



LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

REGULATORY IMPACT ASSESSMENT

(RIA) GUIDELINES

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2016



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LIST OF DEFINITIONS

Administrative Costs	Additional time and costs that government incurs from administering and enforcing the legislation
Budgetary Impact	Impact on the government budget from implementing the legislation, and in particular on the revenues and expenditures of the budget
Community	Citizens, community organisations, villages and other individuals or entities that are not business or government entities
Competition Impacts	Impacts which affect the number of firms in a market, intensity of competition, restriction on choice of products or inputs for buyers and sellers, and entry and exit barriers to an industry
Compliance Costs	Additional time and costs that individuals and businesses incur to comply with the requirements of the legislation
CBA	Cost Benefit Analysis
Decision	Decision on the Impact Assessment of Draft Legislation No. 517/MOJ, dated 7 July 2014
Drafting Authority	Authority responsible for making new and amending legislation
Explanatory Note	A report on the study of law making as defined in Article 38 of the Law on Making Legislation
Impact Assessment (IA)	The study, analysis and interpretation of the likely regulatory and budgetary impacts when making or amending legislation, by using the Impact Assessment (IA) Note for the draft legislation
IA Note	The report on the findings from the assessment of the regulatory impacts and budgetary impacts that may occur from making and amending legislation
Guidelines	RIA Guidelines
Law	Law on Making Legislation No. 19/NA, dated 12 July 2012
Legal Unit	The unit, division or department in the drafting authority designated with the responsibility for assisting the drafting committee in drafting and disseminating the legislation
Regulatory Impact	The likely impact of draft legislation on the economy, competition, the environment, society, employment, health and safety on all concerned sectors, including government, business and community
Reviewing Authority	Authority responsible for reviewing draft legislation made by drafting authority before consideration by approval authorities
RIA	Regulatory impact assessment

RIA Centre	The Centre for Regulatory Impact Assessment for Draft Legislation located in the Legislation Department, Ministry of Justice
SCM	Standard Cost Model
SME	Small and Medium Sized Enterprise

1. PURPOSE OF THE RIA GUIDELINES

The RIA Guidelines (Guidelines) provide guidance to authorities making and amending legislation to:

- meet the requirements for impact assessment under the Law on Making Legislation and the MOJ Minister Decision on the Impact Assessment of Draft Legislation; and
- produce better legislation in accordance with best practice principles.

The Guidelines support the Lao PDR National Socio-Economic Development Plans and the aim of the Legal Sector Master Plan to establish a rule of law state by 2020.

The Guidelines are of general application, and authorities should also consider sector and regional specific requirements when making and amending legislation.

2. THE IMPORTANCE OF RIA TO LAO PDR

2.1 Why is RIA Important?

RIA is a system and methodology to help decision-makers assess the impact of legislation, particularly on the private sector and small and medium enterprises (SMEs).

RIA is in line with international best practise and adopted by several ASEAN countries. Good legislation is fundamental to a well functioning economy and society. It protects the community, business and environment.

In making and amending legislation, RIA requires better consideration of the purpose, options, and impacts including benefits and costs of the legislation. This prevents unintended consequences and unnecessary costs on community, business and government.

RIA helps put in place an effective and efficient legislative environment that supports the economic and social development of Lao PDR.

2.2 What is RIA?

The RIA System is a:

1. Process that provides guidance on how to develop legislation in accordance with the following best practice principles:
 - Clear understanding and identification of the problem Government is seeking to address
 - Examine the positive and negative impacts of a range of different policy options to address the problem, including legislative and non-legislative options
 - Adopt the option that provides the greatest net benefit to Lao PDR
 - Ensure that the legislation does not restrict competition unless the benefits from the restriction outweigh the costs or there is no other way to achieve the policy objectives

- Provide support to businesses in complying with the requirements set out in the draft legislation
 - Review the legislation regularly to ensure it remains relevant and effective over time
 - Consult in a meaningful and effective way with affected stakeholders during the development of the draft legislation
 - Ensure that the draft legislation is proportionate and effective to the significance of the problem being addressed
 - Ensure the transparency, accountability and effective coordination with concerned organisations in order to obtain public comments
2. Set of documents that record the results of the process for review by decision-makers.

RIA System provides better information to decision-makers (Ministers, Cabinet, National Assembly) about:

- Whether the draft legislation was developed in accordance with best practice principles
- What options were considered
- Who was consulted (in business, community and government)
- What the impacts are (on business, community and government)
- Whether Laos can afford this (cost-benefit).

With better information, decision makers can make informed decisions about legislation that builds a more efficient legislative environment for Laos that:

- Minimises unnecessary and excessive red tape for business, community and government
- Fosters industry development and more robust competition
- Provides confidence to the international and Lao investors to invest in the economic and social reform of Laos.

This facilitates the economic and social reform of Laos and improves the welfare of the Lao people.

3. THE RIA SYSTEM IN LAO PDR

3.1 Law on Making Legislation

The Law on Making Legislation sets out principles, regulations and procedures for the making and amending of legislation in Lao PDR. The Law requires an assessment of the regulatory and budgetary impacts of the draft legislation, which is to be reported in an Impact Assessment Note (IA Note).

The draft legislation, IA Note and Explanatory Note are submitted for consideration and comment to relevant reviewing authorities, in public consultation workshops, and publication on the Official Gazette website (or drafting authority's own website) for at least 60 days.

After consultation and finalisation of the draft legislation, IA Note and Explanatory Note, the documents are submitted to the reviewing authorities before approval by decision-makers. Generally, the reviewing authorities will only accept the draft legislation for consideration when accompanied by the IA Note and Explanatory Note.

