

How many are too few?

Analyzing the diversity of regulatory options considered in Brazil's RIAs

Lucas Thevenard

Fábio Saab

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Context

- RIA as a tool to enhance the rationality of regulatory decisions.
 - Ensures that evaluative criteria and methods are transparent.
- **April 2021**: RIAs became mandatory in Brazil.
 - **Growing pains**: institutional and methodological challenges.
 - A research agenda to evaluate the implementation of RIAs in Brazil:
 - **Is RIA actually being used when it matters?** *Use of justifications not to conduct RIA (exemptions).*
 - **Has the usage of RIA been effective to enhance the rationality of decisions?** *Quality of RIAs (methodological rigour, social participation, etc.)*

Problem statement

- **Problem:** What has been the range of alternatives considered in Brazilian RIAs?
- **Scope:** RIAs from the Brazilian federal independent regulatory agencies in the three years after RIAs became mandatory.

Methodology

- i. Identification of normative acts approved by each of the 11 Brazilian agencies, between April 15, 2021 and April 15, 2024.
- ii. Formal requests to the agencies asking for the reports, when used.
- iii. Tabulation and examination of the RIA reports.
- iv. Analysis and discussion of the range of options considered in the reports.

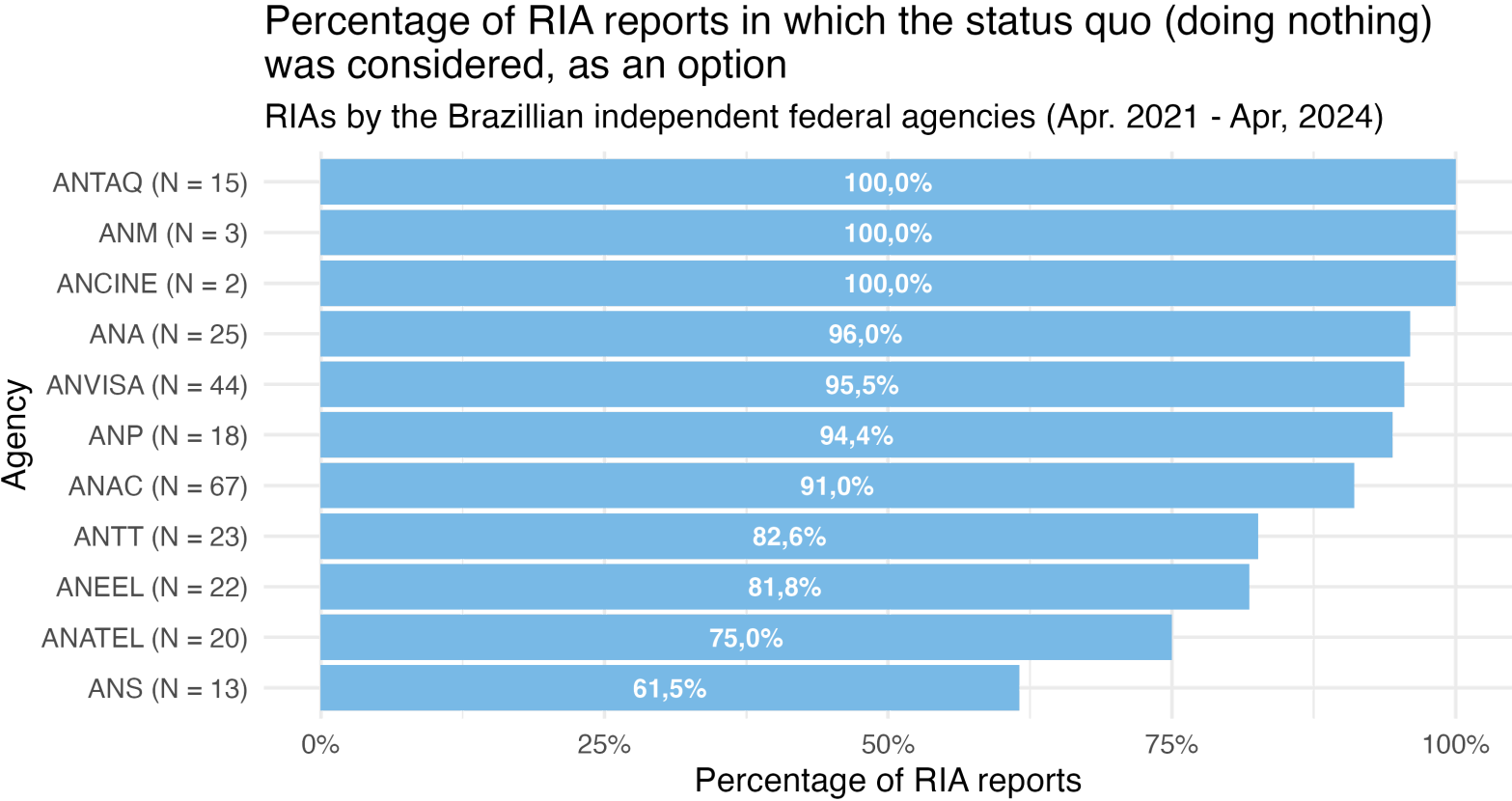
Results

Usage of RIAs varied greatly from agency to agency.

