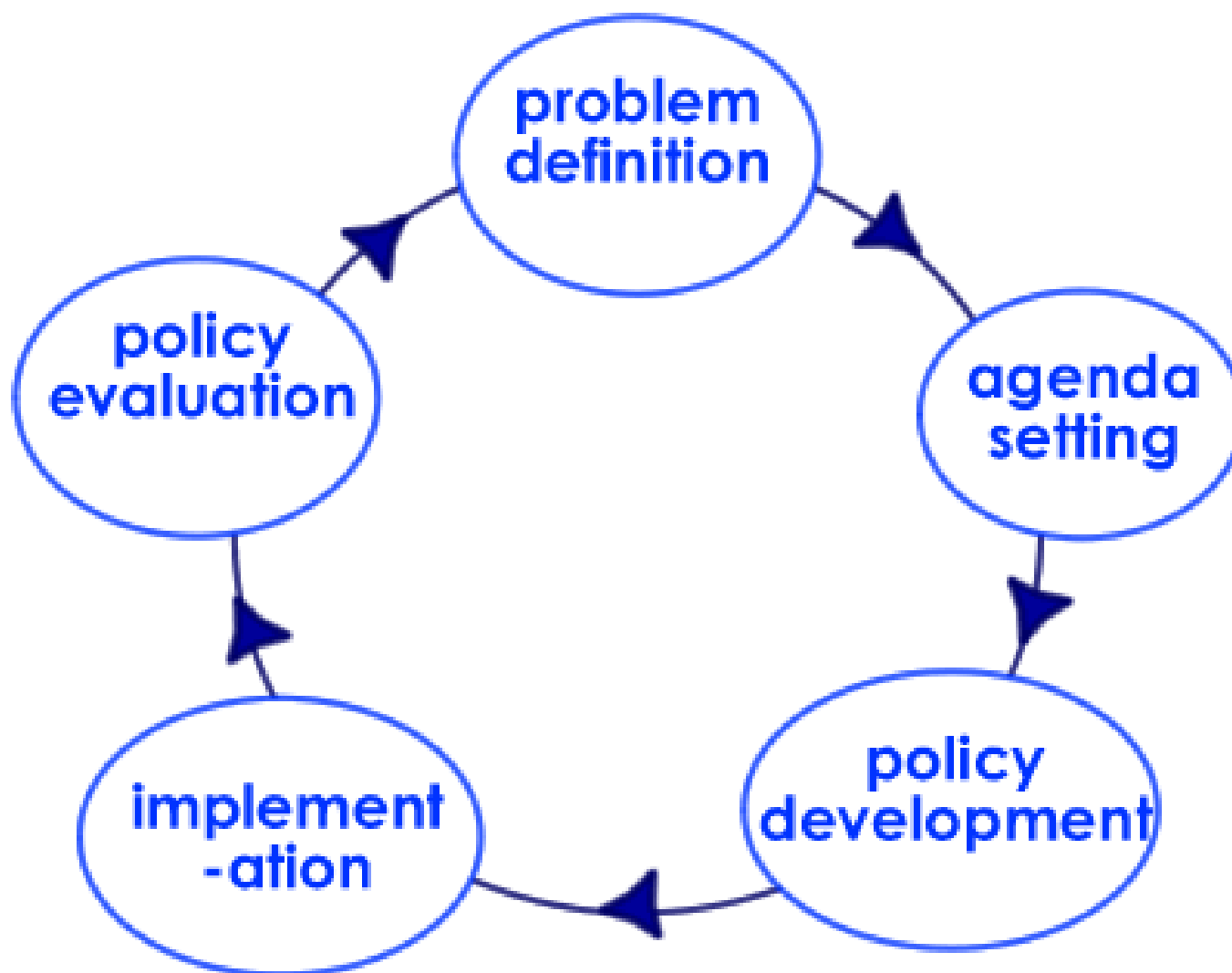# **Policy Analysis**

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What is policy analysis?

The process through which we identify and evaluate alternative policies or programs that are intended to lessen or resolve social, economic, or physical problems

1. **Prospective** – anticipating the results of alternative policy options _before_ choosing among them; "What should we do?"; "What are the solutions that exist?"; "Which is the best course of action for solving the problem?"

2. **Retrospective** – assessing the consequences of a policy _after_ it has been implemented; "What have we done?"; "What were the results of the policy?"; "Did the policy work?"

