



# **THE IMPACT OF MINISTRY OF AGRICULTURE AND MINISTRY OF INDUSTRY DECISION 950/1 ON FOOD AND BEVERAGES PRODUCERS AND OTHER STAKEHOLDERS**

## **A REGULATORY IMPACT ANALYSIS**

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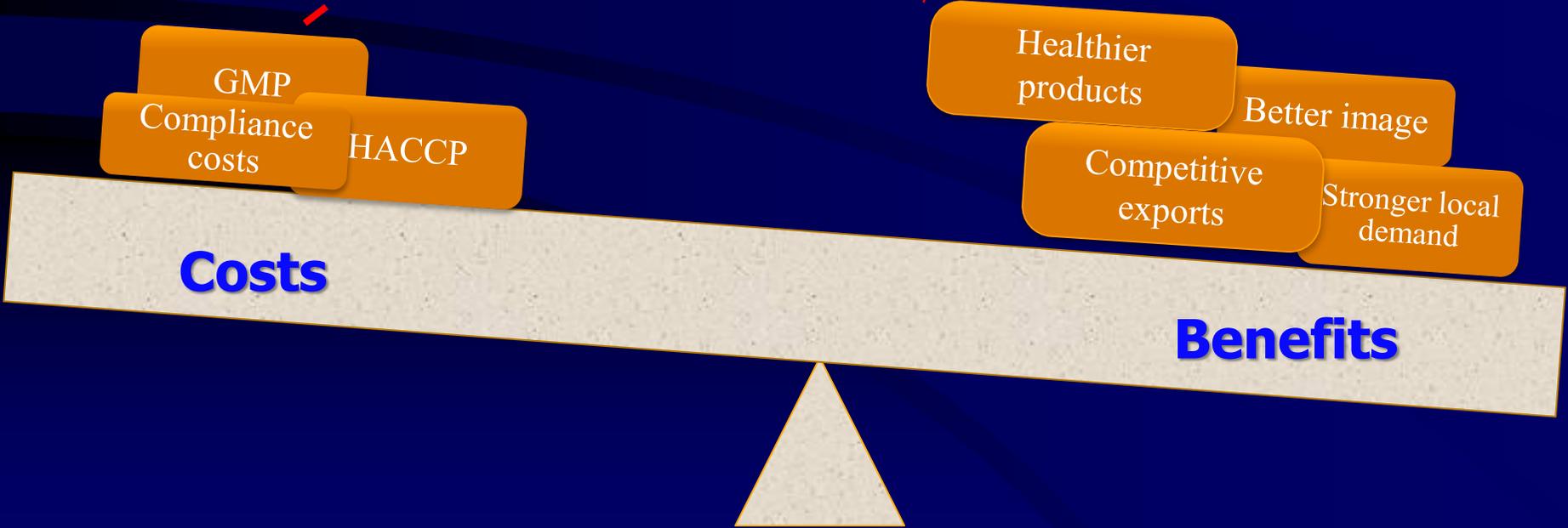
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**Regulatory  
Impact  
Analysis**

**Elements of  
Cost / Benefit  
Analysis**

**Piling weighted  
parameters on  
appropriate sides  
of scales**

**Assigning weights  
to costs and  
benefits**



## Cost / benefit analysis applied to a project

- is a straightforward financial and technical exercise
- the project's financials are examined and evaluated according to set formulae
- the project's technical aspects are generally known and so are their expressions in money terms

# The Regulatory Impact Analysis

## Impact assessment is a broader, more complex form of cost / benefit analysis

- Unlike the cost/benefit approach as applied to a project, impact assessment generally involves apportioning costs and benefits to broad categories of stakeholders
- Examples of stakeholders: consumers, producers, retailers, ministries, business support institutions, experts and professionals, and the like
- Without relevant and accurate data and statistics, estimating costs and benefits to such stakeholders is a daunting task <sup>4</sup>

