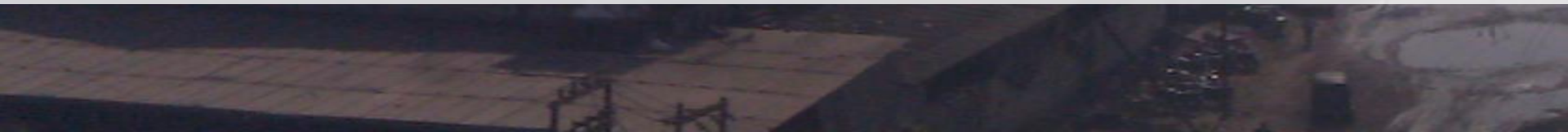




Case Study: An Experiment to Improve Environmental Regulation in Gujarat

Gujarat is the most industrialized state in India and among its most heavily polluted. The Gujarat Pollution Control Board regulates more than 20,000 industrial plants using third-party audits.

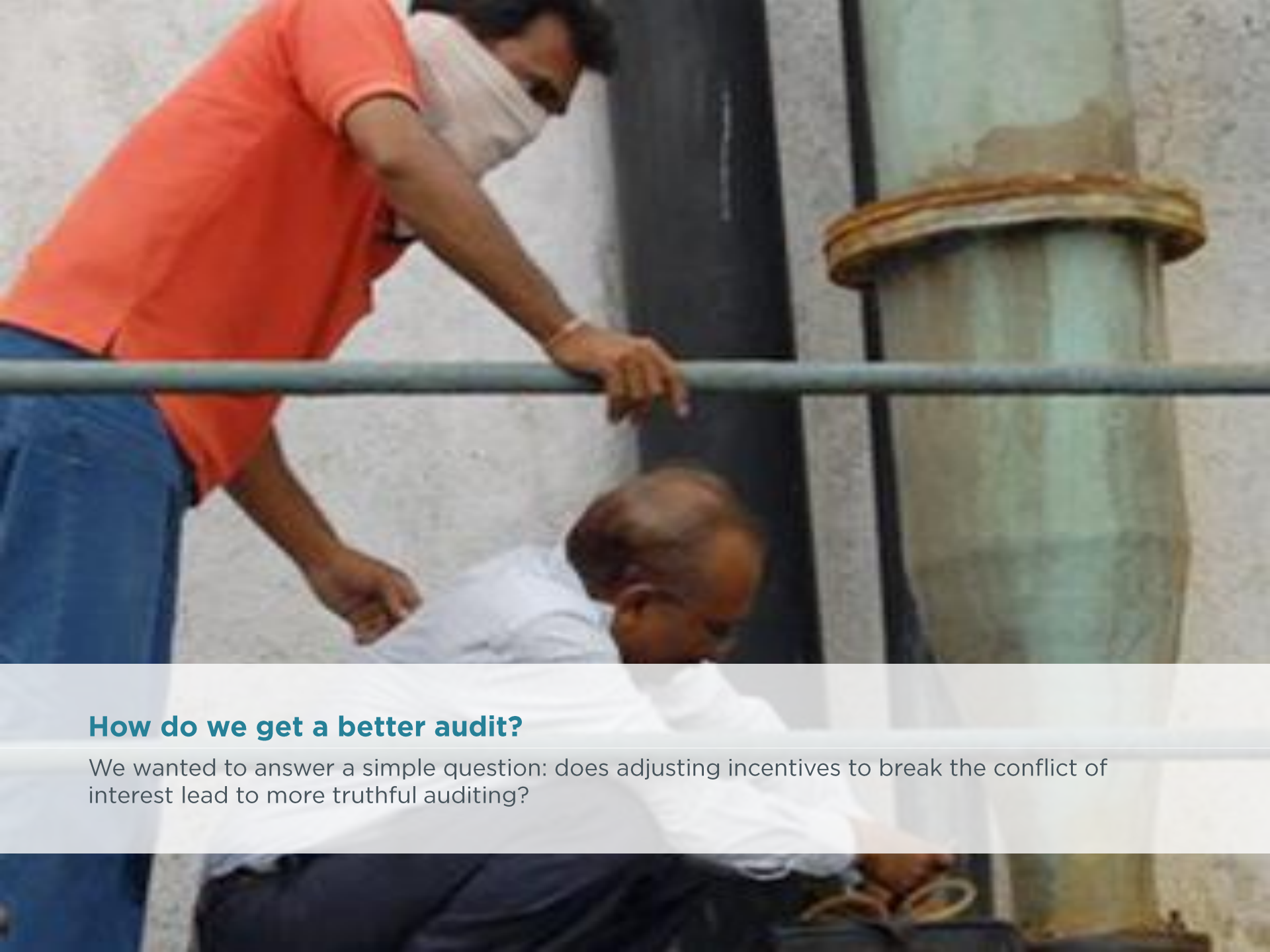


The Policy Status Quo

- 1) India has strict environmental laws on the books**
 - » Yet, pollution levels are high

- 2) Gujarat uses third-party audits to enforce environmental regulations**
 - » Polluters select and pay their auditors

- 3) Working with the Gujarat Pollution Control Board, we designed an intervention to break this conflict of interest**
 - » We divided plants into a control group and a treatment group
 - » The control group continued the status quo approach to audits
 - » In the treatment group, polluters paid into a central fund, which randomly assigned auditors to the plants

