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REGULATORY IMPACT ASSESSMENT:
KAZAKHSTAN AND WORLD PRACTICES

Astana, 2017

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Authors: Saltanat Akhmetzhanova, Aliya Mukhamedzhanova, Karina Ten

Contents

About the Innovative Solutions Scheme

In 2015, the Regional Hub of Civil Service in Astana launched the Innovative Solutions Scheme aimed at supporting initiatives to modernize the public administration, to improve public service delivery, and to encourage innovation and creativity in public institutions.

The Scheme was elaborated as a tool to identify and assist in replicating the most successful innovative solutions in public administration and disseminate this knowledge among participating countries of the Hub.

The objectives of initiating the Scheme include:

➢ To encourage service to citizens and motivate public servants in the region to sustain the momentum of innovation and improvement of the delivery of public services;

➢ To collect and disseminate successful practices and experiences in public administration to support efforts for improving public service delivery;

➢ To promote, encourage and facilitate networking among institutions and organizations relevant to public administration and strengthen the networks of the Hub;

➢ To enhance professionalism in public service by fostering the successful innovative practice and excellence in public service delivery.

The following themes were selected as priority ones for the Scheme in 2015 a) "Enhancing Service Delivery in Public Education" and b) "Innovative Methods of Protecting Meritocratic Principles in Selection and Promotion Processes of Civil Servants".

The Scheme implementation in 2016 resulted in six research projects, including the present project called "Regulatory Impact Assessment: Kazakhstan and World Practices" prepared by Saltanat Akhmetzhanova, Aliya Mukhamedzhanova, Karina Ten.

Introduction

The unfavourable external market conditions call for enhancing governance. Governance is defined as practical, organizing and regulatory effects of a state through the system of its institutions, on public and private lives of people in order to regulate, to maintain or to transform them in reliance on the power of authorities (Atamanchuk, 2004). Thus, regulation is an essential element of governance.

Government regulation is a framework of standard-based measures of legislative, executive and oversight nature taken by duly constituted government authorities and community-based organizations for stabilizing and adapting the existing social and economic system to changing environment (Kholodov, 1997).

Historically, there are two theoretic models for government regulation of the economy: classic and Keynesian ones. The classic model originates from Adam Smith's ideology with minimum government interference into the economy and complete reliance on perfect competition and price flexibility, which can balance the economy. Unlike the classic theory, the Keynesian model attributes a special role to the government in the regulation of market mechanisms arguing that the classic model cannot explain reasons of unemployment and that the market is unable of self-regulation. However, the sophistication of economic processes has blurred the borders between the different models of government regulation. Today most common are mixed models of economic management, combining various elements of both. The development of more sophisticated mechanisms and instruments of economic relations, expansion of IT solutions and globalization of the world economy add complexity to the challenges faced by governments; the key challenge now is not about having or not having regulation but about its enhancement. Therefore, the issues of regulatory enhancement are especially critical today.

Regulations are the rules that regulate everyday lives of citizens and businesses, which are captured in various regulatory acts, which have social and economic implications for the targeted groups. A targeted group is understood to be a group of individuals, groups and organizations associated with the subject situation or involved in its development and directly or indirectly affected by the regulation being developed (both positively and negatively). There are three major targeted groups: government, business and community.

Some regulatory requirements may appear to be too expensive and/or inefficient to achieve the desired objective. Therefore, the main idea of improving government regulation is to streamline it, to remove excessive barriers and to avoid unreasonable costs. The purpose of the study is to analyse efficient instruments for improving the quality of regulatory decisions in the world practice such as regulatory impact assessment (RIA), public consultations and ex-post evaluation as well as to prepare recommendations for applying these instruments in Kazakhstan. The key objectives of the study include:

➢ to analyse the world trends in regulatory policies;

➢ to review the world practice for securing good regulation including methodological aspects of RIA as a key instrument for evidence-based decision-making;

➢ to analyse the evaluation of social and economic implications of draft regulations in Kazakhstan and to prepare recommendations to improve the process.

Section 1. World Trends in Regulatory Policies

In today's economy state regulation is executed through a system of special methods: namely administrative law and economic regulators. Administrative law regulation manifests, first and foremost, in the government creation of legal framework of the economy. Economic regulation is used both for promoting activities required by the society and for suppressing undesirable ones. Thus, regulatory measures are the key instruments for a state to impact social and economic system to promote economic growth and social well-being.

Low quality of regulation may contribute to bureaucracy, high compliance costs for individuals and business, corruption and abuse. Therefore, the developed countries have been considering regulatory improvements as a critical element of governance reforms building on the following principles:

➢ reduction of administrative burden;

➢ regulation only in case of 'market failures' or the need to address important social and economic issues and to ensure rational allocation and use of resources (typical market failures with descriptions are presented in Table 1).

Table 1. Typical Market Failures

Market failure	Explanation
Price inadequacy	Market prices fail to account for all the costs and benefits for the society
Shortage of public goods	Market is not interested in production of common goods that benefit everybody but not paid for by everybody
Imperfect competition	Existence of monopolies and market entities with imperfect competition

Externalities	Externality is the cost or benefit that affects a party who did not choose to incur that cost or benefit
Social justice issue	Market fails to fairly distribute wealth and income
Long-term economic development problem	Market mechanism does not always ensure the concentration of efforts on promising areas of science and technology, neither it stimulates sufficient investments into fundamental science, etc.
Information asymmetry	Market participants do not have adequate knowledge for effective decision-making

However, market failure by itself does not indicate that government intervention should be or will be implemented. To regulate it must be proved that:

➢ market failures are significant and the market will not overcome them itself over time;

➢ the government can find a solution that will be cost-effective and will secure net public benefit as compared to non-regulation.

For instance, in Australia direct government regulation is only considered in the following cases:

➢ the problem is high risk, of high impact or significance, for example, a major public health and safety issue;

➢ government requires guarantee of compliance with legal sanctions;

➢ the need to regulate a specific industry where common principles are not applicable;

➢ a systemic problem of intractable disputes and violations of fair trade principles;

➢ industry lacks participants or inadequately resourced (Australian Government, 2007).

The reduction of regulatory burden is also a trend in improving regulatory policies. For example, in 2011 the UK Government launched the *Red Tape Challenge* when regulatory measures were published online and businesses and community were encouraged to publicly express their opinions, propose solutions and present analytical information on such measures. Based on the feedback received the Government was able to improve, to maintain or to cancel the measures.

However, in some cases the regulation per se (e.g. fire safety requirements) is not a burden for business, costs emerge due to enforcement activities of government institutions (e.g. frequent inspections). In 2012, the UK launched Focus on Enforcement to make such cases known. The above initiatives together had the following results:

- over 2,400 regulations were scrapped;

- saving home builders and councils around £100 million by reducing hundreds of locally applied standards to 5 national standards;

- £90m annual savings to business from Defra reducing environmental guidance by over 80%;

- businesses with good records have had fire safety inspections reduced from 6 hours to 45 minutes allowing managers to quickly get back to their day job;

- childcare providers now must read 33 pages of need to know guidance instead of wading through over 1,100 pages (HM Government, 2016), etc.

