HELPING TO
ELIMINATE POVERTY
THROUGH PRIVATE
INVOLVEMENT IN
INFRASTRUCTURE

Regulatory Governance in Infrastructure Industries

Assessment and Measurement of Brazilian Regulators

Paulo Correa LCSRF, World Bank

Carlos Pereira Michigan State University and School of Economics at Getúlio Vargas Foundation-SP

Bernardo Mueller University of Brasília

Marcus Melo Federal University of Pernambuco







TABLE OF CONTENTS

Ac	knowledgments	vii
Foreword Abbreviations and Acronyms		viii
		х
1.	Introduction	1
2.	Delegation, Governance, and Regulatory Effectiveness	4
	Why Is Delegation Needed?	4
	What Should Be Delegated?	4
	How Should Delegation Be Managed?	5
	The Structure of Regulatory Governance	5
	Autonomy	5
	Decision Making	6
	Decision Tools	7
	Accountability	7
	Regulatory Governance and Effectiveness: Two Caveats	7
	Summing Up	8
3.	Governance in Practice	10
	The Survey	10
	The Results	10
	Summary of Results: Can Regulators Be Effective?	21
4.	Measuring and Benchmarking Governance	22
	Methodology	22
	Results of the Regulatory Governance Indexes	23
	Deconstructing the RGI-83	28

	Looking at Regulators	31
	Federal versus State Regulatory Agencies	31
	Old versus New Regulatory Agencies	32
	Selected Cases	32
	International Comparison	34
5.	Conclusions and Recommendations for Regulatory Improvements	37
6.	References	39
Ар	pendix 1. Codebook for the Regulatory Governance Index	42
Ар	pendix 2	60
Ар	pendix 3	62
Ар	pendix 4	73
Ар	pendix 5	76
Ар	pendix 6	77
Lis	t of Tables	
	ble 1. Brazilian State Regulatory Agencies	2
	ble 2. Autonomy: Descriptive Results of Selected Questions	12
	ble 3. Decision Making: Descriptive Results of Selected Questions	16
	ble 4. Decision Tools: Descriptive Results of Selected Questions	18
	ble 5. Accountability: Descriptive Results of Selected Questions	20
Tal	ble 6. Number of Questions and Weight in Each Version of the RGI per	
	Subcomponent	23
Tal	ble 7. Scores of 21 Brazilian Regulatory Agencies on the RGI-83 and Its	
	Four Components	24
la	ble 8. Means of RGI-83 and Its Four Components for Brazilian Federal and	22
	State Regulatory Agencies	32
1a	ble 9. Means of RGI-83 and Its Four Components for Old and New Brazilian	22
т.1	Regulatory Agencies	33
	ble 10. Replication of the ADB/NERA Index for 21 Brazilian Regulatory Agencies	35
1a	ble 11. Replication of the Gutierrez Regulatory Framework Index Applied to 21 Brazilian Regulatory Agencies	36
Та	ble A5.1. Correlation Matrix for the Determinants of the Regulatory Governance	30
14	Index (RGI-83)	76
Ta	ble A6.1. Summary of Three Methodologies for Regulatory Governance Indexes	77
Lis	et of Boxes	
Во	x 1. Meeting the Regulators: Where They Come From and Where They Go	13
Во	x 2. Restrictions on Agencies' Budgets	14
Во	x 3. Agencies' Autonomy: A Tale of Two States	15
Во	x 4. The Tyranny of Vested Interests	17
Bo	ex 5. Determinants of the RGI-83	26