

Impact analysis during the harmonisation process with the EU and effects on Lithuanian economy

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Regulatory impact assessment

- IA encompasses a range of methods aimed at systematically assessing the negative and the positive impact of proposed and existing measures (OECD, 1995)
- RIA is a clearly defined system for assessing the costs and benefits to the economy overall, and to particular sectors or components of it, resulting from a change in government-authorized regulation. It is a way of gathering and organising information about the expected impacts of a law or regulation and its major feasible alternatives (European Committee under the Government of Lithuania 2000).
- RIA is a stage in the decision making process during which information is being gathered and analysed, on that basis possible positive and/or negative shortterm and/or longterm impact of the decision is being assessed. (Regulatory Impact assessment guidelines, The Government of Lithuania, 2003)

The benefits of the RIA:

- Economic:
- Saving resources (time and money) of regulated (companies, consumers) and the budget by improving policies and reducing the need for later modifications after unexpected consequences
- Political:
- Transfer of information between the decision makers and regulated;
- Higher credibility of democratic institutions;
- Improved coordination of public administration;
- Implementation of other public policy goals (EU accession)

The limitations of the RIA:

- It can inform policy makers but it does not replace the political motive (political limitations);
- The quality of its results is limited due to the limits on information available and impossibility to quantify all the impacts (methodological limitations);
- To be beneficial, it should be undertaken properly with the right combination of incentives and resources (circumstantial or procedural limitations).

RIA is more than a specific method:

- It is not just a specific analytical tool (cost benefit analysis or quantification of benefits and costs of particular mandatory norm);
- RIA is a part of decision-making process aimed at improving the quality of regulatory public policy

The starting point of introducing the RIA in Central and Eastern European countries (CEECs):

- In 1990s, most CEECs had legal provisions in some form or the other concerning the need to conduct the assessments of the impact of the draft legal norms;
- However, due to a number of factors (lack of willingness and capacity) there was practically no consistent RIA undertaken;
- The main focus was (and remains) on budgetary implications of new regulations;
- Accession into the EU created incentives to formulate more consistent RIA policy.

The factors facilitating the use of the RIA for the EU related norms in Lithuania:

- The needs of negotiations with the EU – “to form well grounded negotiating positions” (1999- 2002);
The search of a role by the co-ordinatory institution (European Committee under the Government of Lithuania);
- The presence of scholars in the positions of authority motivated to improve the quality of integration related decision-making;
- The presence of capacity improving resources (Phare support, external advice by the local and foreign experts)
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- Improve policy?

The use of RIA in Lithuania:

- Instrumental in the negotiations with the EU (important for receiving some transition periods on the most costly regulatory norms);
- Informing the society and companies about the effects of adopting EU norms (and EU membership in general; problem oriented nature of RIA and public opinion);
- Some improvement in the quality of public administration – since 2003 the basic RIA must be undertaken for every draft Government resolution.

The process of introducing the RIA for EU-accession related norms:

- The preparation of the methodology – practical need of policy makers, rather than scientific advances, methodology broadly applicable, selective focus (European Committee 1999, 2000);
- Conduct of the pilot case studies;
- First broad “shallow” impact assessment of all EU norms to be implemented to identify the needs for “deep” RIA studies;
- The conduct of the case studies;
- The training of public administration employees;
- The promotion of extending the use of RIA to all the draft resolutions across the government. (in 2003 basic regulatory impact assessment to all government drafts)

RIA during negotiations

- Acquis and nothing but acquis; essential for transitional periods.
- Conduct of the pilot case studies – Low Voltage Directive (73/23/EEC), EU directive 89/655/EEC on safety at work, EU directives 91/356/EEC and 91/412/EEC on pharmaceutical production;
- First broad “shallow” impact assessment of all EU norms to be implemented to identify the needs for “deep” RIA studies;(suggestions by negotiating groups on legal acts of significance)
- The conduct of the case studies (in 2001-2002 – 23 deep RIAs);
- 47 RIAs in total during 2001-2004
 - discrepancies in quality
 - different application.
- Successful application during negotiations depended on:
 - RIA quality
 - Significance of the problem;
 - Cooperation with the negotiating team and relevant institutions during RIA
 - Timely RIA.

