

Guidelines for Impact Assessment in Law Drafting

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Abstract

These guidelines replace the Guidelines for Impact Assessment in Law Drafting issued by the Government in 2007. The purpose of the revised guidelines is to improve the quality of impact assessments and thus the acts to be drafted. The guidelines help law drafters plan impact assessments, identify and assess different types of impacts and, where necessary, seek further information.

The first part of the guidelines lays down general principles for impact assessments. This part deals with starting points for an impact assessment, the stages of the impact assessment as part of the law drafting process, the special features of impact assessments in projects concerning EU legislation and treaties, and information collection, methods and documentation in connection with impact assessments.

The second part of the guidelines provides instructions on special questions related to the assessment of different types of impacts. The guidelines describe what the different types of impacts mean, how they can be assessed, and what information sources are available for this purpose. The impacts to be assessed are divided into economic impacts, environmental impacts and other human and societal impacts.

In addition, the guidelines contain a checklist for the impact assessment process, a checklist for the identification of impacts and a list of further instructions and information sources referred to in the guidelines.

Keywords impact assessment, law drafting, impacts, assessment, assessment methods

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Tämä lainvalmistelun vaikutusarviointiohje korvaa valtioneuvoston vuonna 2007 antamat ohjeet säädösehdotusten vaikutusten arvioinnista. Uudistetun ohjeen on tarkoitus parantaa vaikutusarviointien ja tämän myötä valmisteltavien lakien laatua. Ohje auttaa valmistelijaa suunnittelemaan vaikutusarviointia, tunnistamaan ja arvioimaan eri vaikutuslajeja sekä hakemaan tarvittaessa lisätietoa.

Ohjeen ensimmäinen osa koskee vaikutusarvioinnin yleisiä periaatteita. Osassa käsitellään vaikutusarvioinnin lähtökohtia, työvaiheita osana lainvalmisteluprosessia, erityispiirteitä EU-säädöksiä ja valtiosopimuksia koskevissa hankkeissa sekä tiedonkeruuta, menetelmiä ja dokumentointia.

Ohjeen toinen osa ohjeistaa eri vaikutuslajien arviointia koskevia erityiskysymyksiä. Osassa kuvataan vaikutuslajeittain, mitä erilaisilla vaikutuksilla tarkoitetaan, miten niitä voidaan arvioida sekä millaisia tietolähteitä arvioinnissa on hyödynnettävissä. Arvioitavat vaikutukset jaetaan taloudellisiin vaikutuksiin, ympäristövaikutuksiin sekä muihin ihmisiin kohdistuviin ja yhteiskunnallisiin vaikutuksiin.

Lisäksi ohjeen liitteeksi on kerätty valmistelijan tueksi vaikutusarviointiprosessin tarkistuslista, vaikutusten tunnistamisen tarkistuslista sekä lista ohjeessa viitatuista lisäohjeista ja tietolähteistä.

Asiasanat lakien vaikutusten arviointi, säädösvalmistelu, vaikutukset, arviointi, arviointimenetelmät

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Denna anvisning för konsekvensbedömning vid lagberedning ersätter statsrådets anvisningar från 2007 om konsekvensbedömning av lagförslag. Syftet med den nya anvisningen är att förbättra kvaliteten på konsekvensbedömningarna och därmed de lagar som bereds. Anvisningen hjälper beredaren att planera konsekvensbedömningen, identifiera och bedöma olika typer av konsekvenser samt vid behov söka ytterligare information.

Anvisningens första del gäller allmänna principer för konsekvensbedömning. I denna del behandlas utgångspunkterna för konsekvensbedömningen och dess arbetsfaser som en del av lagberedningsprocessen, särdrag i projekt som gäller EU-rättsakter och fördrag samt datainsamling, metoder och dokumentation.

Den andra delen ger anvisningar om särskilda frågor kring bedömningen av olika typer av konsekvenser. I den här delen beskrivs utifrån kategorier av konsekvenser vad som avses med olika konsekvenser, hur de kan bedömas samt vilka informationskällor som kan utnyttjas vid bedömningen. De konsekvenser som bedöms delas in i ekonomiska konsekvenser, miljökonsekvenser samt andra konsekvenser för människor och samhället.

Som bilaga till anvisningen har till stöd för beredaren dessutom samlats en checklista för konsekvensbedömningsprocessen, en checklista för identifiering av konsekvenser samt en förteckning över de ytterligare anvisningar och informationskällor som det hänvisas till i anvisningen.

Nyckelord konsekvensbedömning av lagar, lagberedning, effekter, bedömning, bedömningsmetoder

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FOREWORD

These guidelines replace the [Guidelines for Impact Assessment in Law Drafting](#) issued by the Government in 2007. The guidelines are primarily intended for government officials who draft legislation, but they can also be used in the preparation of various policy programmes and measures. As the highest state body, Parliament enacts legislation and is ultimately responsible for its content. These guidelines aim to help ensure that law proposals submitted to Parliament are based on high-quality impact assessments and thus provide decision-makers with a reliable knowledge base to support their decisions.¹

The need for new general guidelines for impact assessment has been identified in different contexts. The significance and scope of impact assessments have increased since the preparation of the previous guidelines. The updated guidelines include more comprehensive guidance for instance on the impact assessment process, impact assessment methods and impact types. However, the guidelines are based on other existing impact assessment guidelines and contain links to key thematic guidelines, from which law drafters can find more detailed instructions on various issues. In addition to this printed version, the aim is to publish the guidelines as an online publication, which will be regularly updated to keep the additional information sources up to date and to develop additional material to support law drafters.

A [working group](#) appointed by the Ministry of Justice on 22 December 2020 prepared the guidelines. All Ministries and the Secretariat of the Finnish Council of Regulatory Impact Analysis participated in the working group. The working group organised four broad-based consultations for stakeholders outside the Government on the guidelines' general starting points, economic impacts, environmental impacts and human impacts.² In addition, the working group consulted other experts in a targeted manner. The draft guidelines were circulated for comments on a general consultation round on 2 March – 26 April 2022. The Meeting of the Permanent Secretaries of the different Ministries approved the guidelines on 31 October 2022.

1 In addition to law proposals, the guidelines are applied to the drafting of lower-level statutes, i.e. decrees and other legal rules referred to in Section 80 of the Constitution of Finland.

2 See [Ministry of Justice's summary of consultations on the drafting of the Guidelines for Impact Assessment in Law Drafting](#).

1 GENERAL PRINCIPLES FOR IMPACT ASSESSMENT

This first part of the guidelines deals with general principles for planning and carrying out impact assessments that are applicable to the assessment of all impact types. The first section covers the starting points of an impact assessment. The second section describes the impact assessment process as part of the law drafting process and the special features of impact assessments in projects concerning EU legislation and treaties. The third section covers information collection, methods and documentation.

1.1 Introduction

1.1.1 Why are impacts assessed

The impacts of legislation arise through a wide range of impact chains. An impact assessment aims to ensure that acts achieve their objectives appropriately without causing unforeseen, undesired impacts. A well-planned and well-executed impact assessment improves the quality of legislation.³

The key objective of impact assessment is to strengthen the knowledge base of decision-making in Parliament and the Government by producing as reliable as possible assessments of alternative solutions and their impacts. A high-quality impact assessment identifies and assesses the essential impacts of a proposal and presents them in a reasoned, concise and understandable manner.

In addition to its knowledge base, impact assessment improves the openness and accountability of law drafting. The target groups of the legislation under preparation and other stakeholders can offer important views on the impacts of the proposal. An inclusive and open impact assessment process and justifying the selected solution with the best possible knowledge base improve trust in decision-making and increase its acceptability.

Impact assessment also produces information on the relationship between the proposal and its societal objectives as a whole (so-called policy coherence). Key perspectives may include the current Government Programme or long-term national, EU and international policy objectives, such as promoting sustainable development⁴.

Additionally, impact assessment supports the development of legislation. A high-quality impact assessment helps to plan the monitoring of impacts after the act enters into force. Based on the information produced through monitoring, changes to legislation or its implementation can be initiated where necessary.

3 For information on the significance of impact assessment and impact assessment practices internationally, see OECD: [Best Practice Principles for Regulatory Policy: Regulatory Impact Assessment](#).

4 For information on sustainable development policy coherence, see OECD: [Framework for Policy Coherence for Sustainable Development](#).

1.1.2 Starting points for impact assessments

The scope and depth of an impact assessment must be proportionate to the content of the law drafting project and the significance of its expected impacts. If the expected impacts are significant, it is necessary to invest in an extensive and thorough impact assessment. It is not appropriate to carry out extensive assessments in all projects.

Sufficient time and resources should be reserved for assessing impacts so that law drafters can prepare an assessment that gives decision-makers a sufficient understanding of the essential impacts of the proposal. The Ministry's leadership is responsible for scheduling and resourcing law drafting.

The knowledge base for law drafting and the value choices behind political decision-making should not be mixed with one another. The purpose of assessing impacts is to expand the considered alternative solutions and the knowledge base for law drafting. A genuine weighing of solutions requires assessing impacts from the beginning of the law drafting process. The choices that have already been made and the preconditions for the preparation should be presented openly to ensure the openness of the preparation. Law drafters should have room to assess the impacts of different options and, on their basis, the best way to achieve the objectives of the proposal.

Assessments of the impacts that the project will generate should be clearly separated from the objectives of the project. The purpose of impact assessment is not to repeat the objectives of an act. Sometimes the assessment may reveal that the impacts of a considered solution are likely to be partly inconsistent with the objectives of the project.

As impact assessments are forward-looking, they often involve various uncertainties. The regulated phenomena may be complex, and the assessments may be uncertain or even contradictory. Uncertainties are not a reason to neglect carrying out the assessment or to present its results. On the contrary, identifying and presenting uncertainties are part of a high-quality assessment.

1.1.3 What impacts are assessed

1.1.3.1 Classification of impacts

These guidelines divide the impacts to be assessed into the following main impact types:

1. Economic impacts
2. Environmental impacts
3. Other human and societal impacts

A high-quality impact assessment identifies the essential impacts of a project comprehensively. The impact identification checklist in Appendix 2 of these guidelines can be used in identifying impacts. It is particularly challenging to identify indirect impacts that concern other administrative branches. Cross-sectoral cooperation and consultations can help in identifying such impacts.

