



# Centre for Transport Studies

STOCKHOLM

## The possible role of RIA in Swedish transport planning

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## Purpose

To describe:

- the present use of RIA and CBA in the Swedish planning context
- the consequences of current practices using the Swedish transport regulator as a case study

Based on the findings give recommendations for institutional changes if the full RIA process is to be implemented in Swedish transport policy and planning (alignment of incentives at all levels and across agencies)

## Background - the role and use of RIA

- “Full” RIA process not implemented in Sweden (Radaelli, 2010)
- OECD (2009): RIA - a tool to achieve good governance
- RIA is a tool (structure) and a decision process (transparency)
- Introduced in the US in 1981 and in the EU in 2002 – part of work with “Better regulation” (including administrative simplification)
- Practice of RIA systems vary widely cross-nationally
- Implementation not straightforward and may be controversial
- Wegrich (2011): “Economic analysis difficult to reconcile with system of negotiated policy-making ... in consensus democracies”

## Theory – RIA, CBA and regulatory governance

- Microeconomic theory one basis for discussion about regulatory policy and design of policy instruments (Ruffing, 2011)
- In the US, RIA accepted but the role of economic analysis (CBA) much debated => change from benefits exceed cost to *justify cost* and more focus how to perform CBA (Shapiro, 2011)
- In other social sciences, distinction was made between regulatory (US) versus welfare state (Europe and social-democratic parties) – now welfare the aim, regulation the instrument (Levi-Faur, 2011)
- “Regulatory governance” new area of research but until recently little focus on policy formulation and tools for such purposes
- “Regulation” however has different meanings in different contexts

## The Swedish policy-making context

- Government ministries only employ a few percent of civil servants
- Bureaucracy built on semi-autonomous government agencies
- Traditionally, strong emphasis of the preparatory stages of policy making process - committees of inquiry and referral process => assessments of pros and cons and “rationalistic” decision making
- Member of the EU in 1995 – new ways of policy making influencing the role of government agencies (Pettersson, 2016)
- End of 1990s, social-democratic government – New Public Management => Vision Zero and Environmental Quality Objectives
- 2006 – new centre-right government “Alliansen” => business focus and organizational changes in the governance system

## CBA in Sweden

- Used since 1960s to assess investments in transport infrastructure
- Overriding goal for transport policy:  
To ensure *economic efficiency* and long-term sustainability of transport provision for citizens and enterprise throughout Sweden
- 1997 – interagency group ASEK established at agency SIKA (researchers, 4 transport agencies, SIKA and Swedish EPA)
- ASEK establish values and principles for CBA in transport
- 2010 – Swedish Transport Administration established, “new” ASEK and other planning tools such as “four step principle”
- 2010 – Economic analysis in the EQO system, Swedish EPA responsible and establishment of Interagency platform

## RIA in Sweden – Ordinance 2007:1244

- Adopted by “Alliansen” following a commission of inquiry
- Only relevant for regulatory agencies - § 6 general RIA practices, § 7 influence on business, § 10 ex post analysis
- Swedish Agency for Economic and Regional Growth responsible for implementation with support from Swedish National Management Authority
- Quality controls on effects for business made by “The Swedish Better Regulation Council” (in 2007 a separate body)
- In 2015 guide issued by Swedish National Management Authority on RIA, but not much information about CBA

# The Swedish Transport Agency

- About us (in terms of RIA and CBA):
  - The Swedish transport regulator (rail, air, sea and road transport).
  - Established January 1<sup>st</sup> 2009.
  - Overall responsibility: designing regulations and ensuring that authorities, companies, organizations and citizens abide by them.
  - Responsible for about 469 rules.
  - Perform RIA when designing and/or changing rules (according to Ordinance 2007:1244), government commissions and proposals to changes in different types of regulations (about 50 per year).
  - Introduced CBA in 2013 (guideline and template), first RIAs including CBA in 2014.

## Case study

- Aim: to analyze the RIAs made since CBA was introduced through new template and guideline (t = 2014-2016).
  - Scorecard method by Hahn and Dudley (2007) adjusted to our context.
  - We also considered :
    - The Swedish context; the RIA ordinance (2007:1244) and Transport Policy Goals => partially included in guideline and template. (Environmental Quality Objectives and Vision Zero are not included since they are not included in the template/guideline).
    - Agency guidelines and routines.
  - 1-22 changes made per RIA => N=142.