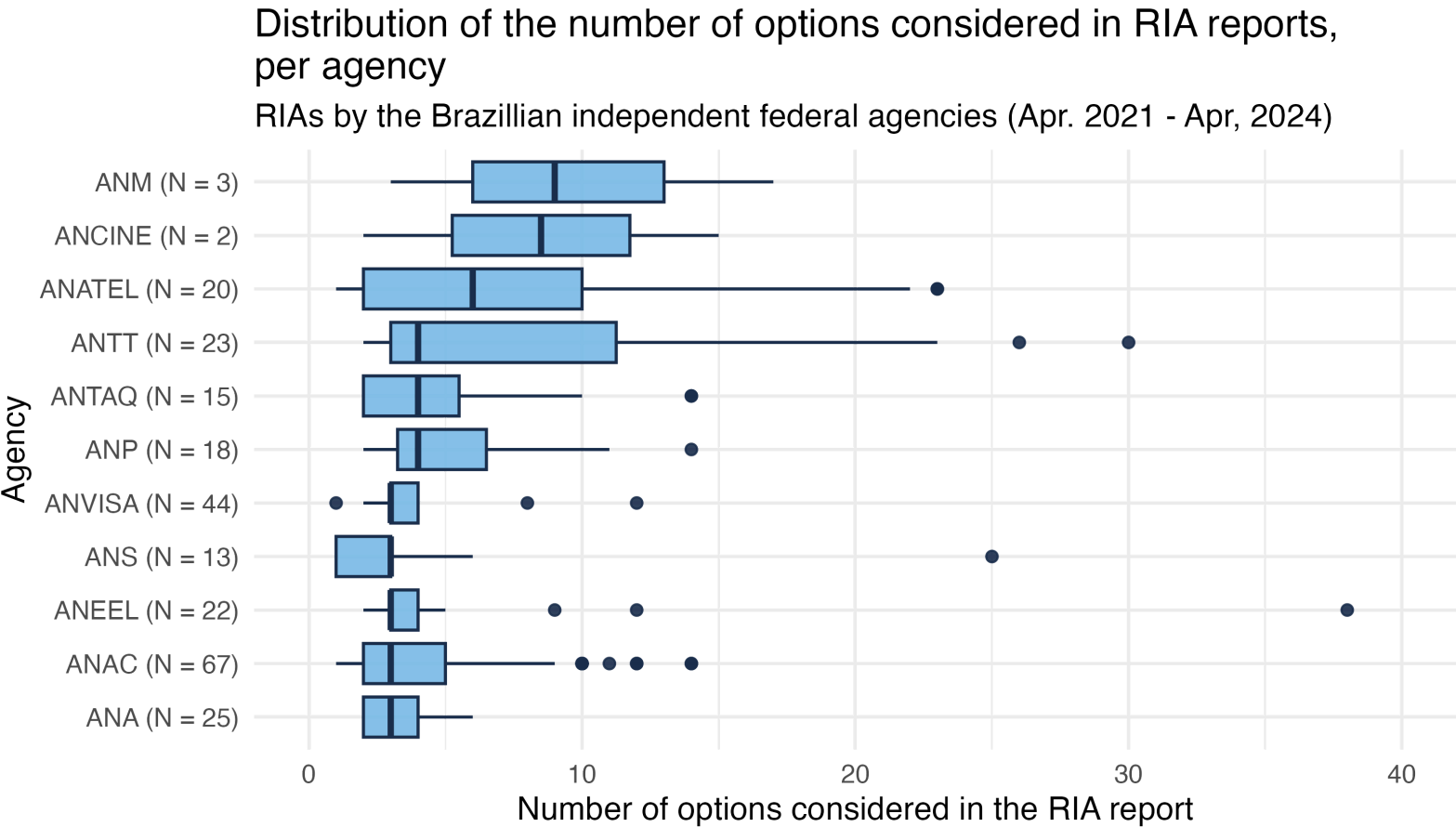
* The number of acts with RIA reports is larger then the number of RIA reports, as in some cases the same RIA was used to substantiate more then one normative act.