Stages of the Policy Cycle

1. Problem identification
2. Agenda setting
3. Analysis of the policy issue(s)
4. Formulation of policy responses (options)
5. Consultation (test and win support – can be done throughout)
6. Selection of a specific policy response (1)
7. Implementation of the chosen policy
8. Evaluation of the policy, which leads to:
9. Problem identification

Problems with the Policy Cycle

- Stages overlap in reality
- Policy development in practice is not linear
- Actors operate simultaneously at various stages
- Is normative and prescriptive
- Does not explain or predict behavior
- Rationalist? – describes process not content
- Does not properly address political aspects
- Circumstances vary depending on location, system and issue area

6-step model for policy analysis

1. Problem definition
2. Determination of evaluation criteria
3. Identification of alternatives
4. Evaluation of alternatives
5. Comparison of alternatives
6. Assessment of outcomes
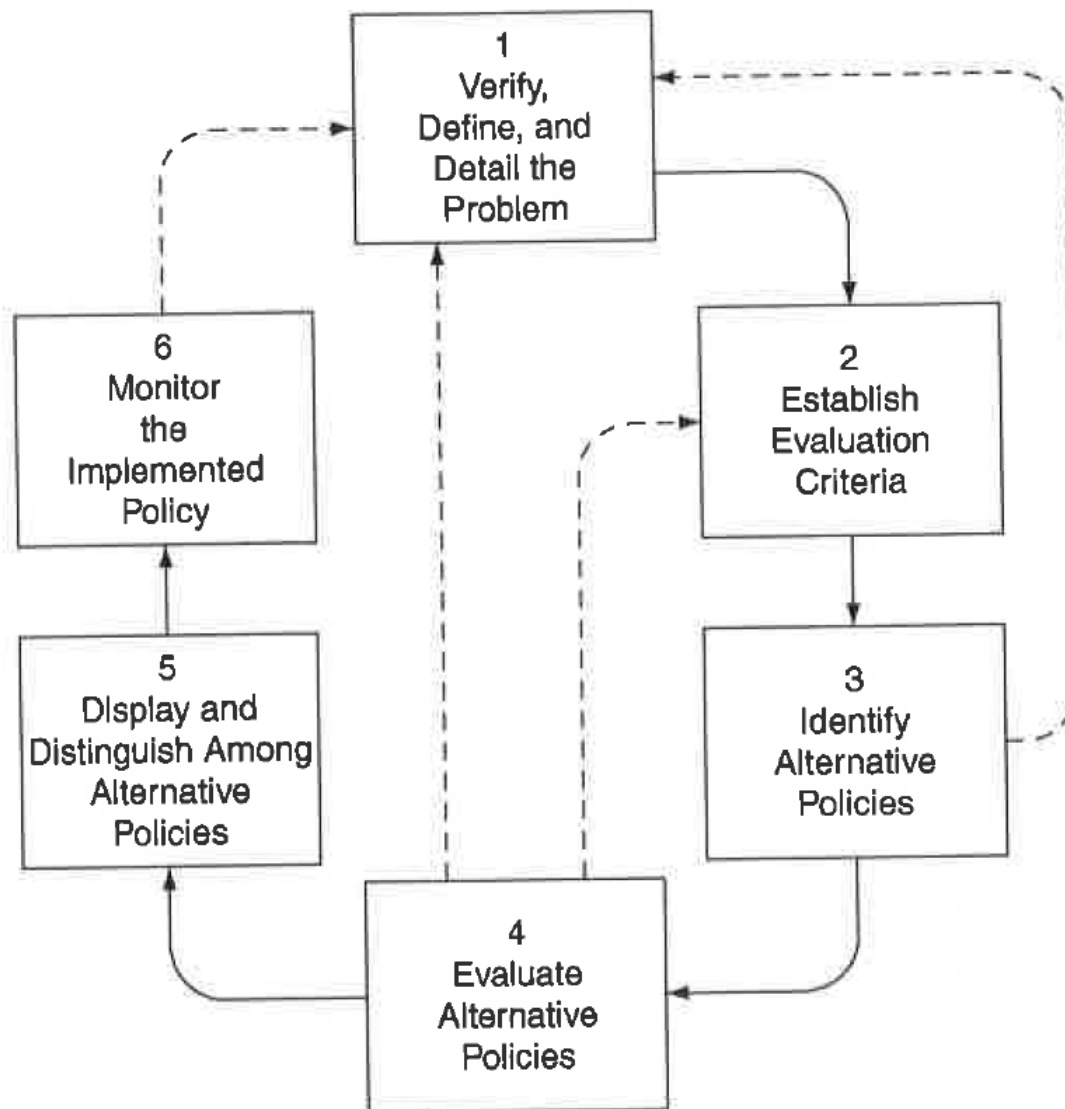
FIGURE 2.5

A Basic Policy Analysis Process

STEP 1: Define the problem

- How do you define the issue? What is your **framing of the problem**?

