1. Regulatory impact assessment: an overview

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INTRODUCTION

The potentially damaging effects on economic growth resulting from excessive government regulation have attracted increasing attention from policy-makers in recent years. Starting with the Reagan administration in the USA and followed by the Thatcher government in the UK, a rapidly growing number of governments around the world have adopted measures to improve the quality of both existing regulations and proposals for new regulations. A core component of these programmes for regulatory reform is regulatory impact assessment (RIA). RIA is a method of policy analysis, which is intended to assist policy-makers in the design, implementation and monitoring of improvements to regulatory systems, by providing a methodology for assessing the likely consequences of proposed regulation and the actual consequences of existing regulations.

RIA was originally conceived as an instrument for identifying the costs of regulation on the business sector, which would be followed by a process of deregulation aimed at reducing the regulatory 'burden' on the private sector and thereby improving competitiveness. Over time, however, the definition and purpose of RIA have been refined and widened. First, the focus has shifted from the costs of regulation alone, to a consideration of both benefits and costs. This reflects a recognition that regulation is not bad per se; rather, each regulation needs to be assessed on a case by case basis in terms of how it contributes to the objectives of public policy. Second, the public objectives to which regulation can contribute have been widened beyond the single objective of private sector competitiveness. Typically, RIA will now consider the potential or actual impacts (positive and negative) of a regulatory measure in terms of the three pillars of sustainable development, namely, economic, social and environmental. This broadening of the definition and coverage of RIA has been mirrored at the level of regulatory reform by the shift in focus from 'less regulation' to 'better regulation'.

The rapid spread of RIA has been an important part of the more general process of public sector management reform and better governance. By requiring a systemic examination of the consequences of regulatory choices, RIA is seen as a tool for strengthening evidence-based policy-making. It also contributes to the core principles of good governance, by increasing the transparency and accountability of political decisions on the choice of regulatory measures and policies.

The aim of this volume is to provide a comprehensive account of the principles and practice of RIA. The standard characteristics of the RIA approach to regulatory decision-making are explained, together with a discussion of the principles relating to quality evaluation of RIA processes. There is a strong comparative dimension to the analysis, detailed case studies draw from developed, transitional and developing countries. Besides describing the system of RIA in a range of different economic and political environments and contexts, the case studies also provide an analysis of the factors that have influenced the adoption of RIA and an evaluation of the results of the particular RIA system in practice. The remaining sections of this introductory chapter provide a background overview of the principles and practice of RIA, which are then developed in more detail in the other chapters of the book written by international experts in RIA.

THE REGULATORY IMPACT ASSESSMENT (RIA) APPROACH TO POLICY-MAKING

'Good' regulation will be both *effective* and *efficient*. Effective in the sense of achieving its planned goals and objectives, and efficient in terms of achieving these goals at least cost, in terms of government administrative costs and the costs imposed on the economy in terms of complying with regulations. There is, therefore, a compelling case for the systematic appraisal of the positive and negative impacts of any proposed or actual regulatory change. Regulatory impact assessment (alternatively referred to as *regulatory impact analysis* or *impact assessment*) provides a methodological framework for undertaking this systematic assessment of benefits and costs of regulation, and for informing decision-makers of the consequences of a regulatory measure.

There is no single or generally agreed definition of regulatory impact assessment or of the 'regulations' that are covered by RIA. The UK defines RIA as 'a tool which informs policy decisions. It is an assessment of the impact of policy options in terms of the costs, benefits and risks of a proposal' (Cabinet Office, 2003, p. 5). The OECD, which has been active in developing 'best practice' guidance on RIA as part of its programme on regulatory reform practice, defines regulation broadly in the following terms: 'regulation refers to the diverse set of instruments by which governments set requirements on enterprises and citizens' (OECD, 1997). Regulation therefore, extends beyond sector-specific regulation to include any government measure that affects individual or group behaviour. With this broader definition of 'regulation', RIA is perhaps better understood as a tool of public policy analysis, which contributes to better policy selection.

