



LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

Ministry of Justice

No. /MOJ
Vientiane Capital, (date)

DECISION ON THE IMPACT ASSESSMENT OF DRAFT LEGISLATION

- Pursuant to the Law on Making Legislation No. 19/NA, dated 12 July 2012;
- Pursuant to the Prime Minister's Decree on the Organization and Operation of the Ministry of Justice No. 404/PM, dated 23 November 2007;

The Minister hereby Issues a Decision:

**Chapter 1
General Provisions**

Article 1. Purpose

This decision defines the principles, regulations and procedures for authorities responsible for making and amending legislation to undertake impact assessment on draft legislation to ensure a consistent quality through detailed, systematic and transparent analysis, and ensure the new draft legislation achieves its objectives and avoids unintended consequences.

Article 2. Impact Assessment of Draft Legislation

Impact assessment of draft legislation is the study, analysis and interpretation of the likely regulatory and budgetary impacts when making or amending legislation, by using the Impact Assessment Note for the draft legislation.

Article 3. Explanation of Terms

The meanings of the terms that are used in this decision are as follows:

1. **Impact Assessment Note for the draft legislation** means the report on the findings from the assessment of the regulatory impacts and budgetary impacts that may occur from making and amending legislation;
2. **Regulatory Impact** means the likely impact of draft legislation on the economy, competition, the environment, society, employment, health and safety on all concerned sectors, including government, business and community;
3. **Budgetary Impact** means the impact on the government budget from implementing the legislation in particular revenues and expenditures of the budget.

Article 4. Draft Legislation that Requires Impact Assessment

The draft legislation that requires impact assessment is draft legislation of general application as defined in Article 4 of the Law on Making Legislation, as contained below:

- Draft Law;
- Draft Presidential Ordinance;
- Draft Government decrees, except draft government decrees for implementing a resolution of the National Assembly, resolution of the Standing Committee of the National Assembly, national social-economic development plan, and decrees on establishing and activities of a ministry and a government organisation;
- Draft Decisions of the Prime Minister, Ministers, Head of Government authorities, governors of provinces, and governor of Vientiane capital.

Article 5. Basic Principles on the Impact Assessment of Draft Legislation

The impact assessment of draft legislation is to be implemented as below:

1. Undertakes an impact assessment for draft legislation as defined in this decision and in accordance with the process of making legislation as defined by the Law on Making Legislation;
2. Ensures transparency, openness, and cooperation with relevant sectors, broadly expands democracy, and extensively seeks comments; and
3. Indicates the likely positive and negative impacts that may occur when implementing legislation; and finding appropriate solutions, consistent with the actual situation in Lao PDR.

Where draft legislation includes multiple significant distinct proposals, it is recommended that a separate Impact Assessment Note for each distinct proposal be prepared to ensure that the impacts of each proposal are appropriately considered and assessed.

Chapter 2

Authorities Responsible for Impact Assessment of Draft Legislation

Article 6. Authorities Responsible for Impact Assessment of Draft Legislation

The authorities responsible for impact assessment of draft legislation are:

- authorities making and amending legislation;
- the Centre for Regulatory Impact Assessment for Draft Legislation;
- the Unit of the Official Gazette.

Article 7. Authorities Making and Amending Legislation

The authorities making and amending legislation are authorities that are responsible for making and amending legislation under the Law as indicated in articles 27, 64, 68, in the second paragraph of article 75, second paragraph of article 76, and second paragraph of article 77 of the Law on Making Legislation.

Article 8. Rights and Duties of Authorities Making and Amending Legislation

The authorities making and amending legislation shall have the following rights and duties:

1. Follow the impact assessment for draft legislation requirements set out in Law on Making Legislation and this Decision;

2. Coordinate with the Centre for Regulatory Impact Assessment for Draft Legislation on matters relating to the impact assessment of draft legislation;
3. Conduct impact assessment on draft legislation under their own responsibilities;
4. Build capacity for undertaking impact assessment within their authority by collaborating with the Centre for Regulatory Impact Assessment for Draft Legislation;
5. Perform other rights and duties as required by legislation and assigned duties.

