

**GENERAL PRINCIPLES OF
REGULATORY IMPACT ASSESSMENT (RIA)**

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1. I. PROCEDURAL RULES

1. TERM REGULATION

In this document, regulation is perceived as a **product**, i.e. a set of instruments by means of which the executive power implements the requirements laid on the individual and different groups, i.e. primarily laws, Government regulations, decrees as well as regulatory reforms other than legal regulations.

The purpose of the general principles for regulatory impact assessment (hereinafter “general principles”) is to improve the drafting of regulation while the process of its creation should consider whether options other than legal regulations would not be more suitable. The General Principles apply to the drafting of all legal regulations prepared in compliance with the Government’s Legislative Rules.

2. KEY PRINCIPLES FOR RIA IMPLEMENTATION

There are different views as to the actual need of regulating. Provided regulation is selected as the most suitable solution, it should display certain qualitative indicators. These indicators of regulatory quality are formulated as principles governing the quality of regulation. By respecting them, we can not only upgrade the quality of regulation but also monitor the optimum rate of regulation.

- Proportionality
- Accountability
- Consistency
- Transparency
- Targeting and Direction

All these principles form the basis for assessment of eventual impacts and for the drafting of legal regulations pursuant to those General Principles.

Proportionality

- Regulation should be applied only when necessary. Adopted measures should be adequate to the given risk and to identified and minimized costs, while proceeding from a comparison of the applicability of different tools (regulating, methodological or information activity, self-regulation etc.) for the attainment of given objectives.
- Adopted solution must be proportionate to the perceived problem or risk, and should justify the costs expended for the attainment of the goal of the given policy¹.

¹ The term “policy” means a specific measure in the sense of the English term policy, i.e. strategy, concept, regulation.

General Principles for Regulatory Impact Assessment (RIA)

- Before adopting regulation, all the possibilities of attaining policy objectives should be reviewed. Unlike a directing legal regulation, an alternative solution may prove to be more efficient and cheaper.
- Also proportion between the individual forms of regulation should be assessed; elimination or restriction of a specific form of regulation (e.g. legal regulation) may have an adverse effect, if a less transparent form of regulation, e.g. an internal regulatory act, is introduced instead.
- Regulation may have impacts of varying size depending on the position of the recipient of regulation, e.g. small-scale businesses cope with regulatory measures with greater difficulties than large companies holding a stable position on the market.
- Linking up to the principle of subsidiarity, decisions should be adopted at a level closest to the citizen, businesses or other subjects concerned.
- The EU legislation should be transposed by using the same instruments applied for drafting and reviewing domestic legislation.
- Enforcement measures should be adequate to the stipulated goals and risks involved. Whenever possible, enforcement authorities should focus more on educative and information activities rather than on punishment.

Accountability

- Regulation should make it sufficiently evident who is accountable to whom and for what.
- Regulating authorities should introduce clear-cut standards and criteria according to which they will proceed.
- There should exist a well-known, accessible, just and efficient system of action (complaints) and appeals.
- Regulation should not favour any subjects on the market (e.g. one group of consumer credits providers), unless they are discriminated against as a result of market failure.

Consistency

- When preparing new regulation, the existing and planned regulatory measures – domestic, EU or international ones - should all be taken into consideration.
- Regulation must be predictable to provide stability and certainty to those concerned.
- Enforcement authorities should apply regulation consistently throughout the territory, while homogeneous and equal application to all the subjects involved should be safeguarded.

Transparency

- Regulating authorities should function transparently, complying with the legal regulations in a simple form acceptable to the regulated subjects.
- Consultations must be held before elaborating a final draft regulation to make sure that the opinion of the groups and experts concerned has been taken into account. The parties concerned should be given sufficient room to express their views.

- Regulation should be clear, simple, comprehensible and detailed only to such an extent to be understood correctly. It should be published sufficiently well in advance before coming into effect.
- Consequences of non-compliance with the given regulation should be made quite clear.

Targeting and Direction

- Regulation must be focused on a specific problem, minimizing side effects and impacts.
- Regulation must be concentrated on solving a problem.
- Control and enforcement should be adequate to the risks posed by given activities.
- Regulation should be systematically reviewed to find out whether it is still necessary and efficient. If not, it should be modified or repealed.

3. WHEN IS RIA APPLIED?

In its final effects, RIA application is designed to eliminate the drafting of such new regulation, which is not immediately needed. Due to this reason, it is vital to apply the RIA method as soon as possible, i.e. at the very onset of deliberations about the solution of a problem².

RIA must be applied from the very moment we have decided to solve the problem.

It is recommended to use RIA already at the moment when the authority begins considering incorporation of a legislative task in the Plan of the Government's Legislative Work.

RIA is applied in case of:

- all the generally binding legal regulations prepared by the Government Ministries and other state central administration authorities pursuant to the Government's Legislative Rules, including implementation of the EC/EU legislation, which accounts for a major portion of the prepared legal regulations,
- with the exception of:
 - the state budget and final state account subject to special regime,
 - special cases (Government's Legislative Rules, Part Four, Articles 17 through 19). In case of emergency legislation, RIA shall also be left out in the related statutory legal regulations,

² For the purpose of this document, the term "problem" means not only solution of an emerged problem to which regulation responds but also a procedure taken by the state in case of need to regulate a specific area of legal relations with the aim of ensuring public welfare / public assets.

- crisis situations,³
 - draft legal regulations containing solely changes of technical nature that have no impact on the factual aspect of the given legal regulation (having no impact on any target group or area),
 - general procedural rules (Administrative Procedure Code, Civil Procedure Code, Criminal Code, Control Act)⁴,
 - other urgent cases, especially in case of a threat of tangible economic or other losses. This exception is granted solely by the Chairman of the Board for Regulatory Reform and Efficient Public Administration on the basis of properly justified written request.
- Note: application of Article 76 of the Government's Legislative Rules is no exception for using RIA during the drafting of a legal regulation.

Whenever some of the above-mentioned exceptions is applied, this must be expressly mentioned in an explanatory report to the draft legal regulation, in case of laws or the part devoted to justification, in case of draft Government decrees or notices. In such cases, RIA final report shall contain at least the reason for submission.⁵

A two-tier process has been selected for RIA implementation. RIA shall be used according to envisaged impacts either in its shortened version (Small RIA) or a more in-depth analysis shall be performed in case of anticipated large-scale impacts or threat to some state-supported policy objective (Big RIA).

If the preparation of a bill is preceded by the drafting of the substantial intent of the law⁶, RIA final report, elaborated for the purpose of the substantial intent of that law, will be used for the bill, and eventually may be supplemented and specified. The ultimate purpose of this approach to impact assessment is to minimize the administrative burden on authorities in elaborating RIA in keeping with the principle of proportionality. Only compulsory parts of impact assessment and a summary of all required sections, which must be given in RIA final report, are mentioned in Chapter 4 - Small RIA and Chapter 5 - Big RIA. A template that has to be used has been prepared for the final report. This template is part of the electronic library of the Office of the Government of the Czech Republic, and is also given in **Annex No. 3**.

