



ASSESSING IMPACTS

20 January 2014, Manama



Assessing Impacts

1

- Identify who will be impacted by the options

2

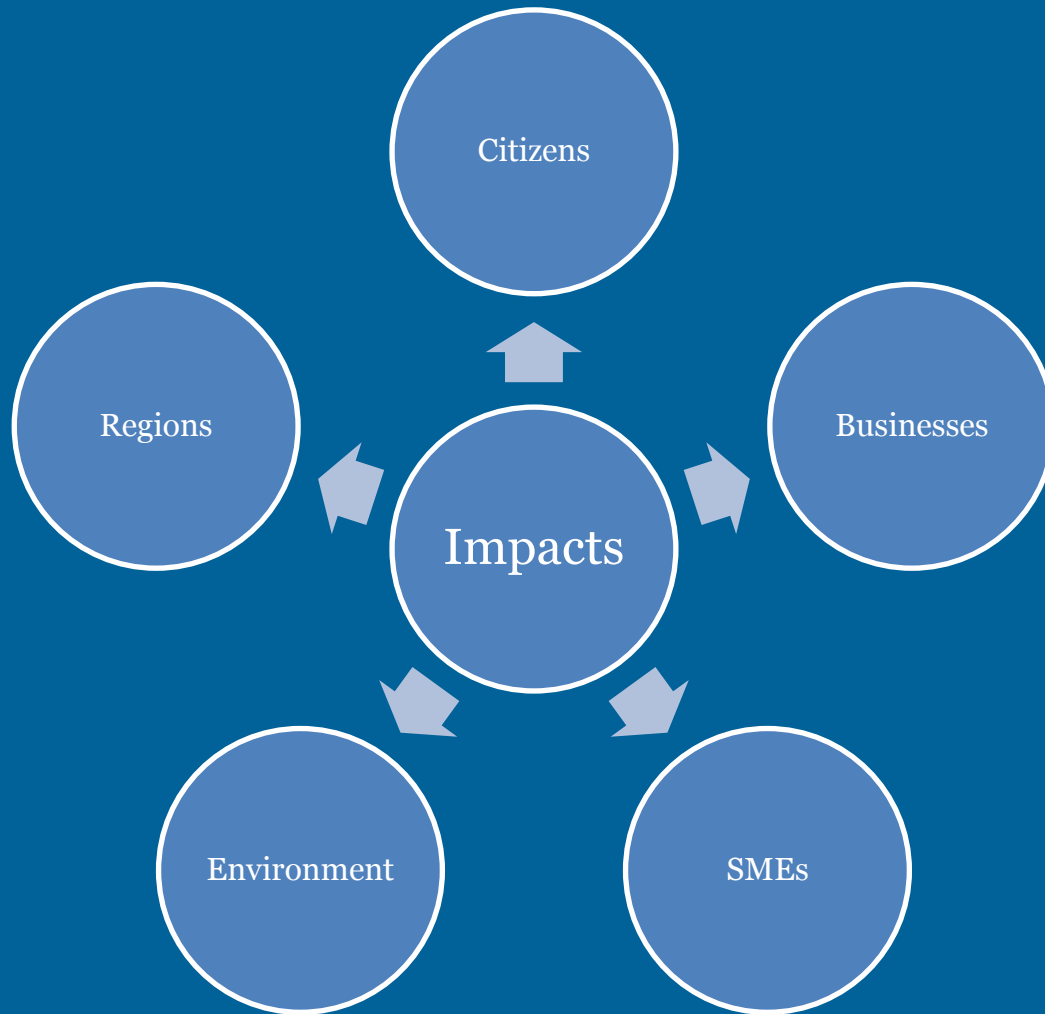
- Identify the scale of the impact

3

- Quantify the impacts



Who will be impacted?





Scale of Impacts (Qualitative Assessment)

- What is the nature of the impact?
- Who will be the winners?
- Who will be the losers?
- What is the scale of the impact?
 - Small/medium/large