- What **aspect of the problem** are you trying to affect? What are the critical factors?

- What is the scope, severity and consequences of the problem? What **evidence** can you rely on to **describe the issue**?

- Who is affected by the problem? Who are the **stakeholders**? What are their interests?

External Factors in Determining the Problem

- How a problem is interpreted as a *public* problem requiring government action
  - statistical indicators
  - focusing events
  - evaluation of previous policies
- Political and ideological factors as well as basic socio-economic processes can affect which social problems gain access to the formal policy agenda of government.
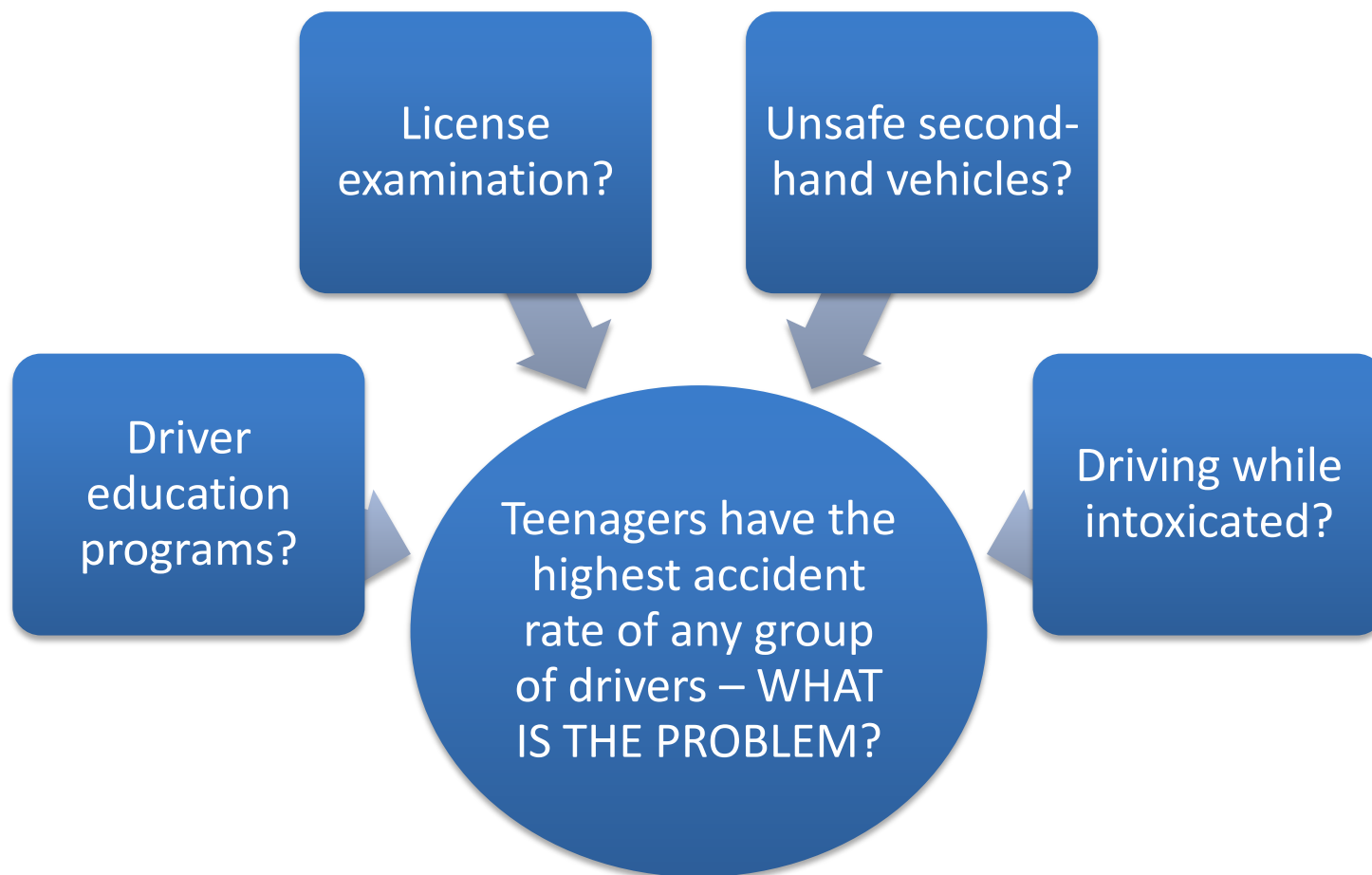
Policy Windows & Entrepreneurs

