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Making RIA Meet Its Purpose: A Long Way to Go in the Czech Republic

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Abstract

The paper presents the concept of Regulatory Impact Assessment (RIA) and summarizes some lessons from the European, and especially British, experience that can be made for the Czech Republic in its effort to implement RIA. Special attention is devoted to problems that are necessary to fight hard in order to make RIA work efficiently. The paper is rather an overview, based on other pieces of literature that deal with the RIA in more detail, than a standard theoretical or empirical paper.

Keywords: regulation, impact assessment, European Union, Czech Republic

JEL Classification: D23; D43; G18

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Introduction

In this paper, I would like to present the concept of Regulatory Impact Assessment (RIA) and summarize some lessons from the European, and especially British, experience that can be made for the Czech Republic. Special attention is devoted to problems that are necessary to fight hard in order to make RIA work efficiently. The paper is rather an overview, based on other pieces of literature that deal with the RIA in more detail, than a standard theoretical or empirical paper.

In the following section, the concept of RIA is defined. In sections 2 and 3, the experience of the UK and the EU, respectively, with implementing and enforcing RIAs are presented. In the fourth section the main general problems connected to RIA are summarized and in Conclusion some lessons for the Czech Republic are highlighted.

1. *What Is RIA?*

The three letters stand for *Regulatory Impact Assessment*, which is “a tool for providing systematic assessment of the positive and negative impacts of proposed and existing regulations with the aim of improving the quality of a regulatory policy.”¹ RIA can be basically of two forms – *ex-ante* and *ex-post*. The former is conducted prior to the adoption of a proposed regulation and should force the state machinery to “think twice” before it imposes a new rule on the society/economy. The latter is conducted for an existing piece of regulation and should force the state machinery to instantly inspect whether a rule that might have been reasonable to hold in past (had it been reasonable from the beginning at all) is still needed in an unchanged form.

RIAs have been adopted in a number of countries all over the world and differ from one to another.² However, the elements that are common to countries with the longest tradition of RIA, are:

- a specification of the rationale for a regulation to take place;

¹ Garg and Kabra (2004).

² Also names used for what I call uniformly RIA in this paper differ. Alternative names to RIA are Regulatory Impact Analysis, Regulatory Impact Statement, Business Impact Assessment, or just Impact Assessment.

- an estimation of direct and indirect costs and benefits to all constituents of the society/economy;
- an assessment of other alternatives, including the “do nothing” option;
- a reasoning for the winning alternative to be chosen; and (last but not least !)
- a transparent and responsive consultation process from the very early phase.

Introduction of RIA and its instant application on new and existing regulation is often a part of a larger policy agenda that includes also simplification of legal norms, reduction of administrative burden, and cutting the red-tape in general. In this paper, I call this larger agenda *Better Regulation*, although it has been known around the world under alternative terms as well, such as Smarter Regulation, Regulatory Management, and Regulatory Reform.

2. *RIA in the UK*

Clearly, a country with the largest experience with RIA in Europe is the United Kingdom. Therefore, a special attention within this paper is devoted to the origins and history of RIA in the UK. Nowadays, there are three types of RIA in the UK: initial, partial, and full. An initial RIA establishes the purpose and intended effect of a regulation. It is rather a rough assessment of policy options, using information that is already available. A partial RIA goes more in detail of various policy options and seeks the opinion of experts and key stakeholders through a consultation procedure. It involves risk–assessment analysis, cost–benefit analysis, and analysis of the compliance issues related to each option. A full RIA then drives conclusions from the consultations under the partial RIA and includes recommendations for actions, future monitoring, and evaluation.³

However, what seems to bring more lessons for the Czech case is (rather than the three forms of RIA) the institutional development of the Better Regulation agenda in the UK. **The Czechs should have learned from their transition experience that the crucial aspect of a proper institutional development is the actual enforcement of the institutions, not their existence on paper *per se*.** Hence, the important question about the UK experience is “How come that, in the UK, RIA has become such a successful tool which brings much higher benefits than it costs to be in place?” The answer lies in the following story.

The initial departing point to the Better Regulation program can be seen in the deregulation tendencies that took place in Britain of 1980’s. The primary aim of the governments headed by Margaret Thatcher (1979 – 1990) was to reduce the role of government and increase individual self-reliance. They realized that regulation was connected with enormous costs such as negative externalities to both regulated and non-regulated parties, distorted incentives, or “regulatory capture” risks and, in 1986, established an Enterprise and Deregulation Unit (EDU) within the Cabinet Office. It was soon moved to the Department of Employment and, in 1987, to the Department of Trade and Industry (DTI). In 1990, Thatcher stepped down and John Major entered Downing Street 10 to continue in her work. Around that time, EDU became just Deregulation Unit, still within the DTI.

