

# Assessment of social impact of policies in the Slovak Republic

## Host Country Report

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### Existing developments and practice

The Slovak Republic has so far had little practical experience in the area of social impact assessment within the preparation of regulation proposals (legislation and other governmental documents). In this context, the Slovak Republic welcomes the experience of other countries.

The basic norm for impact assessment of legislative and other documents submitted for the discussion of the Government of the Slovak Republic is the guideline for preparation and submission of documents for the discussion of the Government of the SR (hereinafter "the guideline"). Particular clauses of this guideline are further specified in the methodological instruction for the preparation and submission of documents for the discussion of the Government of the Slovak Republic (hereinafter "the methodological instruction"). Different submissions of the legislative documents (acts, governmental regulations and other implementing rules) are regulated by the Legislative Rules of the Government of the Slovak Republic.

According to this legislation all draft documents submitted for the discussion of the government must contain the so-called Clause on the financial, economic, environmental, employment and business environment impact (with the exception of the documents having none of the mentioned impacts).

According to the guideline, the Clause on the financial, economic, environmental, employment and business environment impact shall consist of five sections. The first section quantifies the estimate of the impact on the public finances, the second section quantifies the estimate of the impact on the population, economy of the business sector and other legal entities, the third section quantifies the estimate of the environmental impact, the fourth section quantifies the estimate of the impact on the employment, and the fifth section analyses the impact on the business environment". According to the methodological instruction to estimate the impact on the population means to estimate the impact on the living standard of the population and on the improvement of the quality of living. Although the methodological instruction further lightly defines the concept of the estimate of impacts, more detailed methodological elaboration of the clause is missing. These results in the non-uniformity and a very diverse level of the drawn-up clauses on impact in the draft legislation or in other documents submitted for the discussion of the Government. It has even become common to specify in the submitted documents that they will not have any impact, even though the documents eventually did have such impact.

In order to improve the level and to ensure the uniformity of the drawn-up clauses on impact, the Government of the Slovak Republic has charged the Minister of Economy, Minister of Finance, Minister of Labour, Social Affairs and Family and Minister of the Environment with the joint elaboration of the impact assessment methodology.

The Government of the SR has approved the uniform methodology titled "The uniform methodology for the assessment of selected impacts" in May 2008. It contains a common procedure for all areas of the impact assessment and also, in annexes, the specific procedures **for the assessment of impact on the public finances (financial impact), social situation of the population and employment (social impact), business entities, functioning of the markets, the environment (environmental impact), and on the informatization of the society.** A pilot project will take place from September 2008 until February 2009, during which the application of the uniform methodology will be tested on selected documents. The application of the uniform methodology is expected from June 2009, following the evaluation of the pilot project.

### **The uniform methodology for the assessment of selected impacts (the application is envisaged from June 2009)**

The impact assessment should identify and quantify the estimated costs, benefits and side effects which may occur in connection with the approval of the submitted document. The impact assessment or the preparation of the clause on impact pursuant to the uniform methodology will have two phases: the quick test and a more detailed assessment (the so-called impact analysis). The quick test will have to be performed for each document intended for the submission for the comment procedure. The quick test means a brief identification of the problem, specification of various alternatives of the problem solution, indication of the expected impacts and the assessment of their significance. In the case it shows that the planned document will have an impact, it is required to perform a more detailed assessment – impact analysis. The output of the quick test shall be the clause on the selected impacts.

The subject submitting the material shall send the clause on the selected impacts, together with the concept of the document, to the methodology administrators (ministries of economy, finance, environment and labour, social affairs and family) for examination, already 30 days prior to the comment procedure (in the case of the accelerated comment procedure, at least 7 working days prior to the commencement of such procedure). The aim is to ensure that the assessment is performed sufficiently early – still during the phase where it is possible to change the document, to choose another alternative. The methodology administrators shall provide their opinion within 10 working days of the delivery of the clause and concept (failure to provide the opinion shall be regarded as the approval of the clause). In the case of the accelerated legislative procedure, the period shall be reduced to 3 working days. The administrator of the methodology for the assessment of social impact shall be the Ministry of Labour, Social Affairs and Family of the SR which will serve as an advisory and consulting body within the procedure of the social impact assessment.

Consultations with other experts or interested entities which may be affected by the policy under consideration will be important within the whole process of preparation both of the document and clause. Such consultations may provide the information necessary for the assessment, remarks, and other suggestions. The subjects submitting materials are advised to consult the quick test and also the more detailed impact analysis with the potentially affected groups and with other experts from the given area.