## Large variety of the questions addressed in the RIAs

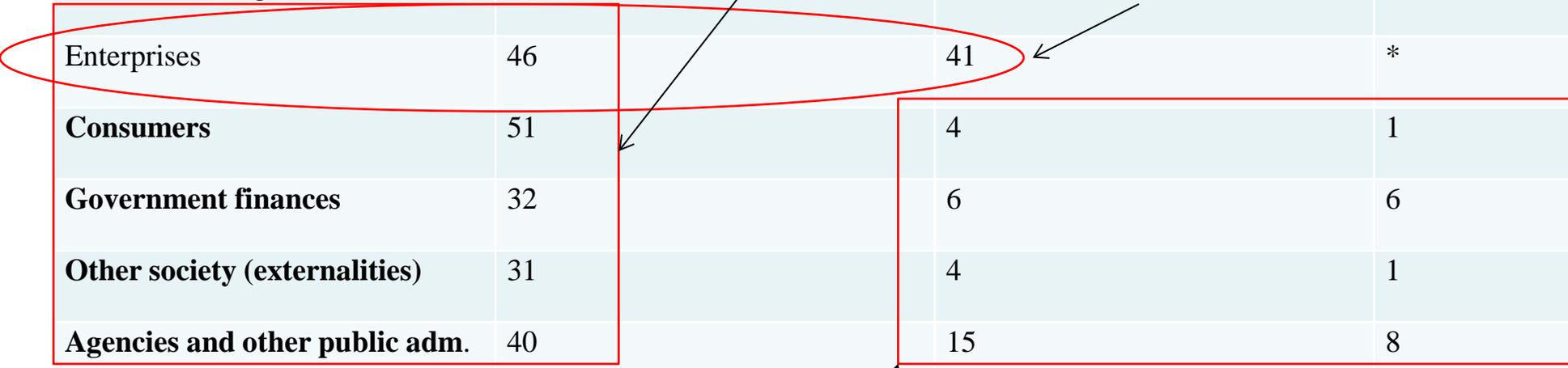
- The range of the problems analyzed illustrates that the rules designed and administered at the Swedish Agency influences many different parts of society; the business sector as well as individuals.
- Examples:
  - medical requirements, requirements for air traffic controllers, traffic safety and environmental effects of introducing longer and heavier freight vehicles, market monitoring of driving schools and driver education.

Headlines in guidelines	Qualitative description	Quantified effects	Monetary valuation
Problem definition	*	11	-
Status quo (reference alternative)	38	-	-
Objective of proposal	38	-	-
<b>Alternatives (no regulation)</b>	10	-	-
Alternatives (regulation)	31	-	-
<b>Enterprises</b>	46	41	*
<b>Consumers</b>	51	4	1
<b>Government finances</b>	32	6	6
<b>Other society (externalities)</b>	31	4	1
<b>Agencies and other public adm.</b>	40	15	8
<b>Synthesis of costs and benefits</b>	56	-	-
<b>Distributional consequences</b>	28	-	-
<b>Transport policy goal (economic efficiency)</b>	5	-	-
N=142			

Concerned parties are evenly distributed...

...focus is on effects for enterprises

Few cases



## Main results – a brief summary

- Few cases where the effects on the proposals made in the RIA are quantified and/or given an economic value in terms of a benefit or a cost
  - Except for enterprises and business.
- The RIA is often produced *after* a policy decision is made, which implies that it serves more to justify a regulatory decision than to inform it.
  - A need to consider the acting space and adjust the analysis.
- Risk with a (too) strong focus on enterprises: other (relevant) social effects are not assessed.

## Possible explanations to the results:

- The Swedish context
  - The RIA-ordinance (2007:1244) and the Better Regulation Council => focus on enterprises and businesses.
- Current focus on CBA and transport
  - Investments in infrastructure – input to the analysis is developed since the 1960's with elaborate system for calculation of NPV (net present value).
- The variety and breadth in the questions addressed in RIA
  - Complex situations to be assessed.
  - Hence it is difficult to quantify and place monetary values on effects.

## Conclusions

- The Swedish governance system is highly fragmented. Division of responsibilities is unclear.
- Policy making today is faster => more important role for government agencies in regulatory preparations.
- No “demand” for RIA at the political level but current institutional design influence the work done by government agencies.
- RIA and CBA are not implemented by an independent agency but rather by agencies responsible for specific policy areas (growth, environment including EQO, infrastructure and Vision Zero)
- Difficult for a single agency to implement “full” RIA process when dependent on other agencies for relevant inputs.

## Recommendations

1. RIA ordinance – revised.
  - To shift the focus away from regulation and provide incentive for assessments of different types of policy instruments.
  - To clarify the role and establish independence for this policy making tool.
2. The role of the better regulation council
  - To widen the analysis on impacts on SMEs from ease of administrative burden to analysis of industrial organization and competition policy.
3. The role of ASEK
  - To secure an “objective” analysis, tools and inputs to be used in CBA should be developed by autonomous institutions.