4. SMALL RIA

This shall be performed as a compulsory measure with all the drafts of binding legal regulations prepared pursuant to the Government's Legislative Rules, with the exceptions given above.

Content:

³ Pursuant to Constitutional Act No. 110/1998, on the security of the Czech Republic and Act No. 240/2000 Coll., on crisis management, and Act No. 241/200 Coll., on economic measures for crisis states.

⁴ In those cases, impact assessment of the given regulation was performed only with the individual executive regulations.

⁵ Reason for submission is prepared in keeping with Item "1. Reason for Submission", as given below within Small RIA.

⁶ The substantial intent of the law is virtually identical with RIA final report.

1. Reason for Submission

- **Title**

Title of the legal regulation for the purpose of which RIA is elaborated is given.

- **Identification of the problem concerned, goals to be attained, risks posed by inactivity**

Evaluation of the current state and identification of the problem to be solved, including assessment of the valid legal situation.

Identification of the goal (desirable state) to be attained through problem solution.

Evaluation of risks associated with failure to resolve the problem.

2. Draft Solution Options

- **Proposal of possible options for solution including the “zero”⁷ option**

Different options of problem solution which may lead to the defined goal. Part and parcel of possible solutions is the zero option, which is used with the exception of EU legislation or when a legal regulation with legal precedence imposes the duty to issue a legal regulation.

Alternative solutions should also be proposed. This applies to such solutions that are not conducive to the creation of new regulation (namely in the sense of legal regulation) but rather solve the problem by self-regulation, co-regulation etc.

3. Evaluation of Costs and Benefits

- **Identification of costs and benefits of all the options**

Probable costs and anticipated benefits are identified.

The individual groups and subjects concerned with the draft should also be identified.

- **Consultations**

An overview of consultations held during RIA elaboration. Recorded are also the themes and suggestions that have not been incorporated, including justification why.

- **Implementation and enforcement**

Proposed implementation of the recommended solution, including a timetable and stipulation of the method of checking the implementation of defined requirements, complete with proposed sanctions. The draft must come complete with information stating that funds for the implementation of the proposed solution have been ensured. Special attention should be granted to safeguarding funds for the performance of activities being transferred by the state to municipalities and regions⁸.

- **Review of Efficiency**

Determination of yardsticks and indicators to be used to assess the proposed solution is efficient, meeting the fixed goals, including the deadline for review, eventually stipulating the date for ending the effectiveness of the legal regulation involved.

⁷ For more information see Part II - RIA Methodology, Chapter 3. Selection of solution options.

⁸ The Methodology for the calculation of the planned costs for the performance of public administration is used for fixing the costs of implementation.

4. Draft Solution

- **Final Summary**

This contains the identification of “pros” and “cons” of the individual options, whenever possible backed up by quantified indicators. One option shall be recommended for further solution. The recommended option shall invariably comprise calculation of anticipated financial impact on the state budget, and other public budgets, complete with the method of covering them.

- **Contacts**

Contact data for the employee who has elaborated RIA final report and who will act as the contact person for eventual comments and enquiries shall also be given.

5. BIG RIA

Big RIA appears from Small RIA, constituting its extension. Big RIA shall be performed whenever at least one of the following quantitative or qualitative impacts has been identified by Small RIA:

Quantitative:

- major one-off (single) impacts⁹ amounting to at least 30 million CZK (i) a year or (ii) per one group of subjects,
- cumulated impacts (recurring or sum total of several single impacts) amounting at least to the sum of 140 million CZK.

Qualitative:

- impacts likely to disadvantage some social groups and their possible assertion in society,
- impacts on economic competition,
- impacts that principally change the conditions of the functioning of the market / correct a market failure.

Big RIA shall also be elaborated in case of all draft legal regulations designated as such by the Government with a view to its priorities, doing so by passing a resolution on another related document. Eventually, this particular fact may be taken into consideration within the Plan of the Government’s Legislative Work for the relevant period.

Exceptions. Big RIA is not applied in cases when, although the quantitative or qualitative indicators for its performance have been met, the following factors are involved:

- changes of tax rates or whenever the amount of regulated prices is concerned or the amount of benefits, insurance or pensions is adjusted without changes in the structure of taxes, prices, benefits, insurance or pensions.
- draft legal regulation implementing EC/EU legislation.

⁹ The term impact means costs and benefits.

In all these cases, only Small RIA shall be carried out, containing a quantitative impact assessment, especially on the state budgets and other public budgets.

Big RIA is focused primarily on a detailed analysis of the problem identified in Small RIA, i.e. it follows Small RIA, if at least one of the given impacts arises.

Content:

1. Reason for Submission

- **Title**

The title of the legal regulation for the purposes of which RIA is elaborated is given.

- **Problem Description**

It links up to Small RIA.

Controversial items of the proposed solution to be subjected to a detailed analysis shall be identified.

2. Draft Solution Options

- **Proposal of possible options of the solution**

Only one recommended option, which has been designated in the framework of Small RIA as the most suitable, may be solved, while only different ways of implementation may be evaluated or more options, leading to the stipulated goal but having different impacts, may be assessed in greater detail.

Once again, it is reviewed whether a different method of solving the problem other than adoption of a legal regulation may be used. If this has been ruled out already in Small RIA, it will be at least considered whether the given problem should be tackled by adopting an independent legal regulation or whether the legal regulations to which the given problem concerns will have to be adjusted.

- **Subjects Concerned**

All the subjects and groups which are directly or indirectly affected by the problem whose solution is likely to have some impacts on such subjects and groups shall be identified.

3. Evaluation of Costs and Benefits

- **Assessment of impacts of individual options**

Probable costs and benefits of all the considered options must be reviewed for the individual groups and subjects.

When drawing up a costs and benefits analysis, in addition to the public sector and businesses, neither consumers and citizens nor the country's economy as a whole (macroeconomic indicators) should be ignored.

To compare costs and benefits, use at least one of the methods given below, eventually their combination or another method according to author's discretion having a similar effect.

The key methods for impact assessment: analysis of costs and benefits, cost-effectiveness analysis, multicriterial analysis, and risk analysis. It is suitable to supplement these methods with sensitivity analysis to check the stability of results.

- **Consultations**

Consultations constitute a compulsory component of Big RIA. They are held as consultations aimed at obtaining data as well as compulsory consultations in the form of publication of documents on the web pages.

Evaluation of consultations is part and parcel of RIA final report, also containing comprehensive information on the comments that have not been incorporated, complete with justification of such steps.

- **Implementation and enforcement of each option**

An implementation and enforcement plan shall be drawn up for each of the proposed options.

This plan also forms an argument for decision-making on the most suitable option of the solution.

4. Draft Solution

- **Evaluation of options and selection of the most suitable solution**

It contains final summary and selection of the most suitable option for the solution of the defined problem.

It reflects all the facts ascertained in the course of RIA elaboration.

Selected option shall be elaborated into a draft legal provision.