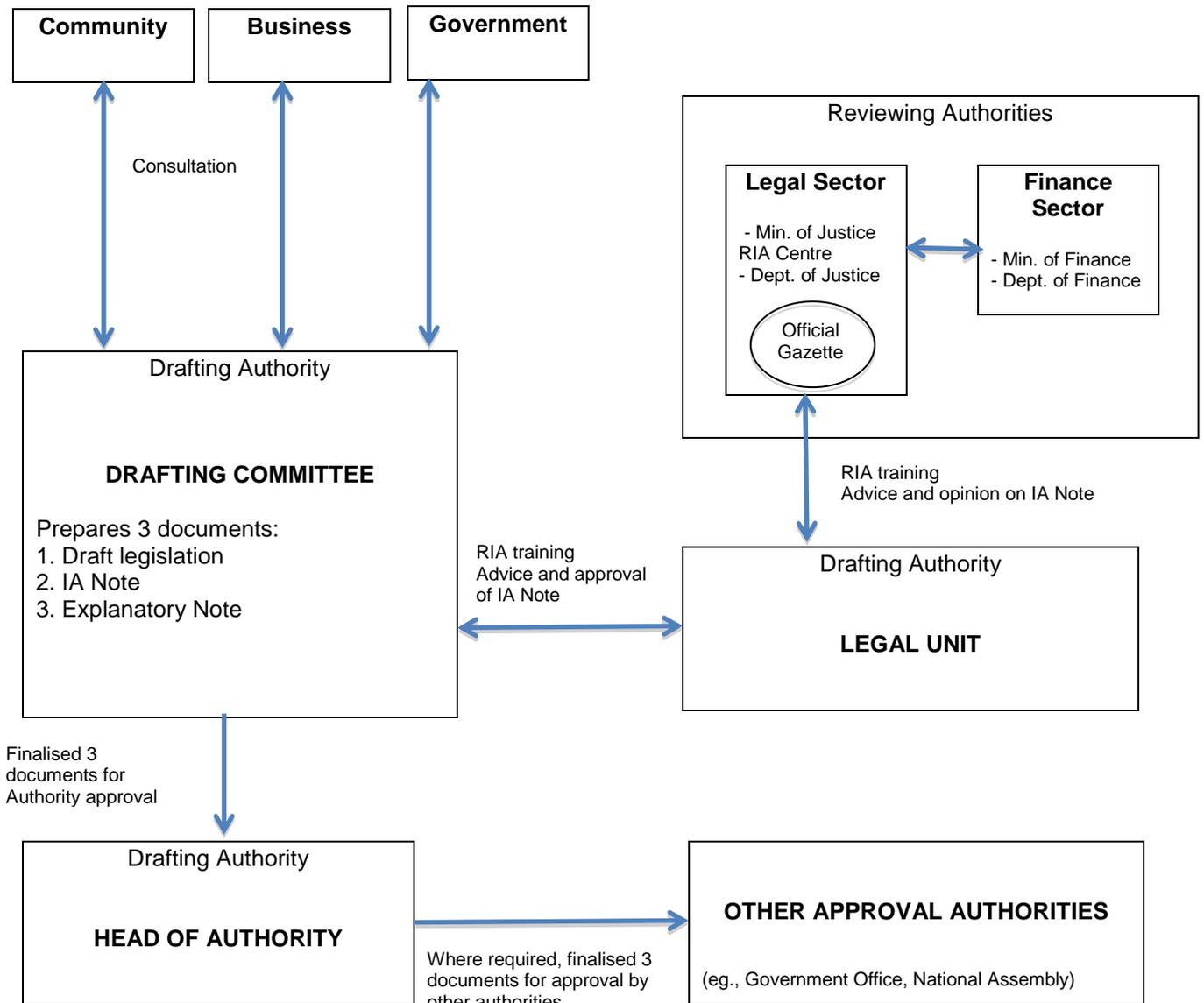
3.2 MOJ Minister Decision on the Impact Assessment of Draft Legislation

The Minister of Justice Decision on the Impact Assessment of Draft Legislation defines the principles, regulations and procedures for authorities responsible for making and amending legislation to undertake impact assessment on draft legislation to ensure a consistent quality of legislation.

The purpose of the decision is to ensure a consistent quality in the development of draft legislation through detailed, systematic and transparent analysis, and that draft legislation achieves objectives and avoids unintended consequences.

The Decision establishes the Centre for Regulatory Impact Assessment for Draft Legislation (RIA Centre) in the Legislation Department, Ministry of Justice.

3.3 Elements of the Impact Assessment System



3.4 Roles and Responsibilities of Authorities

Drafting Authority
(at national and local levels)

Drafting Committee

Prepares the draft legislation, Explanatory Note and IA Note (documents) for review and approval by relevant reviewing and approval authorities.

Legal Unit

- Supports drafting committee with RIA training and advice on completion of IA Note (and other documents)
- Liaises with reviewing and approval authorities on completion and submission of IA Note (and other documents) on behalf of drafting committee
- Publishes draft documents including IA Note for public consultation, and then approved documents on Official Gazette or drafting authority website.

Head of Authority

Approves the IA Note (and other documents) for final review and opinion by reviewing authorities, before approval of documents by relevant approval authorities.

Reviewing Authorities

At national level

Ministry of Justice (MOJ) Legislation Department

- Liaises with a ministry legal unit on review of documents (including IA Note) prepared by a ministry drafting committee
- Provides advice / opinion to RIA Centre on IA Note
- Reviews other documents and provides advice/opinion on IA Note to ministry legal unit/drafting committee
- Certifies documents for forwarding to other relevant approval authorities.

MOJ RIA Centre

- Provides RIA training to ministry legal units of drafting authorities and departments at national and local level
- Seeks advice, opinion on budgetary impacts in draft legislation and IA Note from the Ministry of Finance Fiscal Policy Department
- Provides support to Legislation Department in assessing IA Note and coordinating with ministry legal unit/drafting committee
- Prepares opinion on IA Note for approval of the Minister of Justice, then provides opinion to ministry legal unit.

MOJ Official Gazette Unit

Where requested by drafting authority, publishes draft legislation including IA Note for public consultation, and then approved documents on Official Gazette website.

Ministry of Finance Fiscal Policy Department

Provides advice, opinion on budgetary impacts (related to state budget) in IA Note to MOJRIA Centre or ministries (drafting committee).

At local level

Department of Justice

- Provides RIA training to department legal units of drafting authorities
- Liaises with department legal unit on review of documents (including IA Note) prepared by a department drafting committee
- Seeks advice, opinion on budgetary impacts in IA Note and draft legislation from the Department of Finance
- Provides advice on IA Note (and other documents) to department legal unit of drafting authority for forwarding to drafting committee
- Certifies documents for forwarding to relevant approval authorities.

Department of Finance

Provides advice, opinion on budgetary impacts set out in the IA Note and draft legislation to Department of Justice.

4. PROCESS IN COMPLETING AN IMPACT ASSESSMENT (IA) NOTE

4.1 Overview of IA Note Process

Key Steps	Section Reference	
	RIA Guidelines	IA Note Template
<pre> graph TD A[Identify Problem] --> B[Establish Objectives] B --> C[Identify and Analyse 3 Options] C --> D{Is Legislation Required?} D -- NO --> E[No further completion of IA Note] D -- YES --> F{Is the Legislation in Scope?} F -- NO --> E F -- YES --> G[Complete IA Note] G --> H[Complete Explanatory Note] </pre> <p>The flowchart illustrates the process of completing an IA Note. It begins with 'Identify Problem', followed by 'Establish Objectives', and 'Identify and Analyse 3 Options'. A decision diamond asks 'Is Legislation Required?'. If 'NO', the process ends at 'No further completion of IA Note'. If 'YES', another decision diamond asks 'Is the Legislation in Scope?'. If 'NO', it also ends at 'No further completion of IA Note'. If 'YES', the process continues to 'Complete IA Note', and finally 'Complete Explanatory Note'.</p>	5.2	2.1
	5.2	2.2
	5.3	3
	4.2.1	3.4.1
	4.2.2	3.4.1
	5	3.4.2 – 3.4.5, 4 and 5
	6	

4.2 Key Decisions in IA Note Process

4.2.1 Is Legislation Required?

Whether legislation is required or not can only be determined after completing sections 2 (Problem and Objectives) and 3 (Research and Preferred Option) of the IA Note.

Options examined include the status quo (current situation) and non-legislative and legislative solutions. See section 5.3.1 of Guidelines for examples of these options. If the preference is to maintain the status quo or implement a non-legislative solution, then no legislation is required.

If no legislation is required, no further completion of the IA Note is required.

