

# EVALUATING THE IMPACT OF REGULATORY POLICY: CHALLENGES AND EVIDENCE

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## PRESENTATION SUMMARY

1. Evidence Based Policy (EBP) and Impact Evaluation (IE)
2. IE of Regulatory Policy: Challenges
3. IE of Regulatory Policy: Approach and Findings
4. Conclusions

# 1. EVIDENCE BASED POLICY AND IMPACT EVALUATION

- Evidence Based Policy(EBP)
  - 'Rationalist' approach to governance
  - 'What works?' – policy learning
  - Value for Money and accountability
- Impact Evaluation
  - establishes cause and effect relationships ('attribution', 'causation', 'contribution')
  - emphasis on long term effects
  - Methodological rigour - Experimental and semi-experimental methods (RCTs)

## IE and CAUSAL CHAIN ANALYSIS



- Input – Regulatory Policy
- Output – Better Regulation
- Outcome – Economic Growth
- Impacts – Economic and Social Welfare

## 2. IE and REGULATORY POLICY: CHALLENGES

- Causation / Explanation Trade-off
- Choice of Method (experimental; statistical; theory based; case studies; participatory; synthesis studies)
- Policy/Programme evaluation (multiple interventions with multiple outcomes)

## 3. IE and REGULATORY POLICY: APPROACH and FINDINGS

### Approach

- Literature review
- Quantitative research on economic impact
- Covers five main policy categories
  - regulatory policy and governance in general
  - administrative simplification
  - Ex ante and ex post analyses of regulations
  - Consultation, transparency and accountability
  - Regulatory institutions

## IE and REGULATORY POLICY: APPROACH and FINDINGS

### Approach

- Tabular summary of studies, covering:
  - theory and implied causal chain
  - economic impact indicator
  - empirical method used
  - results/findings

## IE and REGULATORY POLICY: APPROACH and FINDINGS

### Findings

- Focus on costs of regulation
- Use of aggregate measures of regulatory burden: less evidence on impact of specific regulations
- Institutional framework and governance influence outcomes – effects of regulation are context specific

## IE and REGULATORY POLICY: APPROACH and FINDINGS

- Data availability drives method and content of research – hence,
- Reliance on regression analysis of panel data
  - However:
    - problem of ‘proving’ causal relationship
    - problem of capturing cross country heterogeneity
    - data limitations e.g. costs measures
    - limited guidance on what kinds of reforms are likely to be effective
    - stock vs. flow of regulation

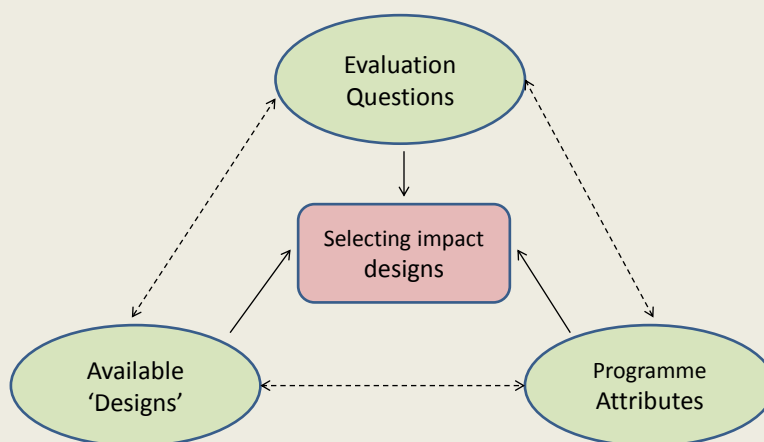
## IE and REGULATORY POLICY: APPROACH and FINDINGS

- Focus on *outcomes* rather than *impacts*
- Limited use of alternative IE methods – case studies, participatory survey; theory of change

## 4. CONCLUSIONS

- Significant gaps in knowledge of impact of regulation policy: Effects of better regulation reforms on economic and social welfare are only partially understood
- No evidence that regulatory reform has done more harm than good
- Need to broaden the approach to IE of regulation policy:

### Impact Evaluation for Regulatory Policy



Source: DFID, 2012