The option that has been elaborated into draft legal regulation invariably contains calculation of envisaged financial impact on the state budget and other public budgets, complete with the method of their coverage.

- **Review of Efficiency**

Specification of measures and indicators to be used in further evaluation of the efficiency of the proposed solution, and compliance with the stipulated goals, including a deadline for review and eventually determination of the end of effectiveness of the pertinent legal regulation.

- **Contacts**

Contact data for the employee who has elaborated RIA final report and who will act as contact person for eventual comments and enquiries shall also be given.

6. PROCEDURAL RULES FOR RIA IMPLEMENTATION

6.1. Institutional Provisions

Government's Legislative Rules

Government's Legislative Rules constitute a key instrument for drafting legal regulations at the central state administration level. The Legislative Rules of the Government set the task of

proceeding in keeping with the General Principles and of attaching RIA final report to the draft legal regulation as part of the explanatory report / justification.

Central Administration Authorities (hereinafter “authorities“)

Authorities are responsible for implementing RIA and for the quality of elaboration of RIA final report. Work on impact assessment according to the General Principles is launched already in the phase when the given authority begins to consider the task of solving an emerged problem, i.e. impact assessment must invariably precede the creation of articulated version of the draft legal regulation. Legal regulation shall always be elaborated on the basis of RIA and in compliance with RIA conclusions.

A draft legal regulation must never be prepared sooner than RIA.

Methodology given in **Part II - RIA Methodology** shall be used for RIA elaboration, while the particulars of the content of both Small and Big RIA must be adhered to. The actual mode of safeguarding RIA in organizational terms is fully in the powers of the individual authorities.

Authorities are obliged to ensure correspondence between the pertinent draft legal regulation and RIA final report. Due to this reason, impact assessment shall be supplemented and updated on an ongoing basis. This applies primarily to cases when - pursuant to the results of the comment procedure or position of the Government’s Legislative Council - changes are made in the draft legal regulation that affect the finished impact assessment. The purpose of this particular procedure is to enable the Government to have at its disposal complete background materials for its decision-making.

Authorities are also obliged to ensure correspondence of the Government bill and impact assessment still before dispatching a bill for signature to the Prime Minister.

Board for Regulatory Reform and Efficient Public Administration (hereinafter “Board“)¹⁰

Board is an interdepartmental body adopting positions on legislative drafts in terms of evaluation of their impact, complete with the eventual bureaucratic burden incurred.

Board assumes positions on draft legal regulations submitted to the Government for discussion. In case of inadequate impact assessment, these standpoints may contain a recommendation to the Government to return the submitted document to its author to be reworked.

6.2. Consultations

Consultations with the concerned parties lie at the very basis of RIA. The RIA method assumes that it is impossible to estimate all the potential impacts of the proposed regulation merely “from an official’s desk“. Broadly-based consultations with the specialist and professional public also conform to the principles of openness and transparency of processes in the public administration sector. Last but not least, making the process of drafting regulation more transparent contributes to the fight against corruption.

Consultations should help:

¹⁰ Activities of the Panel will be governed by its Statutes and Rules of Procedure.

- in uncovering new perspectives in studying a given problem and in identifying other possible options of the solution,
- the submitting authority of the given legislation in striking a balance between contradictory interests,
- in providing independent checks of the assessment of possible impacts performed by the authority elaborating RIA,
- in mitigating the risk of unpredictable consequences,
- in enhancing the level of comprehension of the draft and in better preparing the concerned subjects for the implementation of the given legislation.

Consultations are a compulsory part of RIA.

6.2.1. Identifying Subjects To Be Consulted

A basis for identifying the subjects to be consulted is to define those groups of businesses and persons to be directly or indirectly affected by the proposed regulation. These subjects or their representatives are consulted in the first instance. Consulted subjects should also include other public administration authorities, professional organizations, provided the given problems concern them, and non-governmental organizations dealing with the pertinent issues. Other consulted subjects include representatives of employees and employers; stimulating insights may also be obtained from officials representing scientific and academic circles. The ultimate purpose of consultations is not to address all the subjects concerned but rather representatives of subjects most impacted by the regulation in question.

List of organizations that have expressed their willingness to take part in consultations form part of the **database DataKO**, included in the system of electronic library of the Office of the Government of the Czech Republic. This particular database is not exhausting and will be supplemented and updated on an ongoing basis. DataKO is just a possible but not the only source that can be used by authors of legal regulations.¹¹

6.2.2. Mode and Forms of Consultations

Consultations are held during the elaboration of Small and Big RIA. The decision about the actual method of holding consultations lies in the powers of the submitting authority. Consultations used for the identification of the given problem may help in properly describing the issue and ascertaining its urgency. Consultations held during the process of identifying options of the solution are vital for finding the highest possible number of alternatives. When evaluating impacts of proposed solutions, consultations may help in obtaining relevant data.

Only in case of elaborating Big RIA it is always necessary to organize public consultations, which comprise the publication of the pertinent document for consultations on web pages at least for a period of 4 weeks. During that time, members of the public have a chance to voice

¹¹ Furthermore, it is possible to use lists of civic associations and organizations available on the web pages of the Ministry of the Interior (<http://www.mvcr.cz/rady/sdruzeni/index.html>), or databases of non-profit organizations on the Public Administration Portal (<http://www.evidencenno.portal.gov.cz/EvidenceNNOV10001/DesignPages/SeznamNNO.aspx>)

their opinion on impact assessment. The outcome of such public consultations must be reflected in the elaborated RIA¹².

Consultations should result in comprehensive information on the consulted parties, complete with their substantial factual comments and stimuli, and a comprehensive report on the way these were processed and handled.

It is necessary for consulted subjects to be given a quality document for consultations - written background materials containing well-defined problems and questions to be discussed. These must be prepared preferentially for the specific consulted groups/persons. In case of written consultations, it is vital to fix quite clearly the deadline for sending in answers. The deadline should be sufficiently long for the delivery of replies to give the consulted subjects enough time to prepare their answers.

6.2.3. Comment Procedure

For the purposes of RIA, the comment procedure may be perceived as a special form of consultations. Pursuant to the Government's Legislative Rules, the comment procedure should be organized and held as a public process. Public comment procedure enables not only public administration authorities but also broad circles of the professional and laic public to voice their opinions on the final draft legal regulation and the finished RIA, eventually to point out discordances between the draft legal regulation and RIA final report. This procedure is valid for all draft legal regulations regardless of the fact whether Small or Big RIA is performed.

If, based on the results of the comment procedure, there are changes in the draft legal regulation that influence the performed impact assessment, it is necessary to supplement and adjust this particular impact evaluation in order to provide a comprehensive and relevant background material for the Government's decision-making.

6.3. Data Sources

Acquisition of data is often one of the most challenging tasks facing RIA since relevant data for problem evaluation and the subsequent analysis are frequently unavailable.

First, it is vital to make sure whether the necessary data are available at the Czech Statistical Office. Data may also be obtained from other institutions dealing with the given problem. However, such data must be verified to ascertain their relevance and validity.

