or ideological concepts, of limited value to most people.

6. Strategic Use for Capacity Building

The value of RIA is enhanced when it is adopted as part of an overall strategy for regulatory governance reform and institutional capacity building, in parallel with any regulatory or reform agenda. In this case it has a double capacity : firstly to increase the quality of the RIA itself (by ensuring a maximum input of information, expectations and perception of likely impact from a 360° perspective) and secondly to ensure that conclusions reached, leading to new strategies or policies, are at least understood and at best adhered to by a large consensus. This is of particularly high value in countries with new institutions or new regimes seeking legitimacy, for instance post crisis or in a period of transition. In such a case, where the form of the change is frequently of higher importance than the substance of the change, a generalisation of high-consultation RIA work can create a cohesion and a sense of ownership that would be absent from decisions taken top-down, no matter how good they may be.

Whatever the context, RIA is frequently applied as part of a broader programme of regulatory governance reform, for precisely this reason: it gives a visibility and legitimacy to decisions by establishing the certainty that they have been approved or vetoed by the stakeholders. In this perspective, RIA is a policy reform modality that has the potential to improve government regulatory practices and outcomes, anywhere in the world.

Quite manifestly, there are situations where a public and open RIA is unwarranted or unsuitable in a sound decision-taking process and this should be perceived by all, to ensure that there is no abusive or erroneous usage of the Principle of Impact Assessment. It must be noted that RIAs cannot be conducted for each and every policy decision or for each new

law, so the issue of the most appropriate subject, timing and modality is a major point that any practitioner must take into account.

Manifestly, RIAs are a complex and costly endeavour and implementation is a major effort: there are three major classes of difficulties, as detailed below, that may create reasons _good or bad_ which discourage or forbid the use of this analysis : methodological & technical, lack of institutional demand and lack of resource.

7. Constraints to Implementation

7.1 Technical and Methodological

While there is little doubt of the real political, economic and governance value of the RIA tool in any country, it would be wrong to assume it has limitations, costs or downsides. The input of stakeholders should be commensurate in importance to the ability they have to base any participation on objective facts and true reflection of their own perceptions: if a RIA is based on a un-filtered averaging of subjective and near-random opinions from un-informed sources, it may be entirely worthless as a factual source information for decision-taking (though it would have crucial importance in understanding the context in which such a decision is to operate).

Conversely, it would be poor practice to eliminate dissident opinions and diverging perspectives from the collective work on data-gathering for a RIA: no matter how many individuals are participating, if some effort is not made to seek variety and difference, the result is likely to represent an undigested form of “groupthink” with no value added to decision makers.

Besides the first decision to use an Impact Assessment tool, it is imperative to ensure that there has been sufficient reflection into the choice of methodology, the selection of stakeholder and participants, as well as the precise definition of the nature and certainty of expected decision-making information.

Notwithstanding all the above, there are inherent risks to a RIA exercise. A few examples are found below of potentially serious limitations to the validity of the tool and of any conclusions reached, strategies identified and decisions taken:

- *Ex ante* RIA: available data, suitable models or disagreement on method;
- Reactions of target groups are not easily predictable, especially for innovative policies
- Identification of impact areas likely to be affected and considered relevant in RIA studies;
- Uncertainty in forecasting indirect effects and possible side-effects of policies;
- Some changes in behaviour may trigger other indirect impacts;
- Aggregation of impacts is difficult as impacts are measured by different indicators and scales.

7.2 Lack of Institutional Demand

Because RIAs are most frequently designed by and used for Institutional entities (States, Governments, Large Organisations, Multilateral Institutions...), the demand is usually centralised by the management.

The larger the topic addressed and the more important the potential consequences (good or bad), the more likely it is that the RIA will be patronised and possibly led by a large and powerful party. This means that - even if it is unintentional - there will possibly be a tendency to follow cues about the desired results (also called “confirmation bias”) and a selection of parameters for the implementation of the RIA that will lead to the desired conclusions.