Agenda-setting opportunities for new policies

- Windows open when:
  - A **Problem** is identified
  - A **Policy** (potential solution) is identified
  - **Political context** supports action caused due to a change in political attitudes caused by:
    - A party change in power
    - Media coverage
    - Citizen action

- **Policy Entrepreneurs** often exploit open windows
  - State or non-state actors inside and outside of government
  - They move items onto formal government agendas

Actors and Agendas in Agenda Setting

- Government
  - Various levels of govt. (local, county, national, supranational)
  - Expert/advisory committee suggestions
  - Euro Parliament committee initiative reports
  - In the EU the commission is the main actor setting the agenda
- The Public – primarily 'lower' level issues in the EU
  - NGO lobbying
  - Citizen groups
- 2 types of Agendas
  - Govt. agenda – issues being discussed by policy makers but no specific proposals are considered
  - Decision agenda – proposals on which decisions must be made

License examination?

Unsafe second-hand vehicles?

Driver education programs?

Teenagers have the highest accident rate of any group of drivers – WHAT IS THE PROBLEM?

Driving while intoxicated?

Source: Patton, Sawicki & Clark (2013)

STEP 2: Establish evaluation criteria

- How do you know when you have identified an appropriate policy option? How will you compare alternative policy solutions and decide which one is the best?

- Commonly used measures: **cost; effectiveness; efficiency; equity; administrative feasibility; political acceptability**.

- What are the **social values** that will be brought to your analysis? What are the **evaluation criteria** for comparing and contrasting the options?

- Where do the criteria come from?

Teen-drivers Criteria

- the teenage accident rate;

- the teenage auto fatality rate;

- the driving-while-intoxicated arrest rate;

- insurance costs (additional cost for insuring a teen driver);

- parental convenience (not having to chauffer their teenagers);

- education costs (cost per pupil per year);

- parental attitudes (change in level of satisfaction with school district management);

- teenagers' mobility (miles traveled per week);

- adminitsrative, legal, and political criteria (staff increases needed to implement the option, number of laws to be changed, and popularity with voters)

STEP 3: Identify alternative policies

- What are the alternative courses of action that could solve the identified problem? What are the **policy options** available?

- Can you learn from others? Is **policy transfer** or **lesson-drawing** conceivable?

- Can alternative **measures be combined**?

- Is it necessary to **redefine the problem** in light of new information?