Building on the success of the above programmes, in 2015 the UK launched a new programme 'Cutting Red Tape', which combined and embodied best practices of the earlier programmes. The new programme assumes active engagement of businesses into large-scale revisions of regulations in various sectors. By doing this the Government has committed to reduce burden on businesses by £10 billion over the next 5 years.

From 2010, any new regulation in the UK is introduced based on the principle 'One-in, One-out', which means that any regulation causing costs to business must be neutralized by other deregulatory measures to secure an equivalent saving to business. In 2013, the decision was made 'to raise the bar' and the regulation management system started working based on 'One-in, Two-out' approach, i.e. each pound of newly introduced administrative burden is to save two pounds. In March 2016, the Department for Business, Innovation and Skills announced the future transition to 'One-in, Three-out'.

In 2013, Australia launched a far-reaching initiative to reform the regulatory system to reduce regulatory burden and to improve productivity. The Government committed to reduce the burden on individuals, community based organizations and business by AUD 3 billion over 3 years, however, the objective was achieved much earlier: over 2 years the regulatory costs were reduced by AUD 4.5 billion. Over 3,600 redundant acts and over 10,000 legislative instruments were cancelled. For each dollar of newly introduced regulation the Government made decisions to reduce costs by over 11 dollars (Australian Government, 2015). Such measures yielded fruit not just nationwide but internationally as well: in the WEF's ranking for the World Competitiveness Index Australia leap frogged in 'Burden of administrative regulation' from 124th place in 2014 to 80th place in 2015 (WEF, 2015).

Three components of a comprehensive approach to addressing regulatory policies issues		
Comprehensive RIA at all stages of management decision-making	Engagement and consultations with stakeholders	Ex-post evaluation

Figure 1.
Components of a Comprehensive Approach to Addressing Issues of Regulatory Policies

In Belgium, the reforms aimed at simplification of the regulation resulted in reducing administrative costs for individuals and business by €1.25 billion in 2008-2014 (about 65% of the savings are benefits for business and 35% are benefits for individuals) (OECD, 2015).

Norway is revising the existing regulation under the Doing Business Simplification Programme aimed at reducing administrative burden by 25% by end of 2017 as compared to 2011 level. Almost 60 measures have been taken including drafting of new rules, changing existing regulation and making new decisions in IT sector.

Thus, many OECD countries have explicit government policies for ensuring regulatory quality. Increasingly more countries appoint a Minister or another high-level government official responsible for facilitating the government in the implementation of regulatory reforms; such countries also develop and publish clear regulatory policies. Most countries have also established a special body responsible for promoting regulatory policies and for monitoring and reporting progress in regulatory reforms and ensuring regulatory quality.

The key idea in improving government regulation is about reducing redundant barriers. The international practice demonstrates three key components of a comprehensive approach to addressing the issues of regulatory policies (Figure 1).

RIA is a process of systematic identification and evaluation of costs and benefits of proposed regulations.

Public consultations are open discussions of a draft regulation with affected groups. Such discussions are held for collecting information and identifying provisions which impose excessive responsibilities, prohibitions, limitations and/or unreasonable costs for targeted groups.

Ex-post evaluation is evaluation of the existing regulation to assess its effectiveness as well as to determine its direct, indirect and undesirable effects.

Best practice of using these instruments for improving the quality of regulation is found in the OECD countries where in 33 out of 34 countries impact assessment and public consultations are mandatory for any regulation and ex-post evaluation of legal regulations is conducted in 27 countries (OECD, 2015).

Thus, in the OECD countries there is a trend to use a comprehensive approach to ensure quality of regulation based in general on evidence-based law making. This approach includes three above-mentioned elements, which will be reviewed in details in the chapter below.

Section 2. Instruments of Ensuring Quality of Regulation in the World Practice: *RIA, Public Consultations and Ex-Post Evaluation*

The OECD defines (2008) RIA as a systemic approach to critically assessing (e.g. through cost-benefit analysis) the positive and negative effects of proposed and existing regulations. The purpose of RIA is to determine the objectives pursued by regulatory authorities, to identify options of political interventions that can help to achieve such objectives and compare the available options. All these options need to be carefully analysed using the same analytical methods and after that inform decision-makers about the efficiency and effectiveness of various options so that every time decision-makers could select the most efficient and effective way to achieve an objective. An OECD document (2002) says: '...RIA's most important contribution to the quality of decisions is not the precision of the calculations used but the action of analysing, questioning, understanding real-world impact and exploring assumptions'.

RIA is used as an instrument for improving quality of regulations in over 70 countries.

The best practice is found in the OECD countries where the history of RIA stretches back more than 20 years. In 1995, the OECD Council issued the recommendations on regulation quality issues which included a list of 10 points. The document emphasized the need to assess potential effects of proposed regulation that would enable making sure that the benefits of regulation justify the associated costs. In 1997, the OECD articulated and issued best RIA practices. The 2005 OECD Guiding Principles for Regulatory Quality and Performance recommended integrating RIA into the development, review and revision of significant regulations, and to use RIA to assess impact on market openness and competition objectives. In 2008, the OECD issued the Introductory Handbook for Undertaking Regulatory Impact Analysis and Guidance for Building an Institutional Framework for RIA. Having reviewed over 10 years of RIA practice in the OECD countries, the OECD issued a practical guideline on systemic factors affecting the quality of RIA including methodologies which can help RIA to improve the regulation and a guideline for using RIA for preventing excessive regulation of competitive markets. In 2010, the OECD identified the areas for improving risk management based on the analysis of legal, procedural and practical issues, in many cases with the RIA. And finally, the 2012 Recommendations set out the principles for integrating RIA at early stages of policy making for the development of new regulatory proposals. An important evolution of the 2012 Recommendations as compared to the previous OECD guideline is that the recommendations recognize that the RIA process should be integrated into the law-making system rather than simply complement it.

RIA as a part of the law-making framework allows maximizing efficiency and effectiveness of regulations. Effective regulation is the one that achieves the policy objective that led to it being made. Efficient regulation achieves these objectives at the lowest total cost – to all members of society. Effectiveness and efficiency of regulation are important because there are limits to the amount of and type of regulation able to be absorbed within economies and enforced effectively by governments (OECD, 2008). The most common rationale of public policies for adopting RIA are presented in Table 2.

Table 2. Public Policy Rationale for Adopting RIA

Rationale	Explanation
Efficiency / reduction of burden	When RIA uses such methods as cost-benefit analysis and cost-effectiveness analysis it helps government bodies opting for more effective policy options and screening out less efficient options. Over time, if such option is implemented it should lead to welfare gains through higher net benefits of government policies.
Transparency	RIA can help improve transparency of government policies because it makes government administrative bodies justify their actions in writing and explain why the proposed course of actions is more desirable than the existing alternatives, including do-nothing scenario.
Accountability	The use of RIA also helps to improve government accountability, i.e. its responsibility for the results caused by policies.
Bureaucracy control	The model of standard costs used in the RIA process allows controlling the burden of administrative costs to business and community.
Effectiveness and coherence of policies	This implies the use of RIA as an instrument for achieving government's long-term-term objectives and addressing the list of government priorities.