Additional procedures to obtain relevant data include:

- results of surveys,
- estimating methods,
- cooperation with specialists etc.

As far as the acquisition of relevant data is concerned, of seminal importance are consultations conducted with the concerned subjects, whereby the author of RIA has an opportunity to obtain data directly from those subjects or from conclusions of analyses and studies these particularly subjects have drawn up for their own needs.

¹² These consultations are held before the start of work on the preparation of a draft legal regulation.

General Principles for Regulatory Impact Assessment (RIA)

Data from the past years may be regarded as relevant even though they should be checked by means of different sources.

Author of RIA is also entitled - depending on one's own resources - to carry out own investigations/research to obtain relevant data.

II. METHODOLOGY FOR REGULATORY IMPACT ASSESSMENT (RIA)

This part shall be used for the implementation of Small and Big RIA. During their elaboration author proceeds from the stipulated content of Small and Big RIA, as set out in **Part I - Procedural Rules**. Differences are also singled out in the text.

1. TITLE

Give the title of the legal regulation for which RIA is submitted.

2. REASON FOR SUBMISSION AND OBJECTIVES

Describe as accurately as possible the problem to be resolved and the goals to be attained. Also assess the risks posed in case of failure to solve the given problem.

2.1. Problem Definition

Describe the current situation and evaluate it to make it abundantly clear where lies the problem that needs intervention at the Government/central administration authority level. Try to be as specific as possible, using empirical data, conclusions of analyses. Outline the scope of the problem. It is vital to spell out the likelihood of the incidence of a problem situation and consequences its existence will bring. Furthermore, it is necessary to mention whether the problem is a single (one-off) occurrence or a recurrent issue. The given facts must be supported to the broadest possible extent by evidence, such as e.g. analysis of the existing experience, reports by experts and scientific teams etc.

2.2. Identification of Stakeholders

Describe whom the problem concerns, i.e. which particular groups of people, entrepreneurs, economic sectors etc., and which of those groups or areas will be most affected by the given solution. This delineation will be further expanded in keeping with the suggested options of problem solution.

2.3. Description of Resulting State

Describe clearly, comprehensibly and with maximum accuracy the state to be achieved by the solution of the pertinent problem. It is vital to describe the genuine substance of the planned solution, without just naming articles of laws that have to be covered. Goals (consequences) should not be confused with tools for their attainment. In no case is it possible to allow definition of the target state to predetermine the actual mode of solution.

If possible, express the target state by means of quantifiable indicators. Our recommendation is to apply the SMART rule, i.e. that goals should be specific, measurable, acceptable, realistic and time-dependent.

When setting goals, it is necessary to distinguish general goals, specific and operative ones that are hierarchically arranged. General objectives relate to a policy, strategy asserted in the given area. Attainment of such goals is always dependent on other activities and prerequisites than those on which the prepared regulation is to be achieved. *Example: Development of business environment.*

Specific goals have a more immediate link to the prepared regulation. Example: *Simplification of the process of starting up business.*

Operative goals are expressed in terms of outputs that should be fulfilled as a result of our activities. Example: *Establishment of central registration points.*

2.4. Description of Existing Regulations / Government Policy for the Given Sphere

The problem has to be set within a specific context. Therefore, it is vital to mention whether a Government policy (concept, strategy, national programme) exists in the area into which the given problem falls, eventually if there already exists any regulation covering the pertinent area. If the existing regulation is focused on the solution of a given problem, it is crucial to mention probable causes of the emergence of the problem in spite of the existing legislation. The existing regulation should be described simply, comprehensibly, without running into a list of appropriate articles. Also it is necessary to mention which institution/s is / are responsible for the implementation of the Government policy or enforcement of the relevant regulation.

If an existing regulation proves to be inefficient, it is appropriate to state the actual reason for such inefficiency. Inefficiency of regulation may be caused by what is called regulatory inefficiency whereby a relevant legislation does exist but, in fact, is not adequately asserted or enforced.

If there is a supranational policy or regulation for the given area, it should be mentioned and briefly described.

2.5. Risk Assessment

Existence of a problem does not necessarily mean that measures have to be taken, particularly so at the level of state administration. Some problems may be of a more or less theoretical nature, marked by low probability of their occurrence. That is why it must be immediately explained in this opening section why state intervention is crucial for problem solution, if that particular problem is real. The most cogent reasons for state intervention are the threat to health or security of the population or the threat of damage to the environment. State intervention may also be justified by a long-standing "market failure" caused, for instance, by insufficient or unbalanced approach taken by some market actors towards information, lack of competition on the market or side effects/externalities. State intervention may also be justified by the need to ensure "public welfare/public assets" that cannot be safeguarded by individuals themselves.

3. SELECTION OF SOLUTION OPTIONS

If you have already set the objectives you would like to achieve, concentrate on the routes leading to those goals. Try to find the most diverse ways of achieving them.

Always at least 2 options must be determined.

You should also consider the so-called zero option, i.e. do nothing, as one of the options of possible solution. If a legal regulation of a higher legal force (law, EC/EU legislation, accepted international obligation etc.) says intervention is necessary and thus the zero option cannot be applied, use the zero option solely as a basis for comparison of the impact of other options.

Needless to say, solution options always evolve from the prevailing nature of the problem. If a legal regulation of a higher legal force determines the substance and form of the regulation under preparation, make sure to consider at least different forms of implementation or enforcement of such regulation.

If the process involves a draft legal regulation which only implements EC/EU legal acts and these do not allow for any deviation, only one option is elaborated within the framework of impact assessment.

When searching for possible implementation of a proposed solution into our legal system you should also consider whether it is more suitable to pass an independent act or whether to amend related legislation.

Also, describe the individual options to make it abundantly clear in which way they lead to the given goal. In this phase, it is necessary to conduct consultations with the individual stakeholders in order to obtain maximum information on impacts of the proposed options, unwanted or unexpected impacts, risks connected with the implementation and enforcement, and the compliance costs of the regulation on the part of the stakeholders. This implies that options are not concentrated solely on the actual content of the solution but also on the mode of its implementation and enforcement.

In keeping with the principle of supporting the development of e-Government, while searching for the modes of solution, their implementation and enforcement, try as much as possible to use information and communication technology.

Regulation Compliance and Its Enforcement

- If you consider imposing penalty for non-compliance with a duty stemming from the given regulation, compare it with the costs of compliance. Compliance costs should not be higher than eventual penalty for non-compliance.
- Compliance costs and mode of enforcement are directly connected with the implementation of stipulated objectives.
- If you consider various modes of potential achievement of goals, always seek to minimize administrative costs/burden. Invariably study whether it is necessary - for the purpose of enforcing the proposed solution - to create new competences of some public administration subjects or to solve the matter in a manner that is less demanding in administrative terms.
- As far as costs are concerned, consider, at the same time, the possibility of their compensation, for instance by raising fees, obtaining funds from other sources.