Quantifying Impacts

Market Value

Supply/Demand

Willingness to Pay

Shadow Pricing

Time Saving

Time savings

Improvements in health

Environmental benefits and costs

Education and training

Human life



Examples of Quantifying Impacts

River Pollution

- Market Price of Fish

Human Health

- Healthcare costs

Slum
Development

- Property Prices

Noise pollution

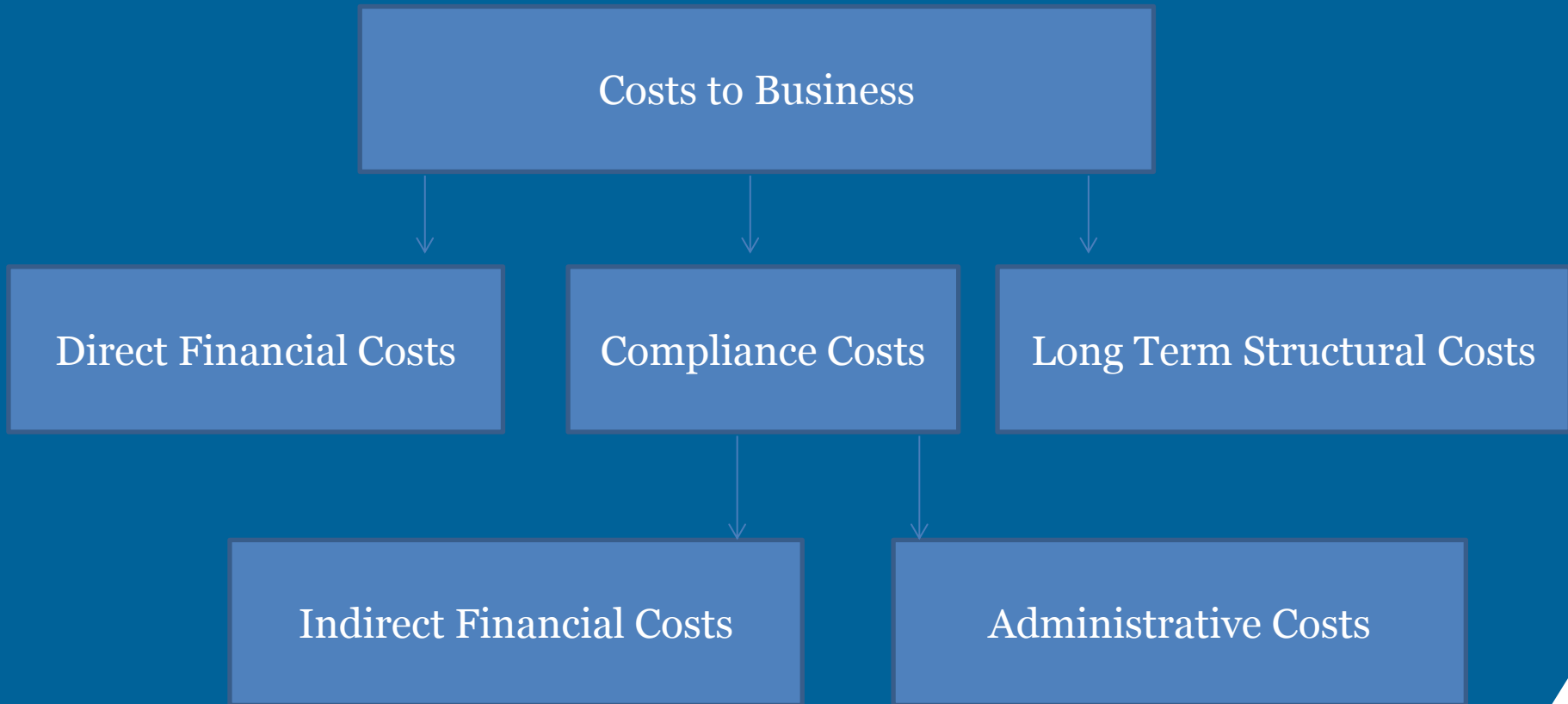
- Willingness to pay to prevent pollution/accept compensation

Impact transfer

- Impact in City X for impact on City Y



Examples of Quantifying Impacts





Cost Benefit Analysis (Quantitative Assessment)

RIA is designed to support 'Evidence Based Decision Making'

Assessing Impacts involves:

1. Gathering the evidence
2. Analysing the evidence (what does it tell us about the impacts of the standard?)
3. Presenting the evidence



Cost Benefit Analysis (Quantitative Assessment)

1. Gathering the Evidence

- You will gather the evidence from a range of sources, including:
 - Your own knowledge and experience
 - The knowledge and experience of colleagues in your own organisation and other agencies
 - Consultation with external experts
 - Consultation with those that are likely to be affected
 - Research documents, market reports, government statistics, internet searches



How Much Evidence is Needed?

- **Proportionate Analysis**

- the more significant the impacts are likely to be the greater the effort of quantification that is needed
- level of detail also needs to be related to the resources and time available
- the preliminary analysis will give an indication of the level of detail needed in the Final RIA



2. Analysing the Evidence

- The evidence needs to be used to explain how and why the impacts occur. What are the ‘cause and effect’ links between the regulation and the impact indicators?
- The analysis is presented in the form of a narrative in the RIA report, in which the evidence is used to validate the analysis.
- This is called *causal chain analysis*.



3. Presenting the Analysis

- The results of the assessment should be described and explained in the text of the RIA
- The significance of the impacts should also be clearly shown in tabular form
- The positive impacts (benefits) and negative impacts (costs) should be shown separately
- Positive and negative impacts should be quantified, where-ever possible



Conclusion: OECD Country Lessons

- Evidence on impacts should be quantified wherever possible – Creative Economics
- Quantification in market value terms wherever possible.
- Quantify benefits as well as costs