In addition to examination by impact type, the target groups of the act must be defined and impacts assessed by target group. The impacts may differ considerably between different groups of people, companies or other actors. Who or which parties does the legislative amendment concern? How will the costs and benefits affect different target groups?

It is also important to assess possible links between impact types. For example, the project may have significant cross-cutting economic and environmental impacts. The same impact can be associated with different impact types. It may be necessary to assess impact types in parallel, taking into account for instance the combined effects of social, economic and ecological factors of well-being.

Regardless of the classifications used in the impact assessment, the key is to assess impacts that are essential for the project in question and to present the assessment as a logical whole, ensuring that decision-makers and stakeholders can get a comprehensible overall picture of the impacts. The [Bill Drafting Instructions](#) (HELO) and section 1.3.3 of these guidelines instruct the documentation of impact assessments.

Obligations to assess different impact types may be laid down in special legislation.⁵

5 See e.g. the Public Information Management Act (906/2019) and the Government Decree on Proportionality Assessment Prior to the Adoption of Regulation on Occupations (376/2020).

1.1.3.2 Different kinds of impacts

Impacts may be direct or indirect. Direct impacts result directly from implementing the statute. A new task that increases the workload of the civil service is an example of a direct impact. Indirect impacts mean impacts arising through impact chains that depend on other factors. Changes in consumer behaviour resulting from legislation that affects consumer prices is an example of an indirect impact. Impact chains can be long and complex.

As a basic premise, all projects have both positive and negative impacts. An impact that is positive for one target group may be negative for another.⁶ In decision-making, compromises between partly conflicting objectives are often necessary. The law drafter's task is to present a balanced and evidence-based assessment of the impacts that the project is likely to have. This means that not only the desirable impacts and benefits but also possible unintended impacts and costs are assessed.⁷

The time span of impacts and their geographical area vary greatly. Some impacts follow the entry into force of the statute without delay. In some projects, the time span of impacts may be long and even extend to future generations. The impacts may be one-off, recurring or permanent. They can also be local, regional, national, cross-border or even global.

Impacts differ from each other also based on how likely they are. They may be certain or associated with significant uncertainties, for example due to behavioural changes that are difficult to predict or changes in the operating environment of the legislation. Consequently, the law drafter should seek to identify possible risks of the proposal not having the desired impacts or having undesirable side impacts. What is the likelihood of the risk being realised, and how significant is the resulting impact? Can the risks or costs be managed or reduced in some way?

Combined impacts with other projects should also be taken into account as far as possible. For example, impacts may be cumulative, with a later project intensifying the impacts of previous changes. Significant combined impacts with other projects may arise for example when the impacts of different projects affect the same target groups.

6 It may also be difficult to determine whether some impacts are positive or negative.

7 See also PeVL 30/2020 vp. on the importance of bringing up viewpoints both for and against the proposal diversely and objectively.

1.1.3.3 Essential impacts

Identified impacts are assessed in more detail and impacts are reported in the government proposal for the part of the project's essential impacts. Statutes typically have a wide range of impacts. Limited drafting resources should be allocated to assessing the impacts that are essential for the project.

As there are major differences between projects, the nature of each project should be taken into account when assessing how essential impacts are. For example, an impact that is not essential in one project as other impacts are even more significant may be essential in another project.

Impacts that are key for achieving the objectives of the project are always essential. The magnitude of the impact or the size of its target group may indicate that the impact is essential. However, impacts on even a small target group that are not significant for society at large may be essential in the project if they are significant for the target group. Furthermore, the significance of the impacts for achieving strategic objectives or realising fundamental and human rights may indicate a need for a more detailed assessment. When defining the scope of the impact assessment, attention should also be paid to what type of information is necessary for decision-making.

QUESTIONS TO HELP ASSESS HOW ESSENTIAL IMPACTS ARE

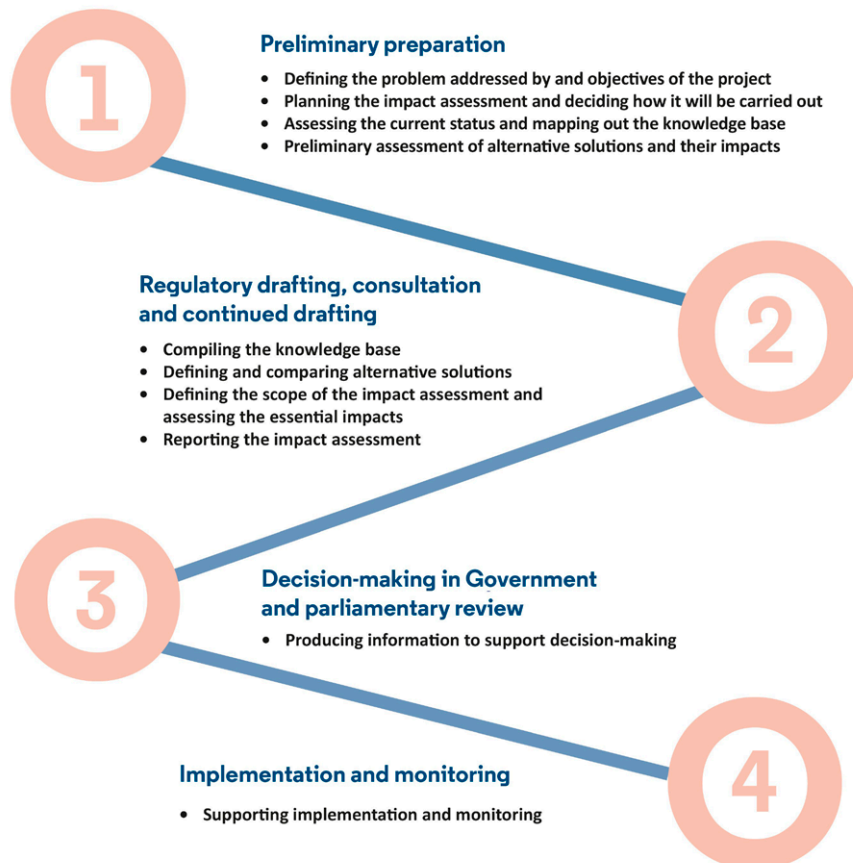
- Is the impact central for achieving the objectives of the project?
- How large are the target groups affected by the impacts? Does the project have extensive impacts across society, or do the impacts extend to a wide geographical area?
- Do the impacts affect a specific, potentially even small, target group in a different and significant way? Is some target group particularly vulnerable?
- What is the magnitude of the impacts as a whole and for significant target groups?
- How long-lasting or permanent are the impacts?
- Are the impacts significant from the perspective of achieving strategic goals, including Government Programme objectives or Sustainable Development Goals?
- Are the impacts significant for the realisation of fundamental and human rights?
- Does the project involve risks of negative impacts? What is the likelihood of the risk being realised, and the magnitude of the resulting impact?
- Is the impact critical for decision-making?

1.2 Impact assessment as part of the law drafting process

This section describes the work stages of impact assessment in different phases of the law drafting process.⁸ Impact assessment should be an integral part of the entire drafting process. It is particularly important in preliminary preparation and regulatory drafting, as the assessments should be available when the outlines for the content of the project are decided.

8 About the law drafting process, see [the Legislative Drafting Process Guide](#).

Figure 1. Stages of impact assessment as part of the law drafting process



The stages of the impact assessment should be repeated as necessary. As the drafting progresses, more accurate assessments of alternative solutions and their impacts become available, detail is added to the content of the proposal, and the knowledge base builds up.

In addition to the basic impact assessment model, this section provides separate guidance for projects concerning the preparation and implementation of EU legislation and the preparation and bringing into force of treaties.

1.2.1 Basic impact assessment model

1.2.1.1 Preliminary preparation

Key tasks of impact assessment:

- **Defining the problem addressed by and objectives of the project**
- **Planning the impact assessment and deciding how it will be carried out**
- **Assessing the current state and mapping out the knowledge base**
- **Preliminary assessment of alternative solutions and their impacts**

A legislative project initiative, such as a Government Programme entry, an international or EU obligation, a parliamentary resolution or a Ministry's initiative, is premised on a preliminary idea of a need for legislation and its desired impacts. A clear definition of the societal problem that the project addresses and the objectives of the project guide the impact assessment and support the identification of the project's impact mechanisms. How could the proposal affect the identified problem in a way that helps achieve the project's objectives (so called theory of change)?

Assessing the current state and mapping out the knowledge base are key steps of preliminary preparation. An assessment of the functioning of existing legislation and potential needs to amend it underlies any new project. What problems have been identified in the current state? What is known about the operating environment of the legislation and the phenomena that the project targets? Why is new legislation needed?

Preliminary preparation includes a preliminary assessment of alternative solutions. Legislation is not always the best way to implement reforms. Sometimes communications, education, self-regulation or attitudinal strategies may be more effective methods for promoting societal goals. If legislation is considered appropriate, objectives can be advanced through different regulatory solutions, including obligation-based or incentive-based legislation. Legislation can also be combined with other policy instruments.⁹

Planning the impact assessment helps the drafter to identify the project's assessment needs and to organise the assessment. For instance, the scope of the necessary assessment, how it will be carried out, and the impact types to be assessed can be planned in connection with the decision to launch a legislative project. In large-scale projects, separate studies can be commissioned already at the preliminary preparation stage. At this stage, the resource requirements of the assessment that will be carried out during regulatory drafting should also be identified. The composition of the possible preparatory body, the project's target groups and how stakeholders will be consulted

⁹ On alternatives to legislation and legislative alternatives, see e.g. OECD: [Best Practice Principles for Regulatory Policy: Regulatory Impact Assessment](#).

should also be considered. If a separate plan or framework is drawn up for the assessment, they should be included in the legislative project's project plan or published separately in the [Hankeikkuna portal](#) (the Government's project register for all governmental and ministerial projects). The initial assessments made during preliminary preparation should, as far as possible, also be included in the assessment memorandum or other report of the preliminary preparation to ensure transparency.