You should never forget evaluating the possibility of solving the problem in a different way than by adopting a legal regulation. *Example: Use of information campaigns, co-regulation, self-regulation, determination of quality standards.* Other details on the selection of alternatives are given in **Annex No.1**.

Options that seem to differ in detail could also be considered. *Example:* Fixing a date for the legislation to come into force, exempting small businesses from a duty, narrowing down the scope of the proposal or various modes of implementing proposed requirements.

In this phase, it is likewise necessary to assess risks posed by the implementation of proposed options. *Example:* If our proposed solution is based primarily on the use of a software tool, it is vital to ascertain whether this system already exists. If not, it must be established whether there exists a company capable of delivering it within imposed deadlines and while complying with our requirements.

The conclusion of this part of impact assessment is the exclusion of those options which, based on their detailed description, do not evidently lead to the defined goals. The options that lead to the stipulated policy objective only partially are not excluded. *Example:* Savings of 15 billion CZK instead of 20 billion CZK, while expending lower costs.

4. EVALUATION OF COSTS AND BENEFITS

When evaluating costs and benefits, concentrate on defining concerned subjects while identifying costs and benefits and evaluating them in conclusion.

This part of impact assessment is the most important phase, as seen from the position of evidence we will have at the end to support our recommendation of the most suitable option of problem solution. All the options we have found in the previous phase as suitable for the solution of the problem in hand and as conducive to the defined objectives should be evaluated.

The prevailing rule should be that a solution should be adopted only if benefits exceed costs.

The detailed nature of the analysis depends on whether Small or Big RIA is involved. The content of such analysis is based on the structure laid down in **Part I - Procedural Rules**.

Small RIA is focused on identification of costs and benefits. If these could be expressed in pecuniary or at least numerical form, this must be given here (e.g. costs in CZK, reductions by x %, number of lives saved)¹³. When assessing costs and benefits, it is always necessary to take into account the **principle of proportionality**.

Big RIA should be based on quantification of costs and benefits. As compared with Small RIA, analysis should be as detailed as possible, and, as rule, should make use of more methods of assessing the impacts of options under scrutiny.

During all those phases of the analysis you should hold consultations that will help in identifying the concerned subjects and impacts. Thanks to consultations you have an opportunity to obtain data that are otherwise inaccessible and to attain - within the framework of such analysis - truly relevant results.

¹³ There is a number of techniques for quantification of seemingly "unquantifiable" costs. A relatively well-advanced methodology exists in the field of environmental impacts (so-called Environment Impact Analysis). Consumer surveys on the theme "how much would you be prepared to spend if..." may also be used.

4.1. Delineation of Groups and Areas Affected by Regulation

Impacts of the proposed solutions should be evaluated both from the perspective of the society as a whole and also from the position of the individual social groups, economic sectors, companies according to their size, state administration authorities and local self-government bodies etc. That is also why groups and areas to be impacted by the proposed solution should be identified before the start of the analysis itself.

Always make sure to define all the groups which may be affected by the individual options. If you are not certain whether a proposed solution could affect specific groups, use consultations which will help you in checking whether the groups concerned are really involved.

After defining affected groups and areas, you can use examples given in **Table No. 1**. Naturally, this overview is not exhausting and that is why it should be perceived as a mere guideline in searching for potential recipients and beneficiaries of the proposed solution.

Table No. 1: Examples of areas and groups to be taken into consideration when assessing regulatory impacts

Areas	Groups
labour market	businesses (according to size and sector/branch)
science and research	consumers
tourism	employees
culture	unemployed
education	socially underprivileged
security of inhabitants	disabled persons
sustainable development	national minorities
environment and its protection	children and youth
protection of human health	students (without age difference)
international obligations	senior citizens
observance of the Charter of Fundamental Rights and Freedoms	women (gender equality)
protection of personal data	families with minors
justice	persons caring for others
regional development	state administration authorities
	local self-government authorities
	non-governmental and non-profit organizations
	civic and special-interest associations
	the media

When identifying stakeholders always observe the rules given below:

- both those who are likely to “gain” through the new legislation as well as those who have something to “lose” as a result of the draft legal regulation should be identified,
- make sure to distinguish between direct and indirect impact. *Example: draft legislation aimed at reducing emissions exercises direct impact on producers of such emissions, and - in a long-term perspective - on the health of the population,*

- identify affected groups for all the options under consideration, remember that within the framework of different options the actual distribution of impacts may vary among the individual affected groups,
- use consultations to identify affected groups; this will help you in finding those that may probably be affected by the draft legislation.

4.2. Identification of Costs and Benefits

When searching for costs and benefits of the individual policy option remember the following:

- costs and benefits must be described with all the options, including the “do nothing” option,
- the real depth of analysis depends on whether Small or Big RIA is involved, nevertheless within the framework of one impact assessment it is necessary to cover all the options in equally great detail, without prioritizing one option already in that phase,
- costs and benefits are always evaluated on the basis of a qualified estimate of the functioning of the proposed solution in relation to the current situation,
- in case of quantification of impact, use its monetary expression, taking into account inflation,
- when evaluating costs, do not forget to consider also related legal regulations that affect the problem under scrutiny,
- weigh the risks connected with the implementation and ascertain how they affect the actual amount of costs and benefits,
- a useful method to determinate impacts is to create a causal model,
- carefully register all the costs and benefits so as not to forget to incorporate them into RIA final report.

4.3. Costs

In this section it is necessary to review all the costs incurred by the individual affected groups in case of all the options. First, always focus on the calculation of the costs for individual groups, which will then be aggregated. For the sake of clarity, it is recommended to draw up a table tracing the development of costs in time.

When evaluating costs, make sure not to calculate some of the costs several times. *Example: A company may project its costs into the price of its goods or services.*

Costs must be distinguished into **direct** (hence costs stemming directly from the compliance with an obligation laid down by the given legal regulation) and **indirect** (costs incurred as a result of expending direct costs, usually by third parties). *Example: Costs for the purchase of equipment meeting the decree that lays down standards are direct costs. Closure of a company and subsequent loss of employment opportunities in the region as a result of non-profitable sales due to higher costs of the equipment complying with the decree that lays down the given standards are indirect costs.*

Single and recurring costs should also be differentiated.

Seen in this light, do not forget that it is always vital to consider the fact that costs but also benefits tend to occur at different times. *Example: The task of building public administration registers calls for immediate expenses, but in a long-time horizon it creates benefits as a result of the possibility of sharing data.*

The discounting method is used when comparing costs and benefits that arise in different moments in time. The overall value of discounted costs and benefits is called net present value.

Use the following formula for the calculation of net present value:

$$NPV = \sum_{t=0}^n \frac{B_t - C_t}{(1+r)^t}$$

where *NPV* is net present value
B_t benefits in year *t*
C_t costs in year *t*
n total project duration
r discount rate

The following formula is used to calculate net present value for a very long (endless) period:

$$NPV = \sum_{t=0}^n \frac{B_t - C_t}{(1+r)^t} + \frac{(B_T - C_T)/(r_T - g_T)}{(1+r)^t}$$

where
B_t designates benefits in year *t*
C_t costs in year *t*
r_T discount rate in the period after *n*
g_T growth of *B_t* and *C_t* in all periods after *n*

Examples of how to calculate net present value can be found at this Internet address: <http://www.mvcr.cz/sprava/moderniz/index.html>.