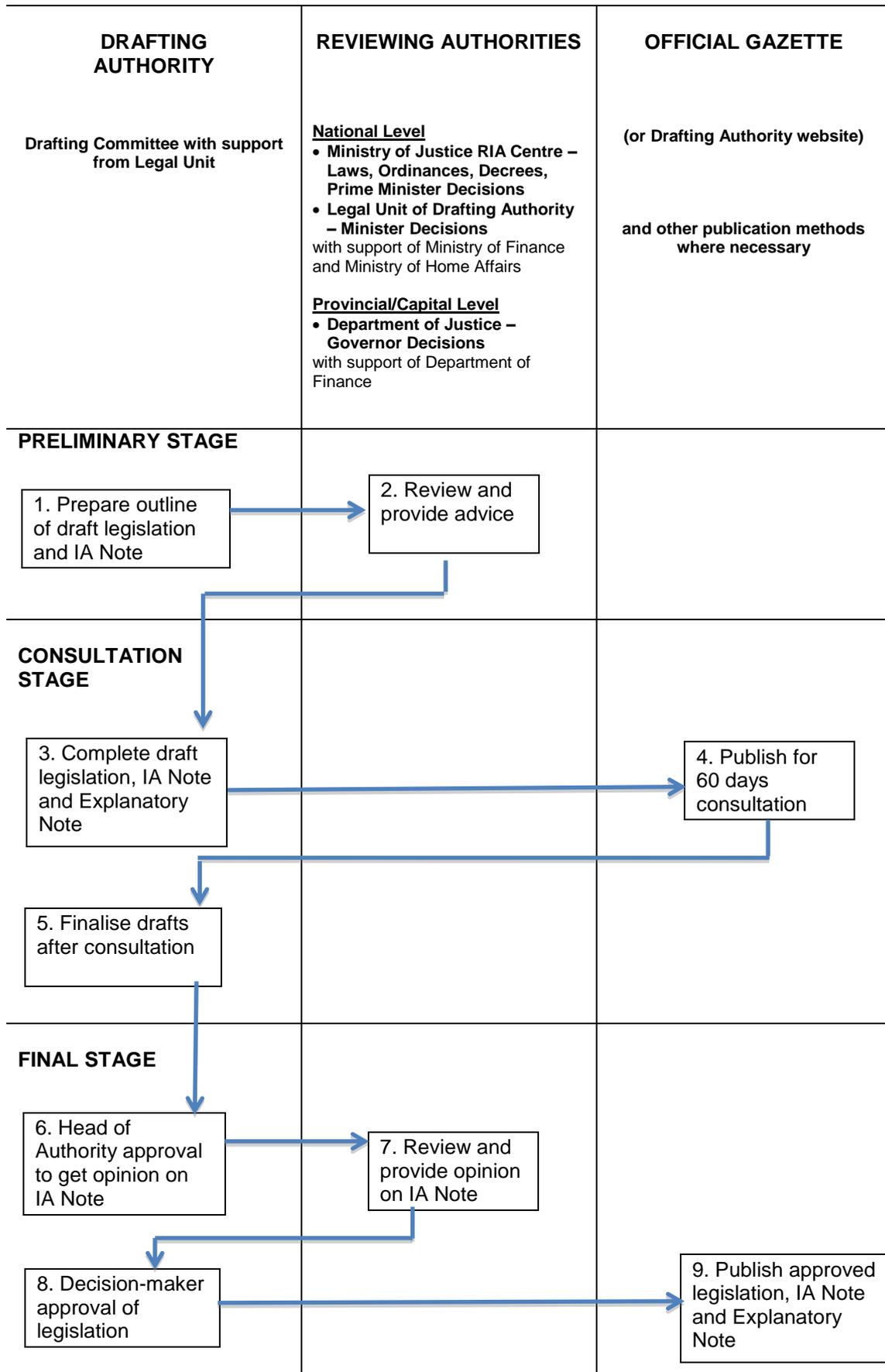
4.2.2 Is Legislation in Scope?

The Law on Making Legislation and MOJ Minister Decision on the Impact Assessment of Draft Legislation require that an IA Note be prepared for certain types of draft legislation – see table below.

The types of draft legislation requiring an IA Note are in scope for completion under the IA process.

Type of Draft Legislation	IA Note Required?
Draft Laws	✓
Draft Presidential Ordinances	✓
Draft Government decrees, <u>except</u> draft government decrees for implementing a resolution of the National Assembly, resolution of the Standing Committee of the National Assembly, national social-economic development plan, and decrees on establishing and activities of a ministry and a ministry-equivalent organisation	✓
Draft Decisions of the Prime Minister, Ministers, Head of Ministry-equivalent organisations, governors of provinces, and governor of Vientiane capital	✓
Resolutions	X
Other government decrees i.e. to implement a resolution of the National Assembly, resolution of the Standing Committee of the National Assembly, social-economic development plan or strategic plan	X
Orders	X
Decisions of district and municipality chiefs	X
Instructions	X
Village regulations	X

4.3 Stages and Steps in Completing an IA Note



PRELIMINARY STAGE	
Step	Key Considerations
1. Prepare outline of draft legislation and IA Note	Complete draft of IA Note based on initial thinking of what the draft legislation will involve, and submit to reviewing authority.
2. Review and provide advice	Advice on completion of the IA Note including level of analysis and stakeholder consultation required based on expected impact of the draft legislation.

CONSULTATION STAGE	
Step	Key Considerations
3. Complete draft legislation, IA Note and Explanatory Note	Complete draft documents based on advice from reviewing authorities. Ensure documents are clear, concise and easily understood by stakeholders.
4. Publish for 60 days consultation	Publish draft documents on Official Gazette (or drafting authority website), inform impacted stakeholders of publication, and conduct stakeholder workshops.
5. Finalise drafts after consultation	Finalise documents based on stakeholder feedback. To determine that the IA Note completed for review and approval is 'high quality', see Checklist for Drafting Team.

FINAL STAGE	
Step	Key Considerations
6. Head of Authority approval to get opinion on IA Note	Approve the IA Note be submitted for review and opinion on its 'quality'.
7. Review and provide opinion on IA Note	Provide opinion on 'quality' of IA Note.
8. Decision-maker approval of legislation	Approve draft legislation. To determine that the draft legislation has been developed in accordance with best practice principles, see Checklist for Decision-makers.
9. Publish approved legislation, IA Note and Explanatory Note	Publish approved documents on Official Gazette (or drafting authority website).

5. COMPLETING SECTIONS OF THE IA NOTE

5.1 Contact and Key Dates (Section 1)

5.1.1 Contact

Impacted stakeholders (in community, business and government) must know how to contact the drafting authority so that they can participate in consultation and the development process of the draft legislation, IA Note and Explanatory Note.

To support this objective, the contact person must have good knowledge of these documents, such as the Team Leader of the drafting committee.

5.1.2 Dates

Providing key dates for completion of the legislation increases the transparency of the legislative process. It informs impacted stakeholders about the scheduled development process of the draft legislation including consultation and approval.

Key dates include:

- Workshops/seminars (and where they will be located)
- Period of 60-day consultation
- Review by Ministry of Justice/Department of Justice
- Formal approvals, including where relevant, submission to Government Minister's meeting and the National Assembly Sitting Session

5.2 Problem and Objectives (Section 2)

5.2.1 Problem

It is critical to establish what the problem is, and the significance and risks that arise from the problem. For example, the problem may be related to:

- Public health and safety
- Environmental protection and conservation
- Economic and social development
- Free market competition and equitable allocation of resources
- Compliance and administrative costs
- Reliable information and statistics for policy and strategic development
- International agreements (e.g. ASEAN and World Trade Organisation).

In defining the problem, identify the issues that need addressing, causes, current effects, stakeholders affected and the risks and outcomes likely to result if no action is taken. The drafting committee should also identify any existing legislation related to the problem and why it is not addressing the problem.

5.2.2 Objectives

In defining the objective in taking government action, it is important that the objective/s is expressed in terms of what is to be achieved (outcomes and outputs) rather than how the objective is to be achieved. Any constraints on the objective should be identified.

The objective should also relate to the broader policy objectives of the Lao Government e.g. the Five-Year National Socio-Economic Development Plan or a specific sector's plan.