ISSUES TO CONSIDER WHEN PLANNING AN IMPACT ASSESSMENT

- **Proportionality:** How extensively and thoroughly is it appropriate to assess impacts, considering such factors as the significance of the project's expected impacts and the information needs of decision-makers (so called proportionality assessment)?¹⁰
- **Timetable:** What is the time line for carrying out the assessment?
- **Resources, support and competences:** What kind of resources does the assessment require? Is it necessary and possible to use the support structures of the Ministry, administrative branch or Government, working group work or commissioned studies?
- **Impacts to be assessed:** What types of impact does the project have, and what target groups does it affect? Which impacts are essential for the project?
- **Sources and methods:** What existing information, sources and methods can be used in the assessment?
- **Participation:** What are the key target groups of the project? How will the views of these groups as well as other stakeholders and experts on the impacts be heard? How will the assessment be communicated about?
- **Monitoring:** What preparations are made for the monitoring or evaluation of impacts after the statute has entered into force: for example, planning the collection of monitoring data?

¹⁰ In some low-impact projects of a technical nature, for example, it may be appropriate to conclude based on a brief assessment what the principal impact areas of the project are and that none of these impacts, due to their significance, necessitate a more detailed assessment.

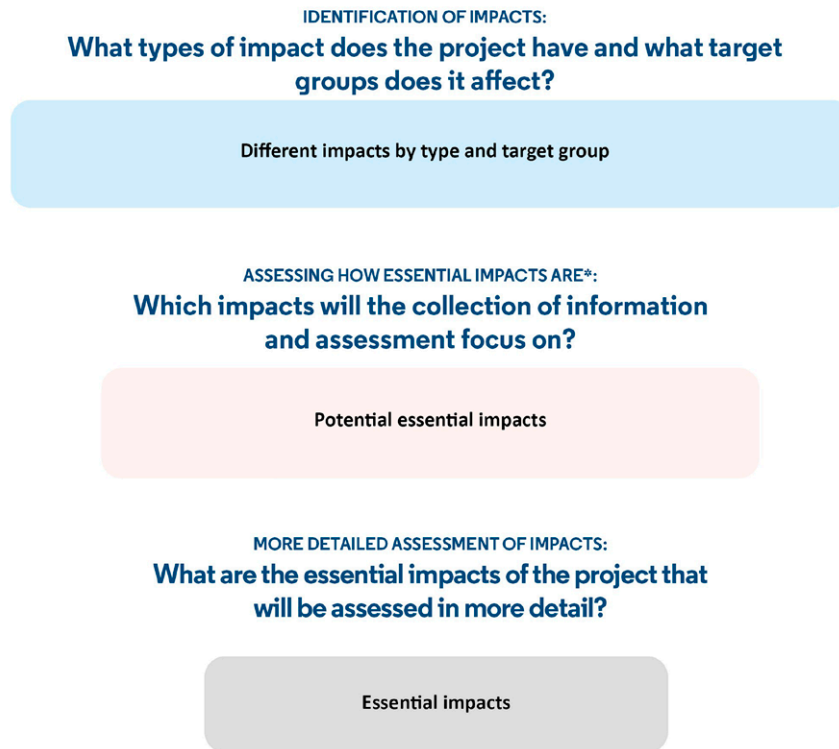
1.2.1.2 Regulatory drafting, consultation and continued drafting

Key tasks of impact assessment:

- **Compiling the knowledge base**
- **Defining and comparing alternative solutions**
- **Defining the scope of the impact assessment and assessing the essential impacts**
- **Reporting the impact assessment**

The primary impact assessment of the project is carried out during regulatory drafting. The impact assessment can be carried out either entirely as part of the Ministry's official duties, or it may utilise a working group or commissioned studies. Compiling a sufficient knowledge base forms the basis of the assessment. Section 1.3 includes more detailed guidance on information collection and methods.

Defining the scope of the impact assessment and carrying out the assessment can be illustrated by dividing this stage into three steps: identifying impacts, assessing how essential they are, and assessing the essential impacts in more detail. Firstly, one should try to identify impacts broadly by different impact types and target groups, evaluating the significance of the impacts for the project. On this basis, the collection of information and assessment focus on those impacts that are potentially essential and for which a more detailed assessment is central for the project. As the assessment deepens, the evaluation of how essential impacts are is reviewed if necessary. New essential impacts may also be identified later.

Figure 2. Defining the scope of an impact assessment

* See section 1.1.3.3. on essential impacts.

During regulatory drafting, alternative solutions are defined and their impacts are compared. The purpose of the impact assessment is to provide as balanced an evaluation as possible of the alternative solutions' impacts and how the project's objectives could be achieved in the best and most cost-efficient way. Impacts are compared to the current state and expected development if the existing legislation would not be amended (so called zero option). Those making decisions on the content of the law drafting project, such as the leadership of the Ministry, are informed of the results of the impact assessment and the identified options.

The assessments are revised as the drafting progresses, for example with information produced by consultations and the possible statement of the Council of Regulatory Impact Analysis. The consultation procedure for draft government proposals helps to provide feedback on how successful the draft impact assessment is and additional information of various impacts. It is typically useful to consult stakeholders also at an earlier stage of the drafting process.

COUNCIL OF REGULATORY IMPACT ANALYSIS

The key task of the impartial and independent Council of Regulatory Impact Analysis is to issue statements on the impact assessments of draft government proposals. The Council selects the draft proposals which it evaluates. It has observed that the most common areas for improvement in impact assessments have been quantitative assessments as well as the descriptions of the objectives and alternative solutions of proposals. The government proposal must explain how the Council's statement has been taken into account in continued drafting. For more information on the Council's statement process, statements and annual reviews, see [the Council's website](#).

At the end of the continued drafting stage, the results of the impact assessment are presented succinctly in the final government proposal. For more detailed instructions on documenting the impact assessment, see section 1.3.3.

EXAMPLES OF HIGH-QUALITY IMPACT ASSESSMENTS

The following are examples of impact assessments that the Council of Regulatory Impact Analysis has evaluated to be of a particularly high quality:

- Government proposal to Parliament for an Act amending Section 3 of the Act on Keva ([HE 27/2017 vp](#))
- Government proposal to Parliament for Acts amending the Act on Early Childhood Education and Care and the Act on Children's Home Care and Private Care Allowance ([HE 34/2019 vp](#))
- Government proposal to Parliament for an Act amending the Act on Electronic Communication Services and certain related acts ([HE 98/2020 vp](#))
- Government proposal to Parliament for Acts repealing certain provisions of the Aliens Act and section 17a of the Legal Aid Act ([HE 247/2020 vp](#))
- Government proposal to Parliament for an Act amending the Act on the State Pension Fund ([HE 1/2022 vp](#))
- Government proposal to Parliament for Acts amending the Limited Liability Companies Act, the Limited Liability Housing Companies Act, the Co-operatives Act and the Associations Act ([HE 47/2022 vp](#))

1.2.1.3 Decision-making in Government and parliamentary review

Key tasks of impact assessment:

- **Producing information to support decision-making**

More detailed information on the impact assessment may be needed to support decision-making than what is included in the government proposal, which should be concise. On request, more detailed information is delivered to ministers or parliamentary committees.

According to [the Manual for Government Rapporteurs](#), the key impacts, if any, are written very concisely on the cover page of the Government plenary session's agenda. A summary of the impacts and information on where the assessment reports have been published are provided in a memorandum that may be attached to the agenda.

The law drafter monitors the processing of the government proposal in Parliament. If necessary, the impact assessment materials should be sent to the committee processing the proposal as background information. On request, the drafter supplies the committee with further information throughout the process. If significant changes to the contents of the proposal are proposed by the committee, the committee's attention should be drawn to the need to assess the impacts of these changes.

1.2.1.4 Implementation and monitoring

Key tasks of impact assessment:

- **Supporting implementation and monitoring**

Planning the implementation of a statute is a key part of the law drafting process and its impact assessment, as effective implementation often plays a crucial role in achieving the objectives of the statute. Implementation can be supported for instance with information campaigns, education, instructions, financial incentives or oversight. The effectiveness of such means in promoting the desired impacts as well as the capacity (including personnel resources) of the actors responsible for implementing the statute to discharge the duties proposed for them should be assessed in advance as part of the impact assessment, if necessary.

Monitoring produces information on the impacts realised after the statute has entered into force as well as potential needs to amend the statute or its implementation. Key aspects of monitoring include progress made in achieving the objectives of the statute and identifying potential negative impacts. In addition to developing the legislation in question, monitoring provides information on the realisation of impacts that can also be used in assessing the impacts of other reforms (so called policy learning).

To plan monitoring, its need, organisation, sources, schedule and resourcing should be considered already during regulatory drafting. Preparing a possible in-depth evaluation may require for instance a step-wise entry into force of the statute or other procedures that should be prepared for at an early stage of the law drafting process. In large-scale evaluations, the expertise of research institutes and universities should typically be used.

Parliament may also, in its response to the government proposal, require that the Government monitor the impacts of the statute and present a report on them to Parliament.

1.2.2 Impact assessment in the preparation and implementation phases of EU legal acts

Where applicable, general impact assessment guidance should be followed in projects concerning EU legal acts. The objectives, impacts, necessity and functioning of legislation should be assessed at all stages of both the EU and national legislative processes from the drafting of the legislative proposal to evaluation.¹¹ Where possible, combined impacts with other EU and national statutes should also be considered. Compliance with the principles of subsidiarity and proportionality is essential for the acceptability and functioning of EU legislation.¹² The possible tight schedules related to the preparatory and implementation stages of EU legal acts can make thorough impact assessments more difficult.

1.2.2.1 Preparatory phase of EU legal acts

Preparation at EU level

The Interinstitutional Agreement between the European Parliament, the Council of the EU and the European Commission on Better Law-Making (OJEU 123/1, 12 May 2016) sets out the principles for impact assessment work in the EU. According to the Agreement, the Commission will carry out impact assessments of its legislative and non-legislative initiatives, delegated acts and implementing measures which are expected to have significant economic, environmental or social impacts. The initiatives included in the Commission Work Programme or in the annual Joint Declaration on the EU's legislative priorities will, as a general rule, be accompanied by an impact assessment.¹³ When assessing impacts, the Commission follows its [Better Regulation Guidelines and Toolbox](#).

