

Mapping UNSW Impact Global Development

Primary SDG	8: DECENT WORK AND ECONOMIC GROWTH
Broad theme	Independent regulatory agencies
Research	Evaluating the factors that result in a successful independent regulatory body in the developing world
Impact region	India
Faculty	Law
School/Institute	Law
Academic	Professor Bronwen Morgan
Project partners	International Development Research Centre of Canada
	Centre for Policy Research (Delhi, India)
Related SDGs	16: Peace, Justice and Strong Institutions

Elevator pitch

Bronwen researched the rise of independent regulatory bodies in large developing countries, concluding that a more nuanced approach to designing and creating these bodies is required to ensure they govern effectively and are not unduly persuaded by political interests.

The Challenge: Should developing countries create independent regulatory bodies?

As large developing countries look to expand, they attempt to increase their appeal to foreign investors. One way to do this is to create independent regulatory bodies to govern key sectors like utilities, telecommunications and water. Full of experts and at arm's length to political parties, independent regulatory bodies make big decisions around pricing and access to services based on the principles of good governance. For this reason, they tend to ease investor nerves around changes in government that could result in radical shifts in policy and, most importantly, a loss on their investment.

But how should developing countries, like India, go about creating these independent regulatory bodies? India decided its economists should design and create them. But do economists adequately capture political and social factors? Are they ensuring independence from political parties? Should India just copy what the developed worlds do or should they do things a little differently?

UNSW's solution: Research and compare regulatory bodies in developing countries

Bronwen teamed up with researchers around the world to undertake desk-based research on the emergence of agencies in developing countries, focusing on the telecommunications, electricity and water sectors. She worked with Navroz Dubash in India (Centre for Policy Research), and with other research colleagues on Brazil, Colombia, Argentina and China. The researchers wrote papers investigating and comparing the make-up of regulatory bodies before meeting in India to discuss their findings. Bronwen and Navroz then edited a book that distilled their efforts titled *The Rise of the Regulatory State of the South* (Oxford University Press,

2013). In the book Bronwen and Navroz list six indicative factors that shape where an agency will end up on the good governance-open to political persuasion spectrum: redistributive politics, crisis context, sector issues, interaction with other actors, bureaucratic process, and democracy and authoritarianism. Economists played major roles in designing and creating regulatory authorities but the authors argue additional expertise is required, from the likes of lawyers, politicians, and civil society groups.

The project grew out of earlier research Bronwen undertook on access to urban water services in France, New Zealand, South Africa, Chile, Argentina and Bolivia. That project was funded by the UK Economic and Social Sciences Research Council and UK Arts and Humanities Council.

The Impact: Influence government policy around regulatory bodies, inform broader discussion

As a result of Navroz's ties to local policy makers in India, the research informed the government's decision to include other experts (not just economists) in the design and creation phases. The researchers also held dialogue with Indian academics developing regulatory training programs for future regulators. As a result of the project, regulatory bodies in India are likely to be more independent and effective.

Bronwen's research also informs the broader academic discussion around regulatory bodies and how the developing world needs a more nuanced approach to adopting them than simply copying and pasting a developed world model. The role of activist courts (where court orders shape the trajectories of regulatory authorities) is one example of a tailored approach. The research is of increasing importance given the rise in power of countries like China, Brazil and India, and the increasing number of nationalist policies in the West that chide against the spirit of free markets that regulation supports.

Researcher

Bronwen Morgan is currently Professor of Law at UNSW Law. She has taught at the University of Bristol (UK), and the University of Oxford at their Centre for Socio-legal Studies. Her ongoing work is on new legal models for social enterprise and their implications for the legal profession. She also has two projects as a PLS Alliance Fellow: one on urban agriculture and the other on bottom-up participatory approaches to implementing the UN Sustainable Development Goals.

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