Source: Renda, 2015.

Some countries apply various qualitative and quantitative threshold tests to determine whether RIA is required (Table 3).

Table 3. Threshold Tests to Determine Whether RIA Is Required

Country	Test format	Explanation
USA	Quantitative test	Executive Order 12866 requires a full RIA for economically significant regulations. The threshold for 'economically significant' regulations (which are a subset of all 'significant' regulations) is set out in Section 3(f)(1) of Executive Order 12866: 'Have an annual effect on the economy of USD 100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local or tribal governments or communities'.
Australia	Qualitative test	RIA (or a RIS, regulation impact statement as they call it) is required for all Cabinet submissions. A RIA is also mandatory for any non-cabinet decision if that decision is likely to have a measurable impact on businesses, community organizations, individuals or any combination of them. If a policy proposal is not related to regulation, is of minor or machinery nature and submitted to the Cabinet a short RIS can be used.
South Korea	Qualitative and quantitative tests	In South Korea, regulatory impact assessment is undertaken for significant regulations. 'Significant' regulation meets one or more of the following criteria: — annual impact exceeds 10 billion won; — impact on more than 1 million people; — it clearly restricts market competition; — it represents a clear departure from international standards.

Source: OECD, 2012.

Conducting RIA makes sense only if the process starts before political decisions are made. Draft regulation should be finalized after the RIA identifies the best option. A common mistake is first to develop a draft and then to conduct RIA. Thus, the RIA process can be presented as the following interconnected steps:

1. *Description of the problem intended to be addressed by regulation.* Problem definition is the most important phase of RIA because it is the foundation for all subsequent steps. Only a properly defined problem allows setting the right objectives and implementing actions to achieve them. A problem issue must be defined and formulated as clearly as possible. For instance, it is too vague to say 'There is no infrastructure'. It would be more accurate to say: 'Heavy trucks cannot get from A to B'. Furthermore, an identified problem should not be replaced with a potential solution. For instance, lack of legislation in any area is not a problem. Development of a draft law may become a part of potential solution of the problem. Some other solutions are also possible, such as improvement of enforcement, toughening of sanctions, simplification of existing legal framework or education and information campaigns.

A problem can be identified from complains of individuals and entities; through the assessment of existing legal regulations and government programmes, government control and supervision, statistics on harm to life, health and property, environmental damages; proposals from government bodies, community organizations, business associations, etc. This stage provides evidence that the identified problem exists, determines its scope, causes and identifies the groups affected by the problem. Problem definition also includes identifying scenario when no actions are taken. The purpose of the baseline scenario is to understand how the situation would evolve without additional government intervention.

2. Identifying objectives of regulation. This stage involves identification of regulatory objectives, correlating them with the problem to be addressed, identification of indicators to measure achievement of objectives, identification of resource constraints for achieving objectives. When identifying objectives, it is a rule of thumb to use SMART system.

A good example would be: 'In 5 years, to reduce by 70% the issue of water supply in West Kazakhstan Region caused by lack of infrastructure'. This objective is specific (to reduce the issue of water supply in West Kazakhstan Region), measurable (by 70%), achievable (an issue associated with lack of infrastructure can be solved), relevant (water supply is a social need) and time-bound (in 5 years).

3. Identification of possible options for achieving objectives. A list of potential alternatives to address the problem is prepared. The "no-action" or baseline scenario should always be considered. Options vary in the extent of government intervention and include:

➢ traditional command and control regulation;

➢ performance-based regulation, i.e. standards defining the required behaviour of the targeted group. It does not describe specific mechanisms to secure compliance but rather determines the criteria to be met to achieve such compliance.

➢ co-regulation, i.e. a model of shared responsibility, which means creating a regulatory framework which sets out the implementation timelines and mechanisms, methods for monitoring enforcement and any sanctions. The legislator also determines to what extent the definition and implementation of measures can be left to the discretion of stakeholders.

➢ self-regulation, i.e. a set of measures aimed at self-regulation of business or professional activities by individuals and legal entities; such self-regulation is based on the approval of rules and standards of a self-regulated organization, controlling compliance and ensuring property liability of self-regulated entities.

➢ improvement of enforcement, deregulation and simplification;

➢ information campaigns;

➢ economic and market mechanisms.

4. Evaluation of costs and benefits of each alternative. This step involves comprehensive evaluation of the regulation effects using cost-benefit analysis. It is an analytical method to estimate and compare benefits and costs of regulation for targeted groups and evaluation of net benefit of the regulation. A targeted group is a group of individuals, groups and entities associated with the problem situation or involved in the process of its development and directly or indirectly affected by a draft regulation (both positively and negatively). There are three main targeted groups: government, business and community. These groups can be also subcategorized by different characteristics: by belonging to a state (citizens, stateless persons, repatriates, foreigners, exterritorial persons (diplomats); by business size (small, medium and large business), etc. Benefits can be defined as obtaining some benefits and goods from the adopted regulation; such benefits can be measured quantitatively and qualitatively. Costs are extra non-tangible effects of a subject draft regulation which negatively affect various targeted groups (higher costs for public and private sector services, deteriorated quality of life, etc.). In general, there are three categories of benefits and costs:

- ➢ monetized (can be presented in money terms);

- ➢ quantifiable but not monetized (which can be expressed in values but in monetary terms); and

- ➢ qualitative (which cannot be measured in values).

Costs and benefits can be also classified as:

- ➢ fixed and variable;

- ➢ real costs and transfer payments;

- ➢ frequency: short-term, long-term, or for a specific period.

Cost-benefit analysis includes the following steps:

- ➢ Identification of targeted groups;

- ➢ Monetized or quantitative evaluation of costs and benefits for all targeted groups. If possible unquantifiable effects should be supported with available qualitative information which can expand and complement qualitative analysis;

- ➢ Discounting costs and benefits;

- ➢ Calculating net present value.

As an example, Table 4 presents benefits and costs of having electronic invoices in Kazakhstan.

Table 4. Benefits and Costs of Electronic Invoices in Kazakhstan

Targeted groups	Benefits	Costs
Business	Simplification and automation of business processes. The Tax Committee of Kazakhstan estimates that the introduction of electronic invoices will help local businesses save about KZT 5 billion annually. Paper invoices cause extra costs including labour costs of operators, paper, printers, stamps and delivery costs. Annually, 56 million invoices are issued in Kazakhstan, excluding invoices issued by those who are not subject to VAT and those issued for individuals. A minimum cost for issuing an invoice is KZT 100, whereas the cost for an electronic invoice is 10 times less.	Expenditures for buying software for processing and storing electronic invoices.
Community	Better protection of customer rights in e-commerce	No
Government	Optimized tax procedures; automation of processing of electronic invoices will help optimize budget expenditures due to lower labour and time costs for data processing.	Introduction of electronic invoices will require allocating additional funds from the government budget for automating the process for receiving and processing electronic invoices in the tax authorities.