The *deregulation policy* was an extremely important kick-off, but it was only later, by mid-1990’s, when it transformed to the *Better Regulation policy* under which these costs were to be compared to the benefits of regulation, case by case. Simultaneously, the issue became understood as a more general than that related to industry and trade only and as an issue that needs a high degree of coordination. Thus in March 1996 (still under Major) the Deregulation Unit was relocated to the Cabinet Office and in June 1997 (already under Tony Blair)

³ Garg and Kabra (2004).

renamed to Better Regulation Unit. It was important for the British political approach towards regulation that the new minister, of Labour Party after the 16 years of Conservatives in power, put no less emphasis on the issue than his predecessors. The only difference was the important move from removing regulation to improving regulation, which is a goal that is more accurate but brings new challenges and risks to tackle.⁴

In 1998, RIA was officially introduced in the UK as the focal activity within the Better Regulation program and about 200 RIAs were made that year.⁵ One year later the Unit was renamed again, this time to Regulatory Impact Unit (RIU). The last change of the Unit's name came in May 2005 when it became *Better Regulation Executive*⁶ (BRE) to reflect that RIA is just a part (very important though) of the Better Regulation agenda. The BRE's task is to

- implement recommendations made in “Regulation – Less is More”⁷ and “Reducing Administrative Burdens: Effective Administration and Enforcement;”⁸
- scrutinize new policy proposals from Departments and Regulators;
- speed up the legislative process to make it easier for Departments to deregulate;
- work with Departments and Regulators to reduce existing regulatory burdens; and
- drive forward the Better Regulation agenda in Europe.

At the moment of transforming from RIU to BRE, the unit had about 80 staff. From the very beginning, the Enterprise and Deregulation Unit (and all its successors) was accompanied with other bodies, the most important of which was the Deregulation Task Force, renamed in 1997 to *Better Regulation Task Force*⁹ (BRTF), an independent advisory body made of business and voluntary sector representatives. BRTF advises the government to ensure that regulation and its enforcement accords with five principles of good regulation:

- proportionality (both costs and benefits treated in equal depth);
- accountability (of Minister's decisions to the Government);
- consistency (regulation equally applied);
- transparency (regulation based on consultations); and
- targeting (good focus and no unintended consequences).¹⁰

There are yet other players that help RIAs to be done properly. Each Minister has its own unit staffed by 2 to 8 experts who provide guidance for drafting RIAs to the Department. These units together with BRE appoint the *Quality Committee* which makes quarterly reviews and randomly selects RIAs to be inspected. Also *National Audit Office*¹¹ (NAO), on a yearly basis, reviews randomly selected RIAs and suggests improvements. For example, in 2001, the NAO found the absence of early consultations to be the biggest problem of reviewed RIAs,

⁴ For a more detailed information on the regulation-related policy until 1998, see Cabinet Office (1998).

⁵ Jacobs (2005b).

⁶ www.cabinetoffice.gov.uk/regulation.

⁷ BRTF (2005).

⁸ Hampton (2005).

⁹ www.brtf.gov.uk.

¹⁰ These principles are used also in other European states and in the EU, however, often also necessity (regulation better than non-regulatory measures) and simplicity (as simple as possible) are added to these.

¹¹ www.nao.org.uk.

while in 2003 it highlighted the need to more carefully consider other alternatives to the proposed regulation, including the “doing nothing” option.¹²

That is still not all. In April 2000, the *Small Business Service*¹³ was established as an agency of the DTI that represents an interface between government departments and industry. Its key contribution is the development of the Small Firms Impact Test and making businesses for the first time note that they feel listened to and are engaged. In addition, British Chamber of Commerce, Confederation of British Industry and Federation of Small Business are invited to the process to openly lobby for private sector and, thus, counterbalance to the government machinery by publishing complaints about excessive red-tape.¹⁴

As a country with the longest tradition of RIA in Europe, the UK experience now provides good evidence that RIA, when executed well, improves the effectiveness of regulatory decisions. One example for all – it has been documented that the businesses’ costs stemming from new food storage standards were reduced by 41 million pounds annually after a RIA showed that a slight increase in the allowable storage temperatures would not compromise food safety.¹⁵

3. *RIA in the EU*

As for RIAs on the Member States level, the leaders of the Better Regulation agenda in Europe are undoubtedly the UK, followed by Netherlands, Denmark, Finland, Germany and France.¹⁶ However, the process of applying RIA on the EU-level decision-making is a considerably more complicated issue.