### Social impact assessment within the uniform methodology

The social impact assessment shall form part of the uniform methodology. The following has been considered in the elaboration of the relevant section of the methodology:

- The proposal of the methodology for the elaboration and assessment of the Clause on the impact on the economy of the population and family, prepared by the VVMZ Syndicate<sup>1</sup> and the result of the intra-departmental comment procedure concerning the proposal of this document, which has taken place at the turn of May and June 2006 and has required simplification and revision of the proposal
- Assessment of regulatory management capacities of the Slovak Republic – SIGMA recommendations
- The impact assessment guidelines of the European Commission of June 2005 SEC(2005)791
- The conclusions of the Presidency of the European Council in Brussels 8-9 March 2007
- The National Reform Programme
- The national report on the strategies of social protection and social inclusion for 2006-2008
- The recommendations of British experts from the Manchester University and representatives of the relevant departments of the Slovak Government, participating in the workshop dedicated to better regulation in practice in March 2007 at the Ministry of Labour, Social Affairs and Family of the SR under the auspices of the British Embassy and Ministry of Economy of the SR.

The main reason of the social impact assessment (elaboration of the clause in this section) shall be the improvement of the decision-making process with the use of early identification of the potential social impact of the submitted documents already prior to their approval and practical implementation. The improvement of the decision-making process may contribute to the fact that the submitted documents will not lead to the deterioration of the living standard of the population, in particular for those population groups in the risk of poverty and social exclusion. The social impact assessment will help to achieve the goals of the EU and SR<sup>2</sup>, related to the fight against poverty, social exclusion and to the increasing of the social inclusion and cohesion and strengthening of equal opportunities for men and women.

The assessment of the social impact of the documents according to the uniform methodology means the impact assessment on:

1. the economy of households (income and expenses);
2. the access to rights, goods and services, in particular for vulnerable groups (i.e. on their social inclusion);
3. equal opportunities and gender equality;
4. the employment.

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<sup>1</sup> A Dutch-Slovak international consulting company.

<sup>2</sup> The European Strategy for Sustainable Development, the Lisbon Strategy, the National Reform Programme of the SR for 2006-2008 and the National Action Plan for Social Cohesion of the Slovak Republic.

## 1. Assessment of impact on the economy of households

When identifying the impact on the economy of households, the methodology recommends that the submitting subject takes account in particular of the following:

- higher or lower working income;
- higher or lower social income;
- higher or lower expenses for the safeguarding of the economy of households, the requirement of the capital-type expenses of households;
- the improvement or deterioration of the access to goods and services purchase opportunities for households.

Such changes may be generally positive and lead to an increase in incomes or reduction in expenses or may be negative for the economy of households when they lead to an increase in expenses or reduction in expenses. Various combinations may also occur, and the submitted document may be neutral from the view of its impact on income and expenses of the population. In order to achieve a complex picture concerning the potential impact of the submitted document on the economy of households, it is necessary to consider the potential impact on the specific population groups which might be affected. It is necessary to focus on the assessment of impact on households facing an increased risk of poverty and social exclusion.

It is also possible to consider the fact that the expected change may occur in various time periods (e.g. immediately, within 3 years, after 3 years) and that the given change may take place with different levels of probability (low to high probability).

In the case of identification of impact on the economy of household, the submitting subject shall quantify the impact on income or expenses of households, as follows:

1. he/she shall quantify the average unit change envisaged by the implementation of the submitted document per individual/household (e.g. the growth of the working income due to an income tax reduction or a growth in expenses for a certain type of goods in the case of an increase in its price, as the case may be);
2. based on the existing situation regarding the level of income or expenses of the respective **affected groups**, he/she shall calculate the expected average change (increase/decrease) which might result from the approval of the submitted document, separately for each affected group of population/households (while he/she should take account of the households' composition)
3. as regards the increase in expenses, he/she shall calculate the share of expenses in the income of an individual/the household;
4. he/she shall quantify the overall number of citizens/households, families affected by the submitted document.

## **2. Assessment of impact on the access to resources, rights, goods and services for the respective affected population groups:**

The access to resources, rights, goods and services shall mean, in particular the access to:

- social protection, social-legal protection, social services (including the services in the area of child care, care for elderly and handicapped persons);
- assistance in the payment of expenses related to a handicap;
- housing and associated basic municipal services;
- employment, labour market (e.g. facilitation of harmonization of the family and working duties, employment services);
- healthcare, including affordable aids for handicapped citizens;
- education;
- transport;
- legal protection, legal services.

The submitting subject shall in particular identify the population groups, with special focus on vulnerable groups, for which the submitted document is likely to improve/impair the access to resources, rights, goods and services and shall more exactly identify the specific above-mentioned area/dimension of availability.