RIA can contribute to both the *outcome* and the *process* dimensions of policy. By providing a methodological framework of rational policy selection, RIA allows for the outcomes (ex ante or ex post) to be assessed against the goals that are set for regulatory systems. The process contribution of RIA can be assessed in terms of the principles of 'good governance'. There is a broad consensus that these principles encompass proportionality (the regulation should be appropriate to the size of the problem it is intended to address); targeting (the regulation focuses on the problem and does not cause unintended consequences in other areas of the economy or society); consistency in decision-making (to avoid uncertainty); accountability for regulatory actions and outcomes; and transparency in decision-making (Parker, 2002).

The purpose of an RIA is:

> to explain the objectives of the [regulatory] proposal, the risks to be addressed and the options for delivering the objectives. In doing so it should make transparent the expected costs and benefits of the options for the different bodies involved, such as other parts of Government and small businesses, and how compliance with regulatory options would be secured and enforced. (NAO, 2002, p. 51)

A properly conducted RIA, therefore, systematically examines the impact arising or likely to arise from government regulation and communicates this information to decision-makers. It also involves public consultation to identify and measure benefits and costs and thereby has the potential to improve the transparency of governmental decision-making. It can promote government accountability by reporting on the information used in decision-making and by demonstrating how the regulation will impact on society. The result should be an improved and more consistent regulatory environment for both producers and consumers. It is important to recognize, however, that RIA, even when operated well, is not a tool that substitutes for decision-making. Rather, it should be seen as an integral part of the policy-making, which aims to raise the quality of debate and therefore the quality of the decision-making process (Kirkpatrick and Parker, 2004). As S. Jacobs (2004, p. 287) points out, 'the most important contributor to the quality of government decisions is not the precision of calculations, but the action of asking the right questions, understanding real-world impacts, and exploring assumptions'.

Typically, RIA will involve a number of tasks to be carried out at each stage of the process:

- a description of the problem and the objective of the proposal;
- a description of the options (regulatory and non-regulatory) for achieving the objective;
- an assessment of the significant positive and negative impacts, including an assessment of the incidence of the benefits and costs on consumers, business and other interests groups;
- a consultation process with stakeholders and other interested parties;
- a recommended option, with explanation of why it has been selected.

This framework, which is common to most RIA procedures, should not be interpreted as advocating a 'one-size-fits-all' best practice approach to regulatory assessment. Rather, it should be viewed as a guide to developing an RIA system that meets the particular needs and resource constraints of an individual country. The process of adapting the general framework to meet country-specific requirements can be informed by a number of practical lessons drawn from the experience of countries that have implemented some form of RIA.

First, RIA needs the development of RIA skills within the government machinery, including skills in enumeration and valuation of costs and benefits. Generally, qualitative effects will involve more judgmental or subjective evaluation and physical units introduce serious problems of aggregation. There may be a temptation, therefore, to diminish the RIA to include only an evaluation of measurable financial costs and benefits. Or, the assessment may be reduced to looking solely at the cheapest way of achieving the regulatory outcome (in effect providing a cost-effectiveness study only) in which the benefits are taken as given. This lesser form of RIA risks ignoring important differential benefits from different forms of regulation.

Second, RIA requires the extension of consultation procedures to ensure that appropriate information is collected and analysed in reaching a view on the regulatory impact. There may be little tradition of consulting widely before undertaking regulation, or those chosen for consultation in the past may have been selected on political grounds. The need to consult and evaluate can be time-consuming and resource-heavy within hard-stretched governments. RIAs may involve multiple stages with each new regulation facing an initial RIA, another RIA after consultation and redrafting and a final RIA on the legislation as passed by the legislature. A sensible approach to minimize these costs is to prioritize where detailed RIA should be undertaken, by using a screening procedure to identify when a regulation is likely to have major effects on the economy, society or the environment. It is important, however, that the decision on when to use an RIA is not made simply on political grounds.