11 See Government report on EU policy VNS 7/2020 vp, p. 24.

12 About the principles of subsidiarity and proportionality in the exercise of the EU's powers, see Ministry of Justice memorandum VN/1176/2019.

13 In practice some EU legislative proposals that have been considered important have lacked impact assessments.

EUROPEAN COMMISSION'S BETTER REGULATION GUIDELINES AND TOOLBOX

According to the European Commission's Better Regulation Guidelines, impact assessments should be comprehensive, proportionate, evidence-based, transparent and of high quality. All impact assessments should answer the following questions:

- What is the problem and why is it a problem?
- Why should the EU act (rather than the Member States)?
- What should be achieved?
- What are the options for achieving the objectives?
- What are their economic, social and environmental impacts and who will be affected?
- How do the options compare (effectiveness, efficiency and coherence)?
- How will monitoring and subsequent evaluation be organised?

The Better Regulation Toolbox contains more detailed guidance e.g. on stakeholder consultations and different impact assessment methods, including simulation models and cost-benefit analyses.

The Commission draw ups an impact assessment report. The quality of the report is checked by an independent body, the [Regulatory Scrutiny Board](#), which issues an opinion on it. Impact assessment reports are published with the Commission's proposals. If the Commission does not produce an impact assessment of a proposal, it justifies this in its explanatory memorandum.¹⁴

The Commission conducts public consultations on proposals for EU legal acts and their impact assessments.¹⁵ These consultations are often preceded by a consultation on the envisaged EU legal act and its preliminary impact assessment. The Commission collects

14 The Commission may also be requested to provide oral reports on impact assessments in connection with Council Working Party deliberations. The absence of an impact assessment, particularly in case of significant legislative proposals, is an additional reason to request the Commission to carry out a thorough evaluation.

15 See the [Have your say web service](#).

together the comments made by the Member States and other actors, including citizens, businesses and organisations, during consultations. Communicating about ongoing consultations at the national level promotes stakeholder involvement.¹⁶

The Commission may not be able to take into account the specific circumstances and needs of an individual Member State in the impact assessment of a legislative project that covers the whole EU. Circumstances in Finland may differ significantly from those in other Member States. The Commission encourages Member States to provide information about the national impacts of the proposal during its drafting stage. Assessing national impacts early enough also supports the work to influence the proposal's content in advance. Early identification of projects that are important for Finland, assessing the project's national impacts, submitting the assessments to the Commission, influencing the Commission, the European Parliament and the Council Presidency in advance as well as cooperation with like-minded Member States contribute to achieving Finland's objectives.¹⁷ The Commission's strategic planning documents and annual Work Programmes can be used in identifying important projects for Finland. In practice, anticipation may mean discussing the matter in the subcommittee of the Committee for EU Affairs before the final legislative proposal is available, so that the expertise and networks of the sub-committee's extended compositions can be used in assessing national impacts at an early stage of the preparation.

When discussing the Commission's impact assessment in a Council Working Party, national assessments of impacts should be brought up. The Council has issued guidance on the consideration of impact assessments in its Working Parties.¹⁸ A checklist is often handed to the Working Party members, on the basis of which indicative assessments of the proposal's impacts can be made.¹⁹ In particular, the examination should cover the justification for the proposal, the adequacy and completeness of the assessment (most relevant economic, environmental and social impacts, key target groups, compliance and implementation

16 On consulting stakeholders in EU matters, see the Guide on EU preparations (7 June 2018).

17 On anticipation and advance influencing in EU matters, see the Guide on EU preparations (7 June 2018). Also the Parliament requires the Government to have capabilities for advance influencing regarding especially the content of the Commission's future legislative initiatives. See TrVM 1/2022 vp, SuVL 1/2021 vp and SuVM 1/2021 vp.

18 See the [Council's document register](#) for Guidance 6270/18 on the consideration of impact assessments in the Council's Working Parties, and Guidance 5377/15 on assessing the fundamental rights compatibility of proposals in the Council's preparatory bodies.

19 See Annex 1 to the Council Guidance 6270/18.

issues) as well as consideration of any significant impacts raised by Member States. It is possible to ask the Commission to complement or revise the assessment in the context of the Working Party process.

According to the Interinstitutional Agreement on Better Law-Making, the European Parliament and the Council will, when they consider this to be appropriate and necessary for the legislative process, carry out impact assessments in relation to their substantial amendments to the Commission's proposal.²⁰

Preparation at national level

So called Union matters or U-matters referred to in Section 96 of the Constitution are initiated in Parliament by a U-letter (government communication) adopted in Government plenary session. U-matters are proposals for binding measures which are decided in the EU but which, under the Constitution, would fall within Parliament's competence if Finland were not an EU Member State. Once a proposal for an EU legal act has been given, the responsible Ministry prepares a U-letter on the matter. With regard to impacts, Parliament must be informed of the assessed legislative, economic and other impacts of the proposal from the perspectives of the EU and Finland.²¹ The Council of Regulatory Impact Analysis has stressed the need to describe the assessed essential benefits, costs and consequences of the proposal and the magnitude of the change. Finland's specific objectives should be described as well.

To the extent that, due to the tight time schedule, it is not possible to assess the impacts of the proposal in the first U-letter, this letter must contain at least the Government's understanding of the impacts to be assessed at the continued drafting stage. In this case, the first U-letter will be complemented with a follow-up U-letter.²²

20 The Council has not been known to carry out such assessments yet. On the Parliament's assessment work, see the [European Parliamentary Research Service's annual report, European Parliament work in the fields of Impact Assessment and European Added Value 2021](#).

21 If necessary, a constitutional assessment of the proposal in relation to the Constitution and fundamental and human rights must also be produced (see OKV/1854/22/2020 and PeVL 37/2021 vp). Regarding this section, see also [Ministry of Justice's Guidelines on Parliament's Right to Participate and Receive Information in the National Preparation of EU Matters](#).

22 In this respect, see Ministry of Justice's Guidelines on Parliament's Right to Participate and Receive Information in the National Preparation of EU Matters, especially section 2.6.

The impact assessment section of the U-letter describes the Commission's impact assessment as necessary. In addition to the EU level impacts presented by the Commission, it is essential to assess the impacts that the proposal would have in Finland and its significance for Finland. In addition, the assessments produced by other EU institutions, bodies, agencies and Member States and the opinion of the Regulatory Scrutiny Board can be used. If the proposal is changed in the Council or, for example, in tripartite negotiations between the Council, the European Parliament and the Commission ('trilogue stage'), this may also be relevant to the proposal's impacts. Supplementing the national impact assessment in a possible follow-up U-letter may be necessary.

So called E-letters referred to in Section 97 of the Constitution are issued especially on EU matters which are significant in principle or in terms of their political or economic impacts but which do not meet the definition of a U-matter due to their content or processing stage. If necessary, an E-letter is issued to Parliament on EU legislative projects with significant impacts before the matter has progressed in the EU to the stage where a proposal is given. An E-letter describes the Commission's impact assessments as necessary and, where possible, the preliminary impact assessments conducted in Finland. A follow-up E-letter may also be issued on the matter.

The positions expressed in the U-letter, E-letter and follow-up letters are coordinated within the Government's system for coordinating EU affairs.²³ The impact assessments presented in the letters can also be complemented orally as part of the committee hearings.

1.2.2.2 Implementation phase of EU legal acts

According to HELO, a concise review of the proposal's main assessed impacts should be included in a government proposal with an EU background.²⁴ The assessment should distinguish impacts arising from provisions proposed to transpose an EU legal act

23 See the Government's website on [EU affairs and the Finnish Government](#).

24 The government proposal section on the preparation of the matter also contains links to the drafting stage documents, which include impact assessments (e.g. key drafting documents of EU institutions, the U-letter, E-letter and follow-up letters). If an EU legal act is transposed by adopting a national decree, the essential sections of HELO should be followed where applicable when preparing the presentation memorandum for the decree.

(directive) or to adopt complementary provisions relating to an EU legal act (regulation or decision) from those resulting from provisions proposed solely for national reasons, if any.²⁵

Particular attention should be paid to assessing impacts and comparing options to the extent that the EU legal act leaves national room for manoeuvre in its transposition. This applies especially to situations where the EU legal act comprises minimum regulation. The impacts of using or not using any potential room for manoeuvre should be assessed comprehensively. For example, if national legislation that exceeds the minimum level of an EU legal act is proposed ('gold plating'), assessing impacts is essential. The decision to use or not to use any room for manoeuvre should be justified.²⁶

Some EU legislative projects contain a number of legal acts that may also be of different levels. Especially in this case, combined impacts must be assessed in the government proposal to obtain a comprehensive understanding of the matter. If a government proposal is drawn up to supplement an EU legal act that is directly binding on the Member States, such as a regulation, the combined impacts of the directly binding EU legal act and the complementary national statute may also need to be assessed if this is necessary to describe the impacts of the proposed complementary statute.

EU level impact assessments, and those conducted in other Member States especially with regard to room for manoeuvre, are often valuable when making impact assessments. Particularly when using the Commission's impact assessments, however, it should be noted that the original proposal often changes during the drafting process. Thus, all assessments do not necessarily correspond to the content of the final EU legal act.

If relevant, the government proposal should also describe any EU-level implementation and monitoring measures. For example, EU legal acts more and more regularly tend to contain a so-called review clause, under which the Commission will evaluate the functioning of the EU legal act after a certain period of time.²⁷ The EU legal act may also require Member States to provide the Commission with information on the functioning

25 According to Point 43 of the Interinstitutional Agreement on Better Law-Making when, in the context of transposing directives into national law, Member States choose to add elements that are in no way related to that Union legislation, such additions should be made identifiable either through the transposing act(s) or through associated documents.

26 See also Point 43 of the Interinstitutional Agreement on Better Law-Making.

27 See also Point 23 of the Interinstitutional Agreement on Better Law-Making.

of the act. Such evaluations help to assess possible needs to amend the EU legal act. It is important that Finland is able to provide the Commission with information on the impacts of the legal act also at this stage.