Logical justification of the cost-benefit analysis is that resources are scarce; therefore, the resources should be distributed in such a way to maximize benefits for the society.

For instance, in Canada, for subordinate regulations, when determining whether and how to regulate, departments and agencies are responsible for assessing the benefits and costs of regulatory and non-regulatory measures including government inaction. This analysis should include quantitative measures. If it is not possible to quantify benefits and costs, qualitative measures can be used. When assessing options to maximize net benefits, departments are to: identify and assess the potential positive and negative economic, environmental, and social impact on Canadians, business (including small business), and government of the proposed regulation and its feasible alternatives; and identify how the positive and negative impact may be distributed across various affected parties, sectors of the economy, and regions of Canada. Treasury Board of Canada Secretariat provides guidance and a challenge function throughout this process. In Australia, a law or an act cannot be submitted to the Parliament without assessing the regulation burden. In the USA, for the case of subordinate regulation, agency compliance with cost-benefit analysis is ensured through review of the draft RIA and draft regulation by the Office of Information and Regulatory Affairs under Executive Order 12866 (OECD, 2015).

In the UK, if a regulation measure falls under the rule of 'One-in, Two-out' the Ministry is to clear the calculation of Equivalent Annual Net Cost to Business with the Regulatory Policy Committee. Regulatory Policy Committee is an independent body whose purpose is to change the Government's approach to regulation through improving the use of evidence and analysis in regulatory policy-making. In addition to clearing of calculations, the Committee performs the following functions:

➢ issuing conclusions: the Committee provides external independent expert assessment of the quality of analysis and evidence provided in support to new regulation or deregulation proposals before a regulatory proposal is submitted to the Reducing Regulation sub-Committee, which is a cabinet sub-committee established to take strategic oversight of the delivery of the Government's regulatory framework.

➢ confirmation of suitability for the fast track process: if an originator believes that a measure is likely to qualify for the fast track, it needs to complete a form for Regulatory Triage Assessment. The Regulatory Policy Committee reviews the provided information and confirms (or rejects) that the proposed regulation qualifies for the fast track (Department for Business, Innovation and Skills, 2013).

5. Selection of a regulatory option. Options are compared and the most preferable is selected, arguments for the proposed solution are put forward.

6. Implementation of the selected option and monitoring. This stage involves development of an action plan to implement and promote the regulation, as well as preparation of monitoring and evaluation plan.

Thus, the RIA proposes helps regulatory bodies in decision-making by providing methodological support in policy making, from drafting through to implementation.

RIA can be implemented in several phases depending on the depth of assessment: initial RIA, partial RIA and full RIA. The level of details and the depth of analysis usually depend on the scale of the problem and effects of regulations (Table 5).

Table 5. Levels of Details and Depth in RIA

RIA level	Explanation
Initial RIA	Envisages preliminary assessment of a problem, identification of targeted groups and the need for government intervention, potential regulation effects, alternative options and informal public consultations. Depending on the results of initial assessment the decision is made whether a more detailed or partial RIA is required.
Partial RIA	Includes initial RIA and additional analysis of benefits and costs, risk assessment, and involves more detailed public consultations
Full (final) RIA	Covers all above phases and envisages a deeper assessment of effects, analysis of alternative options, proposes conclusions and recommendations building on public consultations.

For instance, Canada employs a Triage System to decide the extent of the analysis. The development of a Triage Statement (low, medium and high impact) early in the development of the regulatory proposal determines whether the proposal will require a full or expedited RIA. In addition, when there is an immediate and serious risk to the health and safety of Canadians, their security, the environment, or the economy, the Triage Statement may be omitted and an expedited RIA process may be allowed (OECD, 2015).

In the UK, the Red Tape Challenge measures qualify for the fast track. Other deregulatory measures or regulatory measures that have a very low cost may be eligible for the fast track as well. A measure is low-cost if its gross cost to business in any year is under £1 million (Department of Business, Innovation and Skills, UK, 2013). If a measure is on the fast track, departments have greater discretion over what level of appraisal should be carried out and other requirements. Furthermore, they are exempt from the small and micro business assessment and post-implementation review. Each department has its own arrangements for determining whether a measure is suitable for fast track treatment. For receiving a confirmation of the suitability of the fast track, a department is to present information on the proposed regulatory measure using Regulatory Triage Assessment form approved by the Department of Business, Innovation and Skills. Each department has Departmental Better Regulation Unit to deal with these issues; such units provide advice and assistance to the departments, especially with respect to the assessment process (delivery of impact assessment, quality assurance and publication of outcomes), as well as in the implementation of plans to reduce administrative burden by the departments. Departmental Better Regulation Units work in close contact with Better Regulation Executive, which coordinates the delivery and promotion of better regulation. It is responsible for methodological guidance to departments as well as promotion, facilitation and coordination of the processes for improving government's regulatory policy.

Measures that do not qualify for the fast track, require more attention, efforts and time. A greater number of better regulation framework requirements apply to these measures. In addition, an originator needs to ensure that 'One-in, Two-out' principle is followed and fully offset any new burden on business.

Another tool to facilitate good quality of regulation is public consultation which is aimed to ensure that the opinions of all stakeholders are duly considered, i.e. end users of regulation, both incurring costs to comply with the regulation and beneficiaries. End-users are best positioned to provide relevant information which can improve the quality of evidence that regulatory decisions are to build on. To make this process efficient, users of regulation are to understand why regulation is needed, its advantages as well as the need and commensurability of costs. All this requires efficient communications between end users and drafters of regulatory measures.

These days the OECD countries consider various ways to involve stakeholders into the process of development, implementation and compliance control of regulations. The importance assigned to the interaction with stakeholders has become one of the principles of the 2012 Recommendations, which state that member-states 'adhere to principles of open government, including transparency and participation in the regulatory process to ensure that regulation serves the public interest and is informed by the legitimate needs of those interested in and affected by regulation. This includes providing meaningful opportunities (including online) for the public to contribute to the process of preparing draft regulatory proposals and to the quality of the supporting analysis. Governments should ensure that regulations are comprehensible and clear and that parties can easily understand their rights and obligations'.