In the case of making Ministry or Government authority Decisions, the concerned authority making and amending legislation shall give the responsibility to the Legal Unit of its authority to review and provide comment on matters relating to the impact assessment of the draft legislation.

For the Governor Decisions, the concerned local authority shall coordinate with Department of Justice at the provincial or capital level on matters relating to the impact assessment of the draft legislation.

Article 9. Centre for Regulatory Impact Assessment for Draft Legislation

The Legislation Department, Ministry of Justice, is responsible for performing the functions of the Centre for Regulatory Impact Assessment for Draft Legislation, and has the responsibility to cooperate with concerned committees responsible for making and amending legislation to ensure the implementation of impact assessment on draft legislation is effective.

Article 10. Rights and Duties of the Centre for Regulatory Impact Assessment for Draft Legislation

The Centre for Regulatory Impact Assessment for Draft Legislation shall have the following rights and duties:

1. Provide technical advice to the authority responsible for making and amending legislation on impact assessment of the draft legislation;
2. Review and draft an opinion on the Impact Assessment Note for the draft legislation for approval by the Minister of Justice;
3. Coordinate with the Ministry of Finance for an opinion on budgetary impacts;
4. Provide training to legal units of ministries, organisations and local authorities in impact assessment of draft legislation;
5. Develop, and publish guidelines for impact assessment of draft legislation;
6. Enhance the knowledge, and ability to undertake impact assessment of draft legislation, of staff that are responsible for impact assessment of draft legislation;
7. Cooperate with concerned authorities in impact assessment of draft legislation;
8. Raise public awareness of the importance of impact assessment on draft legislation;
9. Summarise and report on their work regularly;
10. Perform other rights and duties as required by legislation and assigned duties.

Article 11. Rights and Duties of the Unit of the Official Gazette

The Unit of the Official Gazette is established under the management of the Dissemination Department, Ministry of Justice.

The Unit of the Official Gazette shall have the rights and duties to publish Impact Assessment Notes of draft legislation on the Official Gazette in accordance with proposals by authorities making and amending legislation.

Chapter 3

Steps in Completing an Impact Assessment Note for Draft Legislation

Article 12. Steps in completing the Impact Assessment of Draft Legislation

The steps in the impact assessment of draft legislation are as follows:

- Preparing an Impact Assessment Note for the draft legislation;
- Providing preliminary advice on the Impact Assessment Note for the draft legislation;
- Consultation on the Impact Assessment Note for the draft legislation;
- Proposing of the Impact Assessment Note for the draft legislation to the Ministry of Justice;
- Publishing the Impact Assessment Note for the draft legislation.

Article 13. Preparing an Impact Assessment Note for the Draft Legislation

The authority responsible for making and amending legislation shall prepare an Impact Assessment Note for the draft legislation at the same time as drafting legislation, by collecting and analysing information, considering different options and their likely impacts, conducting consultation and drafting the Impact Assessment Note to be consistent with the structure and preliminary content of the draft legislation.

Article 14. Providing Preliminary Advice on the Impact Assessment Note for the Draft Legislation

After completing the preliminary draft legislation, the authority responsible for making and amending legislation will submit the draft Impact Assessment Note for the draft legislation to the Centre for Regulatory Impact Assessment for Draft Legislation.

The Centre for Regulatory Impact Assessment for Draft Legislation shall review and provide preliminary advice on the submitted draft Impact Assessment Note for the draft legislation, in particular the level of analysis and consultation that should be undertaken in the process of development of the Impact Assessment Note for the draft legislation.

Article 15. Consultation on the Impact Assessment Note for the Draft Legislation

After amending the draft Impact Assessment Note and upon approval from the head of the authority responsible for making and amending legislation, the authority shall submit the amended draft Impact Assessment Note, together with the draft legislation, to the finance sector and other concerned sectors for comment and will also publish these documents on the Official Gazette or their own website, and via other publication methods to ensure people can easily access the information for at least 60-days consultation.

The authority responsible for making and amending legislation will summarise the comments from the consultation and use these comments to consider and improve the draft legislation and the Impact Assessment Note for the draft legislation.