## The easy way out

- Pressured to quantify costs and benefits, analysts working under severe time constraints might be tempted to produce more or less subjective estimates
- A scale is assigned to each item of costs and benefits, and a value on that scale is chosen based on data and information available
- In the Lebanese context, the choice of these values are bound to embody a large dose of subjectivity, ie., reflecting analyst opinion

## How to reduce the margin of subjectivity in RIAs?

### The more intricate approach

Methods that may be used:

- ✓ Working group meetings with stakeholders most impacted
- ✓ Surveys
- ✓ Field visits
- ✓ Interviews
- ✓ Statistics

✓ Working group meetings with stakeholders most impacted by the regulation

- Intended to capture stakeholders views on the regulation's impact on costs and benefits

## ✓ Surveys:

- Based on processing of data obtained from surveys, analysts can assign values for each parameter
- These values may be synthetic, but they are non-subjective

## ✓ Field visits:

- Experts' assessment of the actual costs and benefits
- Helps further reduce analyst subjectivity
- Validates answers provided by stakeholders
- Statistical exercise needed to compare survey results with field visit results

## ✓ Interviews:

- Intended to secure the opinion of experts, be they academic, public sector professionals, and private consultants
- Such opinion should contribute to the choice of scale value

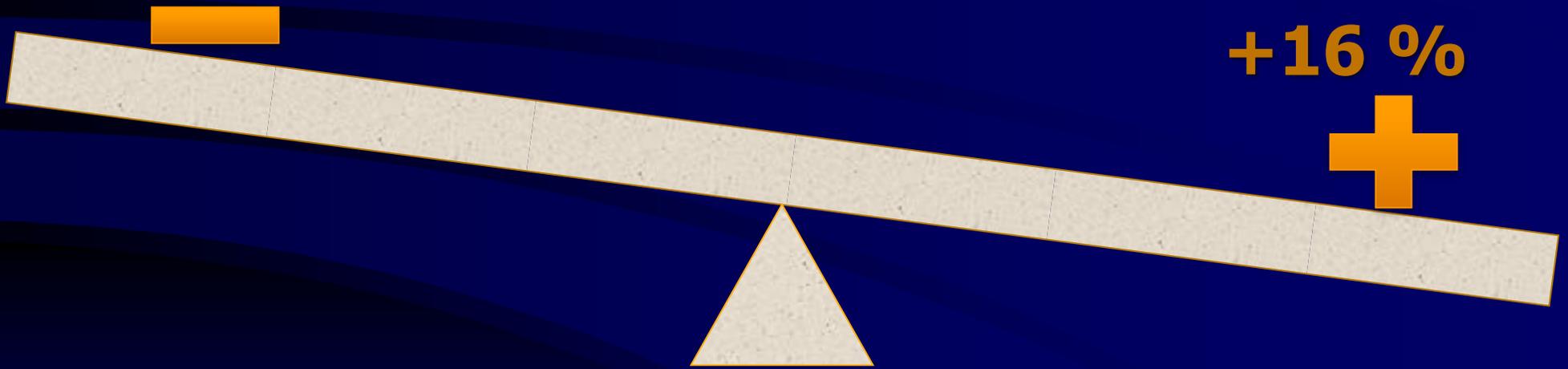
## ✓ Statistics:

- The task of assigning scale value is more straightforward where accurate statistics exist
- Example: data on food and beverages sector and on export difficulties contributed to the non-subjective quantification of costs and benefits of the regulation under review

# The Regulatory Impact Analysis

## Result of the impact assessment

**Benefits outweigh costs...**



**...but by a narrow margin**

## Limitation of the impact assessment

Unquantifiable costs and benefits:

- Societal factors related to public health and the environment
- Factors affecting producers: product and firm image, demand, and risk of product liability

## Why reduce subjectivity in RIAs?

To improve decision-making by ensuring that it is based on knowledge of the impact of legislation