Alternatively, where it is felt that ulterior RIA results may not suit or support the requester, there will be a tendency to avoid the tool entirely or create such distortions in its use that it becomes only a formal exercise (“whitewashing” or “rubber-stamping”).

All this points to the issue of the demand for RIA : when should it be organised and whose decision is its setting up, ToR design and monitoring ?

A number of other, more technical reasons may impede the use of RIAs, such as :

- Policy proposals are not only based on evidence, but also on agreement among conflicting interests, bargain for compromise and look for legitimacy and support for proposal.
- Impact areas that are more difficult to assess (for example: involving intangible values and long-term benefits) may not be taken into consideration.
- Because RIA studies analyse the pros and cons of legislative proposals they may limit the room for manoeuvre for political actors to pursue their goals.
- Using RIA to challenge pre-commitment of politicians is difficult, so the results of IA studies and be ignored in political negotiations, which does not provide incentives to conduct the analysis.

7.3 Lack of Resources

Lastly, the issue of the financial, HR or time cost of a RIA effort is frequently a major reason for dispensing with the exercise. Complete and holistic impact assessment requires time, trained staff and budgets for the collection of data, and the setup and running of models.

While a poorly designed and badly executed RIA is possible more dangerous - in terms of quality of decision-supporting information - than no RIA at all, it is important to evaluate the leverage of an RIA.

A poor strategy or a wrongly applied policy can have implications that are colossal and enduring. If the investment of an RIA is deemed un-necessary, it must be justified by the low cost of error and /or the insufficient value of information generated in view of the stakes involved.

Issues related to time are more difficult to address, since the impact of many decisions is directly correlated or proportional to their speed. Commissioning of studies can often be in conflict with the timing of particular policy processes that may depend on the utilisation of narrow windows of opportunities.

That means that implementing a RIA may be one cause of poor or negative impact of the strategic decision being evaluated. A number of ways can mitigate risk and preparation (case-based strategic planning, scenario design, contingency plans etc...) can reduce the frequency of such a situation, but there will always be cases where time is so crucially of the essence that a formal RIA is not feasible.

8. Relativity of Difficulties and Mechanisms for Mitigations

Having pointed out the difficulties inherent to the RIA and possible mitigation techniques, it is necessary to propose a series of important “good practices “ which contribute to avoid errors in the conception of the project and reduce methodological hurdles.

The first of these elements of recommended practice is the need for a clear and justified presentation of the assumptions made.

In any context, cultural, economic or political, there are a number of basic assumptions and axiomatic propositions that are considered given: they do not require any explanation or justification because they are considered self-evident and beyond dispute.

Yet, outside the cultural context of the group of people seeking information through a RIA to make decisions, there are other classes of people who will be affected by those decisions and who may not know, understand or share the same assumptions. Even when the dominant cultural or political environment is overwhelmingly consensual about a given, it remains of importance to express it and to ensure that it is perceived as an assumption, rather than as a variable factor, a parameter or a pre-conclusion. Consequently, the nature and importance of assumptions, and associated areas of risk and uncertainty, must be identified at the earliest stage of the ToRs and must be described in detail in the assessment. Notwithstanding all these limitations related to the framing of assumptions and pre-RIA givens, the Result Impact Assessment approach is still overwhelmingly of real assistance to decision-makers by clarifying the “certain” and “likely” consequences of regulatory proposals and by making underlying assumptions transparent.

In addition to the important issue of assumptions a number of practices may reduce methodological limitations and contextual uncertainties. These best practices, as used by numerous countries and Institutions, and described in the RIA technical literature, are for instance:

_ Quality control: Several countries have mechanisms and institutions to review IA reports. In some jurisdictions, the IA systems have been reviewed through evaluation studies, others have set up expert bodies and councils responsible for the review of individual IAs.