POLICY OPTIONS
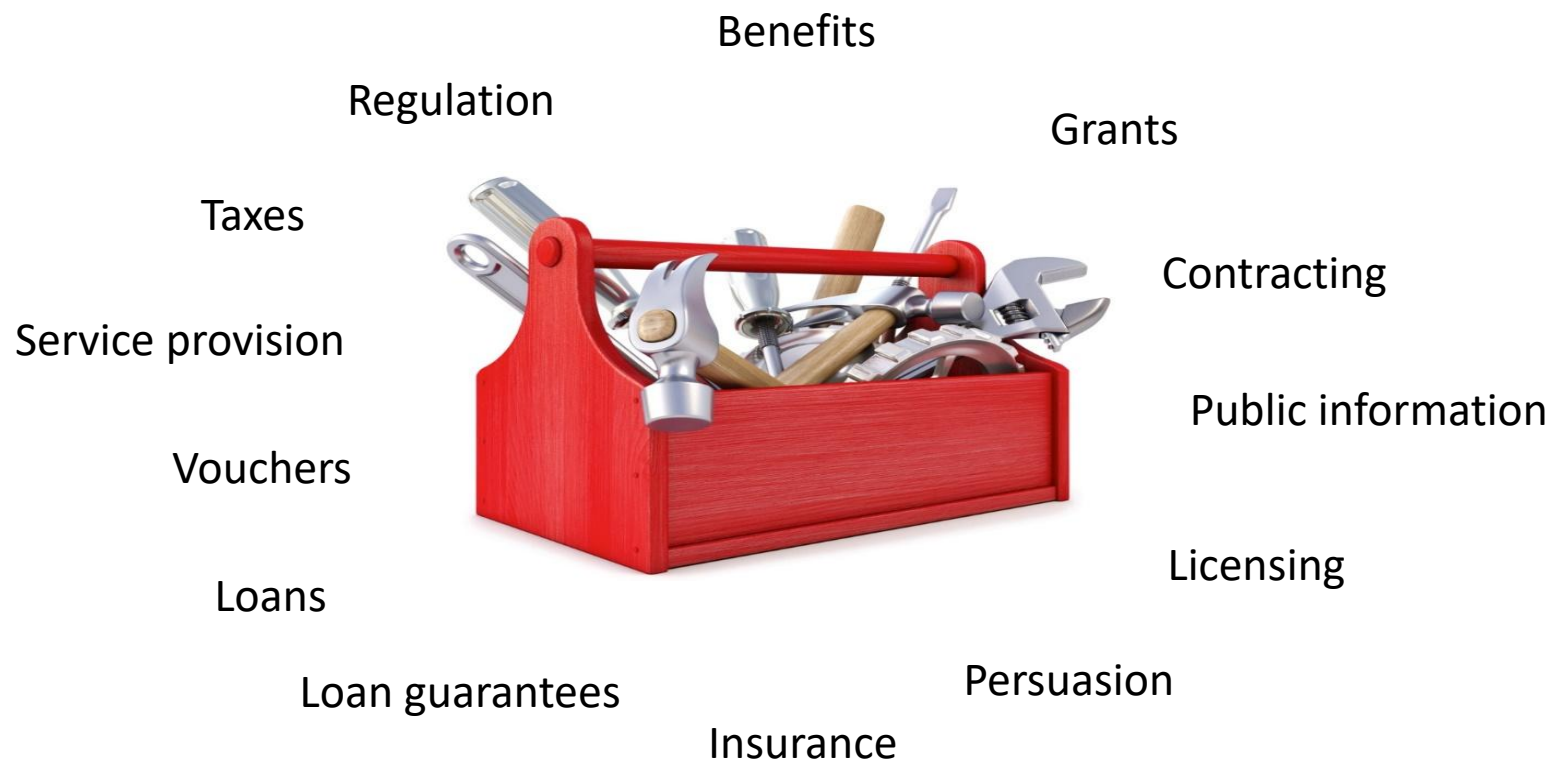
Important Features of Policy tools

1. **Coercion** – 'the extent to which a tool restricts individual or group behavior as opposed to merely encouraging or discouraging it.'

2. **Directness** – 'the extent to which the entity authorizing, financing, or inaugurating a public activity is involved in carrying it out.'

3. **Automaticity** – 'the extent to which a tool utilizes an existing administrative structure to produce its effect rather than having to create its own special administrative apparatus.'

4. **Visibility** – 'the extent to which the resources devoted to a tool show up in the normal government budgeting and policy review processes.'

Framing and Categorization

- **Framing** = 'filtering' or adopting a particular 'lense' for portraying a problem

- Presenting problems in specific ways that involves selective use of information about a problem and causal relationships surrounding it

- Focusing of attention to some attributes of a problem as they lend themselves to a particular solution, and down-playing others

Strategies of framing

Knill & Tosun (2012)

1. Causality
2. Severity
3. Proximity
4. Incidence
5. Novelty
6. Problem population

Social construction of target populations

FIGURE 1

Social Constructions and Political Power: Types of Target Populations

	Constructions	
Power	**Positive**	**Negative**
Strong	**Advantaged** The elderly Business Veterans Scientists	**Contenders** The rich Big unions Minorities Cultural elites Moral majority
Weak	**Dependents** Children Mothers Disabled	**Deviants** Criminals Drug addicts Communists Flag burners Gangs

Source: Schneider & Ingram (1993)

What is 'policy transfer'?

"A process in which knowledge about policies, administrative arrangements, institutions and ideas in one political setting (past or present) is used in the development of policies, administrative arrangements, institutions and ideas in another political setting."

How does the EU transmit its policies into member states and associated countries.