Try to normalize costs to annual costs so that costs could be added up, thus calculating overall costs and comparing the individual options.

Examples of Costs¹⁴

Public Administration Sector

- employee costs (particularly wage costs and other rewards)
- additional investment costs (buildings, purchase of IT etc.)
- other costs (travel and accommodation expenses etc.)

¹⁴For the individual types of costs, methodologies are prepared on an ongoing basis, which are then published on the following web pages <http://www.mvcr.cz/sprava/moderniz/index.html>.

- costs of enforcement (checks, administration)
- costs incurred by the performance of public administration, including costs for the performance of state administration in delegated powers¹⁵

Businesses

- costs stemming from the introduction (or reinforcement) of some of the following obligations
 - information obligation¹⁶,
 - duty to pay fees,
 - reporting obligation,
 - obligation to ensure/register/establish/run XY.
- higher prices of inputs (including labour costs)
- costs incurred by changes in production, transport, marketing (purchase of new production technologies, equipment, new employees etc.)
- changes in supplier chains,
- delay in marketing new products,
- reduced availability of products or services (e.g. higher age limits, conditioned sales etc.),
- opportunity cost,
- emerging or growing risks.

Consumers

- higher prices of goods, services and capital,
- lower rate of usefulness (quality, selection, risk) of goods and services,
- delay in marketing of new products,
- limited availability of products or services (e.g. higher age limits, conditioned sales etc.),
- more difficult or more expensive complaints procedure.

Costs for the society

- decline of economic growth,
- restrictions of economic competition¹⁷,

¹⁵ Calculation of costs for the performance of public administration must be made in compliance with the Methodology for the Calculation of Planned Costs for the Performance of Public Administration, published at this Internet address: <http://www.mvcr.cz/sprava/moderniz/index.html>.

¹⁶ For quantification of costs ensuing from compliance with the reporting duty, employ the standard cost model. The methodology for determining the amount and origin of administrative burden on businesses version 1.2 is published at the following Internet address. <http://www.mvcr.cz/sprava/moderniz/index.html>.

¹⁷ Impacts on economic competition should be evaluated pursuant to the legislation of the Czech Republic and the community law in the field of competition legislation. These impacts include in particular:

- emergence or increase of some competitors' dominating position on the relevant market,
- increase (or decline) in the number of competitors on the relevant market,

- impact on economic competition,
- growing unemployment,
- deterioration of the environment,
- deterioration of social equality,
- some social groups disadvantaged,
- reduced level of labour safety.

4.4. Benefits

Costs we have identified and quantified in the previous chapter should always be related to benefits. Once again, it holds that benefits for all the options are evaluated. We invariably assess benefits with a view to their objective we have set, and we try to ascertain how those benefits differ in individual options.

We distinguish two categories of benefits: **tangible** (may be quantified) and **intangible** (hard to quantify) *Exempt. An intangible benefit is the protection of human health.*

Examples of benefits

- economies of scales for businesses,
- eliminated or reduced risks,
- reduction of costs for regulatory compliance for persons and businesses, and reduction of administrative and other public administration costs,
- price reduction of products and services caused by eliminating restrictions or by promoting economic competition,
- raising the quality of products and services,
- broadening the assortment of products and services,
- reducing the number of labour accidents, incidence of diseases etc. (and ensuing cost-cutting in health care),
- improving of the quality of the environment,
- enhanced awareness and rate of information of citizens, consumers, businesses as well as public administration authorities,
- flexibility in industrial relations,
- shortening the duration of court proceedings,
- growing employment rate,
- economic growth,
- rising labour productivity,
- social justice.

-
- exclusion or limitation of economic competition,
 - strengthening of the level of economic competition.

Impact assessment on economic competition must be consulted with the Office for the Protection of Economic Competition still before ending regulatory impact analysis.

4.5. Assessment of Costs and Benefits of Options

There are many qualitative and quantitative methods for the assessment of costs and benefits. You should always use at least one of the qualitative or quantitative methods for a comparison and evaluation of costs and benefits of the individual options you have identified.

Costs and benefits analysis or an analysis of cost-effectiveness, eventually multicriterial analysis and risk analysis should be performed as basic types of analysis.

There are different versions of those methods and they can be employed in suitable cases. As an example we can mention evaluation of costs and risk-risk assessment etc.

It is likewise possible to employ techniques for the evaluation of changes in the risks posed by the emergence of an event. This is enormously useful and truly necessary when evaluating many impacts on the environment or health. Many policies will, for instance, seek to reduce risks of diseases and death. It is hardly possible to ascribe monetary values to life as such or to lives of other people. Due to this reason, change in risks is used, since nobody would exchange one's life for a specific amount of money; most people will be willing to choose between different safety precautions and devices sold for different prices offering different levels or security or different modes of crossing the street as compared with saving time. That is why you can fix a value people ascribe to small changes in risks.

If impact of the options are spelt out both qualitatively and quantitatively, including monetary terms, it is recommended to prepare a multicriterial analysis. Costs and benefits expressed in different forms may be compared with the help of this method.

Methods for impact assessment are given in **Annex No. 2**, practical examples and methods of calculation will be found at this Internet address <http://www.mvcr.cz/sprava/moderniz/index.html>.

Try to summarize the impacts of each option according to the specific area of impact (economic, social and environmental) or according to partial impacts. Their examples are given below.

Economic Impacts

Public administration authorities

Impacts on the state budget or other public budgets

Requirement for the establishment of a new authority or institution, eventually their restructuring

Change in expenditures as a result of providing for new activities

Competitiveness

Impact on the competitive position of companies on the market in the Czech Republic

Impact on the competitive position of companies on the EU market

Market segmentation

Emergence of monopolies

Operating costs and impacts on the method of running the society

Impacts on price rises

Conditions for entering the market
Costs of regulatory compliance
Administrative load imposed on plants/businesses
Impact on property rights
Innovation and research
Consumers and households
Impacts on the quality and availability of goods and services
Impacts on prices for consumers as a result of costs incurred by companies
Consumer information and protection
Impacts on some sectors or regions
Impacts on employment
Macroeconomics
Economic growth
Inflation
Conditions for investments

Social Impacts

Employment and labour market
Labour safety and health protection at work
Health protection
Social inclusion and exclusion of some groups
Equal treatment and discrimination
Harmonization of family and working life
Overall social conditions of individuals and families
Protection of personal data
Participation in decision-making of public administration officials
Access to information
Security of citizens, crime rate, terrorism

Environmental Impacts

Quality of air
Quality of water
Quality of soil and confiscation
Renewable sources
Waste production and waste disposal

Modes of energy use

Probability of emergence of natural disasters or other environmental risks

Impacts should not be aggregated in the summary. Negative and positive impacts should be given within a mutual context one next to the other, and should also be differentiated in terms of time (single and recurring).