Third, RIA needs to be championed across government if it is to be used consistently and become a normal feature of regulatory policy-making. It therefore needs clear and powerful political support within government if it is to overcome bureaucratic and political inertia. More generally, to achieve these improvements in regulatory governance may require a cultural change within government, involving more open policy-making as part of a broader process of governance reform.

Finally, RIA must also confront the possibility of 'regulatory capture'. In practice, the nature and content of regulation may be 'captured' by special interest groups, who have the time, resources and incentives to invest in influencing the regulatory process. In market economies, resources flow to where the perceived returns are highest and this is no less true in the shaping of regulation policy. There will be constant pressure from external groups and their spokespersons within the legislature and government to advance regulations that promote their members' economic rents. For this reason, regulatory policy-making may not be the objective and rational process that RIA presumes, with its emphasis on fact-finding and disinterested decision-making. At the same time, however, RIA can help to control rent-seeking activity within government by promoting wider consultation and by requiring the explicit identification and evaluation of costs and benefits. RIA, by making the regulatory process more transparent and accountable, provides a means of weakening regulatory capture.

EVALUATING THE QUALITY OF RIA

The growth in RIA practice has been accompanied by increasing recognition of the importance of establishing procedures for monitoring and ex post evaluation. Ex post evaluation can support better regulation policy if the results and lessons for improvement are used to inform the design and implementation of future regulatory proposals. Also, if the evaluation results are accessible by external stakeholders, the policy-makers can become more accountable for their regulatory decisions. The OECD defines regulatory quality as follows:

> *Regulatory quality* refers to the extent to which a regulatory system pursues its underlying objectives. These objectives involve the specific policy objectives which the regulatory tool is being employed to pursue and the efficiency with

> which these objectives are achieved, as well as governance based objectives including transparency and accountability. (OECD, 2004, p. 8)

The purpose of the evaluation of RIA, therefore, is to improve the effectiveness and efficiency of the RIA system, in terms of the policy objectives that are set for it. These objectives can be defined at several levels. In a restricted sense, the objectives can be expressed in terms of contributing to 'better' regulation and regulatory governance. In a broader sense, the evaluation can be in terms of the societal goals of economic growth, environmental sustainability and/or social justice to which RIA and regulatory reform can contribute.

Evaluation can be conducted, therefore, at several different levels, each with its own set of indicators of performance:

- *Content evaluation* is input-based, and checks the content of the RIA report for compliance with the RIA procedures and process.
- *Output evaluation* goes beyond the question of formal compliance with procedural requirements, and measures the quality of the analysis undertaken.
- *Outcome evaluation* assesses the actual effect of RIA in terms of the quality of the regulatory outcomes.
- *Impact evaluation* assesses the impact of the change in regulation quality on the broader economic, social and environmental goals.

In practice, the problems of obtaining quantifiable performance indicators and of attributing causal links between each stage of the evaluation become increasingly difficult as one moves from content evaluation through output and outcome evaluation to impact evaluation. Consequently, most evaluation studies of RIA have concentrated on the content and output stages of evaluation.

Content evaluation typically involves a 'scorecard' assessment against published guidelines for RIA good practice, such as the OECD checklist for regulatory decision-making shown in Box 1.1 (OECD, 1995).

In the UK, the National Audit Office (NAO) has prepared a number of reports on RIAs produced by UK government departments and agencies, by applying a series of content questions, as shown in Box 1.2 (NAO, 2004, 2006).