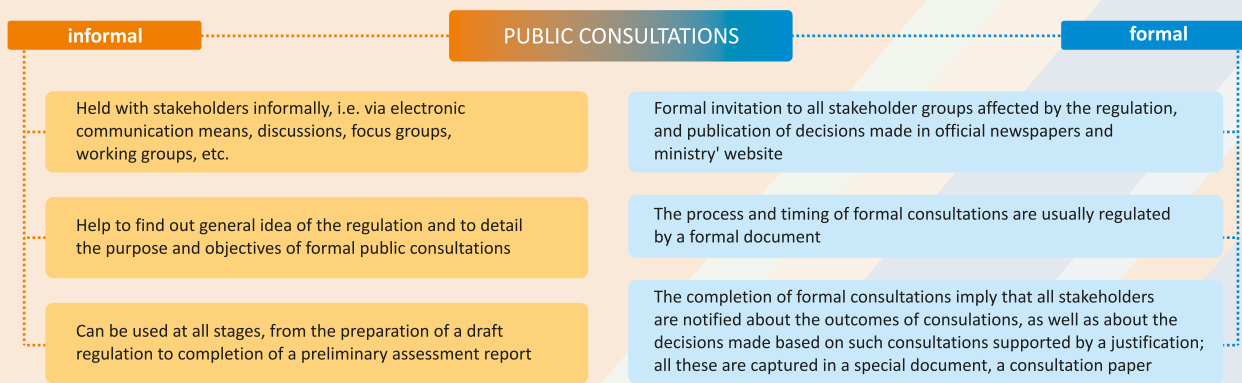| informal	PUBLIC CONSULTATIONS	formal
Held with stakeholders informally, i.e. via electronic communication means, discussions, focus groups, working groups, etc.		Formal invitation to all stakeholder groups affected by the regulation, and publication of decisions made in official newspapers and ministry' website
Help to find out general idea of the regulation and to detail the purpose and objectives of formal public consultations		The process and timing of formal consultations are usually regulated by a formal document
Can be used at all stages, from the preparation of a draft regulation to completion of a preliminary assessment report		The completion of formal consultations imply that all stakeholders are notified about the outcomes of consulations, as well as about the decisions made based on such consultations supported by a justification; all these are captured in a special document, a consultation paper

Figure 2.
Public Consultations

When seeking expert baseline data for decision-making on regulation, consultations in small focus groups are held. When the aim is to maximize the engagement of all stakeholders, the efforts should cover as large group as possible (e.g. information in the mass media). Consultations usually involve a combination of tools and are conducted in several phases when preparing a draft regulation. Some tools are used more at the early stages of stakeholder engagement, such as the advisory groups or preparatory committees, while other tools are used more frequently later in the engagement process, such as posting draft regulations on the Internet or formal consultations with social partners. Some tools, e.g. public meetings, are used consistently at all stages of the process. For instance, Finland has recently set up the Otakantaa.fi portal which is used as a channel for early-stage consultations. Stakeholders may participate in the ongoing discussions or in the preparation of government's projects or start a completely new discussion on a topic of their choice. The online tools may be used for finding out, what kind of ideas and experiences targeted groups have on a given topic. These ideas and experiences can be then utilized for example in the authorities' decision making, law drafting, planning of action plans, establishing needs for reforms, and assessing different subject matters. It is possible to combine different kinds of one-way, two-way and multi-way modes of participation in the projects, such as discussion forums, one-way open questionnaires, straw polls and real time chat discussions (OECD, 2015).

The European Commission uses a single portal for public consultations, "Your Voice in Europe", which is a 'single access point' to a variety of consultations and feedback opportunities and other tools, which enable different stakeholders to take an active part in the European policy making process.

Public consultations can be informal (preliminary) and formal (Figure 2).

The changing economic, social and political context requires periodic review of legal regulations to see whether they remain relevant in the modern context. Diagnosing excessive burden, actual direct and indirect costs, undesirable and unforeseen effects, duplications, gaps or obsolete measures that emerge in the existing legislation over time – all these are achieved through ex-post evaluations.

The 2012 OECD Recommendations state that member-states 'conduct systematic programme reviews of the stock of significant regulation against clearly defined policy goals, including consideration of costs and benefits, to ensure that regulations remain up to date, cost justified, cost effective and consistent, and deliver the intended policy objectives'.

Today the developed countries tend to conduct consultations with all stakeholders affected by the regulation using various instruments.

The Australian Productivity Commission (2011) says that 'even if all new regulations were sub-jected to rigorous assessment, uncertainties about their effects in the longer term would remain in many cases. And even if a regulation was initially appropriate and cost effective, it may no longer be so some years hence. Changes can occur in markets and technologies, or in peoples' preferences and attitudes. Moreover, the increasing number of regulations leads to increased costs and other unintended consequences'.

Thus, Allio (2014) says that ex-post evaluation allows looking back and evaluating to what extent the measures achieve the expected results in reality; it offers the information necessary for plan-ning, designing, updating and implementing policies and for subsequent regulatory intervention. Thus, it facilitates a more sound, structured and evidence-based policy making based on the interdependence, interconnection (policy integration) and efficiency optimization (reduction of regulatory failures).

The evaluation of enacted legal regulations plays an important role in improving transparency and control and therefore in increasing public trust to government bodies. The approaches to evaluation may include some forms of engagement of stakeholders in the regulatory process. Fetterman et al. (2014) identify three potential forms of evaluation (they consider the concept of program evaluation, but the logic can be similarly applied to ex-post evaluation of regulations):

➢ *Collaborative* evaluation is an evaluation when 'evaluators are responsible for conducting an evaluation but they arrange continuous collaboration with stakeholders, facilitating the implementation of more comprehensive evaluation designs, increasing the level of data collection and analysis and thus the stakeholders have an opportunity to better un-derstand and use the results of evaluation more efficiently'. This kind of evaluation covers 'a wide range of practical activities, ranging from consultations of evaluation specialists with a client to a full-sized cooperation with specific stakeholders at every stage of the evaluation'.

➢ In a *participatory* evaluation evaluators 'participate in managing the evaluation process'. Evaluators and those who are evaluated participate in some or all phases of evaluation and they are proposed 'to participate in defining the goal of evaluation, developing instru-ments, collecting and analysing data, as well as in reporting and disseminating results'.

➢ *Stakeholder* evaluation is the last one in the list. Under this approach the evaluators 'ob-serve the implementation process of the programme by programme members, employees and community members and oversee the evaluation process. Participants decide how it is best to fulfill external requirements and achieve the desired objectives, while evaluators 'act as friends and coaches and steer them in the right direction based on a carefully de-signed, efficient and properly selected approach'.

Allio and Renda (2010) emphasize the following criteria that can be used in an ex-post evaluation (Table 6).

Table 6. Ex-Post Evaluation Criteria

Criterion	Description
Relevance	This dimension measures the extent to which the objectives of public intervention correspond to the needs and problems identified at the outset. It helps to answer the question: "Do the policy goals cover the key problems at hand?"
Effectiveness	This dimension refers to the extent to which (a) the objectives of a given policy were achieved; and (b) whether the effects observed were due to the specific interventions evaluated. This should answer the question: "Was the policy appropriate and instrumental to successfully address the needs perceived and the specific problems the intervention was meant to solve?"
Efficiency	This dimension is to be interpreted as 'cost-effectiveness', i.e. how economically have the various inputs been converted into outputs and have produced outcomes, and whether the (expected) effects have been coherent and obtained at a reasonable cost. This helps answer the questions: "Do the results justify the resources used?", or alternatively, "Could the results be achieved with fewer resources", and "How coherent and complementary have individual parts of the intervention been? Is there scope for streamlining?
Practicality	This dimension measures the extent to which the intervention outcomes correspond to the needs and problems identified at the outset. It helps answer the question: "To what extent the achieved outcomes correspond to the objectives intended to be achieved?"
Transparency	This dimension assesses the degree to which the outputs and outcomes of the policy intervention as well as the processes linked to implementation are visible to outsiders (stakeholders, the citizens). It helps answer the question: "Was there adequate publicity? Was the information available in an appropriate format and appropriate level of detail?"