Impact assessments started to be used for making the EU-legislation in 1990. Before 2003, however, the EU had 13 different types of impact assessment (budget, environment, health, etc.). Now, the EU is still in the process of introducing the comprehensive process of RIA in the complicated web of decision-making of the European Commission,¹⁷ individual DG’s, the Council, and the European Parliament.¹⁸ So far, more than fifty RIAs have been conducted with rather a mixed experience. Some were of a very high quality, others had substantial drawbacks.

The nowadays’ Better Regulation agenda in the EU is driven forward by an important initiative of six countries that take consecutive Presidencies over the EU in the years of 2004 through 2006. This initiative is an extension of a former initiative of the first four of these states.

In 2003, the European Commission’s review of the EU economy¹⁹ explicitly stressed that regulatory reform is a key element in seeking to achieve the goals of the Lisbon strategy. Further, IMF (2003) estimated that improvements in the EU regulatory framework could, in the long run, deliver as much as a 7 % increase in GDP and a 3 % increase in productivity. When Ireland took over the Presidency of the EU in January 2004, its Finance Minister, together with the Finance Ministers of the countries that were to take the three following Presidencies by the end of 2005 (Netherlands, Luxembourg and the UK), presented joint

¹² Jacobs (2005b).

¹³ www.sbs.gov.uk.

¹⁴ Jacobs (2005b).

¹⁵ Garg and Kabra (2004).

¹⁶ Kirkpatrick and Parker (2003).

¹⁷ Hereafter EC.

¹⁸ Hereafter EP.

¹⁹ European Commission (2003).

proposals for reform of the EU regulation.²⁰ The measures proposed in the four-presidency initiative concerned:

- Monitoring and supporting progress;
- Institutional leadership and support;
- Improving the quality of regulatory proposals;
- Simplification;
- Alternatives to regulation;
- Better Regulation at Member State level.

In December 2004, Austria and Finland – the forthcoming Presidencies of the EU in 2006 – joined these four countries to form a group of six that set the vision of further advancing regulatory reform in Europe.²¹ The vision is known as the six-presidency initiative and rests upon four pillars:

- Tackling the administrative costs of regulation
 - the EC should develop methodology to measure administrative burdens, include it in RIA and use for developing simplification proposals; the ECOFIN Council should monitor the change of administrative burden.
- RIA, including the competitiveness testing
 - the CC²² should develop its role and capacity; the CC and the EP should make systematic use of the EC's strengthened RIA; Member States should follow the benchmark project of RIA.
- Simplification of existing regulation (acquis)
 - the EC should implement the CC's 15 recommendations; the CC and the EP should modify their working methods to allow for effective and efficient simplification; the presidencies and the CC should identify further areas for simplification.
- Strengthening the regulatory framework (tasks for the EU and Member States)
 - remain committed to promote environmental sustainability and social cohesion; develop indicators to measure progress with regulatory quality and reform; identify ex-post good and bad practice in RIA; strengthen and improve pre-legislative public consultations; strengthen business input into the process of regulatory development/reform; strengthen consideration of non-legislative options (incl. "do nothing" option).

The current development of the Better Regulation agenda within the EU has been driven by these four-presidencies' and six-presidencies' initiatives and has been further reinforced by the renewed Lisbon Strategy from the beginning of 2005 which put an important emphasis on regulatory reform as one of the keys to the economic growth and prosperity of the EU.

On the Member State level, the ways of implementing RIAs differ in many aspects throughout the 25 countries. EU (2005) provides some statistics on the progress of RIAs in Member States. Eleven measures included in these statistics are the following. Does the country have

²⁰ 4-Presidency Statement (2004).

²¹ 6-Presidency Statement (2004).

²² Hereafter, CC denotes Competitiveness Council.

(1) Better Regulation program, (2) and specific RIA policy? (3) Is RIA obligatory? (4) Are alternative instruments considered? (5) Has the country adopted its guidelines for RIA? (6) Is there a coordinating body for RIA? (7) Does RIA include consultation, (8) are formal consultation procedures defined, and (9) is there a space for direct stakeholder consultation? (10) Does RIA include a test of impact on small enterprises? (11) Are there exemptions for SMEs? Reported answers are:

- YES if the measure exists;
- NO if the measure is not in place at all; and
- (Y) if the measure is planned or partially available.