1.2.3 Impact assessment in the preparation and bringing into force of treaties

When accepting and bringing into force treaties and other international obligations, general impact assessment guidelines should be followed where applicable. Attention should be paid to assessing impacts throughout the entire process from the preparation of treaties to their bringing into force. [The Treaty Guide](#) includes more detailed instructions on the preparation and bringing into force of international and EU treaties.

In the context of international obligations, the importance of assessing impacts is emphasised already in the negotiation stage. During negotiations, it is important to strive to influence the content of the treaty, making it possible to achieve Finland's objectives as fully as possible and ensuring that the impacts of the treaty for Finland are in line with the objectives. In addition to evaluating the consistency of the treaty's provisions with national legislation during the negotiations, assessing the impacts created if the treaty is accepted and brought into force nationally is important.

The official communications and memoranda submitted by the Government to Parliament concerning the various stages of preparing a treaty should describe its impacts. At the drafting stage of treaties, Parliament should, at minimum, be provided with information about negotiations on the most significant treaties that contain provisions falling within Parliament's competence. In addition, Parliament should be provided with information on the most significant treaties for foreign and security policy. Parliament's Foreign Affairs Committee is informed of treaties in accordance with Section 97, and other committees in accordance with Section 47, of the Constitution in a freely worded memorandum prepared by the competent Ministry. The memorandum should highlight the impacts that bringing into force of the treaty is expected to have at the national level.

With regard to treaties decided at the EU level, the provisions on Parliament's right to participate and receive information are contained in Sections 96 and 97 of the Constitution (so-called U- and E-matters) similarly to EU legislation. In this respect, the impact assessment guidelines for EU legal acts are followed, where applicable. The communications should describe the key impacts from the EU's and Finland's viewpoints. While impact assessments produced by EU institutions or other parties can be used, it is essential to also assess the impacts from a national perspective.

The impact assessment is relevant to whether Finland will sign the treaty. Before acquiring the authority to sign, the competent Ministry must, where appropriate, request a statement from the relevant authorities and other parties whose interests the treaty concerns on the treaty and the appropriateness of signing it. In this context, it is also advisable to request to comment on the national impacts of the treaty. As far as possible, it is advisable to request stakeholder assessments of the national impacts of the treaty provisions already as the treaty is being negotiated. An impact assessment that is carefully prepared at the negotiation stage is also useful when preparing the government proposal accepting and bringing into force of the international obligation.

According to HELO, the government proposal should describe the main impacts of bringing the treaty into force. If the passing of substantive statutes is proposed to bring the treaty into force, and these statutes are expected to have separate impacts from the treaty, the impacts of these statutes should also be assessed. If reservations or declarations are included in the treaty²⁸, their impacts should also be described in the proposal as necessary.

1.3 Information collection, methods and documentation

Impact assessment is expert work in which reasoned assessments of the project's impacts are made based on available information sources and methods. The law drafter should not attempt to carry out the assessment alone especially if the expected impacts of the project are not insignificant. Cooperation within the Ministry and administrative branch, cross-administrative cooperation, and collaboration with stakeholders and experts improve the quality of the assessment. This section covers information collection for as well as the methods and documentation of impact assessments. Information sources that can be used in the assessment are presented in the second part of these guidelines in connection with different types of impacts.

1.3.1 Information collection

Mapping existing knowledge that is central for the project forms the foundation for an impact assessment. Diverse sources help to assess the issue from different perspectives. Any information gaps should also be identified and described.

28 For more information about reservations and declarations, see: [The Treaty Guide](#) p. 57.

Existing sources, such as studies, reports and statistics, can be used in impact assessments. Scientific evidence and statistics typically provide the most reliable basis for assessments. Literature reviews and discussions with researchers or officials in the field may help to map existing knowledge. Monitoring and evaluation data from previous law projects as well as international comparisons and impact assessments of similar reforms in other countries may also be useful. Other countries' authorities can often be approached directly. Finnish missions abroad can also assist in investigating international legislative solutions.

The drafter should assess how reliable and generalizable the information based on different sources is. The reliability of information varies considerably depending on such factors as the quality of the research design. As existing information rarely corresponds exactly to the change being drafted, assessing impacts also requires applying the information to the project's context. The target group of the project may differ from that of a previous report, the information may be partly outdated due to societal changes, or differences between countries may make results difficult to use. Regardless of these challenges, existing knowledge can, for instance, help to understand the phenomena that the law project addresses and how impacts may arise.

External expert assessments can be used in information collection, assessing impacts and quality control. They are particularly useful when the assessment requires special expertise in a certain field or method, assessments must be produced quickly, or to ensure that the assessments are independent. Research institutes and agencies in some administrative branches specialise in assessing specific types of impacts. Particularly where the expected impacts of the project are significant and where reliable information on them is not available, a separate study may be commissioned to support the impact assessment. Experts can also be interviewed. Interviews may guide further work by identifying sources of information that can be used, or impacts that require particular attention in the assessment. So-called grass-roots actors can help to understand how impacts form in the daily lives of different target groups.

A cross-administrative or internal cooperation group can be appointed to support the impact assessment. The key benefit of such cooperation is to broaden the expertise in identifying and assessing impacts. The assessment can also be supported with various models of scientific advice, including a scientific advisory board, especially in situations where diverse information on different types of impacts and perspectives is needed.²⁹

29 See Ministry of the Environment: [Drafter's Guide to Effective Cooperation with Researchers](#).

IMPACT ASSESSMENT SUB-COMMITTEE

For instance the Ministry of Social Affairs and Health has had positive experiences of setting up a sub-committee to support the impact assessment of extensive projects. Sub-committees have usually met for one to two months. Typically, they have included at least representatives of key Ministries, agencies, the target groups of the proposal and research institutes. The broad expertise of the sub-committees has helped to identify and assess impacts and to collect available studies and other sources to support the assessment.

Consultations are a key method for complementing the information collection. They are used to gather the views of citizens, authorities, experts, associations and companies on the project's impacts. In the early stages of the drafting process, consultation may support the assessment in such areas as mapping alternative solutions and the knowledge base. At later stages of the process such as circulating the draft proposal for comments, consultations may for instance help to ensure and improve the quality of the draft impact assessment. [The Guidelines for Consultation in Law Drafting](#) help to plan and carry out consultations.

When planning consultations, attention should be paid to the way the consultation is organised and the representativeness of participants. Views of impacts can, for example, be gathered orally at consultations organised as discussion events or in written form with surveys. Fixed-term or permanent expert panels can also be used in consultations, such as the Enterprise Panel established by the Ministry of Economic Affairs and Employment together with stakeholders that collects company-level information on the impacts of legislation on companies and their regulatory burden. Hearing so-called silent or vulnerable groups often requires special arrangements.

The drafter should assess how generalizable and reliable the results of the consultation are. For example, stakeholder assessments may be coloured by specific values or interests. On the other hand, even subjective views may help uncover structural issues that are important for the project. The drafter's task is, based on the knowledge base and the analysis, to provide as reliable overall assessments as possible of the project's essential impacts.

1.3.2 Methods

Impact assessment methods refer to both information collection methods and analysis methods. Based on the compiled knowledge base and the carried out analysis, the assessment concludes with estimates of the impacts that the proposed legislation and its alternatives would have compared to the current status and expected development if existing legislation were not amended (the 'zero option').

Many impact assessment methods are based on empirical methods, i.e. observing or measuring the subject of the assessment. Additionally, many methods use modelling, simulation or calculation. Oftentimes, assessments are based on logical reasoning on the formation of impact chains which, rather than methodological competence, requires an understanding of the operating environment of the legislation and the impact mechanisms of the project. A clear definition of impact mechanisms helps to identify impact chains, ways of influencing the formation of desired impacts and risks of undesired impacts.

As a basic premise, impacts should be assessed both quantitatively and qualitatively. Quantitative and qualitative assessments complement each other. Quantitative assessment is based on statistical or computational methods. For example, a quantitative estimate may concern the magnitude of the impacts in euros or the size of the target group. For such reasons as the complexity of the operating environment of the legislation and the subject of the assessment, it is neither possible nor appropriate to quantify all impacts. In this case, the assessment can focus on the direction or significance of the impacts. Qualitative assessment, on the other hand, is descriptive in nature. For instance, a qualitative assessment can illustrate the estimated impacts of legislation on target groups' activities with concrete examples.

When selecting how and with what methods to carry out the impact assessment, one should consider the most cost-efficient way of producing sufficient assessments for the project. It is usually advisable to use simple and resource-efficient methods. Rather than producing new information, assessing impacts is frequently about applying existing information to the context of the project. For example, the law drafter may familiarise himself/herself with the operating environment of the legislation and scientific evidence concerning the subject of legislation, drawing on discussions with researchers or officials in the relevant field. Building on such a knowledge base, logical reasoning and consultations, it is often possible to produce reasoned assessments of the likely significance and nature of the impacts.

As different methods also answer different questions, an understanding of the project's information needs is a precondition for selecting appropriate methods. Quantitative methods, such as statistical analysis, can be used to assess the relationships between

phenomena and the magnitude of impacts. Experiments preceding the actual legislative amendment, natural experiments or step-wise implementation of reforms as well as other quasi-experimental designs may produce particularly reliable evidence of causal relationships. These 'counterfactual' methods make use of study and control groups to estimate what would have happened to the subjects of the change if the the change had not happened. Universities or research institutes can provide assistance for instance in the preparation of legislative experiments to ensure that the results of the experiment can be assessed reliably. Qualitative methods, such as interviews, can help to understand impact mechanisms, phenomena and the realities of target groups. Behavioural insights, in turn, support understanding people's actions and decision-making to help ensure that the behavioural changes that the statutes aim for are more likely to take place in people's everyday lives.³⁰ All methods and sources have strengths and weaknesses, which is why the most reliable knowledge base for decision-making is typically achieved by combining information produced using different methods and sources (so called 'triangulation').

When comparing alternative solutions, the assessments of positive and negative impacts on different target groups should be gathered together and the different options weighed against each other. If appropriate, options can be compared for instance with cost-benefit or cost-effectiveness analysis. Oftentimes, the impact assessment identifies diverse impacts that cannot be simply compared with each other. In this case, it is possible to compare alternatives for instance with multi-criteria analysis.

30 The Prime Minister's Office can be contacted for support in using behavioural insights. See also e.g. OECD: [Tools and Ethics for Applied Behavioural Insights: The BASIC Toolkit](#).