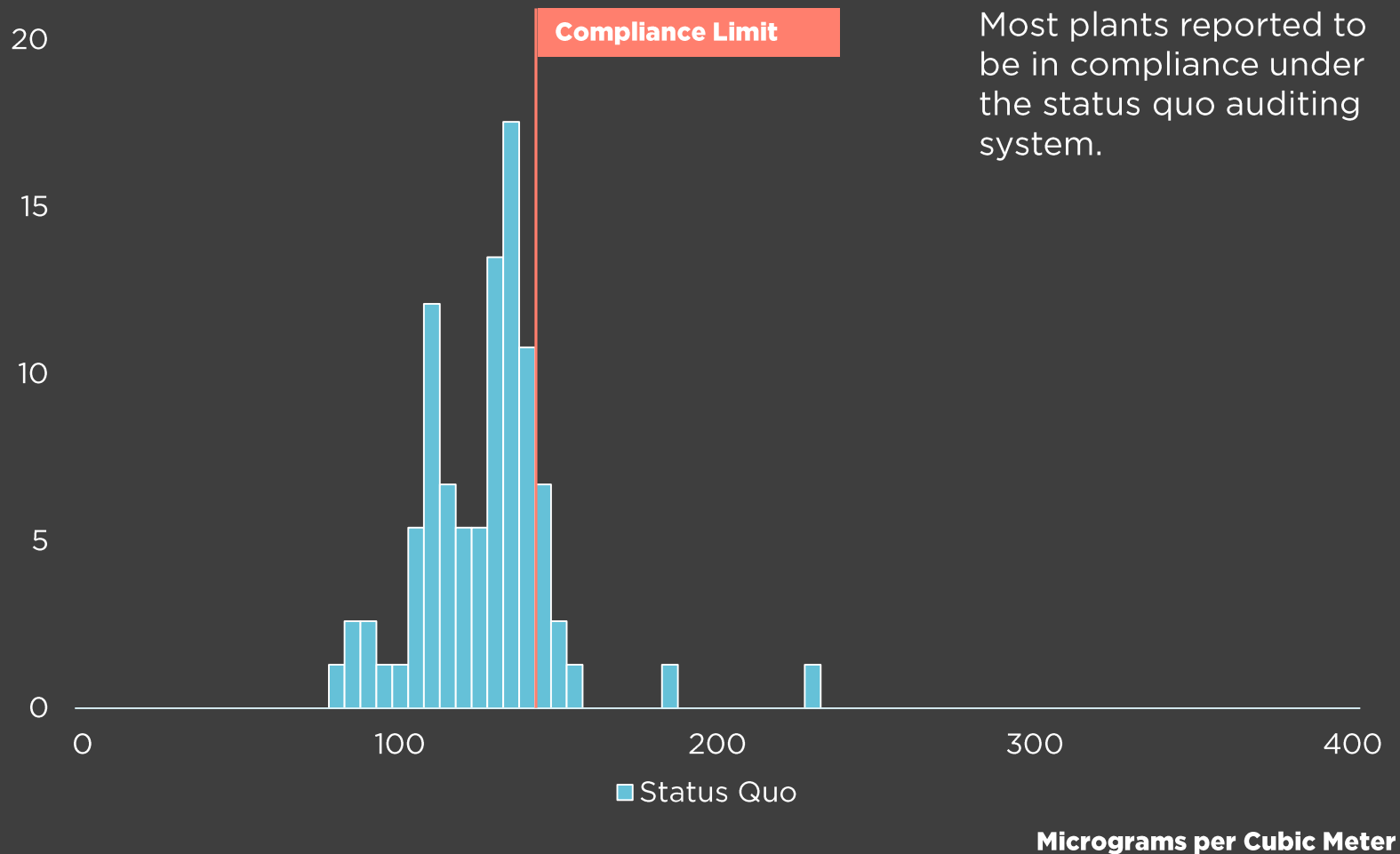


How do we get a better audit?

We wanted to answer a simple question: does adjusting incentives to break the conflict of interest lead to more truthful auditing?