Legitimacy	This dimension addresses the extent to which individuals and organized stakeholders accept the policy instrument and are satisfied with it. It helps answer the following question: "Has there been a buy-in effect?"
Equity	This dimension considers the distribution of benefits and costs among the targeted groups, and outsiders in general. It may also refer to the degree to which various stakeholders participate in the policy process and have equal access to information. It helps answer the question: "Where the effects fairly distributed among the stakeholders? Was enough effort made to get the appropriate access to information"?
Sustainability	This dimension considers the likelihood that the policy effects will have a lasting impact, and whether this depends on the continuation of the policy intervention. It also addresses the effects that policy intervention has had on the functioning of public administration (learning). This should help answer the questions: "What are structural effects of the policy intervention? Is there a direct cause-effect link between them and the policy intervention" and "What progress has the administration made from reaching the policy objectives?"

Ex-post evaluation is becoming an increasingly common practice in the international practice. Thus, in Germany, the Committee of State Secretaries introduced a Resolution on bureaucracy reduction referring to an evaluation procedure for all new regulations. It requires conducting a systematic evaluation of laws above certain threshold (Prognos, 2013). Particularly, evaluation should be held three to five years after regulations have become effective for the regulations, for which annual compliance costs exceed:

➢ €1 million citizen's material costs or 100,000 hours' time expenditure; or

➢ €1 million in the business sector, or;

➢ €1 million for public authorities.

In the United States, the SCRUB Act (H.R.4874), 'Searching and Cutting Regulations that are Unnecessarily Burdensome' adopted by the Congress in July 2014 provides for the establishment of a Retrospective Regulatory Review Commission.

In Australia, for the regulation assessed as having a substantial impact on the Australian economy, a PIR (post-implementation review) must be completed within five years following the implementation of the regulation.

The Government of New Zealand established a Regulatory Review Programme in 2009. Regulation selected for the programme were those with significant effects on productivity and pervasive economic impact. Its objective is to set up a more systematic approach to ex-post review to replace a non-systematic evaluation. The reviewed positions include financial market regulation, local governments' resolutions, licensing of professional activities.

In Canada, a number of regulations are required to be periodically reviewed based on the conditions of the regulation itself.

In Switzerland, ex-post evaluation is well-established and organized. The obligation to evaluate regulations has been enshrined at constitutional level since 1999. For instance, Article 170 of the Swiss Federal Constitution requires that the Federal Assembly shall ensure that federal measures are evaluated with regard to their "effectiveness".

In the European Union, ex-post evaluation is a mandatory element of the regulatory assessment framework. Ex-post evaluation is carried out based on developing a plan for evaluating regulations, which can cover not only an evaluation of an overall regulation but specific provisions as well as a set of provisions or a range of regulations related to one object of regulation. By publishing the findings of ex-post evaluation, the European Commission publicly takes the responsibility for its actions, recognizes actual implementation of measures and engages stakeholders in further feedback.

Thus, the review of international best practice clearly demonstrates the need for a comprehensive and systematized approach to ensuring quality of regulations; such approach includes three dimensions: regulatory impact assessment, public consultations and ex-post evaluation.

The practice in CIS countries is also interesting: the RIA process, under different names, is applied in Russia, Ukraine, Moldova, Kyrgyzstan and Uzbekistan. In Russia, it is called regulatory impact assessment (RIA), in Kyrgyzstan – regulatory impact analysis (RIA), in Uzbekistan – legislative impact assessment framework (LIAF).

One should note active development of RIA in the Russian Federation, where by end of 2015 over 4,600 RIAs were made over a five-year period; such assessments collected over 50,000 opinions and comments. Every month RIAs for 30-40% draft regulations conclude that the requirements to entities and budget are excessive and costly.

In addition, starting from 1 July 2016 new legal regulations will be subject to actual impact assessment (AIA). This will replace the existing procedure of expert review of legal regulations

of federal government bodies aimed to identify whether there are any provisions which unreasonably hamper business and investment activities. The AIA will consist of the following stages:

- ➢ preparation of a draft AIA Plan, its public discussion and approval by the Government Administrative Reform Commission;

- ➢ preparation of AIA report for a legal regulation and its public discussion;

- ➢ preparation of opinion on AIA by the Russian Ministry of Economic Development; and

- ➢ review of the AIA report and opinion by the Commission.

The AIA will be prepared and publicly discussed by federal regulatory bodies, but to set the right tone this function will be performed by the Ministry of Economic Development till 1 July 2017.

Actual impact assessment will help to identify the correlations between regulatory objectives, RIA results and the effects of the regulation.

Furthermore, in the countries of the Eurasian Economic Union where member states are the Republic of Armenia, Republic of Belarus, Republic of Kazakhstan, Kyrgyz Republic and Russian Federation, RIAs are undertaken at the supranational level. Thus, the EEU Treaty executed on 29 May 2014 in Astana establishes the responsibility of the Eurasian Economic Commission for undertaking RIA for draft decisions that can affect the business environment. The RIA process consists of two phases: public discussions and preparation of an opinion. During the first phase, all draft EEC decisions affecting the business environment are posted on the Commission's website. Regulation developers are to substantiate the refusal to accept proposals from the business received during public discussions; this considerably improves the quality of feedback. At the final assessment phase, a RIA report is prepared. This document is included into the documentation package to support draft EEC decisions to be reviewed by the EEC Ministers and/or EEC Commission. The rate of acceptance of proposals made by business and expert community during public discussions is quite high 66.9%. Thus, two third of comments made by business are taken into consideration (EEC, 2016).

In 2015, the Commission received about 2,500 comments to its draft decisions.

One should note that in the European Commission, impact assessment has been developing since 1986, when it was introduced as Business Impact Assessment during UK chairmanship. Today the EU Commission is having already the 'third generation' of assessment, which has been raised to the level of permanent inter-agency body, the RIA Board, headed by the Vice Chief of Staff, who has de-facto power to block regulatory initiatives of general directorates (ministries).

Thus, the tools for ensuring quality of the regulation are becoming increasingly popular in the world and the existing best international practice can be used in Kazakhstan and other participating countries of the Hub.

Section 3. Analysis of Social and Economic Effects in Kazakhstan and Recommendations for Improving the Process

In Kazakhstan, analysis and evaluation process started with the adoption of the Law of the Republic of Kazakhstan No. 213 of 24 March 1998 'On legal regulations', which sets out key principles of scientific review (anti-corruption, legal, linguistic, environmental, financial, etc.) of draft legal regulations.

The operationalization of instruments contributing to improving the quality of regulatory decisions started in 2011 with the amendments made in the Rules of Scientific Review approved by the RoK Government Resolution 'On measures to improve law making activities' No. 598 dated 30 May 2002. The amended rules required the drafter to evaluate social and economic implications of laws and regulations. Such evaluation would result in the datasheet of social and economic implications of draft regulations, which includes the following sections:

➢ evaluation of whether a draft law meets government strategic objectives;

➢ evaluation of social and economic implications, risks and assumptions;

➢ cost-benefit analysis;

➢ source of funding; and

➢ answers to key questions recommended by OECD for RIA.