Net impact may be evaluated in some cases according to the impact area, and assessment of the overall net impact¹⁸ of each policy option may eventually be given. In such a case, you must be cautious to avoid misinterpretation. Author of RIA must see to it to prevent creating the impression that impacts are zero or low if, in actual fact, major positive and negative impacts of the same type have fully cancelled one another out.

It is most appropriate to prepare a table when the individual options are evaluated according to economic, social and environmental impacts.

5. IMPLEMENTATION, ENFORCEMENT, REVIEW

This part is elaborated in case of Small RIA solely for a selected option. In case of Big RIA, it is used as a part of impact assessment of each of the options under scrutiny.

5.1. Implementation

Methods of implementation of the selected option or of all the options under consideration must be described. It is particularly vital to do the following:

- identify a public administration authority responsible for the implementation of the regulation,
- state activities the regulated subjects will be obliged to perform as a result of implementation of the regulation, such as the obligation to provide additional information, fill in forms etc.,
- give a list of all the public administration authorities that will play a role in implementation and enforcement of the regulation (including necessary resources),
- describe what kind of information will be needed for the administration of the chosen solution and whether some of the authorities already have that information at their disposal – eventually proposals to optimize acquisition of such information (adding a “column“ into the existing forms, request for information from a different public administration authority etc.) It should be always established whether it is possible to use information and communication technologies (ICT) to obtain and handle such information,
- set the modes of providing advice on the part of the state for regulated subjects.
 - When drafting a proposal for implementation of the individual options, you should always try to minimize administrative burden for the concerned subjects stemming from the necessity of fulfilling the proposed obligations. *Example:* Do

¹⁸ Net impact is calculated as benefit minus cost.

not require information that is known to be available to another public administration subject.

Costs of implementation must be calculated in all the cases and the method of identifying them must be outlined.

5.2. Enforcement

On most occasions, regulation sets itself the task of laying down the rules or changing - in a certain way - the behaviour of citizens, businesses, etc. However, it is quite evident that not all the people are going to comply with regulation voluntarily. That is why it is necessary to set up processes that will help in enforcing the given regulation, complete with sanctions for non-compliance. These procedures and sanctions must proceed from law and must be clearly and comprehensibly defined.

The following should be contained in this particular part of drafts of new legal regulations:

- description of mechanisms to ensure compliance with the pertinent legal regulation on the part of regulated subjects (including prosecution, fines, corrective measures, licensing, registration or other approvals issued by the relevant public administration authorities etc.),
- description of tools to be used to detect violations of the rules laid down by the given legal regulation (e.g. inspection and monitoring mechanisms),
- description of punishment to be imposed for the violations of the rules laid down by the given legal regulation (fines, prison term etc.).

In case of drafts of existing legal regulations, it is enough to describe eventual changes that will occur in the field of enforcement of the existing legal regulations after their adjustments are approved.

It is always crucial to calculate public administration costs associated with enforcement and ensure sources of funding.

5.3. Review of Regulatory Efficiency

No legal regulation - not even the best prepared one - is perfect. At the same time, the market conditions tend to change ever more quickly, technologies are fast developing etc. Due to these reasons, legal regulations should be reviewed after a period of time, namely in terms of their validity and attainment of their given goals. It is vital to set a deadline when the relevant regulation should come into force, a deadline by which the legal regulation should be reviewed from the following aspects.

- Does the problem for the solution of which the given legal regulation has been created still persist?
- Does the legal regulation meet the defined goals?

- Have the anticipated impacts been met? Have there been any unexpected problems and impacts?
- Is it still necessary to keep solving the given problem? Is the problem still being solved adequately? Does the existing experience imply any possibility of improving the manner of solving the problem?

Such an evaluation of the effectiveness of a legal regulation must always be performed in conjunction with the stakeholders. The outcome of this review then may constitute - if it shows non-compliance with the defined goals - draft for an adjustment or repeal of the legal regulation concerned. RIA is once again performed in case of a subsequent adjustment of a legal regulation or motion for its repeal.

An extreme case may be the decision to fix the date for the end of the effectiveness of the given legislation (e.g. a law loses its effectiveness five years after coming into force)¹⁹.

6. STIPULATION OF THE SEQUENCE OF OPTIONS

An impact assessment output should be determination of the most suitable option for problem solution. Nevertheless, in case of large-scale impacts, it is possible to submit RIA final report as a separate document to the Government, which will decide about the most suitable solution. In such cases, it will be possible and, indeed, desirable to set the actual order of individual options according to different criteria and according to a different sequence based on different selection criteria.

As a major aid of the decision-making process, the results and considered options in all the cases should be presented in a transparent and comprehensive manner to serve as background materials for political decisions on the adoption of a draft legal regulation or its rejection.

When preparing evaluation of individual options, use a table that will also form part of RIA final report. Here is an example of a simple table:

Options	Costs/ Benefits	Impacts				Total	Sum Costs and Benefits
		Social	Economic	Environmental	Implementation		
Option A	Costs						
	Benefits						
Option B	Costs						
	Benefits						
Option n	Costs						

¹⁹ So-called “*sunsetting*” principle

Benefits

A well-arranged method of analyzing costs and benefits makes it possible to seek a compromise solution among the concerned subjects and/or impacts on the social, economic and environmental sectors.

The most suitable solution must be approved under the principle of sustainable development, i.e. no sphere - economic, social, environmental - must be given preference to the detriment of another one.

Example: A typical example is support for the business environment and economic growth as opposed to the adverse effects on the environment. Options that prioritize only the business sector, thus causing irreversible damage to the environment, and - on the other hand - consistent environmental protection that hampers business, slowing down economic growth, quite definitely do not figure among the most suitable solution options. It is always vital to balance out the individual spheres, without giving preference to either of them.

7. CONTACTS AND RIA APPROVAL STATEMENT

Contact data must be provided on the person who has prepared impact assessment. The following information shall be given:

- Name and surname
- Division where the person works
- Telephone, e-mail

8. RIA FINAL REPORT

Key output of the whole process is the final report, its ultimate purpose being evaluation of the performed RIA in a concise and comprehensible fashion. The length of the final report and its detailed character depends on the complexity of the problem in hand, on the profound nature of the analyses performed, on the quantity and breadth of consultations conducted etc. The structure of the report is identical with the content of Small and Big RIA, as given in **Part I - Procedural Rules**, Chapters 4 and 5. A template of the final report on Small / Big RIA is given in **Annex No. 3**.

RIA final report is a mandatory part of the relevant draft legal regulation. It is incorporated into the explanatory report or justification. The final report must make it abundantly clear that both Small or Big RIA have been performed.