Perhaps not surprisingly, the NAO studies have identified the use of a number of practices and approaches across UK government departments, evidence of good practice and areas in need of improvement. There were a number of main findings (Humpherson, 2004). First, RIA was well embedded within government as part of the policy-making process and all new

BOX 1.1 OECD RIA CHECKLIST

1. Is the problem correctly defined?
2. Is government action justified?
3. Is regulation the best form of government action?
4. Is there a legal basis for regulation?
5. What is the appropriate level (or levels) of government for this action?
6. Do the benefits of regulation justify the costs?
7. Is the distribution of effects across society transparent?
8. Is the regulation clear, consistent, comprehensible and accessible to users?
9. Have all interested parties had the opportunity to present their views?
10. How will compliance be achieved?

regulations are subject to RIAs. Second, within the sample of RIAs the NAO studied, there was an insufficient degree of attention paid to the generation of alternative options, including ‘do nothing’ (don’t regulate), and to the analysis of options. Third, there had been improvement in the form, content and timing of consultations, although there was scope for improvement in the integration of consultations into the final RIA report. Fourth, quantifying costs and benefits was weak. Quantification of risks and hazards that the regulation was intended to reduce was attempted in some cases, but benefits were rarely quantified. Data uncertainties were often ignored and excessive accuracy was attached to the quoted figures rather than providing a range of possible values. Finally, there was insufficient consideration given to the enforcement, sanctions and evaluation of the RIAs.

Similarly, Lee and Kirkpatrick (2006) carried out a performance evaluation of a sample of ‘extended impact assessments’ undertaken by the European Commission. The reports were evaluated in five main areas, each of which was disaggregated into more detailed subcategories. The study identified a number of areas of weakness, including poor identification of the problem, unbalanced coverage of different types of impacts and lack of clarity in the explanation of the analysis, and weaknesses in the presentation of the RIA findings.

Output evaluations attempt to demonstrate the difference that the RIA has made to the quality of the regulatory system. The most frequently used method of evaluating RIA outcomes is to assemble data on the frequency with which regulatory proposals are revised or abandoned as a result of an RIA. This type of evaluation faces the standard methodological difficulty of determining whether the observed change is the direct result of the RIA, or

BOX 1.2 NATIONAL AUDIT OFFICE, UK: FRAMEWORK OF QUESTIONS

1. Was the RIA process started early enough?

Did the department have clear objectives for the regulation?
Did the department allow a realistic timetable for the RIA process?
Did the department consider the risks?
Did the RIA consider a range of options?
Were alternatives to regulation considered?
Were alternative regulatory tools considered?

2. Was consultation effective?

Was effective consultation started early in the process?
Did the department use appropriate consultation techniques?
Did the department explain clearly the impact of the regulation?
Did the department consult all interested groups of stakeholders?
Did the department consider the impact on small businesses?
Were the results of the consultation used well in formulating the regulation?

3. Did the RIA assess the costs thoroughly?

Were the implementation and policy costs on all affected taken into account?
Did the department identify all parties on whom costs would fall?
Did the department consider the costs to small businesses?
Did the department identify all likely costs?
Did the department assess the costs of all options?

4. Did the RIA assess benefits realistically?

Did the department identify all parties who would benefit?
Were the benefits realistic and relevant to the regulation?
Was the methodology for quantifying/scoring the benefits robust?

5. Did the RIA realistically assess compliance?

Was possible non-compliance factored into the analysis?
Did the department assess the existing level of compliance?
Were ways of increasing compliance considered?

6. Will the regulation be effectively monitored and evaluated?

Did the RIA contain procedures for monitoring and evaluating the extent to which the regulation meets its objectives?

Source: Humpherson (2004).

whether other factors have influenced the output. Also, a part of the impact will be unobservable, if regulatory proposals are withdrawn in anticipation of an unfavourable RIA. Ambler, Chittenden and Shamutkova (2003) examined a sample of 200 RIAs conducted by UK government departments between the mid-1998 and mid-2002. They found little evidence that RIAs had caused legislation to be aborted, with only 11 cases of final RIAs being identified where this was a possibility. However, this may understate the impact of the RIA process, since the authors were unable to track initial and partial RIAs that were subsequently withdrawn. Vibert (2004) evaluated the first year of extended impact assessments undertaken by the European Commission, and found that 'there is not a single case where EU action has been assessed to have negative net benefits or where the inability to quantify the net benefits has led to the conclusion that the measure should be withdrawn or that no policy would be the best policy' (p. 9).