SUPPORT AND METHODS FOR IMPACT ASSESSMENT

More sophisticated assessment methods typically require cooperation with an expert of social sciences, economics or statistics. Many Ministries have experts or teams specialised in impact assessment and its methods that support drafters in assessing impacts. Support for assessing different types of impacts can be requested from the Ministry specialised in the impact type in question through the [Government's impact assessment expertise network](#). If necessary, cooperation groups, external studies or scientific advice can also be used to support the assessment. Experts at the Government Library conduct information searches and provide guidance in matters related to information searches and sources. Within central government, [Statistics Finland's information service](#) and the [State Treasury's Analysis Services](#) offer services related to data and its use. Further information on assessment methods can be obtained for instance from Ministries' experts, instructions specific to certain impact types and methodology guides.³¹ Examples of methods are:

- Randomised field experiments, natural experiments and quasi-experiments, such as step-wise implementation
- Surveys, interviews, focus groups, workshops and expert panels
- Literature reviews, international comparison, case analyses, monitoring and evaluation data from similar reforms
- Explanatory statistics, including regression analyses
- Statistical or mathematical modelling, including simulation models
- Monitoring and descriptive analysis of statistics and indicators
- Accounting, cost-benefit analysis, cost-effectiveness analysis, standard cost model
- Multi-criteria analysis
- Logical reasoning concerning the formation of impact chains
- Impact checklists, assessment matrices and other practical tools
- Scenario analysis, risk analysis, foresight methods and other exploratory methods and those describing uncertainties

31 See e.g. Ministry of the Environment: [methods and information sources for assessing the impacts of policy measures](#), European Commission: [Better Regulation Toolbox](#) and OECD: [Best Practice Principles for Regulatory Policy: Regulatory Impact Assessment](#).

1.3.3 Documentation

When presenting the results of the impact assessment in a government proposal, the [Bill Drafting Instructions](#) (HELO) should be followed. This section contains instructions that complement HELO for presenting the results in the government proposal and other drafting documents. The concise government proposal may not suffice as the only documentation of the assessment. More extensive results and background information can be recorded for instance in an assessment memorandum, a study report or the background documents of the government proposal. Where possible, initial assessments should be recorded in the public drafting documents of the project already at the preliminary preparation and regulatory drafting stages, so that they can be used in consultations and communications.

HELO GUIDANCE FOR DESCRIBING THE IMPACT ASSESSMENT IN THE GOVERNMENT PROPOSAL

For reporting the impact assessment, key sections of a government proposal include the current state and its assessment, objectives, main impacts of the proposal, alternative solutions, and implementation and monitoring.

According to HELO, a government proposal should describe i.a.:

- key results of the assessment and a concise overview of the proposal's main impacts
- how the impacts were assessed and which information sources were used
- what kinds of uncertainties do the assessments contain
- main alternative solutions for achieving the objectives
- a comparison of the estimated impacts of the alternatives
- how the functioning of the statute will be monitored

In addition, HELO contains guidance on mentioning certain impact types in a government proposal, referring to a separate impact assessment report, assessment obligations laid down in special legislation, and illustrating an impact assessment with tables and graphics.

According to HELO, if the proposal is believed not to have impacts of a certain type, this is generally not mentioned. Economic impacts are an exception to this: if the proposal is not expected to have economic impacts, this must be mentioned separately. The same applies to other key impact types, including gender equality impacts, if these impacts have been assessed but the assessment indicates that they are unlikely to occur. If the proposal is related to the State's budget proposal, the relationship between it and the budget proposal should be described when describing economic impacts.

According to HELO, for instance the impact types referred to in this guideline can be used as subheadings in the main impacts section of the government proposal.

The classification of impact types in the second part of these guidelines is intended to facilitate carrying out and reporting impact assessments by structuring different impacts as a whole. It is recommended to use the categorisation as subheadings in the government proposal for the part of the essential impacts of the project, following the order of the guidelines. However, the subheadings of the government proposal must be selected on a case-by-case basis, ensuring that the impact assessment is as logical a whole as possible. The report should also be concise. The same assessments should not be presented under several impact types, and references to other sections can be used. Key results can also be presented for instance as a summary or a table, enabling decision-makers and stakeholders to get a clear overall picture of them.

In addition to impacts that were considered essential and assessed, it may be useful to report what impact types were identified but not assessed in detail. Stating that the project is not expected to have certain impacts can similarly be not only necessary according to HELO regarding certain impact types but, based on the contents of the project, also useful for other impact types. Such information helps decision-making and stakeholder engagement. In exceptional situations, it may be necessary to acknowledge that it was not possible to assess all essential impacts. In this case, special attention should be paid to monitoring. It is important to report any shortcomings of the assessment openly.

The results of the impact assessment and their justifications should be presented in good standard language. The assessments can be illustrated with examples and visualised with graphs. More extensive tables or graphs can be included in separate memorandums, which are referred to in the government proposal.

The assessment's stages, sources, models, and assumptions and their justifications should be documented comprehensively. Assessments are often not unambiguous, and one can justifiably end up with differing conclusions about them. When the drafter describes the grounds of the assessments, the reader can weigh their reliability. For example, the assessment should indicate the extent to which the information presented is based on different sources or the drafter's own analysis. Careful documentation also promotes the monitoring of impacts.

The assessment should identify and bring up any uncertainties associated with the sources and conclusions. For example, the uncertainty of a quantitative estimate can be described using a range or sensitivity analysis. Due to uncertainty contained in estimates, an estimate of the impact magnitude as a range may be more appropriate than an accurate point estimate. Qualitatively, uncertainty can be described for instance by reservations about the formation of impacts. For example, the drafter can note that if a certain presumption is realised, the impact is likely to form as assessed. Uncertainty can also be described using alternative scenarios. In this case, an estimate of the most likely scenario should also be presented. An analysis of the risks that the desired impacts will not be realised, or that undesirable impacts will arise, is also an essential part of the impact assessment and risk management. Different foresight methods can be used to assess the uncertainty and risks associated with future developments in the operating environment, among other things.

2 IMPACT TYPES

This second part of the guidelines describes by impact type what different impacts mean, how they can be assessed, and what types of information sources and additional guidelines can be used in the assessment. The part covers the impact types typically examined in an impact assessment. The categorisation is not exhaustive, however, and a proposal may also have other types of impacts. The checklist in Appendix 2 can be used as a tool for identifying impacts. The sources of information and additional instructions referenced throughout the guidelines are also listed in Appendix 3.

The idea is not that all the described impacts should be assessed in all projects. The first part of these guidelines above emphasises for instance focusing on the impacts that are essential for the project, and taking into consideration the significance of the project's expected impacts when deciding on the scope and depth of the assessment. In addition to examination by impact types and target groups, it is important to assess potential interactions between impact types and joint impacts with other law projects and to present the assessments in the government proposal as a logical whole, enabling decision-makers and stakeholders to get a comprehensible overall picture of the project's essential impacts.

2.1 Economic impacts

An economic impact assessment examines the impacts of the proposal on households, businesses, public finances and the national economy. Key focus areas of the assessment include the magnitude of the change, size of different target groups, cost-benefit ratio, and the allocation of impacts.

Changes in general government expenditure or revenue resulting from the statute or changes in taxation applicable to companies or households are typical examples of direct economic impacts. In addition to direct impacts, it is essential to examine indirect impacts on target groups' activities and behaviour, as well as the long-term compound impact of the proposed regulation. Impacts on behaviour can be created by incentives, for example in the labour market or in consumer habits. They may also be associated with adapting to a new situation created by the statute. For example, a statute may change relative prices, resulting in a need to adapt consumption, investment or production technology. Similarly,

a change in demand for a publicly produced commodity may lead to changes in demand for occupational groups, consequently affecting employment and, indirectly, public finances and private consumption.

When assessing economic impacts, the first step is to examine whether the impacts of the law proposal primarily concern households, businesses, municipalities, the central government or other target groups. Once the target groups have been identified, the impacts are assessed from their viewpoint, followed by a broader assessment of impacts on public finances and the national economy. A single law proposal does not always have clear or significant macroeconomic impacts on the national economy as a whole. In this case, the impact assessment may focus on indirect and direct impacts itemised by target group.

Economic impacts may need to be assessed in parallel with other types of impacts. Economic impacts may result from issues related to other types of impacts, such as the impacts of public health on the national economy. Similarly, economic impacts may generate impacts associated with other types of impacts, such as environmental impacts caused by changes in business activities or consumption.

2.1.1 Households

Economic impacts on households usually take the form of direct impacts on the economic position of various population groups and different types of households. In this context, a more detailed analysis of the impact on consumption, prices, incomes, investments and debt is necessary. A typical direct impact arises from legislation pertaining to the standard of social welfare provision or public services or to the charges collected from service users, as they affect the income and costs of households as a matter of course. Also, tax legislation often has direct impacts on the financial position of households. An impact of this kind may also be assessed in terms of income transfers between various population groups.

Besides the direct impacts, a law proposal may have an impact on household behaviour, which will have significant indirect economic impacts. Such impacts may take the form of increased demand for consumer goods and services, changes in the supply of or demand for labour, or rises in price levels. For instance, social welfare or tax reforms may have an impact on the functioning of the labour market. It is also possible for a law proposal to have as a deliberate objective to effect changes in consumer behaviour that will result in significant economic impacts.

Impacts on households' status should be examined by target group, for example if the proposal significantly affects the economic position of a target group. These groups may include recipients of various social benefits, such as unemployed jobseekers, pensioners or families with young children. Particular attention should be paid to the lowest income groups and other vulnerable people as well as the realisation of economic and social fundamental and human rights. Impacts may be significant even if directed at a very limited group of individuals, for example if the change is about basic subsistence or the realisation of some other important right. When drafting proposals that have a significant impact on household incomes, impacts on income distribution should also be assessed from an appropriate perspective, such as life cycle analysis.

Where applicable, the regulatory burden on individuals can be assessed following the instructions concerning the regulatory burden of businesses (section 2.1.2.2).