In a more detailed impact analysis in the case of significant impact on the access to rights, goods and services, it is appropriate to consider the specific problems of the specific groups posed by the existing legislation related to the submitted document and the possible needs, experience or priorities of the groups for which impact is expected in relation to the submitted document. In the case that the necessary information is available and if possible, the submitting subject shall quantify the representation of the potentially affected group, i.e. how many persons are likely to be affected by the proposal contained in the submitted document.

## **3. Assessment of impact on equal opportunities and gender equality**

The assessment of the possible impact on equal opportunities and gender equality means the assessment of impact from the view of significant discrimination factors such as gender, race, ethnic origin, religion, belief, handicap, age or sexual orientation. Therefore, the submitting subject shall assess the possible impact of the submitted document on each such discrimination factor and resulting inequality. Such impact may be: positive (it helps to reduce the inequality), neutral, it maintains the existing situation (has no impact) or negative (deepens the inequality).

The assessment of the possible impact of the submitted document from the view of the application of gender mainstreaming means the examination whether women and men have a free right to develop their personal capabilities and to perform free selection of opportunities without restrictions given by the gender roles of women and men. It also means that different behaviour, aspirations and needs of women and men are equally recognised, equally judged, considered and supported.

#### 4. Assessment of impact on the employment

According to the methodology, it will be required to consider the employment impact in particular in the case of a change in the labour market structure. Such changes may be generally positive and lead either to an increase in the overall employment or employment of one of the groups of disadvantaged job applicants. Various combinations may also occur and the change may be neutral from the view of the impact on the employment. The assessment of impact on the employment consists in the answering of the following questions:

- What is the impact on employment?
- Which groups of employees will be endangered by the approval of the submitted document?
- Is there a danger of mass dismissal in the case of the approval of the submitted document?  
In many cases, a quantitative description of impact and clarification of the main assumptions will be sufficient. However, if significant impact on the employment or deepening of its regional differences is expected, the decision-making process and impact assessment require an expert quantification.

#### Sources of information:

When performing the quick test and impact analysis, the submitting subject may use in particular the following sources of information:

- The Statistical Office of the Slovak Republic:
  - household budget survey ;
  - EU survey on income and living condition (EU SILC);
  - population, houses and flats census;
  - consumer price indices;
  - labour force survey;
  - statistics on the economic activity of enterprises database from the registry of organizations.
- Administrative data resources:
  - The Ministry of Labour, Social Affairs and Family and the SR, The Office of Labour, Social Affairs and Family;
  - the Social Insurance Agency.
- Surveys, studies – organizations such as The Institute for Labour and Family Research, The Institute for Public Affairs, The Slovak Centre for Human Rights.
- Consultations with potentially affected groups, experts.

### Organizational provision for the impact assessment (including the social impact)

The social impact assessment of the prepared documents will be provided for by the subjects submitting the documents for the comment procedure themselves – i.e. all central bodies of the State administration. The respective ministries will establish analytical departments and implement processes enabling preliminary and follow-up assessment of impact of individual policies, conceptual and strategic documents and legislative and other measure in the priority areas. Such analytical departments will be closely linked to the budgetary departments of the respective ministries and to the knowledge concerning the technical issues and priorities on the level of the author of the public policy at the given department. As a priority, the analytical departments will be formed at the ministries which will evaluate the clauses concerning the impact on public finances, social situation of the population, employment, business entities, markets' functioning, social-economic development, the environment and informatization of the society prepared by the submitting subject, i.e. at the Ministry of Finance, Ministry of Economy, Ministry of Labour, Social Affairs and Family and Ministry of the Environment. This task is defined in the strategic document **Modernization Programme Slovakia 21** approved by the Slovak Government in May 2008.

The Ministry of Labour, Social Affairs and Family of the SR has the opportunity to use during the impact assessment of its policies, the research and analytical services of the departmental scientific research organization of the Institute for Labour and Family Research which has already performed several evaluations of policies within the scope of the Ministry of Labour, Social Affairs and Family. The Institute for Labour and Family Research performs research in the area of labour, employment, working relationships, equal opportunities, social insurance, social and family policy, including the level of living and social inclusion. It prepares analyses and studies for conceptual and decision-making activities for the needs of the Ministry in the area of labour, social affairs and family.

#### Some of future challenges:

- Establish adequate institutional capacity for impact assessment.
- Prevent the assessment from becoming only a formal procedure.
- Improve the communication within ministries and stakeholders in the process of preparation and assessment of policies.
- Constant improvement of monitoring system in Slovakia, need for quality data.