A second method of evaluating outputs is to conduct an audit trail in relation to the RIA process and focus on how suggested changes to the initial regulatory proposal have been dealt with. This approach has the advantage of reviewing the process of managing the consultation suggestions and the internal decision-making involved in the preparation of the RIA. It is likely, however, to be relatively resource-intensive (Yarrow, 2004). It also requires access to the key actors within government, which external evaluators may have difficulty in obtaining, since it increases the pressure on the regulators to be transparent and to justify their decisions.

By extending the audit trail method, it may be possible to test the effect of the RIA on the organizational and regulatory culture; that is, 'how and whether RIAs are instrumental in instilling a greater appreciation and understanding of the benefits of the RIA process, and thereby encouraging a proactive rather than reactive use of the RIA as a policy development tool' (OECD, 2004, p. 38). This type of evaluation is largely qualitative in nature, which can pose problems in the interpretation of the results. It does have the merit, however, of providing a more direct measure of the extent to which the overriding goal of RIA, to change the assessment of regulatory initiatives, has been achieved. Interestingly, the National Audit Office, which has legal authority to investigate internal procedures within UK government, found that its RIA evaluations had a significant impact on accountability – 'in essence, therefore, the fact of the NAO evaluation can help concentrate the minds of departments: a point borne out by the feedback discussions held with departments whose RIAs were in the pilot sample, following the completion of the first year's work by the NAO' (Humpherson, 2004, p. 281).

Evaluation at the outcome level involves assessing the impact of RIA on the regulatory environment and on the benefits that this provides, in terms of the goals of the regulatory reform process. This approach to evaluation is considerably more complex and methodologically challenging than the content and output approaches that have been discussed above. The methodological problems of establishing a counterfactual baseline from which to assess changes, and the difficulties of attributing changes to the initial RIA process, have limited the application of this evaluation approach to RIA.

The challenge of attribution becomes even more evident if the evaluation is extended from outcomes to impacts in terms of the broad goal of sustainable development.

The OECD country reviews of regulatory reform have provided empirical evidence of a relationship between regulatory reform and better economic performance. Gains in terms of higher productivity and economic growth are found in countries such as Canada, the USA and the UK, which have had a lengthy period of RIA. The general conclusion is that 'countries with explicit regulatory policies consistently make more rapid and sustained progress than countries without clear policies. The more complex the principles, and the more concrete and accountable the action program, the wider and more effective was reform' (OECD, 2002, p. 40). Evidence of the relationship between regulatory reform, particularly as it affects the business sector, and economic performance in a large number of developing and transitional countries, has been assembled by the World Bank (2004). However, the supporting data are largely associative in nature, and provide little convincing evidence of causality.

To conclude this section, a common limitation of most RIA systems is the limited attention given to the monitoring and evaluation of results. This is a significant weakness, given that the systematic and transparent evaluation of ex post impacts can contribute to a better understanding of successes and failures, and thereby to improved performance of RIA and regulatory systems. However, establishing the links between RIA and improvements in the quality of the overall regulatory environment, and between the regulatory environment and society's economic, social and environmental goals for national development, is a highly challenging exercise.

THE INTERNATIONALIZATION OF RIA

The use of RIA as a tool of public sector management and decision-making is widespread, and the majority of OECD countries have adopted formalized RIA arrangements. In March 1995, the Council of the OECD adopted a *Recommendation on Improving the Quality of Government Regulation*, which made reference to the use of RIA (OECD, 1995). In 1997 ministers of the Member countries endorsed the OECD *Report on*