Article 16. Proposing the Impact Assessment Note for the Draft Legislation to the Ministry of Justice

After the consultation process and amending the draft legislation, the authority responsible for making and amending legislation shall propose the draft

Impact Assessment Note for the draft legislation together with the proposed draft legislation to the Ministry of Justice for review and to provide an opinion.

If necessary, the Centre for Regulatory Impact Assessment for Draft Legislation shall coordinate with the finance sector on the budgetary impact assessment.

The Ministry of Justice, with the authority making or amending legislation and relevant sectors, shall use the information in the Impact Assessment Note to improve the draft legislation.

Article 17. Publishing the Impact Assessment Note for the Draft Legislation

After the legislation has been approved and promulgated, the authority responsible for making and amending legislation will publish the Impact Assessment Note, together with the legislation, by proposing to the Unit of the Official Gazette for publication on the website of the Official Gazette or on their website.

Article 18. Completing an Impact Assessment Note for Draft Decisions of Ministry, Government Authority, and Governor of Provinces and Vientiane Capital.

The process for completing an Impact Assessment Note for decisions of the ministry or Government authority shall follow the same steps as defined in Articles 13, 15, and 17 of this decision. For providing preliminary advice on the impact assessment note for draft legislation and proposing the impact assessment note to the Ministry of Justice as defined in Articles 14 and 16 of this decision, the authority responsible for making decisions of the ministry or Government authority shall submit the Impact Assessment Note to its Legal Unit to review and provide advice. If necessary, the Legal Unit shall coordinate with the Ministry of Finance on the budgetary impact assessment.

The process for completing an Impact Assessment Note for decisions of the provincial and capital governor shall follow the same steps as defined in Articles 13, 15, and 17 of this Minister Decision. For providing preliminary advice on the Impact Assessment Note for draft legislation and proposing the impact assessment note to the Ministry of Justice as defined in Articles 14 and 16 of this decision the authority making the decision shall submit the Impact Assessment Note for draft decision to the Justice Department in the Province or Capital to review and provide advice. The Justice Department in the Province or Capital has the right and duties to provide comment on the impact assessment note for draft decisions of provincial and Capital governors, and shall use the information in the Impact Assessment Note to improve the draft legislation. If necessary, the Justice Department in the Province or Capital shall coordinate with the finance sector in the Province or Capital on the budgetary impact assessment.

Chapter 4

Impact Assessment Note for the Draft Legislation

Article 19. Structure of the Impact Assessment Note for the Draft Legislation

The authority making and amending legislation must prepare an Impact Assessment Note according to the template attached to this decision.

The structure of the Impact Assessment Note for the draft legislation contains the following sections:

1. Contact Information;
2. Summary Information;
3. Outline of the Draft Legislation;
4. Expected Impacts;
5. Research;
6. Consultation;

7. Significance;
8. Compliance Support and Review;
9. Approval.

Article 20. Contact Information

The contact information is the information about the name, address or the location of the authority responsible for making or amending legislation and the staff responsible for preparing the Impact Assessment Note for convenience of communication.

Article 21. Summary Information

Summary information is the information about:

1. The title, type of legislation, and key dates for completion of the legislation;
2. The related legislation including any international obligations, that is concerned with the new draft legislation and whether the draft legislation is consistent with this related legislation;
3. The significance of the likely impacts of the legislation on the government budget and business.

Article 22. Outline of the Draft Legislation

Outline of the draft legislation is as follows:

1. The purpose, which explains the details of the problem, the level of significance, the risks arising from the problem, and evidence that the problem and risks exist;
2. The objective, which describes the policy of the legislation including how the policy relates to the general policy of the government;
3. The legislative proposal, which indicates the aspects of the draft legislation and the reasons why these aspects are preferred.