The datasheet must be completed in accordance with the Methodological Recommendations for Assessment of Social and Economic Effects of Draft Laws approved by the Order of the Minister of Economic Development and Trade of the Republic of Kazakhstan No.122 dated 3 May 2011.

The findings of such evaluation are then subject to scientific review carried out by an independent research entity. Such scientific economic review of draft laws and regulations is organized by the Ministry of National Economy.

For a scientific economic review the government body which drafted a law submits the materials related to the draft law to the Review Organizer and the Organizer provides these materials to a scientific entity:
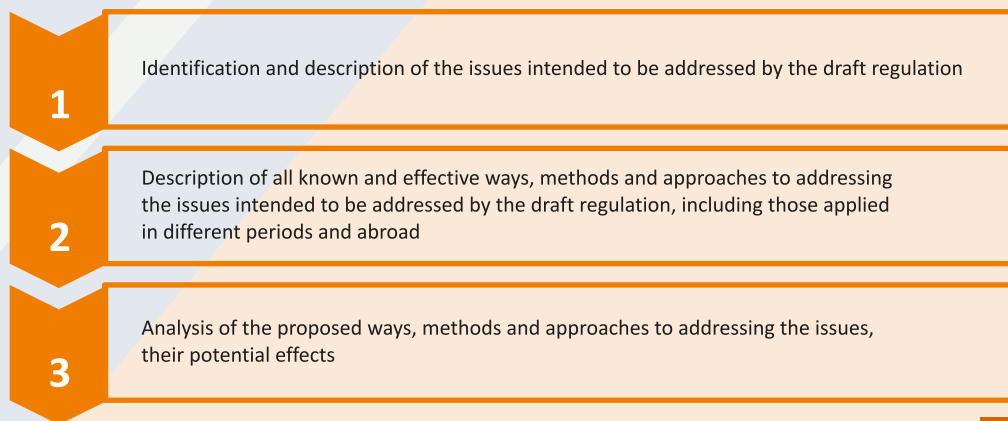
1	Identification and description of the issues intended to be addressed by the draft regulation
2	Description of all known and effective ways, methods and approaches to addressing the issues intended to be addressed by the draft regulation, including those applied in different periods and abroad
3	Analysis of the proposed ways, methods and approaches to addressing the issues, their potential effects

Figure 3.
Scientific Economic Review
Phases

> ➢ a copy of a draft law;

> ➢ explanatory note;

> ➢ a comparative table to support the draft law on making amendments in the existing legislation wit relevant justifications of the proposed amendments;

> ➢ datasheet of the draft law; and

> ➢ statistics on the subject matter.

A failure to submit the above materials by the drafting body can be a reason for refusing to carry out a scientific review. If requested by experts or the Review Organizer, the drafting body must provide within two working days other materials related to the issues addressed by the draft law. If the drafting body submits an incomplete package of materials related to the draft law, the Organizer should return the draft law to the drafting body within three days, without reviewing it. A scientific economic review of a draft law takes up to twenty-five calendar days after the submission of required materials. Figure 3 presents phases of the review process.

The findings of the scientific economic review of draft laws are then captured in an expert opinion of an approved template. Such opinion is to contain experts' evidence-based conclusions about the scientific review.

The next step in the evolution of regulatory analysis and evaluation was the institutionalization of regulatory impact assessment in 2015. According to the Entrepreneurship Code of the Republic of Kazakhstan, regulatory impact analysis is an analytical procedure for comparing costs and benefits of proposed regulatory instrument and associated requirements; such analysis allows assessing whether the objectives of public regulation will be achieved in the future. Its purpose is to improve efficiency and effectiveness of government policies with respect to the use of specific regulatory instruments by assessing alternative options for achieving specific objectives or addressing specific issues. Regulatory impact analysis is carried out by regulatory government bodies for the draft regulations they prepare. The findings of such analysis are reviewed by the competent body responsible for entrepreneurship which issues its opinion whether the regulatory government bodies comply with the existing procedures, and if it disagrees with the conclusions it carries out alternative regulatory impact analysis.

Regulatory impact analysis is applied only to new regulations applicable to private business, whereas assessment of social and economic implications and scientific economic review cover a wider range of social and economic implications for three targeted groups: state, business and people. At the same time, practice shows that such assessment is carried out by many government bodies inadequately, as a mere formality and without economic justification and estimates. This happens because there are no quality assurance mechanisms.

Practical experience of conducting assessments and reviews demonstrated that the approved template of the datasheet includes some sections which are not informative for assessing social and economic implications because they contain purely legal information. At the same time, the datasheet template lacks analysis of problems proposed to be addressed by a draft regulation and the lack of such analysis prevents understanding whether objectives and options have been properly identified. There is no analysis of existing situation and government regulatory measures applied today. The lack of the data may contribute to excessive government regulation. Neither there is an analysis of best international practice for addressing similar issues, which makes it difficult to judge whether the selected option is reasonable and potentially successful; the datasheet does not indicate alternative regulations and other ways to address the issue that have been considered by a government body. Neither has it provided alternative ways for achieving the objectives, which prevents having complete analysis to decide whether the proposed arrangement is objective and feasible and making conceptual changes in a draft legal regulation. Cost-benefit analysis often lacks quantified benefits and costs for targeted groups.

Today the assessment of social and economic implications and scientific economic review are conducted only for draft laws of Kazakhstan; it complicates a full and objective assessment of the impact of proposed draft regulations on the social and economic development of the country. This is because draft laws often lack instruments and mechanisms for enforcement; these are later detailed in bylaws which are not subject to assessments. In addition, there are many references to other regulations; it creates room for corruption and sophistication of administrative procedures applied by government bodies.

Furthermore, today Kazakhstan has no requirements to the arrangement of public consultations and presentation of outcomes. The scope of functions of government bodies for recording and systematizing public consultations has not been defined; neither there is a methodology defining how to carry out such consultations. In most cases, public consultations held by government bodies are rather informal. Pursuant to the RoK Law on Legal Acts No. 480-V dated 6 April 2016, draft concept papers of draft laws and regulations together with explanatory notes and comparative tables shall be published online for public discussions. However, we should note that the discussions of such drafts are not active mainly because of low awareness of people about the process and the difficulty to understand legal language.

In addition, Kazakhstan has no meaningful and objective cost-effectiveness analysis of the implementation of national laws. At present, retrospective analysis of the legislation is limited to legal monitoring. Pursuant to the Rules of Legal Monitoring of Legal Regulations approved by the RoK Government Resolution No.964 dated 25 August 2011, legal monitoring of regulations

is carried out by relevant departments and/or institutions of the government body which drafted and/or enacted the legal regulation. This process is regulated by the RoK Ministry of Justice and mainly focused on identifying provisions, which are contradictory to the legislation, obsolete, corrupted or ineffective. Therefore, such monitoring does not allow for adequate cost-effectiveness evaluation of the legal framework.

The analysis of best practice of the regulatory decision making processes resulted in some recommendations for improving assessment of social and economic implications of draft laws and scientific economic review.