BOX 1.3 COMMON CHARACTERISTICS OF RIA

1. *Statement of problem*. Is government intervention both necessary and desirable?
2. *Definition of alternative remedies*. These include different approaches, such as the use of economic incentives or voluntary approaches.
3. *Determination of physical effects of each alternative, including potential unintended consequences*. The net should be cast wide. Generally speaking, regulations or investments in many areas of public policy can have environmental implications that must be kept in mind.
4. *Estimation of benefits and costs of each alternative*. Benefits should be quantified and where possible monetized. Costs should be true opportunity costs. Not simply expenditures.
5. *Assessment of other economic impacts*. Including effects on competition, effects on small firms, international trade implications.
6. *Identification of winners and losers*. Those in the community who stand to gain and lose from each alternative and if possible, the extent of their gains and losses.
7. *Communication with the interested public*. Including the following activities: notification of intent to regulate; request for compliance costs and other data; public disclosure of regulatory proposals and supporting analysis; and consideration of and response to public comments.
8. *A clear choice of the preferred alternative*. Plus a statement defending that choice.
9. *Provision of a plan for ex post analysis of regulatory outcomes*. It is important, for example, to establish current conditions to have a benchmark to measure performance against. Planning is needed to ensure that procedures are in place for the collection of data to permit such benchmarking.

Source: OECD (2004, p. 27).

Regulatory Reform, which recommended that governments 'integrate regulatory impact assessment into the development, review, and reform of regulations' (OECD, 1997). S. Jacobs (2002) reports that 20 out of the then 28 OECD countries were using RIA in some form by 2001, although Radaelli (2002) found that national guidelines for undertaking RIAs existed in only nine of these countries. While the detail of the way in which RIA is being applied varies between countries, there is a degree of commonality in terms of the main characteristics of the procedures that have been adopted, as summarized in Box 1.3.

The origins of RIA can be traced to the USA. There the formal adoption of RIA in the 1970s was in response to a perceived increase in the regulatory burden associated with a surge in regulatory activity since the mid-1960s, together with concerns that this might be adding to inflationary pressures in the US economy (Anderson, 1998). Since 1995 the Office of Management and Budget (OMB) has been required to report on the costs and benefits of government regulations and in 2000 the OMB published guidance on how to conduct RIAs. This widened the scope of RIA to include non-quantifiable costs and benefits and put more emphasis on risk assessment and the quality of information collection (OMB, 2001).

In the UK the systematic assessment of the impact of regulation by government began in the 1980s as part of the Conservative government's Deregulation Initiative. The Better Regulation Task Force (BRTF) was established as an independent advisory body in 1997 to advise government on regulatory issues, supported by a Regulatory Impact Unit (RIU) located in the Cabinet Office. In 1998, the Prime Minister announced that no proposal for regulation should be considered by Ministers without a regulatory impact assessment being carried out. Guidelines for carrying out RIAs were published, and encompassed risks, and costs and benefits not only to business but more widely. The RIA reports are published for public scrutiny.

In January 2006 the UK government established the Better Regulation Commission (BRC), which has taken over from the BRTF to provide independent advice to government about new regulatory proposals, and to review the government's overall regulatory performance (Parker, 2006). Alongside the BRC operates the Better Regulation Executive (BRE) within the Cabinet Office, which was established in May 2005. This is tasked with promoting the Government's better regulation agenda. The BRE also takes forward the work previously carried out by the RIU.

In the European Union, regulatory impact assessment is an important part of the 'better governance' agenda, which aims to improve the quality of legislation and make governance more transparent, responsive and accountable (Radaelli, 2003). The Goteborg European Council meeting in June 2001 agreed that 'sustainable development should become the central objective of all sectors and policies . . . careful assessment of the full effects of a policy proposal must include estimates of its economic, environmental and social impacts inside and outside the EU' (EC, 2001), and established procedures to ensure that each major legislative proposal is informed by an assessment of the potential impacts of the measure, both inside and outside the Union. The 2002 Communication of the European Commission on impact assessment commits the Commission to undertake an impact assessment of all major policy proposals in order 'to improve the quality and coherence of the policy development process' and to 'contribute to an effective and efficient regulatory environment and further, to a more coherent implementation of the European strategy for Sustainable Development' (EC, 2002). In June 2005, the Commission issued new impact assessment guidelines, which began to be implemented in August 2005 (EC, 2005). The new guidelines are to be applied to all items on the Commission's Work Programme, covering regulatory proposals, White Papers, expenditure programmes and the negotiating of international agreements. In addition, the Commission may decide, on a case by case basis, to carry out an impact assessment of a proposal that does not appear on the Work Programme.