5.3 Research and Preferred Option (Section 3)

Research is fundamental to the development of effective legislation. It provides a better understanding of possible approaches to solve the problem and design the legislation (if legislation is deemed necessary). It allows a drafting committee to identify different possible options and consider their feasibility for Lao circumstances, and subsequently make more informed decisions.

5.3.1 Research - Options

In identifying possible options to achieve the policy objective, the drafting committee must identify and consider at least 3 options – maintaining the status quo, and non-legislative and legislative options.

Types of Possible Options	Examples	Typically Preferred When....
Status Quo	The current situation	The other options (non-legislative and legislative options) are expected to make the problem worse (and not achieve the objective) than the current situation.
Non-legislative options	Public awareness or education campaigns Industry codes of conduct	There is no strong community concern about the problem, or the problem is low risk with low impact - and is expected to produce a better result in achieving the objective than other options (status quo and legislative options).
Legislative options	Removing, amending or making laws, ordinances, decrees and decisions	The problem to be addressed is high risk with high impact (eg., major public health and safety issue) The community requires certainty in addressing the problem Both the problem to be addressed and the solution is common across different segments of the community.

Sources for identifying possible options are:

- Approaches to the problem taken in other countries
- Policy reports by private, government and international development organisations (eg., OECD, Asian Development Bank)

For each option, the drafting committee needs to:

- provide a brief description of key elements and requirements
- explain how the option would address the problem

- list the advantages and disadvantages in achieving the policy objective – refer section 5.4.1 and 5.4.2 of Guidelines for description of possible impacts that could be considered.

In assessing the different options, it is useful to consider any budget or time constraints in addressing the problem, and feedback and comments from relevant stakeholders.

Where it is likely that the objective can be achieved and the problem effectively solved by both legislative and non-legislative options, then the non-legislative option should be preferred to avoid unnecessarily adding to the stock of legislation.

5.3.2 Preferred Option

Reasons for Preference

Reasons need to be provided for why the legislative option is preferred over other options in achieving the policy objective. Example reasons are that it provides the greatest net benefit (benefits less costs) or is the most suitable given Lao circumstances.

The preference should be supported by initial feedback from impacted stakeholders (community, business, government). If not, reasons should be provided for preferring an option that is not supported by impacted stakeholders.

Legislation in Scope

The Law on Making Legislation and MOJ Minister Decision on the Impact Assessment of Draft Legislation require that an IA Note be prepared for certain types of draft legislation – see table in section 4.2.2 of the Guidelines.

For an amendment of legislation (that is in scope), the Law requires an assessment of the past implementation of that legislation.

Competition Impacts

To foster a productive and efficient economy, care should be taken when drafting legislation to ensure that impacts on competition are minimised. Legislation should not restrict competition unless it can be demonstrated that:

1. The benefits of the restriction to Laos as a whole outweigh the costs; or
2. The objectives of the legislation can only be achieved by restricting competition.

Legislation is likely to restrict competition if:

- It affects the structure of the industry/market (e.g. limits the number of firms in the industry, or creates barriers to firms entering or exiting the market)
- Businesses are restricted in their ability to choose the price, quality, range or location of their products
- Compared to existing players, new entrants will have higher ongoing costs to participate in the industry/market
- Innovation or the development of new products or services is negatively impacted.

International Obligations

All legislation of Lao PDR needs to ensure that it is not inconsistent with any international obligations. For legislation that is required to meet these commitments, the drafting committee should indicate the international obligation (e.g. World Trade Organisation (WTO), ASEAN Economic Community (AEC), Free Trade Agreements

(FTA) and whether the proposal complies with the obligation. Where the draft legislation does not comply with international obligations, the drafting committee needs to provide an explanation.

The drafting committee should contact relevant ministries if unsure about the requirements of international obligations. For international trade obligations, the Foreign Trade Policy Department, Ministry of Industry and Commerce should be contacted.

Related Legislation

It is essential that the draft legislation is consistent with existing legislation. The drafting committee should coordinate with their Legal Unit and any other relevant sources to list all related legislation and determine whether the draft legislation is consistent or not. If not, then an explanation is required.

Assessing consistency of the draft legislation with existing legislation provides multiple benefits:

- helps ensure that the draft legislation will not cause confusion for community, business and government, creating unnecessary costs and time delays;
- provides an opportunity to consider whether the existing legislation can be simplified, repealed or consolidated.

5.4 Expected Impacts and Consultation (Section 4)

5.4.1 Impacts

Types of Impacts

Often a wide variety of impacts result from legislation. Example types of impacts are listed in the following table.

Example Types of Impact	Example of Possible Impacts
Economic	Impacts on processes, wages, profits, employment, skill levels, production costs, productivity and economic growth
Competition	Impacts on the number of firms in a market, intensity of competition, restriction on choice of products or inputs for buyers and sellers, and entry and exit barriers to an industry
International Agreement	Impacts on Laos meeting its commitments and objectives under international agreements such as with the Association of South East Asian Nations and World Trade Organisation
Social	Impacts on public health and safety, access to social services, quality of life and housing affordability
Environment	Impacts on pollution levels, forest degradation, biodiversity, soil erosion, habitat or species loss, and climate change
Compliance	Impacts on the requirements and costs of individuals (in the community eg., consumers) and businesses to comply with the legislation
Administrative	Impacts on the requirements and costs of governments to administer and enforce the legislation

Examples of compliance and administrative costs caused by requirements in draft legislation are set out in the following table. Also refer attachment 2.

Example Compliance Costs (for individuals and businesses)	Example Administrative Costs (for governments)
Costs incurred with: <ul style="list-style-type: none"> • Reporting certain events • Obtaining permission to conduct an activity eg., license • Undertaking training • Record keeping • Purchasing specific materials • Participating in monitoring or enforcement activities such as audits • Following specific procedures or practices • Notifying the public or government 	Costs incurred with: <ul style="list-style-type: none"> • Additional staff and support costs (eg., to approve licenses, conduct audits) • New equipment and technologies • Requirements to amend systems and procedures • Undertaking training • Record keeping • Notifying the public or businesses

Impacts can affect stakeholder groups in different ways. Impacts of the draft legislation on each stakeholder group must be identified and assessed by the drafting committee.

Example positive and negative impacts from draft legislation on the different stakeholder groups are set out in the following table.

Stakeholder Group	Example Positive Impacts (Benefits)	Example Negative Impacts (Costs)
Community	<ul style="list-style-type: none"> • Raises skill levels and employment • Improves public health and safety • Increases economic growth and per capita income • Reduces licenses and costs of individuals to comply with requirements 	<ul style="list-style-type: none"> • Raises prices for those in community that can least afford it • Loss of important cultural or historical sites • Substantial environmental damage
Business	<ul style="list-style-type: none"> • Increases access to international markets • Reduces the cost of utilities (eg., electricity) to business • More flexibility in labour laws 	<ul style="list-style-type: none"> • Prevents entry or seriously restricts the conduct of business • Reduces the ability of, or incentives for the business to compete • Increases the cost of doing business and/or costs to comply with requirements

Government	<ul style="list-style-type: none"> • Builds regional and international alliances • Improves the information available about community and business for planning and budgeting • Less community concern 	<ul style="list-style-type: none"> • Prevents commitments being met under international agreements • Exposes the Lao Government to be challenged by other parties • Requires larger government budget to administer and enforce requirements
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Assessment of Impacts

The key positive (benefits) and negative (costs) impacts of the draft legislation on stakeholder groups (community, business and government) must be identified to understand the potential overall impact.