_ Methodological rigidity: Considerable efforts have been undertaken to develop methods that are applicable to a wide range of policies and that facilitate the IA process. The most prominent examples are the *Standard Cost Model* for the assessment of information requirements or the use of *Cost /Benefit Analysis* for the aggregation of different impacts. Beyond this, there is a range of checklists, toolboxes and models that have been developed and applied in IA studies.

In order to reduce any downsides to using RIA in difficult contexts or in unique circumstances, furthering the approach of methodological rigidity, a number of large institutions and State / parastatal Agencies have adopted a more radical stance : a unified and standardised RIA system of methods.

Monetisation a Partial Solution to Methodological Issues

Monetisation is the theoretical approached that consists in identifying a way to reduce all decision criteria and all data analysis parameters in a RIA to a single unit of information: monetary value, allowing a single and simple comparative analysis on the totality of all identified factors. This approach entails the transformation of any other values into monetary units, which in some cases may be a difficult or even impossible exercise.

Monetisation in any such situation raises methodological, ethical and philosophical questions, and even in terms of classical economic modelling, causes difficulties such as relative valuation and identification of externalities.

In some cases, monetisation of different impact areas is possible for aggregating impacts, but in practice, monetisation is difficult in assessing non tradable goods for which no market exists. In such cases, monetisation is only possible using expensive supporting studies. In particular, the non-economic benefits of legislation are difficult to assess and cost saving innovation cannot be predicted and economic costs as well as benefits are frequently overestimated.

Clearly monetisation is an outstanding methodological tools for some economic decisions, in particular where the alternative strategies or actions are leading to results that differ only in ways that a quantifiable in strictly financial or at least material measure. When the outcomes

differ in ways that are of a non-material nature or when the options are such that there is little result that is quantifiable, monetisation is more arduous to use. Because of this and other methodological limitations, assumptions & judgements are inevitably part of the assessment.

9 Advantages and Disadvantages of Standardisation of Methods

This approach leads to an attempt to establish perfect cohesion in all formal and methodological aspects of RIA for a given requester (a Ministry, a Government Agency or a Development Bank), by creating a RIA process and laying out immutable procedures that follow an identical set of steps towards establishing an Impact Assessment.

This “RIA manual” has the ambition of stabilising the quality of assessments’ results by lowering the variability of all elements of the RIA tool and reducing any context-specific or personalised implementation aspect of the work done.

Obviously this is a fairly extreme and inflexible adaptation of the RIA instrument, and probably represents a small minority of cases of exercises, since it strongly reduces the essential RIA characteristic of case by case capacity to design quantification and data analysis methods, select relevant indicators and choose all parameters of the topic that are examined in the light of their correlation between cause (the reform or regulation) and consequence (the impact or impacts).

It is reasonable to consider that such standardisation applies only to narrow fields, repetitive analyses and extremely focused ToRs, and should any case be very carefully monitored for aberrant findings and “off the maps” conclusions.

Dis-advantages can be synthetically expressed as:

- Factors meaningfully assessed by multi-purpose tools are necessarily narrow and focused.
- Risk that standardised procedures will descend into just box checking while excluding other, more relevant aspects of the policy from the analysis
- To expand on the subject of “off the shelf” RIA, a number of best practices are to be found in some practical part of the RIA approach, as opposed to the methodological part.
- To speed up and simplify conception, design and implementation, it is possible to address :
 - Resource requirements: Ready-to-use budgets and tools reduce the resource requirements for IA studies.
 - RIA can build on data & experience from previous applications. Support units or consultants provide specialised knowledge and experiences.
 - Improved relevance: multi-purpose RIA tools for broad political priorities, beyond the policy relevance of the individual piece of regulation. This increases relevance of the assessment, making it more tailored to political demands.
 - Quality control: The use (or non-use) of standardised analytical methods is an indicator of the quality of a RIA. This is politically less sensitive than assessment of the overall quality of the IA or scrutiny of the policy relevance of the proposed regulation.

10 Examples of Derived Methodologies : OOIA Approach (Austria) & WRAPS Approach (USA)

The RIA tool, with its broad generalisation and its adaptation to a hugely varied spectrum of uses in different contexts, has naturally been adapted and re-designed to fit specific needs in particular environments (political, cultural or technical).