There is no answer available for a considerable number of the fields in the country-measure matrix. Based on the answers collected for the EU Member States, we can divide them to six groups (see Table 1). Interestingly, five of the six countries that singed the six-presidency initiative²³ are in the top group.

Table 1: RIA Implementation Progress in EU-Members as of February 2005

Specification of the Group	Member States ^{*)}
1 Majority of measures in place (enough info) • Definitely ahead Criterion: Data available for at least 9 questions and at least 7 YES answers.	DEN, UK, FIN, NL, AUT, LUX, SWE, <i>Poland, Latvia</i>
2 Majority of measures in place (insufficient info) • Likely ahead Criterion: Data available for 5 questions only and at least 4 YES answers.	Germany, <i>Lithuania</i>
3 Mixed picture • Ahead in some areas, backward in others Criterion: At least 3 YES answers and at least 3 NO answers.	Italy, <i>EST, HUN, Malta</i>
4 Measures starting to be implemented • On a way to catch up Criterion: At most 2 YES answers and at least 5 (Y) answers.	IRE, ESP, Belgium, <i>Czech Republic</i>
5 Majority of areas untouched • Definitely lagging behind Criterion: At least 7 NO answers.	GRE, Portugal, <i>Cyprus</i>
6 Lack of information • Not possible to judge Criterion: Data available for at most 2 questions only.	France, <i>Slovenia, Slovakia</i>

Source: EC (2005), author's own categorization.

^{*)} New Member States in italics.

Note: YES = measure exists. (Y) = measure planned or partially available. NO = Measure does not exist.

Should we focus on the ten newly accessed members, we can observe the following. While Poland, Lithuania, and Latvia seem to be above the EU average in the pace of adopting RIA methods, Cyprus is one of the most lagging-behind countries in the EU in this respect. The Czech Republic is not on the top, as it has only two YES answers. But at the same time it has only two NO answers and all the seven remaining measures are classified as planned or partially available. This suggests that the country is going to catch up in having RIA-related measures adopted. Nonetheless, when reading this table, one has to be aware of the fact that it

²³ 6-Presidency Statement (2004).

reflects only how things are on paper. Obviously, nine YES answers for Poland or Latvia do not imply that these countries' RIAs are of comparable quality with those in the UK (10 YES answers), Denmark (10) or Finland (8).

In Poland, an "initial RIA" became compulsory for all norms of primary and secondary regulation adopted by the government in 2001. An extended RIA is made only if the responsible ministry voluntarily does so, or if the government (i.e., the Council of Ministers) finds the submitted RIA unsatisfactory and asks the responsible ministry to extend it. The RIA Unit can propose an extended RIA but the decision that is binding for the responsible ministry is the government's. Consultations are formally at place, too, but in fact they happen as late as in the inter-ministerial consultation phase, i.e., one or two weeks, or in the best case one month, before the final draft is fine-tuned for the government.²⁴

Another example of formally, but not that much factually, advanced country within the EU is Lithuania which belongs in Table 1 into the second group. In Lithuania, detailed RIAs were conducted for 13 legal norms already in 2001. Since 2003, RIA has become a mandatory part for all draft legislation submitted to the Lithuanian government.²⁵ But still, RIAs have remained rather formal documents as the players that take part in writing and enforcing them lack incentives to carefully evaluate all risks and costs imposed on companies and consumers. The only costs that seem to be thought of really carefully are the fiscal impacts on public budgets. For this to change, a strong political leadership and severe devotion to the Better Regulation agenda is a necessary prerequisite.

4. *General Experience with RIA*

The results achieved through the implementation of RIA in various countries present a mixed picture. On the one hand, there is evidence that if RIA is undertaken properly, it strongly improves the cost-effectiveness of regulatory decisions. For example, an evaluation of 15 RIAs in 1987 by the US Environmental Protection Agency found that while it had cost 10 million dollars to conduct these RIAs, it resulted in revisions of regulations with estimated net benefits of about 10 billion dollars.²⁶ On the other hand, a lot of non-compliance and quality problems in RIA has been documented.