Where possible, impacts should be quantified to allow greater understanding of how stakeholders will be impacted. Typically, cost benefit analysis (CBA) is used to quantify and assess impacts - refer attachment 2 of Guidelines.

However, not all impacts may be able to be quantified (e.g. the required information does not exist) or this level of analysis may not be necessary (e.g. the likely impact is minor). In this case, the positive and negative impacts should be described in a qualitative way so that impacts can still be understood.

5.4.2 Compliance / Administrative Requirements

The drafting committees should ensure that compliance and administrative requirements and costs imposed on community, business and government by the draft legislation are kept to a minimum. Unnecessary or excessive legislative requirements are 'red tape' and reduce (for example) business and government efficiency and performance.

Strategies to minimise compliance and administrative /enforcement costs include:

- Minimising the number and complexity of requirements in the legislation that are to be complied with
- Writing requirements in the legislation in a clear way that is easily understood by those that are required to comply with them
- Establishing government service standards related to legislative requirements such as response times

In order to calculate compliance and administrative costs, the drafting committee first needs to identify all the requirements in the legislative proposal that individuals and/or businesses are required to comply with and government are to administer and enforce. A search for words such as 'must' or 'shall' or 'return' may help identify regulatory requirements.

For example (bold indicates requirements):

A business owner is required to register his business and *must*:

- i. **Submit** a request for registration in the prescribed form setting out:
 - a. **name** of the business
 - b. business **address**
 - c. **type** of business

- ii. **Pay** an annual fee
- iii. **Place** a copy of the registration notice up his business premises that can be easily seen by customers

= 6 legislative requirements

Having identified the legislative requirements, the impact of the requirements can then be assessed – quantitatively and/or qualitatively.

Quantitatively, for each requirement (or activity), the average amount of time and costs per individual/business/government area should be determined, on both an initial and ongoing basis, as well as the total estimated compliance impact on the community/ business/ government sectors. Refer attachment 2 for the Standard Cost Model.

5.4.3 Consultation

Consultation with impacted stakeholders is essential for completing the IA Note and the effective drafting of legislation. Impacted stakeholders can be in community, business, and government at central, provincial and local levels, as well as international stakeholders.

Comments and feedback from affected stakeholders assists with:

- Understanding the problem, its level of impact and possible risks
- Providing perspectives and suggestions on alternate options to address the problem
- Identifying and assessing competing interests
- Providing a check on the drafting committee's assessment of benefits and costs (including compliance and administrative costs) and whether/how the preferred option will work in practice
- Identifying interactions between different types of legislation.

Stakeholder consultation can reduce the risk of the legislation not achieving its policy objective and unintended consequences, and helps greater understanding with those impacted and their subsequent compliance with the legislation.

The drafting committee needs to ensure that consultation is targeted and appropriate for effective consultation. All stakeholders likely to be impacted by the legislation should be identified and a broad cross-section of different stakeholders be consulted. The appropriate method of consultation should also be considered. For example, in addition to the required online consultation for 60 days on the Official Gazette website (or drafting authority website), other methods should be considered such as workshops, sending documents to key stakeholders, and meetings or discussions with international organisations.

The drafting committee should list business, community and government stakeholders consulted during the development of the draft legislation and provide the views and feedback from these stakeholders, including how the views and feedback have been incorporated into the draft legislation.

The level of consultation should be consistent with the significance of the draft legislation. For example, the consultation undertaken for legislation that is expected to have a minor impact may not be as substantial as that required for legislation that is expected to have a major impact.

All authorities, both drafting and reviewing legislation and IA Notes, should ensure:

- Impacted stakeholders' key concerns and comments are considered when developing the draft legislation
- There has been adequate consultation with impacted stakeholders to support the informed completion of the IA Note and drafting of legislation
- Impacted stakeholders, where possible, are provided advance notice of upcoming consultation activities via the Ministry website or other mechanisms
- A minimum period (i.e. 60 days) is allowed for all public consultation on the draft legislation and IA Note
- All legislation and final IA Notes are published on the Official Gazette, or the drafting authority's website, as well as other publication methods to ensure people can easily access the information.

5.4.4 Summary

Careful analysis and judgement is required to assess whether the draft legislation will have a major impact. This assessment is necessary to ensure that there has been an appropriate level of analysis and consultation conducted during the development of the draft legislation that supports an adequate level of understanding of the likely impacts and reduces the likelihood of unintended consequences.

The IA Note identifies criteria and guidance to assess the level of expected impact of the draft legislation. This is based on the analysis conducted (impacts, compliance requirements and consultation).

Where the draft legislation is considered to have a major impact, or there is a high degree of uncertainty of the impacts, then the drafting committee should undertake further analysis and consultation.

5.5 Implementation (Section 5)

5.5.1 Support to Individuals / Businesses

Effective and efficient draft legislation must be capable of being complied with and enforced without disproportionate costs. The aim is to achieve the greatest compliance with the lowest possible cost to those required to comply (individuals / businesses) and those required to administer and enforce compliance (government).

Compliance can be supported by ensuring:

- Legislation is written in a clear way easily understood by people not familiar with the area of legislation
- Information, and education and training related to the legislation is targeted at those required to comply and enforce the legislation
- Government provides tools that make it easier to comply (e.g. web based tools, electronic forms)
- Government establishes appropriate service performance standards and benchmarks (e.g. response time) related to legislative requirements
- Those stakeholders required to comply should be allowed sufficient time to prepare for the new legislative requirements prior to commencement

5.5.2 Implementation Plan

The drafting committee needs to provide detail on the implementation plan - how the draft legislation will be implemented and enforced. The implementation plan should include any stages and dates for coming into force, risks and mitigation strategies, communication and outreach activities to raise awareness and support compliance, and any required activities to build capacity to administer and enforce the draft legislation.

5.5.3 Budget and Funding

Implementing legislation usually impacts the government budget. It is important to consider such impacts, as a lack of budget to implement the legislation will reduce the effectiveness of the legislation.

The IA Note requires an estimate of the impact on the government budget for each level of government (central, provincial and local) from implementing the legislation, on an initial and annual basis.

When estimating the budget requirement and source of funding, the drafting committee needs to consider for each level of government:

- Which areas of government have responsibilities under the legislation
- A description of revenues (inflows) that are likely to be generated from the legislation
- The likely inflows from each source of revenue, both initially and annually and the details of the revenue to be received
- A description of what expenses (outflows) are likely to be incurred by the legislation
- The likely resources and outflows required for each legislative responsibility, both initially and annually.

Examples of revenues include: fees from licences, service fees, duties, taxes, penalties and fines, interest, or rent.

Examples of expenditure include: additional staff and support costs, office or communication equipment, machinery/vehicles, laboratory or technical testing, building and construction, recordkeeping/developing a database, undertaking training, and public notifications to the public and businesses.

5.5.4 Review

Legislation should be reviewed regularly to ensure it remains relevant and effective over time. The rapidly changing economic and social environment of Laos and the region means that the need and circumstances for the legislation may change.

In determining when the legislation should be reviewed, drafting committees should consider:

1. Whether there needs to be a post-implementation review conducted to ensure that the legislation delivers the policy objective in accordance with regulatory best practice principles. For example, a post-implementation review could be very useful where the legislation was implemented urgently and the drafting committee did not have sufficient time to complete an appropriate level of consultation and analysis, or there is a high level of uncertainty with the impact assessment conducted; and
2. If no post-implementation review is necessary, then a regular review of the legislation should be conducted to ensure it is still relevant and effective.