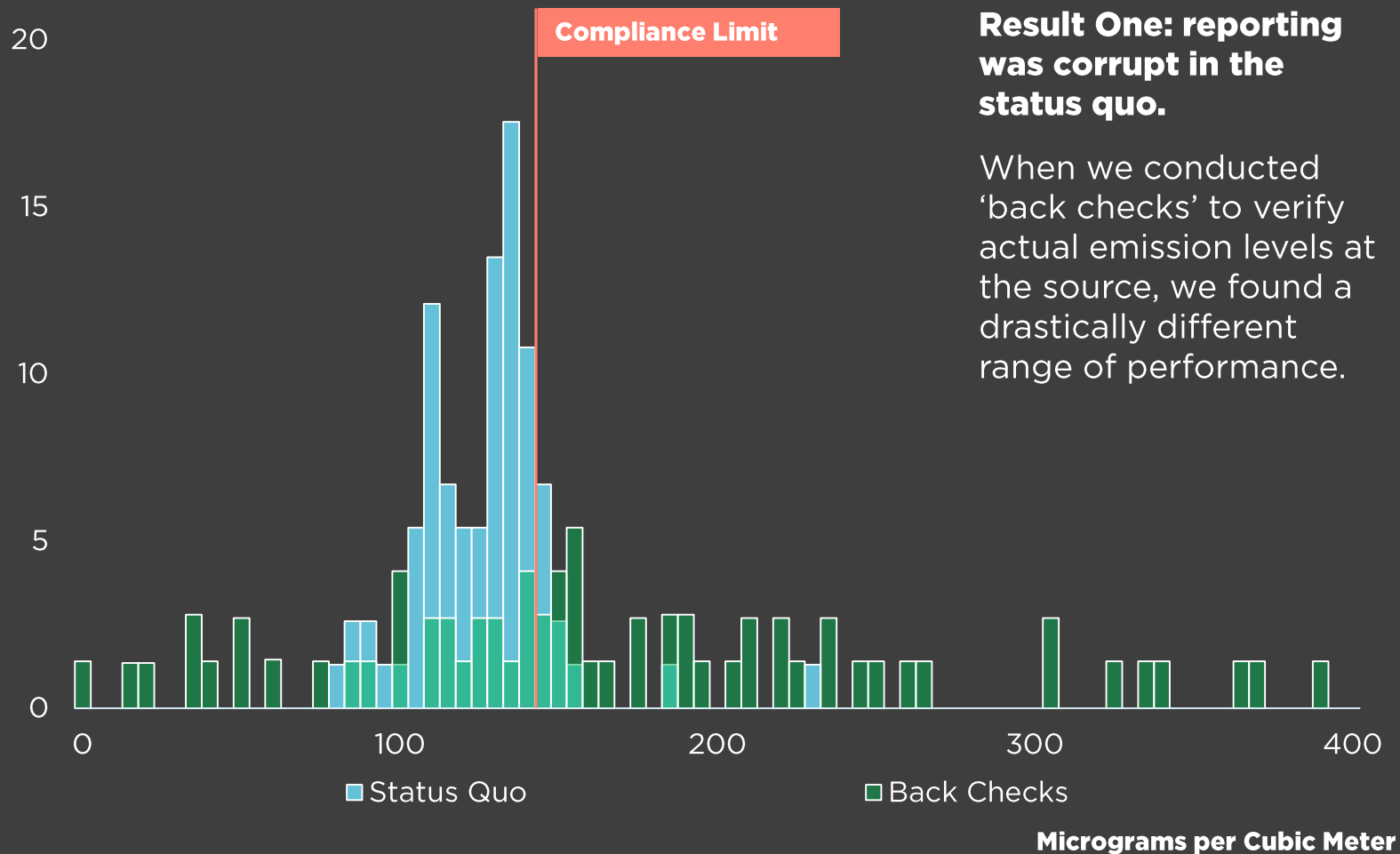
Getting a Better Pollution Audit

Audit Readings for Suspended Particulate Matter