2.1.2 Businesses

The assessment of business impacts focuses on the regulatory project's effects on companies and entrepreneurs. Key types are impacts on:

- competition and the functioning of the market
- regulatory burden and other costs faced by companies
- business profits and feasibility
- entry into a sector, operating as an entrepreneur and preconditions for business growth
- investment and competitiveness
- creation of innovations and their spread in the market

In the assessment of impacts on businesses and their significance, the first step is to identify the types and groups of businesses impacted by the proposal. How large is the target group in numbers? It is advisable to assess target company sizes, including their turnover and personnel numbers, and their demographic structure. It may be necessary to assess the impacts separately for companies of different sizes and ages and in different stages of development.³² Special attention should be paid to small and medium-sized enterprises (SMEs), as they are particularly sensitive to regulatory changes in the operating environment. In addition to different sectors, geographical distribution should also be accounted for, which is relevant to regional development impacts. Sometimes

³² Young growth companies, for example, typically have less resources to adapt to regulatory changes.

examination by ownership type may also be relevant. Business regulation can have significance for such fundamental rights as the protection of property, right to work and freedom to conduct business.

Impacts on businesses can be considered significant if they concern a large group of companies, or if an individual group of companies (e.g. a sector) is affected by major impacts. When assessing the significance of the impacts, impacts on market functioning and the creation of new companies must also be taken into account. The impact of changes on effective competition that benefits consumers is key. Consequently, it is necessary to form an idea of the operating environment of the companies subject to the regulation and the marginal conditions for business. What types of actors are operating in the market now and possibly in the future?

2.1.2.1 Competition and functioning of the market

As part of impact assessment, any impacts that the proposal might have on preventing, restricting or distorting competition between businesses should be identified. A statute may influence market access and market concentration, as well as the operation of businesses in the market and fair playing field. Typically, a high threshold for market access discourages competition and, consequently, leads to lower productivity. Competition contributes in an essential manner to economic efficiency and productivity. This is why competition impacts affect not only companies but also consumers, public finances and the national economy.

When assessing impacts on competition, it is essential to define the market in question as well as the current state and special characteristics of the competitive situation in it. The impact of the regulatory solution on the competitive situation, and the impact of the change in the competitive situation on the market, can then be assessed. If the reform were to prevent or distort competition, it should be assessed if some other regulatory option, less restrictive on competition, can be chosen and still attain the objectives of the regulation.

Market access and the number of businesses operating in the market depend on such factors as exclusive rights, quotas, licensing regimes and requirements governing business operations as well as obligations imposed on SMEs. Subjecting small businesses to strict obligations may prevent new companies from emerging in the market. Regulation may

also create advantages to certain businesses, which may give rise to unjustified distortions of competition. If the law proposal contains derogations for SMEs, their impacts on competition must be assessed.³³

State aid may also cause problems regarding competition. When assessing the impact of national business subsidies, it should be noted that as a rule, the aid authority must ask the Advisory Committee on Business Subsidy for a statement on whether the planned new aid scheme, changes to an existing scheme, or an individual subsidy meets the conditions for EU state aid and which procedure the aid authority should follow. If no statement is requested, the Advisory Board must be informed of the matter afterwards. In addition, an opinion on the conditions for meeting the criteria for good aid may be requested.³⁴

2.1.2.2 Regulatory burden and other costs

Companies may incur costs from adaptation to regulation, compliance with statutory obligations or the indirect impacts of regulation. As far as possible, an attempt should be made to estimate these costs in euro amounts and, where appropriate, especially from the SME perspective.³⁵ The costs that a company would avoid without an obligation imposed by the legislator are called regulatory burden. The regulatory burden includes both the administrative burden³⁶ and other costs incurred from compliance with regulation, including licensing and handling fees charged by an authority.

Various regulatory reporting requirements create administrative burden for businesses. They include the costs of various notification, licensing, reporting and registration procedures. In practice, administrative burden often consists of administrative costs incurred by businesses, taking up entrepreneurs' working time, or needing to resort to outsourced services. Administrative burden can be measured in euros with the standard cost model,³⁷ for example using the [regulative burden calculator](#). In general, small enterprises shoulder the heaviest administrative burden in relative terms.

33 See Ministry of Transport and Communications: [Assessment of market competitiveness and the impact of competition: Theoretical framework](#).

34 For more detailed instructions, see the [Ministry of Economic Affairs and Employment website](#).

35 Where applicable, the costs incurred by other actors, such as individuals, may also be estimated.

36 [Ministry of Economic Affairs and Employment's website](#) contains previous studies gauging the administrative burden.

37 See Standard Cost Model Network: [Measuring and reducing administrative burdens for businesses. International Standard Cost Model Manual](#).

Costs incurred from compliance with regulation refer to other non-administrative regulatory burdens arising from the obligations imposed by the legislator. They may include different business costs created by regulation relevant to a company's production processes or materials used. They may also be costs incurred from making investments required under the regulation. If regulation is open to interpretation, this may also add to the regulatory burden. If an authority covers its costs incurred from regulation by collecting licensing and processing fees from companies, these fees can also be considered part of the regulatory burden.

In addition to the actual regulatory burden, companies may incur costs as a result of regulation affecting such areas as taxation, social insurance contributions, fines and penalty payments, labour costs (e.g. minimum terms of employment), material costs or energy prices (incl. the price of emission allowances). These costs can be either direct (e.g. corporate taxation) or indirect (e.g. the price of raw materials and intermediate products). Regulation may also have indirect cost impacts, for example when non-binding regulation becomes a standard that different market actors start to expect from other operators.

2.1.2.3 Business profits and feasibility

In addition to costs, the assessment should pay attention to the benefits of the law proposal to companies. Regulation can affect companies' profits and feasibility. If regulation enables new business or creates structures that support business growth (e.g. subsidies and business services), it can improve companies' profits. Business restrictions, or dismantling of restrictions, also have a direct impact on business income.

A certain option may sometimes be the most advantageous one for companies despite its direct costs. This is the case when, for example, an amendment to a statute helps a company avoid an expensive investment or creates new business opportunities. Situations where lack of regulation, or bringing regulation into force at a later date, cause cost impacts on companies over a longer period of time should also be addressed in the assessments.

2.1.2.4 Starting a business, operating as an entrepreneur and prerequisites for growth

The assessment should examine whether the regulatory project encourages entrepreneurship, or whether it acts as a barrier to enterprising; in other words, if the project makes it easier or harder to start a new business. Regulation may also impact the chances of businesses to grow. It is necessary to assess the impact on 'growth entrepreneurship' and the operating preconditions of growth-seeking businesses, as these companies play a major role in creating new jobs and increasing productivity. Factors that affect companies' growth potential include the availability of skilled labour and funding as well as the threshold for recruiting labour.

2.1.2.5 Investments and competitiveness

Regulation may impact the level of investment in Finland. Regulation can also influence the targeting and timing of investments, investment certainty, and companies' access to market financing. These impacts should be accounted for as part of the assessment of business impacts.

A statute may strengthen or weaken the competitive position of businesses operating in Finland in relation to those operating in the global market. Factors that affect competitiveness include cost and price levels (including financial costs, intermediate product prices, cost of labour, land prices, regulatory burden and corporate taxation), trading costs and productivity (depending on the market value of both inputs and products). The duration and legal certainty of official processes also indirectly affect competitiveness. From the perspective of promoting competitiveness, it is essential to identify if regulation creates costs or uncertainties for Finnish companies that do not affect their key competitors, or if regulation affects the market value of products or services. If regulation enables greater added value in production, this will be reflected in competitiveness, even if production costs do not change. It is also essential to take into account Finnish companies' opportunities to sell products and services on the international market (including possible barriers to trade). The competitiveness assessment entails also an analysis of whether Finland is an attractive location for business.

2.1.2.6 Creation and spread in the market of innovations

The impact assessment must take into account the impacts of regulation on the creation and spread of innovations in the market.³⁸ Does regulation enable, facilitate or create barriers to new innovations? Competition has been found to increase innovation activity as a rule because the market entry of new operators encourages companies to develop more innovative and better products and services. Particular attention should be paid to impacts on investments in research, development and innovation in companies, universities and research institutes, as these investments may create new production methods, products and services.

Innovation-friendly regulation is future-proof regulation that adapts to changes in the operating environment. This includes choosing appropriate regulatory instruments, technology neutrality, a goal-oriented approach, sufficient flexibility and clarity and predictability. Innovation can be promoted by regulation that aims for a desired outcome

38 Ministry of Economic Affairs and Employment's [guide to assessing the impacts of regulation on innovation](#) contains more detailed instructions on this topic for drafters.

rather than specifies that certain technological solutions must be used. Predictability of regulation and certainty in the regulatory environment are important for enabling market actors to plan their investments and operations over the long term. In an uncertain regulatory environment, it is less likely that operators will venture to carry out expensive and high-risk innovation actions. The development of completely new business models, in particular, often involves significant risks that can prevent innovation. In addition to business risks and uncertain access to finance, companies may face legal and regulatory risks.³⁹ For the scalability of innovations, it is crucial that regulation is sufficiently similar internationally.⁴⁰

Innovation impacts often materialise in regulation concerning⁴¹

- A market reform. When market access is facilitated, for example, this may lead to the creation of new companies with novel business models.
- Regulation on the application of new technologies undergoing a transformation, such as regulation on the platform economy.
- Regulation on the features of products or services. For example, a service quality criterion that does not depend on the implementation method may enable new operating models.
- Influencing incentives for innovation: e.g. direct aid for research, development and innovation, access to finance and regulatory risks.
- Regulation on copyrights or trade secrets: e.g. patents and non-competition and non-disclosure agreements.
- Influencing opportunities for experimenting and introducing novel solutions: e.g. licensing processes and public procurement.
- Influencing access to data reserves: e.g. opening up the restricted data reserves of a certain party to all actors.
- Influencing companies' resources to pursue innovation. Such factors as the administrative burden can divert resources from innovation.
- Influencing competition. While increased competition usually promotes innovation, in some cases excessively tough competition can preclude innovation investments.

39 Legal risks include situations in which a court must later examine if certain activities are legal or not. Regulatory risks include risks caused by a changing regulatory environment.

40 For more detailed information on innovation-friendly regulation, see the [Ministry of Economic Affairs and Employment website](#).