6. COMPLETING AN EXPLANATORY NOTE

An explanatory note is required to be prepared for the draft legislation by the drafting committee.

Essentially, the Explanatory Note is a summary document of the more technical IA Note. The table below illustrates how sections of the IA Note are relevant and can assist with preparation of sections in the Explanatory Note.

IA NOTE (Technical Report)		EXPLANATORY NOTE (Summary Report)
Sections of IA Note		Sections of Explanatory Note
2. Problem and Objectives	→	1. Background and Matters
3. Research and Preferred Option	→	2. Objectives, Rationale and Needs of Making and Amending Legislation
4. Expected Impacts and Consultation	→	5. Expected Outcomes and Impacts
5. Implementation	→	4. Resources, Mechanisms and Implementing Authority

FREQUENTLY ASKED QUESTIONS

1. When is a IA Note required to be completed?

For all new and amending legislation – laws, presidential ordinances, decrees and decisions of the Prime Minister, Ministers/Authority Heads and Governors.

2. Who is responsible for completing the IA Note?

The drafting committee in the authority responsible for making the new or amending legislation – with the support of the Legal Unit in the authority.

3. What is the contact point for assistance in completing an IA Note?

The Legal Unit in the authority responsible for making the new or amending legislation.

4. When is it best to begin preparing the IA Note?

When the drafting committee first meets to discuss the approach and plan to making the new or amending legislation.

5. Is an IA Note required if draft legislation has no or minor impacts on Lao PDR and community, business and government?

Yes, to ensure that the legislation has been developed in accordance with best practice principles. But less analysis and consultation will be required.

6. Can draft legislation proceed to approval by decision-makers without an IA Note?

Generally, an IA Note (and Explanatory Note) must accompany the draft legislation for consideration by IA Reviewing Authorities (eg., Ministry Of Justice RIA Centre) before proceeding to decision-makers.

7. Can draft legislation proceed to approval by decision-makers if the IA Note is not deemed satisfactory by IA Review Authorities (eg., Ministry of Justice RIA Centre)?

Yes, provided an adequate explanation is provided to decision-makers.

CHECKLIST FOR DRAFTING TEAM

To determine that a ' high quality' IA Note is completed for review and approval

Check	What section/s of IA Note does the check refer to	Yes / No
1. Are all sections completed and with sufficient detail? If not, has an explanation been provided for each section not completed or without sufficient detail?	All sections	
2. Is the IA Note clear, concise and able to be easily understood by impacted stakeholders (community, business, government) and decision-makers (eg., Ministers)?	All sections	
3. Does the contact person have a good knowledge of the draft legislation, Explanatory Note and IA Note?	All sections	
4. Is the policy problem supported by evidence and the objectives clear?	2	
5. Is the research of 3 policy options (status quo, non-legislation, legislation) including likely advantages and disadvantages explained?	3	
6. Is there a clear outline of the draft legislation including key elements and requirements, why it is preferred over other options, and expected impacts on Lao PDR and community, business (particularly Small and Medium Enterprises – SMEs) and government?	3.3, 3.4 4	
7. Has appropriate consultation been undertaken with community, business (particularly SMEs) and government, with feedback considered and incorporated into the draft legislation?	4	
8. If the draft legislation is expected to have a major impact, is there in-depth analysis and extensive consultation with impacted stakeholders (community, business, government) including how the government can support individuals and businesses comply?	4 5.1, 5.2	
9. Is there a detailed implementation plan and assessment of the draft legislation on the government budget to administer and enforce the draft legislation at all impacted levels of government and funding available?	4.3 5.3, 5.4	
10. Has the development of the Explanatory Note for the draft legislation been based on research and analysis in the IA Note?	All sections	

CHECKLIST FOR DECISION-MAKERS

To determine that the draft legislation has been developed in accordance with best practice principles

Check	What section/s of IA Note does the check refer to.	Satisfactory Yes / No
1. Is there a clear understanding and identification of the problem that Government is wanting to address?	2	
2. Is it clear that Government action is required?	3	
3. Have different legislative and non-legislative options been considered, including examination of advantages and disadvantages for each option?	3	
4. Does the draft legislation result in the greatest net benefit to Lao PDR compared to other options?	3	
5. Have all positive and negative impacts from the draft legislation on Lao PDR and community, business and government been identified and assessed (including economic, competition, international agreements, social and environmental)?	4.1.1 4.2.1 4.3.1	
6. Have the compliance costs for business and community (eg., time, staff, training costs, expert advice and equipment) been considered, and support provided by government to assist businesses and individuals to comply with the draft legislation?	4.1.2 4.2.2 4.3.2 5.1, 5.2	
7. Have the resource and budget requirements to administer and enforce the draft legislation at each level of government been identified and funding available?	5.4	
8. Will the draft legislation not restrict competition?	3.4	
9. Is the draft legislation consistent with other related legislation and international obligations?	3.4	
10. Have the views of impacted stakeholders (community, business – particularly, small and medium enterprises (SMEs) - and government) been sought on legislative and non-legislative options, including proposed compliance, administrative and enforcement requirements in the draft legislation?	4.1.3 4.2.3 4.3.3	

Template

IMPACT ASSESSMENT (IA) NOTE

1. CONTACT AND KEY DATES

1.1 Contact

Ministry/Authority:
Department/Division:
Contact officer:
Telephone:
Email:

1.2 Title

Title of draft legislation:

The draft legislation is: New Amending

1.3 Dates

List key dates for completion of the draft legislation.

2. PROBLEM AND OBJECTIVES

2.1 Problem

Describe the background / status, problems and risks

List the evidence that the problem and risks exist.

2.2 Objective

Provide details of outcomes that are expected to be achieved.

3. RESEARCH AND PREFERRED OPTION

3.1 Option 1: Status quo (current situation)

Briefly describe key elements and requirements of status quo.

List advantages.

List disadvantages.

3.2 Option 2: A non-legislative solution

Briefly describe key elements and requirements of the non-legislative solution.

List advantages.

List disadvantages.

3.3 Option 3: Draft legislation

Briefly describe key elements and requirements of the draft legislation.

List advantages.

List disadvantages.

3.4 Preference for Draft Legislation

3.4.1 Reasons for Preference

Describe why draft legislation is preferred over the other options (e.g. greatest net benefit, suitability to Lao circumstances).

Provide summary of initial comments by affected stakeholders (community, business, government) on the 3 options and which they prefer.

Is this legislation in scope that requires a fully completed IA Note? Yes No

3.4.2 Amending Legislation

If the draft legislation is amending, provide an assessment of the past implementation of that legislation.

3.4.3 Competition Impacts

Will the draft legislation restrict competition in Lao PDR?: Yes No

If yes, please explain how and why.

3.4.4 International Obligations

Is the draft legislation required to meet international obligations?: Yes No

If yes, which obligations:

WTO AEC FTA Other (please specify)

If yes, does the draft legislation comply with international obligations:

Yes No

If no, please explain.

(Guidance - for further information on the requirements of international trade obligations, contact the Foreign Trade Policy Department, Ministry of Industry and Commerce)

3.4.5 Related Legislation

List existing legislation related to the draft legislation.

Is draft legislation consistent with related legislation? Yes No

If no, please explain.

4. EXPECTED IMPACTS AND CONSULTATION

4.1 COMMUNITY

4.1.1 Impacts

List the community groups impacted by the draft legislation and the number of individuals in each group impacted.

List all likely impacts from the draft legislation on Lao PDR and community (eg., economic, environmental, employment, social, health and safety) and the size of each impact:

Positive impacts.

Negative impacts.