Agency	Normative Acts	Acts with RIA Reports*	%
ANAC (Civil Aviation)	143	67	47%
ANVISA (Health)	563	44	8%
ANA (Water and Sanitation)	121	25	21%
ANTT (Land Transportation)	38	23	61%
ANEEL (Electrical Energy)	123	22	18%
ANATEL (Telecommunications)	22	20	91%
ANP (Oil and Gas)	125	18	14%
ANTAQ (Water Transportation)	47	15	32%
ANS (Health Insurance)	169	13	8%
ANM (Mining)	24	3	13%
ANCINE (Cinema)	40	2	5%
TOTAL	1415	252	18%

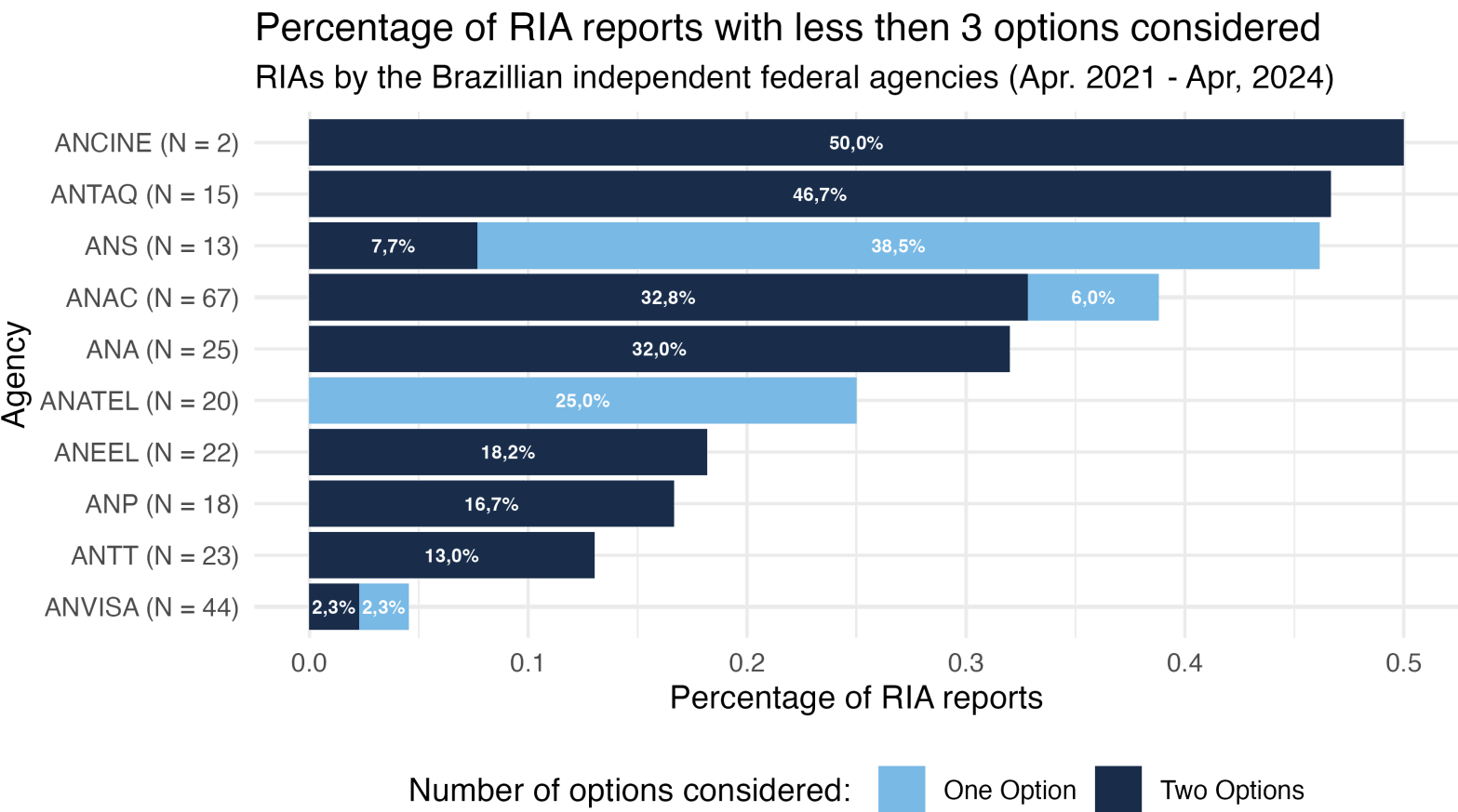
The analysis of the *status quo* (doing nothing) should be present in all RIAs, but only three agencies used it consistently (in all cases).



The number of options considered varied greatly, not only from agency to agency, but also, in some agencies, from report to report (std = 6.8, for the universe).



In many cases (65 reports), agencies analyzed only one or two options.



Discussion: How many are too few?

- **Not considering the *status quo* means the analysis is lacking at least one option which is crucial to consider.**
 - There is no valid justification to not consider keeping the *status quo* as an option.
 - The *status quo* is a crucial baseline for the analysis.
- **Less than 3 is certainly too few.**
 - It means using RIA only to confirm a pre-established solution, comparing it with the status quo (or even worse if the *status quo* is absent of the analysis).
 - Using RIA in this manner is not useful, just wastes public resources.

Discussion: The more the merrier?

- **Is there an upper limit to the number of options that should be considered?**
 - In 10 cases more than 20 options were considered.
 - Does analyzing too many options compromise the operationalization of the RIA?
 - Analyzing the feasibility of options before comparing them can reduce this problem.
- **Can we find an optimal range of options to consider in the Brazilian experience?**
 - Our next research agenda: testing if the number of options considered affects the quality of RIA reports in Brazil.

Thank You.