Although the transitional economies of Central and Eastern Europe share a common history of Soviet or communist rule, there are considerable variances in the use of RIA, which suggests that history alone is not a sufficient explanation of the way reforms develop within government. Issues of administrative capacity, institutional infrastructure and incentives to carry out an RIA, all affect the reform process in transitional economies (Jacobs, C., 2005). The adoption of RIA is also seen as advantageous in terms of promoting the democratic principles of 'good government'. RIAs support legal government, which observes the rule of law with proportionate and equitable law. An accountable government is promoted through assessing direct costs and benefits that citizens will incur and selecting policies on the basis of best value for money, taking into account redistribution effects – that is, who gains and who loses. Consultation with consumers, business and civil society also helps build legitimacy and promotes issues of equity and fairness among citizens. This is particularly important in transition economies where NGOs and voluntary non-state institutions have been sluggish to develop and the role of civil society in shaping government is incipient and weak (Jacobs, S., 2004).

In developing countries there is a growing recognition among policymakers that RIA can be used in the design and implementation of regulatory reform programmes to bring about improvements in the quality of regulatory governance and policy-making (World Bank, 2004, pp. 73–4). However, evidence on the use of RIA in developing countries is limited (Kirkpatrick, Parker and Zhang, 2004). Where evidence is available, it suggests that the coverage of RIA, both in terms of types of regulation and number of regulation proposals appears, however, to vary widely between countries, and few countries appear to be applying RIA consistently to regulatory proposals affecting economic, social and environmental policies. While there is a general recognition of the desirability of including benefits as well as costs in an RIA, methods of quantification are generally underdeveloped.

CONCLUSIONS

Globally, the past decade has seen a major shift in the role that the state plays in the process of economic growth and development. This has led to interest in new approaches to policy-making with the aims of improving the quality of legislation and making governance more transparent and accountable. Regulation impact assessment has been at the centre of this move towards 'better' policy and governance. RIA provides an analytical framework for assessing the effects that the introduction of a new regulation is likely to have, and also for assessing the actual impact of existing regulatory measures. By providing decision-makers with evidence on the effects of their regulatory choices, RIA can contribute to more informed policy choices, thereby improving the efficiency and effectiveness of regulation policy.

RIA was initially adopted in the OECD countries but is now being used in a growing number of transitional and developing economies. The way in which RIA has been implemented has varied between countries, reflecting differences in the objectives selected, institutional capacity and resource constraints. For many of these countries, RIA has been adopted within government only recently, and there is limited evidence available so far on the impact that it has had in terms of improving the quality of regulation decision-making. But for those countries where there is sufficient experience on which to make an evaluation of RIA performance, the results suggest that the impact has been positive in terms of more efficient regulation and also in the contribution to the broader goal of better governance.

This book is intended to increase our knowledge and understanding of this international trend towards the use of RIA as a tool for regulatory reform and better policy-making. Many of the issues that have been introduced in this chapter are discussed in detail in the remaining chapters of the volume. Together, the chapters provide a wealth of detailed information on the international experience with RIA, derived from country case studies and cross-country comparative analyses for developed, developing and transitional economies.

RIA is a relatively new concept and experience, and in most countries it is characterized by an ongoing process of adaptation, learning and improvement. At the same time, the evidence provided in the chapters of this volume confirms a common purpose to integrate RIA into the policy-making process with the aim of raising the quality of the regulatory environment and in this way contributing to society's goal of economic, social and environmental advancement.

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