4.1.2 Compliance Requirements

List the requirements in the draft legislation that individuals are required to comply with (examples of compliance requirements/costs include: obtaining permission, undertaking training, recordkeeping, purchasing and notifying public/government).

Estimate the average cost per individual to comply with legislative requirements:

Initial cost (if applicable):

Annual cost:

4.1.3 Consultation

List the community stakeholders consulted and the results of the consultation

4.1.4 Summary

If one of the indicators below is expected to be major, then the draft legislation is deemed to have major impact on community. The more major the impact of the draft legislation, the greater is the required analysis of options and consultation with community.

Indicators of Impact	None	Minor	Major
Number of community sectors impacted <i>(Guidance – major impact is where most/all community sectors are impacted)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Total number of individuals impacted <i>(Guidance – major impact is where more than 20% of Lao community/population are impacted)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cost impact on each impacted individual to comply (on average) <i>(Guidance – major impact is where the impact is more than 800,000 Kip per individual)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Degree of change to the existing way impacted individuals live <i>(Guidance – major impact is where there is a major change to the way individuals impacted go about their lives)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disagreement about legislative proposal by individuals impacted <i>(Guidance – major impact is where there is little/no agreement between individuals impacted)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4.2 BUSINESS

4.2.1 Impacts

List the industry sectors impacted by the draft legislation and the number of businesses in each group impacted.

List all likely impacts from the draft legislation on different types, groups and sizes of businesses, and the size of each impact:

Positive impacts.

Negative impacts.

4.2.2 Compliance Requirements

List the requirements in the draft legislation that businesses are required to comply with (examples of compliance requirements/costs include: obtaining permission, undertaking training, recordkeeping, purchasing and notifying public/government).

Estimate the average cost per business to comply with legislative requirements:

Initial cost (if applicable):

Annual cost:

4.2.3 Consultation

List the business stakeholders consulted and the results of the consultation.

4.2.4 Summary

If one of the indicators below is expected to be major, then the draft legislation is deemed to have major impact on business. The more major the impact of the draft legislation, the greater is the required analysis of options and consultation with business.

Indicators of Impact	None	Minor	Major
Number of industry sectors impacted (Guidance – major impact is where most/all sectors are impacted)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Total number of businesses impacted (Guidance – major impact is where more than 30% of businesses in a sector or 20% of all Lao businesses are impacted)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cost impact on each impacted business to comply (on average) (Guidance – major impact is where the impact is more than 1,600,000 Kip per business)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Degree of change to the existing way of doing business for those businesses impacted (Guidance – major impact is where there is a major change to business operations for those businesses impacted)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disagreement about legislative proposal by businesses impacted (Guidance – major impact is where there is little/no agreement between businesses impacted)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4.3 GOVERNMENT

4.3.1 Impacts

List the ministries and other areas of government at provincial and local levels, impacted by the draft legislation.

List positive impacts.

List negative impacts.

4.3.2 Administrative and Enforcement Requirements

List what government is being asked to do to administer and enforce the draft legislation (examples of administrative requirements/costs include: enforcement, additional staff and support costs, approving permission, undertaking training, recordkeeping and notifying the public/businesses).

For each level of government impacted, estimate the resources and costs to government to administer and enforce the legislative requirements:

Initial (if applicable):

Annual:

4.3.3 Consultation

List the government stakeholders consulted (at central and local levels of government) and the results of the consultation.

4.3.4 Summary

If one of the indicators below is expected to be major, then the draft legislation is deemed to have major impact on government. The more major the impact of the draft legislation, the greater is the required analysis of options and consultation with government.

Indicators of Impact	None	Minor	Major
Number of levels of government (national, provincial, local) impacted <i>(Guidance – major impact is where all levels of government are impacted)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Total number of government organisations at all levels of government impacted <i>(Guidance – major impact is where more than 20% of organisations at each level of government (eg., ministries at national level, departments at provincial level) are impacted)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cost impact on each impacted government area to administer (on average) <i>(Guidance – major impact is where the impact is more than 40,000,000 Kip per government area)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Degree of change to the existing way of government <i>(Guidance – major impact is where there is a major change to government operations)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disagreement about legislative proposal by government areas impacted <i>(Guidance – major importance is where there is little/no agreement between government areas)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. IMPLEMENTATION

5.1 Support to Individuals

If individuals are required to comply with the draft legislation, describe how government will support and make it easier for individuals to comply with the requirements set out in the draft legislation.

5.2 Support to Businesses

If businesses are required to comply with the draft legislation, describe how government will support and make it easier for businesses, particularly SMEs, to comply with the requirements set out in the draft legislation.

5.3 Implementation Plan

Describe the implementation plan, including steps, responsibilities, timing, issues, risks and mitigation strategies.

5.4 Budget and Funding

Summarise (see section 4.3.2) the total resource and budget requirements to implement the draft legislation at each level of government.

At each level of government, indicate how the total resource and budget requirement will be funded (eg., from existing government budgets and revenues from draft legislation).

Summarise key comments from finance sector (eg., Ministry of Finance at national level, Department of Finance at provincial level) on budget and funding requirements and strategy.

5.5 Review

State when a review of the legislative proposal should be conducted after implementation, by who and list the objectives and particular areas for review.

APPROVAL

Either

1. **IA Note (Preliminary Stage) approved for submission to Reviewing Authority for review and advice; or**
2. **IA Note (Final Stage) approved for submission to Reviewing Authority for opinion**

.....
HEAD, DRAFTING COMMITTEE

.....
DATE

EXAMPLES AND CALCULATING COMPLIANCE AND ADMINISTRATIVE COSTS

The following table sets out examples of compliance impacts on business and community and administrative costs on government.

Cost category	Business cost description (Compliance cost)	Community cost description (Compliance cost)	Government cost description (Administrative cost)
Notification	Businesses face costs when they have to report certain events to a regulatory authority, either before or after the event has taken place. Business example: A business needs to notify a public authority before they're permitted to sell food.	The community faces costs when it has to report an event to a regulatory authority, either before or after the event has taken place. Community example: Signage/notifications – e.g. signs for development, rain tanks, dangerous dogs.	Government incurs costs when it has to notify the public of certain events or consult with the public or stakeholders. Government examples: Costs of issuing infringement notifications. Costs of public/stakeholder consultation.
Education	Businesses face costs when keeping up to date with requirements in legislation. Business example: A business needs to get the details of new legislation and communicate the new requirements to staff.	Communities face costs when keeping up to date with requirements in legislation. Community example: Travellers through certain parts of the state need to make themselves aware of restrictions regarding the carriage of alcohol.	Government faces costs when informing or educating stakeholders (including other departments) of requirements in legislation. Government example: Costs of training new staff, re-training existing staff, online training.
Permission	Businesses face costs when applying for and maintaining permission to conduct an activity. Business example: A business needs to do a police check before employing staff.	Communities face costs when applying for and maintaining permission to conduct an activity. Community example: Motor vehicle owners' vehicles must be roadworthy.	Government incurs costs to comply with various administrative requirements to develop legislation. Government example: Government needs to do police checks before employing staff.
Purchasing	Businesses face costs when having to purchase a service (advice) or a product (materials or equipment) to comply with legislation. Business example: A business needs to get legal advice (service) or have a fire extinguisher onsite (product).	The community incurs costs in purchasing goods and services to comply with legislation. Community example: Licences, permits, application fees, roadworthy certificates, ambulance levies, secure storage facility for licensed gun.	Government incurs costs in purchasing services or plant and equipment to administer, enforce or comply with legislation. Government example: Purchases – e.g. cars, buildings, outside legal advice, consultancies.