Two examples are proposed, the Outcome oriented impact assessment (OOIA), from the context of legal and regulatory processes in Austria and the WRAPS Approach² from the environment of Water management in the USA.

The Outcome oriented impact assessment (OOIA)³ is based on the premise that Impact assessments are a key instrument in the implementation of Better Regulation. The OOIA impact assessment includes a problem analysis, objectives and measures including indicators as well as an assessment of a range of impacts. It is structured around several Impact dimensions:

- Public budgets
- Gender equality
- Social affairs
- Children and youth
- Consumer politics
- Administrative burden for citizens
- Administrative burden for businesses
- Businesses
- Economy
- Environment

The WRAPS Approach (Watershed Restoration and Protection Strategy), on the other hand, is a planning and management framework that engages stakeholders within a particular watershed in a process to:

- Identify needs and opportunities
- Establish management goals
- Create a cost-effective action plan to achieve goals
- Implement the action plan

WRAPS represents a shift from "top-down" government intervention to a more citizen-stakeholder approach. Funds, guidance and technical assistance are provided for stakeholders to reach consensus on issues of relevance to them, and then design and execute a plan to address those issues.

11 Concluding Remarks

Specific Environmental Approach

In relation with the theme of the Cairo seminar, it is worth noting that a number of countries have recently introduced methods for a focused assessment of the impacts of regulation on the emission of carbon.

Environmental concerns—and the need to cut emissions of Greenhouse Gases (GHG) in particular—are high on the political agenda⁴ (OECD). The framework conditions for preserving the environment are not only provided by environmental policies, but their high level of influence (environmentally, politically and economically) means that the RIA tool is particularly adapted to their conception and design.

All policy domains should allow for the Integration of environmental protection the transformation towards a low carbon economy.

² <http://www.kswraps.org/assessment>

³ http://www.wfa.gv.at/English/_start.htm

⁴ INTEGRATING THE ENVIRONMENT IN REGULATORY IMPACT ASSESSMENTS By Klaus Jacob, Sabine Weiland, Johanna Ferretti, Dirk Wascher, Daniela Chodorowska April 2011

RIA is a powerful tool in ensuring policy coherence and the integration of environmental concerns in different policy areas. Some countries have requirements in their RIA systems for an assessment of environmental impacts and sustainability.

Breadth of Analysis & Scope of application may include non-quantifiable values

While it has generally been focused on economic or at least material topics of regulation or reform, RIA can take many other forms, beyond financial or material cost estimates to comprehensive economic and social cost-benefit analysis.

Originally, RIA focused on identifying direct economic costs and benefits of different regulatory alternatives on a wide range of actors. In recent years, RIA has experienced a high degree of diversification of approaches regarding orientation, ambition, institutionalisation and transparency of the procedures. Nowadays, in several countries, RIA requires assessment of all types of possible impacts. It varies among countries; however, to what extent these assessments comprise a consideration of environmental issues?

Assessments can include potential immaterial and cultural benefits and /or costs of the regulatory proposal and a variety of practices exist for the quantification of costs and benefits. However, at this stage, only a minority of countries quantify the estimated Impacts in both physical and immaterial value (i.e.: social justice, income distribution, well-being etc...) terms. Examples such as the Happiness Index initiated by the Kingdom of Buthan lead to the opening up of a field of research and RIA based on the perspective of less quantifiable and more qualitative perceptions and values.

This points to a further enlarging of the scope that RIA may encompass in the future, and to two trends : a higher degree of standardisation and common practices in the methodology (applicable to fairly classical subject-matters) and on the other hand, a tendency to create highly focused RIA approaches, based on adaptation and specialisation to a narrow and unique field of Analysis.

In the future, it is likely that the very meaning of the RIA acronym will cease to be a clearly defined set of methodologies and tools, to increasingly become a general approach of all Impact Assessment endeavours.

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