Article 23. Expected Impacts

Expected impacts of the draft legislation are as follows:

1. Expected positive and negative impacts that may occur to the nation and community including the level of the size of the impacts;
2. Expected positive and negative impacts that may occur to business, including the level of the size of the impacts;
3. The likely requirements and costs that businesses may incur from complying with the legislative proposal and the costs such as requesting a licence, training, recordkeeping, procurement and notifying the public or government;
4. Expected positive and negative impacts that may occur to state organisations at the central and local levels including the level of the size of the impacts;
5. The likely requirements and costs that may occur to government from administrative management such as law enforcement, additional staff, approval, organising the concerned activities;
6. The impact that is likely to occur on the government budget at central and local levels.

Article 24. Research

Research refers to the details and analysis of at least 3 options examined, including a non-legislative option in addressing the problem; as well as an explanation of the likely effects of each option examined.

Article 25. Consultation

Consultation refers to the information collected during the development of the draft legislation from all the stakeholders that have been consulted in government, business, community and other sectors, including the summary of the comments from those stakeholders.

Article 26. Significance

Significance is the consideration of the legislative proposal against key criteria to determine the level of analysis and consultation required. Indicators of significance are as described below:

1. Business sectors that will possibly be impacted and the expected number of businesses that will possibly be impacted;
2. The impact of the draft legislation on competition and in cases that are likely to restrict competition, an explanation of why;
3. The impact of the draft legislation on international obligations, and where relevant, a clear indication of which obligations and whether the legislation meets the international obligations;
4. The level of analysis and consultation required as indicated below:
 - the number of impacted business sectors;
 - the total number of businesses impacted;
 - the cost impact on businesses;
 - the degree of change to the existing way of doing business;
 - there is disagreement about the legislative among the stakeholders impacted.

If any of the indicators above are significant, then the proposed legislation will be considered significant and require more in-depth analysis and extensive consultation on the options or ways for solving the problems, which is to be provided as an attachment to the Impact Assessment Note for the draft legislation.

Article 27. Compliance Support and Review

The compliance support and review is as below:

1. The proposed support the government will provide to businesses, especially small and medium enterprises, in complying with the legislation;
2. The timeframes for review of the legislation after implementation.

Article 28. Approval

The Impact Assessment Note for the draft legislation is to be approved as below:

1. The head of the authority making and amending legislation shall approve the Impact Assessment Note for the draft legislation before submitting the Impact Assessment Note to the Centre for Regulatory Impact Assessment for Draft Legislation to review and provide the preliminary comments as defined in Article 14 of this decision;
2. The head of the authority making and amending legislation shall approve the Impact Assessment Note for the draft legislation before submitting the Impact Assessment Note for consultation as defined in Article 15 of this decision;
3. The head of the authority making and amending legislation shall approve the Impact Assessment Note for the draft legislation before submitting the Impact Assessment Note to the Ministry of Justice to review and to provide an opinion, and to use this information to improve the draft legislation as defined in Article 16 of this decision;
4. The head of the authority making and amending legislation shall approve the Impact Assessment Note for the draft legislation before submitting the

Impact Assessment Note for publication as defined in Article 17 of this decision.

For drafting a decision of the ministry or Government authority, only approvals described in number 2 and number 4 of the first paragraph of this article shall be required. The Legal Unit of the authority has the right and duties to review and provide preliminary comments and an opinion on the Impact Assessment Note, as described in paragraph 1 of Article 18 of this decision.

For drafting a decision of the provincial and capital governor, the approvals described in Article 28 shall be required. The provincial or capital Justice Department has the right and duties to review and provide preliminary comments and an opinion on the Impact Assessment Note, as described in paragraph 2 of Article 18 of this decision.

Chapter 5

Final Provisions

Article 29. Implementation

The Department of Legislation, Ministry of Justice, shall be directly and effectively responsible for the dissemination and implementation of this decision.

The authorities responsible for impact assessment of draft legislation shall cooperate and implement this decision strictly.

Article 30. Effectiveness

This decision enters into force from the date of its signing and after it is posted on the Official Gazette for fifteen days.

Minister of Justice
Stamped and signed

Annex 1: IMPACT ASSESSMENT (IA) NOTE FOR DRAFT LEGISLATION

Stage of Completion

Preliminary Stage ☐ Date submitted to MOJ/DOJ for review and advice.....
Consultation Stage ☐ Date finalised for 60-day consultation.....
Final Stage ☐ Date submitted to MOJ/DOJ for opinion.....
Final Stage ☐ Date finalised for publication.....