The current state using RIA in Lithuania – the formal side:

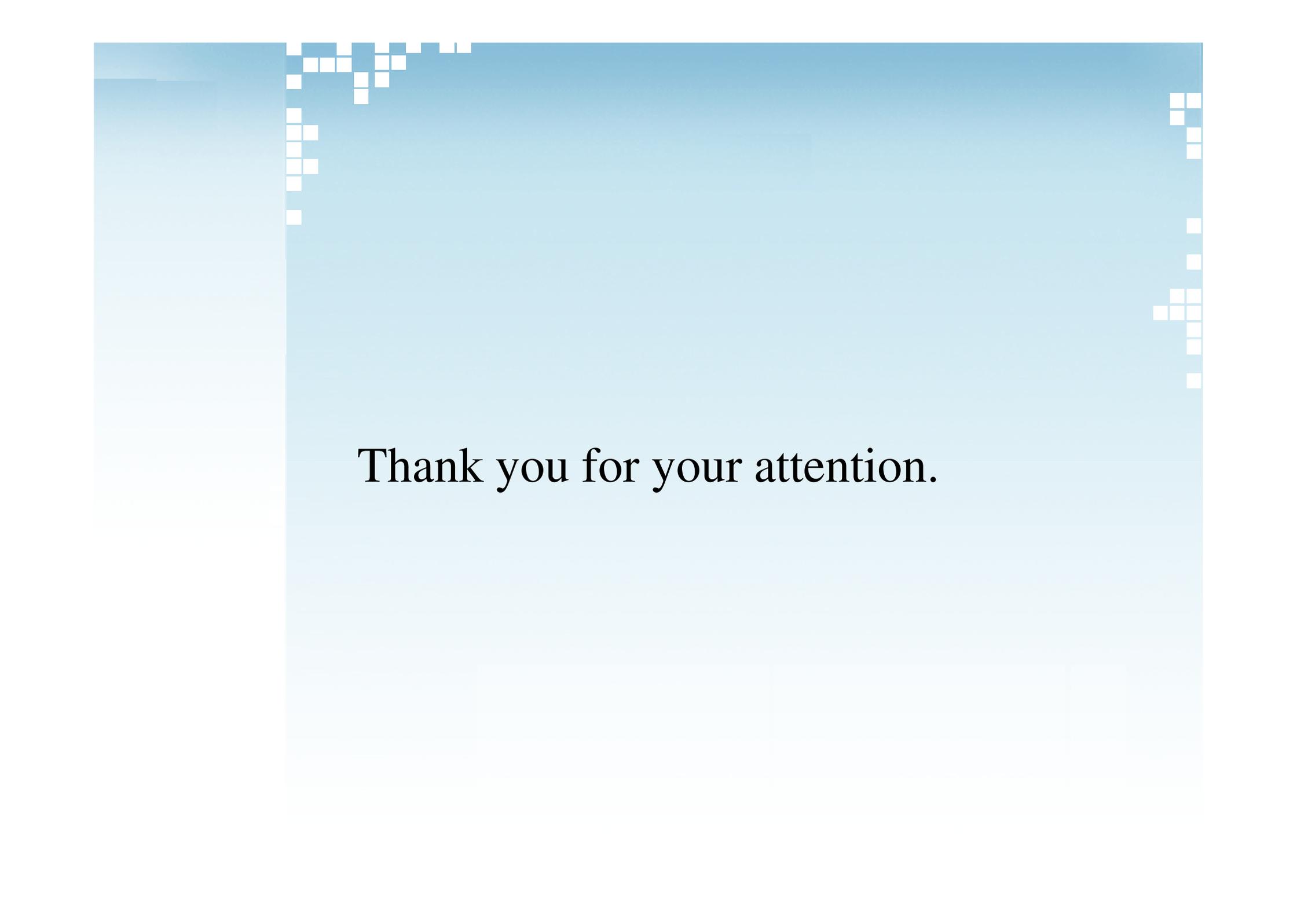
- According to law, the basic RIA has to be applied to all draft Government resolutions, and be part of explanatory note, while the extensive RIA has to be undertaken for the decisions with significant impact;
- The Resolution establishing the principles and rules of RIA also provides the methodology (questions) and the form to be used;
- The responsibility for the RIA is located with the drafting institution while the Government Chancellery has to do quality control;
- The Resolution refers to the need for training of the methodology of doing RIA;
- The Statute of the Parliament also foresees the obligation to evaluate the impact of draft laws, although without providing any guidelines.

The current state using RIA in Lithuania – the practice:

- The quality of RIA is low and it is extremely rarely used as an argument in public debates;
- [Better regulation initiative in Lithuania 2006– Governmental draft assessed by the ministry of Economics – “Impact on business environment - Negative impact – NO, positive impact – NO]
- The main principles of doing RIA such as consultation or proportionality are not consistently followed (the commissioning of external extensive RIA depends often on funds available);
 - The evaluations do not include the effects of draft law on competition;
 - The evaluations do not properly consider all the alternative options and their impacts;
 - RIA is not applied to the Parliamentary draft laws.

But the extension of using the RIA across the government has been slow due to the:

- Past legacies (focus on legislating rather than solving problems) and the general slowness of public administration reforms;
- Lack of capacities and incentives (lack of institutional co-ordinatory leader and an institution motivated to represent the interests of regulated);
- The overload of agenda, partly due to the EU accession;
- Lack of the resources (money, time) to motivate public administration employees.



Thank you for your attention.