Voluntary vs. Forced policy transfer

Perfectly Voluntary (Lesson Drawing)	**Semi-Coercive** (perceived necessity)	**Conditionality** (EU Accession/ IMF Loans)	**Obligated Transfer** (EU members must implement directives)	**Entirely Coercive** (colonies, military occupation)
• Chosen as rational response to perceived need • Cheaper and less risky than developing new ideas • Rationally scans other states for policies • Rationally projects the impacts of implementing the transferred policy •		• Impetus for transfer comes from outside of the jurisdiction • States are forced to behave a certain way • Often the transfer is the 'price' for some other benefit (not being fined, attacked or disqualified for a loan)		

The teenage auto accident problem

Patton, Sawicki & Clark (2013: 49)

1. Raising the minimum age at which a driver's license can be obtained;
2. Issuing to teenagers restricted licenses that permit driving only during daylight hours to school or to work;
3. Issuing to teenagers provisional licenses that would be revoked if traffic laws were violated;
4. Enforcing current traffic laws more strictly;
5. Eliminating driver education courses;
6. Revising driver education offerings;
7. Making the driver's license examination more stringent for teenagers;
8. Enforcing laws regarding texting while driving;
9. Requiring that vehicles be equipped with sensors that would prohibit their operation by intoxicated individuals;
10. Maintaining the status quo.

How to Select tools?

- Political feasibility?

- Available resources?

- Administrative feasibility/capacity?

- Behavioral assumptions of the target population?

Patterns of public problem solving

Delivery	Finance	
	Public	Private
Public 1. National 2. State/local	A	C
Private 1. Nonprofit 2. For-profit	B	D

Source: Salamon (2002)

STEP 4-5: Evaluate and compare alternative policies

Evaluation:

- What are the expected impacts of each policy?

- To what extent does the policy option satisfy the assessment criteria?

- What are the anticipated side-effects of each policy?

Comparison:

- What are the strengths and weaknesses of policy options along the criteria specified?

- Visualization and presentation of the results of analysis!

Scenario Analysis

- Policy tool to plan for uncertain times in the future
- Several informed, plausible and imagined alternative future environments in which decisions about the future may be played out
- Spots early warning signals about future problems
- Identifies and manage conflicts and to try find common ground for future action
- Can first be used as a policy risk-free space to visualize, rehearse and test the acceptability of different strategies without being constrained by politics

Cost-Benefit Analysis

Helps to decide:

- To continue or discontinue a programme
- How to allocate resources among competing programmes

Used to identify economically efficient policies

- Determine benefits and costs;
- find the ratio of quantified benefits to quantified costs – B/C (greater or smaller than one)
- Future values must be converted into present values – comparison
- **Macro level: opportunity cost included**

Cost-Benefit Analysis Example

Program D at 7 percent

Year	Benefits ($)	Costs ($)	Discount Rate (7%)	Discounted Benefits ($)	Discounted Costs ($)
1	0	1,000,000	0.9346	0	934,579
2	0	500,000	0.8734	0	436,719
3	300,000	60,000	0.8163	244,889	48,978
4	300,000	60,000	0.7629	228,869	45,774
5	300,000	60,000	0.7130	213,896	42,779
6	300,000	60,000	0.6663	199,903	39,981
7	300,000	60,000	0.6227	186,825	37,365
8	300,000	60,000	0.5820	174,603	34,921
			TOTAL =	1,248,984	1,621,096
			B/C =	**0.77**	

Program E at 7 percent

Year	Benefits ($)	Costs ($)	Discount Rate (7%)	Discounted Benefits ($)	Discounted Costs ($)
1	0	1,500,000	0.9346	0	1,401,869
2	50,000	900,000	0.8734	43,672	786,095
3	600,000	80,000	0.8163	489,779	65,304
4	600,000	80,000	0.7629	457,737	61,032
5	600,000	80,000	0.7130	427,792	57,039
6	600,000	80,000	0.6663	399,805	53,307
7	600,000	80,000	0.6227	373,650	49,820
8	600,000	80,000	0.5820	349,205	46,561
			TOTAL =	2,541,640	2,521,026
			B/C =	**1.01**	

Source: Fischer, Miller & Sidney (2007)

STEP 6: Monitor the Implemented policy

- What could be the evaluation criteria for monitoring the outcomes and implementation of the policy?