1. CONTACT INFORMATION

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

2. SUMMARY INFORMATION

2.1 Details of Legislative Proposal	
Title of Legislative Proposal	
Type of Legislation	<input type="checkbox"/> New <input type="checkbox"/> Amending
Key Dates for Completion of Legislation (Guidance - provide all key dates such as consultation, approvals, submission to MOJ/DOJ, Government Ministers meeting, National Assembly session etc.)	
1.	
2.	
3.	
n.	

2.2 Related Legislation (Guidance - list existing legislation and international obligations that are related to the proposal)	
Is this legislation consistent with relevant legislation of the same or higher level: <input type="checkbox"/> Yes <input type="checkbox"/> No	

2.3 Likely Impact of Legislation on Business (from assessment at Section 7):		
<input type="checkbox"/> Significant	<input type="checkbox"/> Minor	<input type="checkbox"/> None
2.4 Likely Impact of Legislation on Government Budget (from assessment at Appendix 1):		
<input type="checkbox"/> Significant	<input type="checkbox"/> Minor	<input type="checkbox"/> None

3. OUTLINE OF DRAFT LEGISLATION

3.1 Purpose

(Guidance - provide details of problem, its significance and the risks that arise from the problem, and list the evidence that the problem and risks exist)

3.2 Objective

(Guidance - provide details of policy objective including how these objectives relate to the policy objectives of the Government of Lao PDR)

3.3 Legislative Proposal

(Guidance - describe the aspects of the legislative proposal, and why the proposal is preferred over other options e.g. greatest net benefit, suitability to Laos circumstances etc.)

Description / Key Requirements:

Reasons for Preference:

4. EXPECTED IMPACTS

4.1 Expected Impacts on - Lao PDR and Community

(Guidance - consider all likely impacts from the legislative proposal e.g. economic, environmental, employment, social, health and safety, and the relative size of each impact)

Positive Impacts:

Negative Impacts:

4.2 Expected Impacts on - Business

(Guidance - consider all likely impacts from the legislative proposal on different types, groups and sizes of businesses and the relative size of each impact)

Positive Impacts:

Negative Impacts:

4.3 Likely Effect on Compliance Requirements and Costs

(Guidance – list what businesses are being asked to do to comply with the legislative proposal, and average cost per firm – initially and each year. Examples of compliance costs include: obtaining permission, undertaking training, recordkeeping, purchasing and notifying the public/government)

4.4 Expected Impacts on – Lao Government

(Guidance – consider the likely impacts of the legislative proposal at different levels of government, e.g. central/provincial/local, and the relative size of each impact)

Positive Impacts:

Negative Impacts:

4.5 Likely Effect on Administrative Requirements and Costs

(Guidance: List what government is being asked to do to administer and enforce the legislative proposal and total expected cost – initially and each year. Examples of administrative costs include: enforcement, additional staff and support costs, approving permission, undertaking training, recordkeeping, or notifying the public/businesses)

5. RESEARCH

5.1 Options (to be) Examined <i>(Guidance - list at least 3 options that are to be examined, including a non-legislative option)</i>	5.2 Results of Examination <i>(Guidance - explain the likely effects of each option)</i>
Other countries: Non-regulatory: Regulatory:	

6. CONSULTATION

6.1 Stakeholders (to be) Consulted (Guidance - list the stakeholders (to be) consulted during the development of the draft legislation)	6.2 Results of Consultation (Guidance - provide the views/feedback from the stakeholders consulted)
Business: Community: Government:	

7. SIGNIFICANCE

7.1 Likely Businesses Impacted
Industry Sectors Impacted:
of Businesses:
7.2 Competition Impacts
Legislative proposal will restrict competition in Lao PDR: <input type="checkbox"/> Yes <input type="checkbox"/> No
If yes, please explain how and why:
7.3 International Obligations
Legislation required to meet International Obligations: <input type="checkbox"/> Yes <input type="checkbox"/> No
If yes, which obligations:
<input type="checkbox"/> WTO <input type="checkbox"/> AEC <input type="checkbox"/> FTA <input type="checkbox"/> Other (specify)
If yes, does the legislative proposal comply with International Obligations: <input type="checkbox"/> Yes <input type="checkbox"/> No
If no, please explain:
(Guidance - for further information on the requirements of international obligations, contact the Foreign Trade Policy Department, Ministry of Industry and Commerce)