Thus, a key to an adequate assessment system is ensuring high-level political support. This is confirmed by the fact that in 29 out of 34 OECD countries, a minister or another high-level official is appointed for assistance to the government in regulatory reform. (OECD, 2015). Furthermore, the worldwide practice of assessment of regulatory decisions demonstrates that the assessment process needs to be supported, controlled and overseen by a special department under the Government or a ministry. Thus, countries formally assign responsibility for assessments to relevant government bodies (Table 7).

Table 7. Government Bodies Responsible for Assessments in Various Countries

Country	Government body responsible for assessments
UK	Better regulation executive, Department for business, innovation and skills
U.S.	Office of Management and Budget in the Presidential Administration
Canada	Regulatory Affairs Sector of the Treasury Board of Canada Secretariat
Australia	Office of Best Practice Regulation, Department of Finance and Deregulation)
Russia	Department of Regulatory Impact Assessment of the Ministry of Economic Development
EU	Impact Assessment Board under the EU Commission President

These bodies provide methodological guidance and oversee the assessments undertaken by drafters of regulations.

Furthermore, the template of the datasheet needs to be improved by removing some cumbersome sections and adding sections required for adequate analysis to assess objectivity and reasonability of a proposed regulation.

It is also proposed to expand the scope of assessments and reviews using the mechanisms of assessment of legal acts of different levels (ranging from draft laws, government regulations, regulations of central government bodies to specific rules, procedures, instructions, etc.) by requiring drafting government bodies to provide, together with draft laws, supporting materials, including relevant draft bylaws.

At the same time, the process of public consultations needs to be formalized. The world practice demonstrates that effective consultations with targeted groups of regulations are key to making quality regulatory decisions. For example, General principles and minimum standards for consultation of interested parties by the Commission adopted by the EU Commission on 11 December 2002 (COM(2002)704), specifically indicate that consultations with interested parties can only supplement the decision-making process but never replace it because only relevant authorities can take responsible decisions on the context of legislative procedures. The key principle of consultations declared by the EU Commission is 'to give interested parties a voice, but not a vote'. At the same time, the EU Commission recognizes that by enhancing the involvement of targeted groups in policy making, effective consultations help to improve the quality of the policy outcome.

It is also proposed to introduce the requirement for drafting government bodies to undertake comprehensive cost-effectiveness evaluation of adopted laws. Retrospective evaluation of legal regulations will include the analysis of achieved objectives, level of effectiveness and enforceability, as well as any side effects. For instance, in Denmark, the outcomes of adopted laws are analysed three years after they are in effect. Germany uses the concept of retrospective RIA, which assesses the extent to which the objectives have been achieved. In the UK, impact assessment indicates how and when effectiveness of proposed regulation is to be measured. Furthermore, internal monitoring by the relevant government body is supplemented by an independent regulatory performance evaluation (Akhmetzhanova et al., 2012).

Thus, the existing situation in the global economy and modern trends in regulation require enhancing the instruments for improving regulatory decisions. Summarizing the evolution of assessment of regulatory measures in the international practice, one can say that such evolution was gradual and was impacted by institutional, social, cultural and legal specifics of a country, and that there is no standard model of such evolution. However, the existing best practice can and should be adapted and used for Kazakhstan. The enhancement of the processes for evaluation of social and economic implications of regulatory decisions as per the recommendations proposed in the study can become an essential instrument for reformatting public administration by screening out hasty and inappropriate regulatory decisions.

Conclusion

In today's context, the quality of government regulation of economy is one of key success factors for social and economic development. In the current climate of economic instability, there is an increasing need for improving government regulation that builds on balancing the interests of stakeholders, removal of unnecessary barriers and avoiding excessive costs. Therefore, today there is a visible move towards building a comprehensive system for making regulatory decisions using the tools for ensuring quality of the regulation.

The world practice demonstrates that the pivot of effective regulation system in the developed countries is regulatory impact assessment, which represents a systematized process for identifying a problem, setting regulatory goals and objectives, identifying potential alternatives to achieve such objectives and assessing associated positive and negative effects to select the most effective and efficient alternative in accordance with specified procedures. The advantages of RIA include the opportunity to select the most effective and efficient alternative to address a problem, which provides largest benefits at lowest costs, avoidance of unnecessary costs to the targeted groups, predictability of social and economic effects of the regulation as well as transparency of regulatory policy, and as a consequence, increased public and business trust to the decisions made by the Government.

The main purpose of regulatory policy is to serve public interests; therefore, such purpose can be determined and achieved only with the engagement of those who are affected by the regulation, i.e. stakeholders – citizens, business, consumers, non-governmental organizations, etc. Thus, public consultations are also a must-have element of the system to ensure regulatory quality. Consultations contribute to enhanced transparency and openness of the regulatory process and due consideration of the opinions of all stakeholders. In addition, end users are best positioned to provide relevant information which can improve the quality of evidence based on which regulatory decisions are made.

At the same time, only after a regulation is enforced, its effects and impact can be fully evaluated, including direct, indirect and undesired effects. Furthermore, laws may become obsolete as circumstances change and regular analysis is required to prevent such situations. Ex-post evaluation therefore is also a key element of the system to ensure regulatory quality. The purpose of ex-post evaluation is to review the objectives achieved by the proposed regulation, actual regulatory effects, the extent to which a regulation is accepted, its enforceability as well as side effects. Ex-post evaluation can provide new information on the existing regulation and the need in additional regulation.

To summarize the practice of enhancing regulation in the developed countries, one can say that the process is based on building a body of evidence and informing regulatory decision-making by using such tools as RIA, public consultations and ex-post evaluations. Best practice of using these instruments for improving quality of regulation is found in the OECD countries, where in 33 out of 34 countries impact assessment and public consultations are mandatory for any regulation, and ex-post evaluation of legal regulations is conducted in 27 countries (OECD, 2015).

The lessons learned from the international practice can and should be adapted and used for the participating countries of the Hub. The development of the process for assessing social and economic effects of the proposed regulations in line with the recommendations of the study may become a key success factor for reforming the government regulation by optimizing the process of regulatory decision-making. Only a comprehensive approach covering all phases of regulatory policy cycle, from initiating and drafting a regulation through to its implementation and monitoring, can help to achieve a visible progress in improving the quality of regulatory decisions.

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The Regional Hub of Civil Service in Astana (ACSH), an initiative of the Government of Kazakhstan and United Nations Development Programme, was established in March 2013 by 25 countries and 5 international organisations. It receives financial and institutional support from the Government of Kazakhstan and it relishes the backing of UNDP as the key implementing partner.

The ACSH is a multilateral institutional platform for the continuous exchange of knowledge and experience in the field of civil service development, aiming at supporting governments in the region through fostering partnerships, capacity building and peer-to-peer learning development activities; and evidence-based solutions, informed by a comprehensive research agenda. The geographical range of participants stretches from the North America and Europe, through the CIS, the Caucasus and Central Asia to ASEAN countries, demonstrating that partnership for civil service excellence is a constant and universal need for all nations.