- Should look at both how it is implemented and

- What its impact is

Street-level bureaucrats

- Local bureaucrats are the main actors in policy delivery
- Such as police, teachers, social workers
- Interface between government and citizens
- Have considerable autonomy in their work
- Discretionary power to interpret rules based upon the situation
- Decision-making is difficult due to lack of information
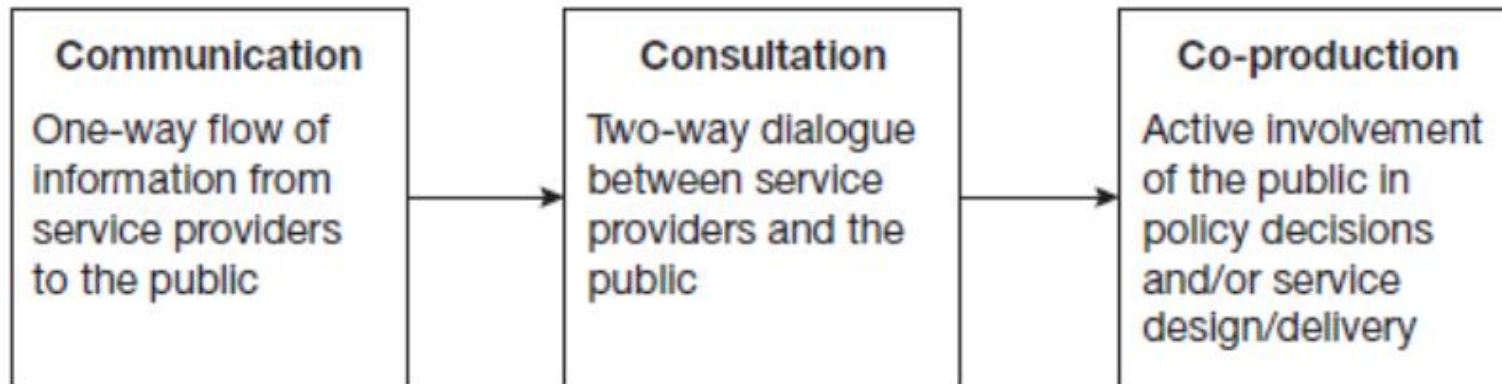- Develop 'coping' strategies or styles that can subvert the original goals of policies

Public Involvement in Policy Implementation

- Service Users – Those directly affected by policies. Can be engaged in two ways:
  - Choice: choosing services from a menu of options
  - Exit: Choose to leave a service
  - Voice: Input into the service
  - Contribution: producing part of the service; and
  - Control: deciding on services and commissioning them.
- Providers – Those who offer the service
  - Government workers (street level bureaucrats)
  - Subcontractors (NGOs / Private firms)
  - Citizens/Volunteers/Users (Co-production)
- Other stakeholders (citizens, taxpayers)

Levels of Engagement in Implementation

Communication

One-way flow of information from service providers to the public

Consultation

Two-way dialogue between service providers and the public

Co-production

Active involvement of the public in policy decisions and/or service design/delivery

Actors in the energy sector

Regional public authorities

+ Have responsibility for reaching adopted energy targets

+ Energy planning and implementation actions regarding energy efficiency, share of renewable energy production and sustainable mobility

+ Fulfils different tasks depending on governance level (from definition of specific objectives to implementation)

Objective: comply with official assignment to influence national and regional energy balance

Constraints: limited funds are available but the challenge lies with sparking private investments

Actors in the energy sector

Environmental NGOs

+ Come in different sizes and constellations

+ Have different core areas depending on focus of organization (protect ecosystems, analyze and monitor environmental data, inform the public on a wide basis)

+ address policy makers directly and through activating citizens groups to do so as well

Objective: to take matters in their own hand and to initiate more radical changes in order to move to a sustainable life style.

Constraints: organisations originate from social movements of committed citizens. Often rely on volunteers and struggle with limited funds from changing sources

Actors in the energy sector

Private sector

+ Depending on size and type of businesses is affected more or less by development in the energy sector

+ Significant share of total energy consumption in most countries, therefore one of the main addressees for implementing sustainable energy projects

+ Line of argument could be costs savings, marketing reasons, role model for specific sectors

Objective: comply with laws and regulations (minimum requirements), achieve energy cost savings

Constraints: missing know-how about saving potentials and limited financial resources.