The most often quoted problems associated with RIA in general are (1) the *technical and methodological* ones. These include data (non)availability, need for complex and costly analytical methods, problems with quantifying intangible benefits, determining appropriate assumptions about risk levels and assessing indirect effects. When Garga and Kabra (2004) summarize the problems of RIA, they add to these (2) the *resistance* from interest groups and regulators towards the new arrangements that may result from RIA, (3) political and bureaucratic *interference*, and (4) assurance that RIA is undertaken in a *sufficiently early stage* of the decision-making process.

Should we talk about recommendations that have been derived from the world-wide experience for countries that still have not implemented RIA, we must start with realizing that the causality between the quality of the RIA process and the quality of democracy in the country goes both directions. The more are developed democratic structures of the country, the more chances to have a functioning RIA process the country has. And simultaneously, implementing a good system of RIAs may serve as a force for open and democratic

²⁴ Jacobs (2005a).

²⁵ Jacobs (2005a).

²⁶ Garg and Kabra (2004).

government.²⁷ This is well illustrated by the last two and to an extent the first one of the four principal benefits of RIA provided by Garg and Kabra (2004) and listed in Table 2.

Table 2: Principal Benefits of RIA

1.	RIA facilitates the understanding of impacts of regulatory actions.
2.	RIA integrates multiple policy objectives.
3.	RIA improves transparency and consultation.
4.	RIA improves accountability of governments and regulators.

Source: Garg and Kabra (2004).

Kirkpatrick and Parker (2003) observed that the ways of introducing RIA differed across countries and they draw six general lessons for countries that are still to adopt RIAs. Introduction of RIA:

- means *cultural change* within government – need to avoid RIAs manipulation to produce politically desired outcome;
- requires *development of skills* – need to avoid limitation to the evaluation of easily measurable financial costs and benefits or to making just a “cost-effectiveness” study taking the benefits as given;
- requires extension of *consultation procedures* – need to avoid choosing the consulted ones on political grounds;
- implies *process of selection* of the appropriate RIAs deepness for each proposal (in order to economize on costs of making RIA) – need to avoid doing that on political grounds;
- requires strong *commitment and leadership* – need to have a clear, powerful and stable political support; and
- attracts private groups to *capture regulation* – need to confront the possibility of regulatory capture by making the regulatory process fully transparent and accountable.

Yet another interesting aspect is the way of RIA’s implementation. In both examples of new Member States mentioned in the previous section – Poland and Lithuania – the primary drive of the Better Regulation agenda has been the EU-membership. The same can be said about the Czech Republic.²⁸ Bulgaria is an interesting example of the creation of the practice of making RIAs bottom-up. It was not the government itself, but rather several representatives of the civil society, backed by a group of MP’s, who have been pursuing the Better Regulation agenda and trying to make RIAs become part of decision-making on legislation.²⁹ On the one hand, bottom-up building of any institution takes generally longer time and comes in the stage of higher urgency than a top-down creation, but on the other hand, can result in an institution that is more deeply rooted and better tailored to the specific conditions.³⁰

²⁷ Jacobs (2005a). In general, similar thoughts can be found in Kirkpatrick (2002).

²⁸ In the Czech Republic, the external anchor has been formally the OECD, rather than the EU.

²⁹ Jacobs (2005a).

³⁰ One could think of an analogy with the regulation of the collective investment industry in the Czech Republic as it has evolved since mid-1990s.

Conclusion – Lessons for the Czech Republic

In the Czech Republic, the agenda *Regulatory Reform and Central State Administration Reform* started to be thought of by the government in 2000 as a reaction to the recommendations of the OECD. Initially, the agenda was entrusted to the Ministry of Interior. Later the team was relocated to become part of the Office of Government. The agenda stands on the two pillars named in its title, while the project of implementing RIA is part of the Regulatory Reform pillar. The whole agenda is coordinated by the Department of Regulatory Reform and Central State Administration Reform, which is a team of seven people, organizationally located at the Office of the Government.

Until 2005, the only steps that had been done in the direction of improving impact assessments when drafting a new legislation were some minor changes of the government's legislation-drafting rules in 2002 and 2004. The first really important step towards implementing RIA came in April 2005, when the project of RIA implementation entered a stage that can be named a two-fold pilot phase. Simply said, (1) some legal norms are being selected³¹ to be accompanied with a complete RIA and, simultaneously, (2) all government drafts of legal norms are obliged to be accompanied with the part of RIA that concerns impacts on business environment (in addition to the impact assessments that had to be done even before 2005, i.e., budgetary, social, environmental, etc.). The implementation process has been facing many obstacles so far, but is planned such that – within the governmental decision-making – RIA should be obligatory for all drafts of laws and of law concepts³² from 2007 and also for all drafts of by-laws from 2009. More information can be found at http://wtd.vlada.cz/urad/urad_reforma.htm.³³

The description and analysis of the policy followed so far in the Czech Republic is beyond the scope of this paper. Rather, I intend to point at some risks and problems that are likely to complicate the work of the Czech reformers of the government's approach towards the creation, maintenance and change of legal norms.