9. III. ANNEXES

1. ALTERNATIVE FORMS OF PROBLEM SOLUTION

Alternatives to Regulation

Type	Examples
Taxes	Tobacco products taxes
Supports, subsidies	Investment incentives
Information campaigns	Information campaign on road safety
Emission permits	Trading in carbon dioxide emission permits

Alternative Forms of Regulation

Self-regulation – checking activities by self-governing organizations without any intervention of the public administration sector.	Council for Advertising
Joint regulation – regulation of activities by means of common procedures conducted by self-governing organizations and public administration authorities.	Regulation by the performance of the Bar
Performance-based regulation – regulator lays down regulatory aims, leaving the regulated subject to set the actual course how to attain such goals.	Regulations imposing emission limits for car manufacturers, but leaving it up to the producers how best to meet the limits.

Possibilities of Alternative Solution within the Regulatory Framework

The state decides on the need to regulate, merely formulating an objective to be achieved and introducing appropriate measures, while leaving several alternatives how to implement the measure concerned.	EU Framework Directive
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2. METHODS FOR COMPARING IMPACTS

Costs and Benefits Analysis

This method is aimed at determining and evaluating anticipated economic, environmental and social benefits and costs of the proposed solutions. A draft solution may be approved only when positive net yields are anticipated.

Advantages

- Takes into account all (negative as well as positive) impacts of the proposed options
- Facilitates comparison of the time distribution of costs with the time distribution of benefits
- May also be used to establish a sequence (hierarchy) of alternative proposals (including non-regulatory ones) in terms of net yields (or losses)

Disadvantages

- Cannot be used to evaluate impacts for which no quantitative or monetary data are available
- Problems in fixing discount rate
- Is usually more expensive and more time-consuming than other, less comprehensive methods
- Can lead to neglect of the matters of distribution effects

Cost Effectiveness Analysis

This method is aimed at calculating costs necessary for the attainment of desirable results, and allows for a comparison of the costs of different options. Constitutes an alternative to costs and benefits analysis in cases where it is difficult to evaluate benefits in financial terms. Analysis of cost-effectiveness of the expended costs offers the possibility of identifying the sequence of regulatory options on the strength of criteria of the “unit cost effectiveness“ of each measure.

Advantages

- Offers a freer access to the evaluation of benefits than the analysis of the costs and benefits ratio
- A useful instrument for comparing alternatives that are expected to yield more or less the same result.

Disadvantages

- Does not resolve the problem of selecting optimum level of benefits
- Focuses on a single type of benefit (intended impact of a draft solution), ruling out potential side effects
- Does not offer any guideline for ascertaining whether proposal is likely to bring net benefits to society

Multicriterial Analysis

This particular name refers to a wide-ranging scale of techniques whose common goal is to concentrate a number of positive and negative impacts within one framework, which is to facilitate an easier comparison of the individual scenarios and decision-making. This method may prove to be useful if there exists a large number of different impacts, and this information assumes different forms. Makes it possible to present impacts that constitute a link connecting qualitative, quantitative and pecuniary indicators and different rates of certainty.

Key steps of this method are as follows:

- policy goal determination
- determination of options for the attainment of a given objective
- determination of criteria to be used for comparing options (these criteria must be measurable, at least in qualitative terms)
- “points“ evaluation to ascertain to what extent each option meets the given criteria
- attribution of weights to each criteria for the purpose of spelling out the relative importance of the specific criterion for a given decision, while applying, for instance, participatory techniques, ethical principles, technical starting points or interactive procedures in conjunction with the authors of the draft
- fixing the sequence of options based on a combination of appropriate weights and the “points“ evaluation

Advantages

- Respects the diversity of sustainable development
- Facilitates comparison of different types of data (in pecuniary, quantitative, qualitative terms) and their analysis within the same framework with a varying rate of certainty
- Offers transparent presentation of key issues under scrutiny, and facilitates a clear-cut definition of compromise solutions; unlike other methods, such as costs and benefits analysis, it does not allow for implicit allocation of weights
- Makes it possible to lay accent on issues of distribution and questions of compromise solutions

Disadvantages

- Contains subjectivist elements, particularly in the phase of determining scales in which the analyst has to ascribe a specific relative meaning
- In view of the connection of different types of data, it does not always make it possible to prove whether benefits outweigh costs
- Need not always reflect time preferences

Risk Analysis

As part of the procedures for evaluating risks, the risk of the emergence of an undesirable event and its potential repercussions for the individual and society, should such an event really occur, are also assessed. Risk evaluation may later be used for the specification of options available for reducing or eliminating that particular risk and/or its consequences.

In order to perform a risk analysis you need:

- to identify the risk
- to evaluate the likelihood of its emergence
- to assess potential impact on the proposed solution, if a specific risk does occur

Advantages

- Scientific evaluation of risks makes a decisive contribution to regulatory decisions, especially in the field of public health and security, environmental protection, use of resources, creation of wealth, innovation and national security, while signalling whether a specific policy is likely to rationalize the process of limiting risks in a significant manner.

Disadvantages

- Impacts of risks may be different and need not be mutually proportionate (i.e. need not be projected into a single draft)
- Usually does not estimate costs that are likely to arise, if an undesirable event occurs
- Does not take into account negative and positive impacts, save for the risks associated with proposed measures for the solution of risks and/or their consequences
- This method should not be employed as the only starting point when deciding whether to accept a specific measure or when determining the type of measure to be adopted.

Sensitivity Analysis

Sensitivity analysis studies eventual changes of the results and impacts of a specific procedure in response to changes of the key parameters and their interaction. It may happen that just one specific factor or a combination of factors has decisive importance for the decision whether a certain option is worth implementing or not. In such cases, it is useful to perform a sensitivity analysis that establishes to what extent the value of this factor would have to drop (if benefits are involved) or rise (in case of costs) for the given option to stop being worth implementing.

If you want to perform sensitivity analysis you have to:

- focus on the most important alternatives
- look for a change in value

Advantages

- It is often the best way of analyzing uncertainty aspects
- Method to check the stability of the results obtained by other methods

3. TEMPLATES

SMALL RIA

1. Reason for Submission

- Title
- Identification of the problem in question, goals to be attained, risks posed by inactivity

2 . Draft Solution Options

- Draft of possible solutions, including the “zero“ option
- Stakeholders

3 . Evaluation of Costs and Benefits

- Identification of costs and benefits of all the options
- Consultations

4. Draft Solution

- Evaluation of options and selection of the most suitable solution
 - Implementation and enforcement
 - Review of efficiency
 - Contacts and impact assessment approval statement
 - Person who has elaborated RIA final report.
- Name and surname
 - Division where the person works
 - Telephone, e-mail

BIG RIA

1. Reason for Submission

- Title
- Problem description

2. Draft Solution Options

- Draft of possible solution options
- Subjects concerned

3. Costs and Benefits Assessment

- Evaluation of the impact of individual options
- Consultations
- Implementation and enforcement of each option

4. Draft Solution

- Evaluation of options and selection of the most suitable solution
 - Review of efficiency
 - Contacts and impact assessment approval statement
 - Person who has elaborated RIA final report.
- Name and surname
 - Division where the person works
 - Telephone, e-mail