Actors in the energy sector

Energy producers and distributers

+ Composition of power plant mix highly depends on local geography and available infrastructure

+ Liberalisation of energy market reorganised historic structures → former monopolies are under pressure on the market to deliver competitive prices

+ Low prices of fossil fuels compromise investments in REN production facilities

+ New challenges will be found in the area of smart grid and energy storage

Objective: make money with production of energy / providing an distribution network

Constraints: historic, predetermined infrastructure define the way energy production and distribution works, integration of RES in conventional centralized energy system will be a challenge

Actors in the energy sector

Citizens

+ Large heterogeneous group with subgroups which need coordinated communication efforts

+ small individual savings potentials per unit/household (in terms of total domestic consumption)

+ Significant share of total energy consumption in most countries, therefore one of the main addressees for implementing sustainable energy projects

+ Vulnerable through high energy prices (energy poverty)

Objective: minimize energy costs, sometimes personal commitment to sustainable life style

Constraints: limited awareness and know-how where and how to implement energy saving actions

Different dimensions of energy visions
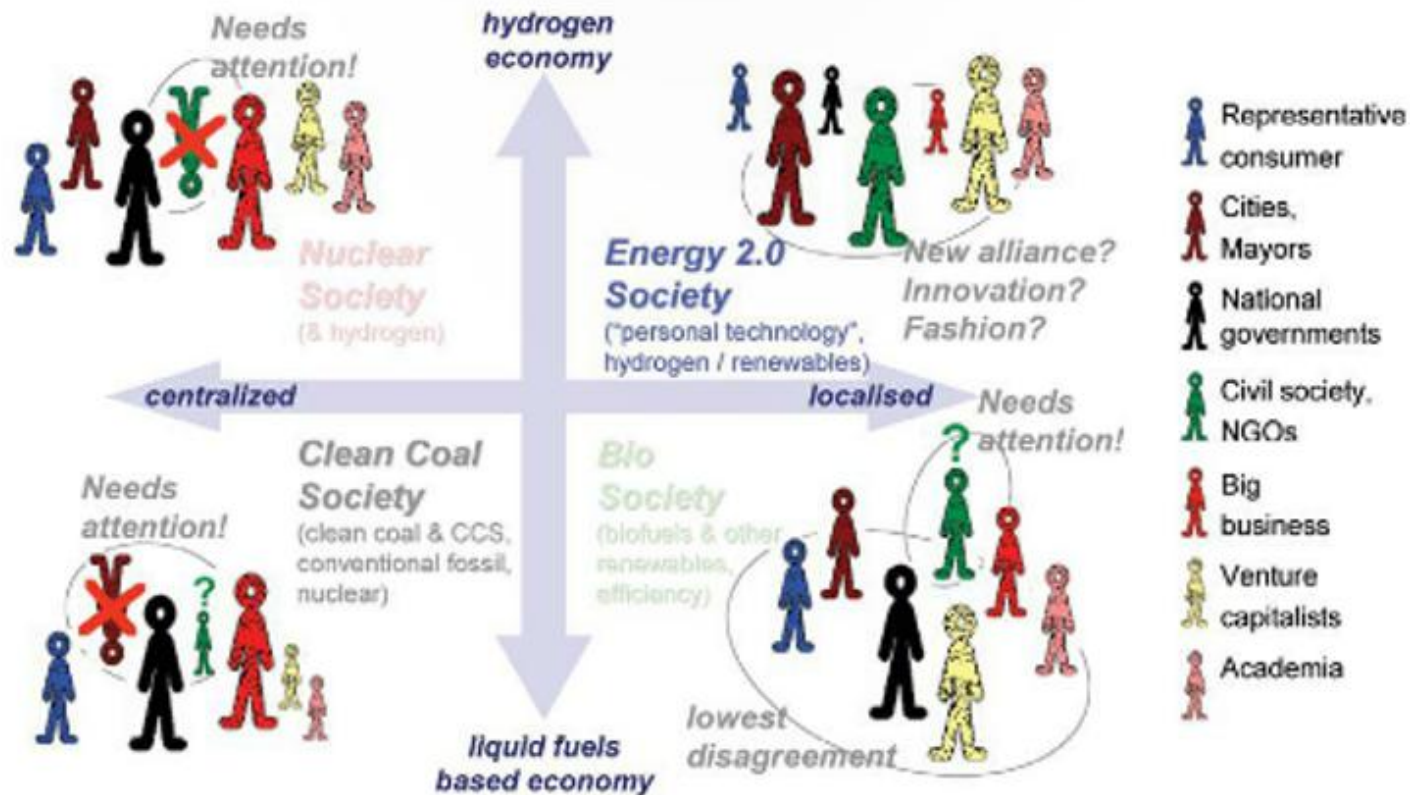
C. Frei: "Different energy visions and implications for the energy future"
OGEL 4 (2007), www.ogel.org