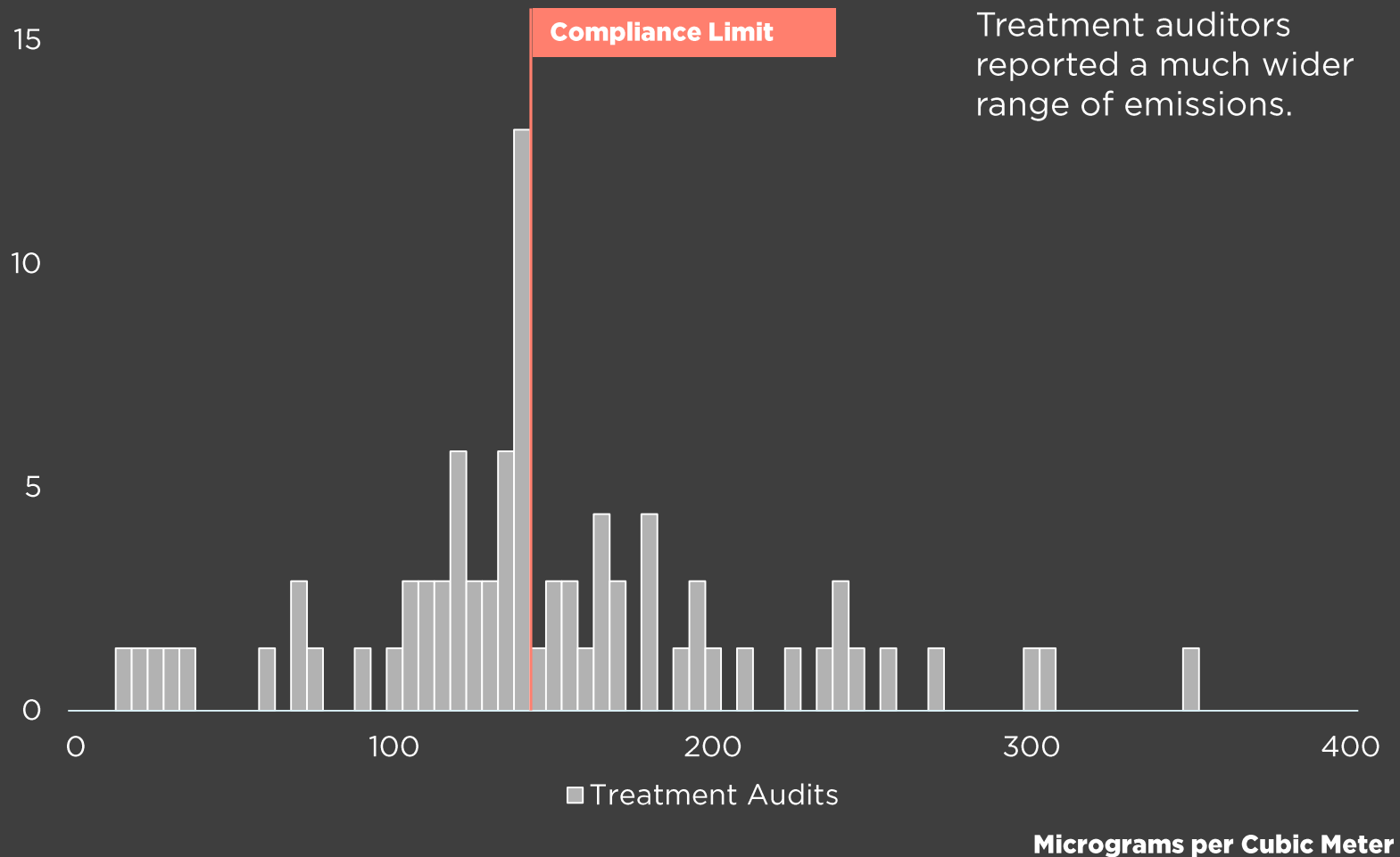
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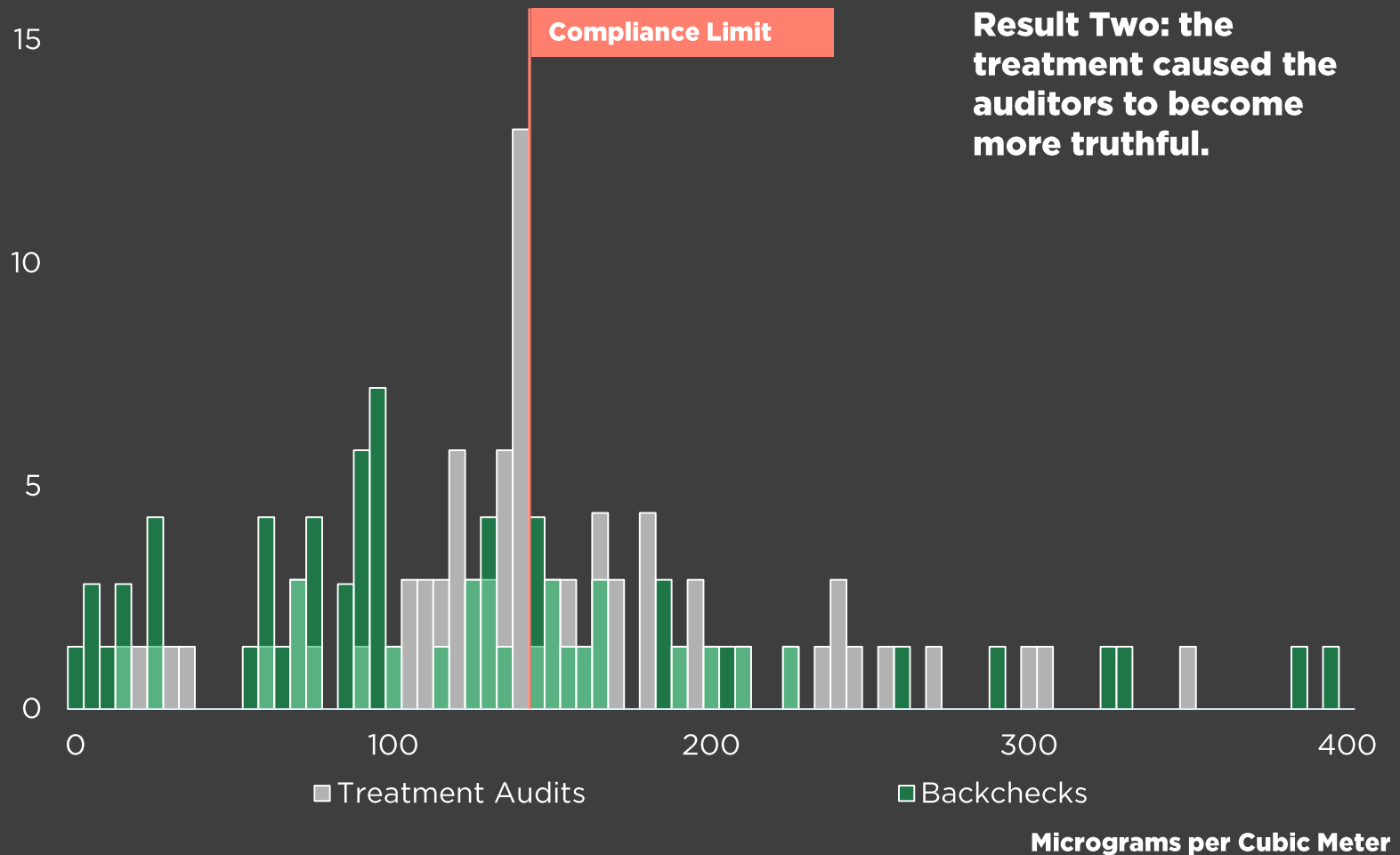
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What happened to pollution?

The reformed auditing program caused plants to reduce their pollution emissions by 28 percent.