Based on the above-summarized experience with RIA and the specifics of the Czech political institutions, I would highlight five particular impediments that the Czech Republic has to tackle. Three of them are taken from the six above-mentioned recommendations made by Kirkpatrick and Parker (2003):

(1) *Political leadership*. Unfortunately, implementation of RIA still has not become one of the crucial political issues. The government has approved the program of RIA implementation and even allowed an increase of staff working on the agenda. But the agenda has been so far driven more by the staff itself and an occasionally expressed support of some members of the government, instead of having been constantly and systematically driven forward by a strong political leader – such as Tony Blair (or M. Thatcher and J. Major in the past) and his strong personal involvement in Better Regulation agenda in the UK. RIA is always just a source of information for the politicians and the final decision lies in their hands. There is a considerable risk that after the process of RIA is developed and implemented within the Czech government, it would become just a piece of paper which would be costly to produce but would bring little effect as the members of the government would not pay much attention to it. Of course, this would also have an effect on the quality of RIA *per se*. In addition, clear and powerful political support is needed to overcome general bureaucratic and political inertia.

³¹ The pilot projects should be identified by the end of 2005 and launched in the beginning of 2006.

³² “Věcný záměr“ in Czech.

³³ Some early steps are described also in OECD (2001).

(2) *Regulatory capture*. RIA will include consultations with stakeholders. In a sense, good RIA with transparent consultations might be the first successful attempt to institutionalize lobbying in the Czech Republic. However, the process of selecting the interest groups to consult the proposal with and the monitoring of fair treatment of all involved parties can easily go wrong way. What is needed the most to avoid regulatory capture is an extreme transparency, publication of all consultation results on web sites so that any stakeholder, politician, journalist, or researcher can freely inspect it.

(3) *High-quality staff*. If we talk about the process of RIA within the Czech government, we must realize that it will be clerks of Czech ministries that will have the duty to perform RIAs, make early consultations, consider all other options of addressing the problem in question, make cost-benefit analyses etc. Nowadays, according to my personal empirical observations, vast majority of these clerks believe that RIA is a rather stupid project that cannot bring anything more than an increased volume of work. Simultaneously, it would not be in the capacity of many of these clerks to make good RIAs. Thus, for RIA to be successful not only that someone has to convince these people that RIAs can be helpful but also someone has to teach them methods of making good RIAs. Another issue is the persistence of informal institutions – the clerks have developed some manners and habits that are hard to change all of a sudden.

In addition to these three problems, I would add the following two, which I have not seen mentioned elsewhere in the literature.

(4) *Responsiveness to stakeholders*. The consultation process within RIA has more problems than that of starting consultations early enough and that of regulatory capture. It will definitely take some time to make stakeholders feel that it is worth for them to spend money, time, and energy on preparing their official statements, comments, calculations and estimations regarding a proposal that is sent to them by some ministry. As long as several representatives of the business environment have the feeling that the place where they should send their reaction is just a black hole, they will not be interested in the process. This would further bias consultations only to those that might be more connected to the government and, thus, aggravate the regulatory capture problem. This was actually the strongest comment from the business sphere (associations of industry and trade, of small businesses, American Chamber of Commerce, Euro-Czech Forum etc.) when the plans about RIA were first introduced to them on a workshop organized jointly by the Office of the Government and the Vice Prime Minister for Economic Affairs in February 2005.

(5) *Implementation and enforcement of the regulation assessed*. As the last point here, I would like to stress that, in the Czech context, RIA should be designed in such a way that it forces the RIA-makers to take into account how the measure under consideration will be implemented and enforced in reality.

All in all, the question of political leadership is crucial and without that Czech RIAs cannot tackle well the remaining four impediments. Anyway, the Czech Republic has yet a long way to go to have a system in which regulation is being created, maintained, and revised smartly, based rather on science, evidence and transparent discussion than inertia, ideology and political connections of particular businesses.

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