7.4 Level of Analysis and Consultation Required (during development of proposal)		
Indicators of Significance	Minor	Significant
Number of industry sectors impacted (Guidance - significant is most/all sectors are impacted)	<input type="checkbox"/>	<input type="checkbox"/>
Total number of businesses impacted (Guidance - significant is more than 30% of businesses in a sector or 20% of all Lao businesses impacted)	<input type="checkbox"/>	<input type="checkbox"/>
Cost impact on each business (on average) (Guidance - significant is more than 800,000 Kip per business)	<input type="checkbox"/>	<input type="checkbox"/>

Degree of change to the existing way of doing business (Guidance - significant is major change to business operations)	<input type="checkbox"/>	<input type="checkbox"/>
Disagreement about legislative proposal by stakeholders impacted (Guidance - significant is little/no agreement between stakeholders)	<input type="checkbox"/>	<input type="checkbox"/>
Generally, if one of the indicators is significant, then the regulatory proposal is deemed significant, which requires the completion of in-depth analysis and extensive stakeholder consultation on each regulatory option.		

8. COMPLIANCE SUPPORT AND REVIEW

8.1 Support to Business in Complying

(Guidance - list how government will support businesses, particularly SMEs, comply with the requirements set out in the legislative proposal)

8.2 Post Implementation Review

(Guidance - state when a review of the legislative proposal should be conducted after implementation, by who, and list the objectives and particular areas for review)

9. APPROVAL

IA NOTE (PRELIMINARY/CONSULTATION STAGE)

1. ☐ IA Note approved for submission to the Ministry of Justice (MOJ) or Provincial/Capital Departments of Justice (DOJ) for review and advice (where required); or
2. ☐ IA Note endorsed (Consultation Stage) for 60-day consultation

.....
HEAD, DRAFTING COMMITTEE

.....
DATE

IA NOTE (FINAL STAGE)

#		Yes/No
1.	Have all impacts been assessed (including economic, competition, international agreement, social and environmental impacts)?	
2.	Have the compliance cost for business (including e.g. time, staff, training costs, expert advice and equipment) been considered?	
3.	Have the views of impacted stakeholders (business, government, community) been sought on policy options, including proposed legislative requirements?	
4.	Is the legislation consistent with other relevant legislation of the same or higher level, including international obligations?	
5.	Has the detailed government budget impact statement been completed at Appendix 1?	
6.	Where the proposal is found to have a significant impact, has in-depth analysis and extensive stakeholder consultation on each regulatory option been completed and attached as Appendix 2?	
If answer NO, please explain:		

.....
HEAD, DRAFTING COMMITTEE

.....
DATE

Either

1. ☐ IA Note (Final Stage) approved for submission to MOJ/DOJ for opinion or
2. ☐ IA Note (Final Stage) approved with comment of MOJ/DOJ for publication

.....
HEAD OF AUTHORITY

.....
DATE

Annex 2: DETAILED GOVERNMENT BUDGET IMPACT STATEMENT

For the legislative proposal, provide estimates of the impact on the government budget for each level of government (central, provincial, local) by completing the following tables, unless no budgetary impact.

Impact on Government Budget

☐ Significant ☐ Minor ☐ None

Level of government:.....

Overview of Responsible Areas in Government

Revenues (Inflows)

Reasons for Revenues (Inflows) from Legislative Proposal

#	Source of Inflow	Details	Initially \$/kip	Annually \$/kip

Expenses (Outflows)

Reasons for Expenses (Outflows) from Legislative Proposal

#	Regulatory Responsibility	Resource Requirements	Initially \$/kip	Annually \$/kip

☐ This is a reasonable estimate of the costs to implement the legislation