Record keeping	Businesses face costs to keep documents up to date to comply with legislation. Business example: A business needs to keep records of accidents that happen in the workplace.	Communities face costs to keep documents up to date to comply with legislation. Community example: Basic requirements – e.g. gun licensees to hold register and keep records for 7 years.	Government incurs costs of storing and maintaining records relating to legislation. Government example: Records – e.g. filing time, e-documents, paper copies.
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Enforcement	Businesses face costs when cooperating with audits, inspections and legislative enforcement activities. Business example: A business needs to supervise a government inspector when the inspector checks whether a business meets non-smoking laws.	Communities face costs when cooperating with audits, inspections and legislative enforcement activities. Community example: A motorist may be required to take their vehicle to an approved inspection centre.	Government incurs wage-based costs to enforce legislation, and may face costs when complying with legislative enforcement activities. Government example: Enforcing of legislation – e.g. compliance officers, time on site, issuing of fines.
Publication and documentation	Businesses face costs when having to produce documents for third parties. Business example: A business needs to display warning signs around dangerous equipment, or a sign at the entrance of a home-based business.	Members of the community may incur costs when having to produce documents for third parties. Community example: A community member must be able to provide licence or permit on request.	Government incurs costs of printing and publishing documentation relating to the introduction of legislation. Government example: Publication – e.g. printing of legislation, education materials, paperwork, maintenance of websites and online documentation.
Procedural	Businesses face non-administrative costs imposed by legislation. Business example: A business needs to conduct a fire safety drill several times a year.	Community members face non-administrative costs imposed by legislation. Community example: A homeowner must ensure their pool fence is maintained.	Government may face non-administrative costs of complying with legislation. Government example: Government needs to conduct fire drills and WH&S audits.
Other	Any other compliance requirements and costs incurred by business that doesn't fit into the above categories	Any other compliance requirements and costs incurred by the community that doesn't fit into the above categories.	Any other compliance requirements and costs faced by government that doesn't fit into the above categories.

Acknowledgement: Sourced from the Guide 'Using the Cost Compliance Calculator', Queensland Treasury, Queensland Government 2010.

Standard Cost Model (SCM)

For calculating the likely compliance and administrative costs on individuals (citizens), business and government, drafting committees can use the standard cost model (SCM). The SCM is a tool widely used around the world to assess the impact from a particular activity. It can be used for both 'one-off'/initial costs or ongoing/recurring costs.

The purpose of the SCM methodology is to produce general estimates that provide some degree of the scale of the likely impacts from different legislative activities – rather than definitive or 'concrete' amounts. Considering the difficulties collecting and estimating the data, it is not expected (or cost-efficient) to try and calculate statistically valid results.

Using the SCM, the cost is calculated on the basis of the average cost of the required activity (price) multiplied by the total number of activities performed per year (quantity).

Price is generally estimated by multiplying a tariff or rate (based on average labour cost per hour including overheads) and the time required per action. Other types of costs (license fee, outsourcing, equipment or supplies' costs, fuel costs etc.) are taken into account as appropriate.

Quantity is calculated as the frequency of required actions (e.g. 'one-off', number of times the activity is completed per year) multiplied by the number of entities concerned (e.g. number of businesses affected).

Standard Cost Model

The core equation of the SCM is:

$$\sum P \times Q$$

Where:

P (Price) = Tariff x Time; and

Q (Quantity) = Number of businesses x Frequency

Other costs, e.g. fuel or equipment costs should be added to P (Price), before multiplying by Q (Quantity).

The SCM can be applied in different but equally valid ways. Drafting committees should clearly identify and explain any assumptions made, particularly any "business-as-usual" costs or costs that would normally occur regardless of the legislation and are excluded from the calculation.

Acknowledgement: Sourced from the European Commission "Reducing the Regulatory Burdens: Standard Cost Model"
http://ec.europa.eu/smart-regulation/refit/admin_burden/scm_en.htm

Cost Benefit Analysis (CBA)

CBA is a tool used to identify the present value in today's dollars of benefits and costs associated with each regulatory option identified.

A number of regulatory options (legislative and non-legislative) should be compared against the base case (status quo option) to identify the preferred alternative. The base case must be defined in sufficient detail to allow robust comparison of the outcomes that are likely to eventuate, as compared to what would be expected if the current arrangements were to continue.

Whenever possible and appropriate, the benefits and costs of a regulatory proposal should be assessed quantitatively by assigning monetary values to the impacts on stakeholders. This allows for a clearer comparison both across and between options, and supports independent validation of results.

Quantitative benefits and costs should be accompanied by a discussion of the impact in words. However, it may not be possible to assign a monetary value to some benefits and costs. This may particularly be the case for regulatory impacts that are not significant as the effort to value some impacts may not be proportionate to the significance of the regulatory proposal.

When benefits and costs cannot be considered quantitatively, the benefits and costs of regulatory options should still be compared and assessed using a qualitative framework.

The level and depth of quantitative analysis depends on:

- the significance of the problem and the impacts of proposed options
- the type of impacts and availability of data on costs and benefits (financial and economic impacts can be more readily quantified than social or environmental impacts)
- the techniques available to reliably quantify costs and benefits.

Template

EXPLANATORY NOTE FOR DRAFT LEGISLATION

1. BACKGROUND AND MATTERS

Demonstrate that a problem exists and that government action is necessary:

- What is the problem that needs addressing and what are the causes?
- Provide evidence of how small or large the problem is. How is it likely to occur?
- Describe the actual or potential consequences of not taking action.

For an amendment of legislation, provide an assessment of the past implementation of that legislation.

2. OBJECTIVES, RATIONALE AND NEEDS OF MAKING AND AMENDING LEGISLATION

Describe the purposes and rationale for the draft legislation:

- Clearly describe the purpose of the draft legislation, how it will address the problems and risks.
- Confirm that the draft legislation is consistent with existing legislation and government policy, and if it is not, explain why.

3. EXPLANATION ON THE STRUCTURE AND CONTENT OF KEY ARTICLES

Describe the structure of the draft legislation and explain the content of the key articles.

4. RESOURCES, MECHANISMS AND IMPLEMENTING AUTHORITY

Identify the authority responsible for implementing the draft legislation, and describe the implementation plan, risks and strategies including required resources, mechanisms and funding.

Describe how the implementing authority will help individuals and/or businesses impacted including small medium enterprises (SMEs) to understand and comply with the draft legislation.

Describe the monitoring and evaluation strategy to measure the performance of the draft legislation meets objectives, and remains relevant and effective over time.

5. EXPECTED OUTCOMES AND IMPACTS

5.1 Expected Outcomes

What is the expected outcomes from the draft legislation?

5.2 Expected Impacts

This is a summary of expected impacts from the draft legislation set out in the Impact Assessment (IA) Note.

Community

Briefly describe:

- areas of community that will be impacted by the draft legislation, and the likely major impacts (positive, negative).
- major compliance requirements on individuals.

Business

Briefly describe:

- areas of Lao business that will be impacted by the draft legislation, and the likely major impacts (positive, negative).
- major compliance requirements on domestic and international businesses.

Government

Briefly describe:

- areas of Lao government (national, provincial, local) that will be impacted by the draft legislation, and the likely major impacts (positive, negative).
- Major administrative and enforcement requirements on impacted areas of government.

Summary of Impact	None	Minor	Major
Likely Impact of draft legislation on community	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Likely Impact of draft legislation on business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Likely Impact of draft legislation on government	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>