41 See Prime Minister's Office: [Innovation-friendly regulation: Current state and good practices](#).

2.1.2.7 Specific impacts on SMEs (SME test)

SMEs have fewer opportunities than their large counterparts to improve administrative processes and make the investments required by regulation, and they often have less expertise in interpreting regulation. Their ability to express their views in legislative drafting is also weaker. The purpose of the SME test⁴² is to implement a proposed statute without unnecessarily putting SMEs' operating prerequisites at risk.

The group of SMEs that a law project impacts should be identified. There is a broad range of SMEs across almost the entire business sector. Attention should be paid to differences between sole entrepreneurs, micro companies, and small and medium enterprises.

If the proposal has significant SME impacts, particular attention should be paid to assessing them. Can regulation be relaxed or clarified in some way for SMEs? Are regulatory costs or other disadvantages more significant for SMEs than for large companies? In this case, can the regulation be streamlined as a whole? Is it possible to support SMEs' compliance with the regulation, or impose less stringent obligations on small businesses? If the matter is significant for small enterprises, the views of small-scale entrepreneurs should be considered separately.

2.1.3 Public finances

When examining the impacts of a regulatory proposal on public finances, they can be broken down into those affecting the central government, municipalities, wellbeing service counties, other public administration and separate social security funds.⁴³ Public expenditure and revenue are examined as impacts.

2.1.3.1 Central government and public sector funding

From the viewpoint of financial management, central government administration can be divided into budgetary finances, State enterprises and off-budget State funds. When assessing impacts on central government finances, it is important to determine how the financing has been arranged in the General Government Fiscal Plan or in the budget,

42 For more detailed information, see Ministry of Economic Affairs and Employment: [checklist for SME impacts \(SME test\)](#).

43 Other public administration refers to the administration of the Åland Islands, the Evangelical Lutheran Church and the Greek Orthodox Church, as well as public-law corporations such as the Social Insurance Institution. Social security funds refer to private employment pension institutions and other social security funds, including unemployment insurance funds.

or in the finances of off-budget funds. A regulatory proposal cannot, considering its likely economic impacts, be contrary to the State budget or to the other provisions or instructions governing the public finances. If the proposal is relevant to the budget proposal, the proposal must describe how it affects such elements as expenditure, revenue or the purpose of the appropriation.⁴⁴ The costs associated with implementing the statute, such as agencies' human resources, information system and premises expenditure, must be accounted for in the impact assessment. Section 2.3.3 provides specific instructions for assessing impacts on authorities' activities, service provision and changes in information management.

According to the Rules of Procedure of the Government, a statement must be obtained from the Ministry of Finance where a matter under preparation in another Ministry has major economic or budgetary implications. A statement must likewise be obtained from the Ministry of Finance where a matter that is to be brought before the Ministerial Finance Committee pertains to the inclusion of a separate appropriation in the budget or to the change of the terms of an appropriation already in the budget.

The economic impacts and their magnitude may also be relevant to the procedure to be observed in governmental decision-making. Namely, matters that are significant in terms of finances or principle must undergo preliminary consideration by the Ministerial Finance Committee, as has been determined by a Government resolution to this effect. Among other things, the resolution lays down the limits in euro amounts and other criteria for assessing the significance of the matter in terms of the economy or in principle.

2.1.3.2 Municipalities

The assessment of impacts on municipal finances, or the revenue and expenditure of municipalities, municipal federations or their enterprises, must involve due consideration of the principles governing municipal autonomy, as well as the special procedures to be observed in matters with impact on municipal finances. Proposals with a significant impact on municipal finances must undergo preparatory discussions in the Advisory Committee on Local Government Finances and Administration.

Municipal self-government is associated with the funding principle, or the legislator's particular duty to ensure that the municipalities have also in practice the funds needed to perform their statutory duties. Changes in the duties and obligations of municipalities often also affect the costs of organising the services for which municipalities are responsible. Because of the funding principle, the impacts of regulatory amendments

44 See HELO, section 11.2. Relationship with the budget proposal.

on local government finances must be assessed in euro amounts. The changes must not create a situation which jeopardises the municipalities' possibility to make independent decisions on their finances. The right to levy taxes must retain its real significance for municipalities' possibilities to independently decide on their finances. The possibilities of different municipalities to adapt their finances and cope with their obligations to provide services vary. When assessing the cost impacts of a law proposal, any impact that adds to municipalities' tasks and obligations must be assessed, not only at the national level but also, where possible, in different types of municipalities.

The realisation of the funding principle must be assessed from the perspective of the expenditure required in order for the municipalities to fulfil their duties and obligations and the viewpoint of their income base as a whole. The realisation of this principle cannot be assessed solely on the basis of the cost impacts affecting the tasks, obligations and financial responsibility of individual municipalities at the time the proposed statute enters into force. Instead, the cost impacts must be assessed over the longer term. The assessment must account for municipalities' existing tasks and obligations, the proposed changes in them, as well as other pending changes in municipalities' obligations and duties. Even if the proposal did not have an impact on local government finances at the national level, it may treat municipalities differently, consequently affecting the funding principle in terms of the mutual status of municipalities.⁴⁵ In duties referred to in the Act on Central Government Transfers to Local Government for Basic Local Government Services for which full compensation is paid as laid down in Section 55(2) of the Act, the way in which additional funding is taken into account in the system of central government transfers should be defined in order to assess the realisation of the funding principle. The compensation can also be arranged by reducing central government transfers by corresponding amounts, as provided in the Act on Central Government Transfers to Local Government for Basic Public Services.

The basic question when assessing impacts on local government finances is the proposal's impact on local government revenue and expenditure and on the municipality's financial position. The extent to which municipalities and different categories of municipalities have effective financial but also operational possibilities to meet the proposed obligations should also be assessed. In this context, there is normally reason to carry out a more detailed analysis of the obligations that the proposed regulation imposes on municipalities and their financial impact, by using the regular methods of strategic accounting and economics. The impact on municipal finances may be significant, for

45 The Constitutional Law Committee has paid particular attention to the increased differentiation of municipal tax rates and its significance for the equality of residents in different municipalities.

example in the event that they make it more difficult for municipalities in a difficult financial position to perform their statutory duties. The impacts may also affect not only the financing of different corporations but also financial flows between them. Typically, this may involve the economic and financial relationship between the central government and the municipal sector, the treatment and assessment of which are associated with specific procedures and policy instruments.

As part of the negotiated procedure between the central and local government, a Local Government Finances Programme is drafted. The preparation of the Local Government Finances Programme is part of drafting the General Government Fiscal Plan and the budget proposal. The established calculation assumptions that are in use in these procedures must be taken duly into account also in the assessment of the financial impact of proposed regulation. The financing of basic social services, which is the responsibility of the public sector, mainly takes place by adding to the municipal tax revenue and customer charges those co-payments and subsidies that the State contributes from its funds. Consequently, a law proposal concerning the social services system, for instance, may have several different types of economic impacts. In order to develop services, additional funds may be allocated from central or local government funds in a number of ways, but it is equally likely that a regulatory proposal has an impact solely on the payment liability between the central government and the municipalities. It is important to assess also such balance of payments impact.

When conducting an impact assessment, the drafter must determine if the law proposal concerns a task, a new task or an extension of a task referred to in the Act on Central Government Transfers to Local Government for Basic Local Government Services; a transfer in the relationship between the central government and municipalities that is accounted for in the Local Government Finances Programme; or a reform or obligation which does not actually constitute a new or expanding task covered by central government transfers to local government but which affects local government finances in some other way. In addition, attention should be paid to whether the cost impact has been accounted for in central government transfers to local government for basic municipal services as well as in the negotiated procedures under the Local Government Act and the legislation on central government transfers.

The law proposal may have impacts on a municipality's costs, including personnel costs, various operating costs and investment costs. [The calculation framework for cost impacts on municipalities](#) can be used to assess the total costs and impacts of proposals for statutes in concrete terms. The calculation framework can also be applied to cost impacts concerning the wellbeing services counties.

Ministry of Finance's [guidelines for drafting legislation applicable to municipalities and assessing their financial impacts](#) discuss such issues as the funding principle and assessment of impacts on municipal finances in detail. Additional information can also be found in the Ministry of Finance's publication on [assessing economic impacts from the perspective of the municipal economy](#).

2.1.3.3 Wellbeing services counties

The purpose of central government funding for the wellbeing services counties is to ensure that all counties are able to perform their statutory tasks, regardless of their circumstances and differences in the residents' service needs. The funding of the wellbeing services counties is based on comprehensive central government funding, in addition to which the counties will mainly benefit from a share of client fees charged for social welfare and health care services and sales revenue as well as a share of the revenue obtained from fees charged and sales made by the rescue services. As the wellbeing services counties do currently not have a right to levy taxes, it is essential that, when their duties are changed, the funding required by the tasks is also allocated to the counties. Changes must not jeopardise the wellbeing services county's ability to carry out its tasks. Central government funding for the wellbeing services counties is universal, which means that the counties make the decisions on the use and allocation of funding within the limits of their autonomy and competence.

When determining the level of central government funding for the budget year, any change in the scope or quality of the tasks for which the wellbeing services counties are responsible should be fully accounted for if the change is due to an act or decree concerning the task in question, an order issued by a central government authority by virtue of an act or decree, or the state budget. The costs resulting from the change in tasks should be thoroughly assessed, ensuring that the wellbeing services counties would be able to perform the tasks and obligations assigned to them with the funding proposed for the changes, and that the costs would not increase more than the funding. Changes in funding needs arising from tasks and obligations that are dropped, or whose scope is reduced, should also be taken into account.

Regarding a change in a duty, the financial impacts on the counties' operating costs and client fees as well as any other income must be assessed. Changes in personnel, premises and ICT costs as well as procurement of other services should also be accounted for. In addition, the de facto economic but also operational possibilities, such as those related to the adequacy of personnel, of meeting the proposed obligations at the national level and at the level of the wellbeing services counties should be assessed. The funding allocation to wellbeing services counties must also coincide with the expanding tasks. If a task enters into effect step-wise or in stages, the costs are estimated at each year's cost

level. In the cost level assessment, the latest available forecast of the wellbeing services county index, which is published on the Ministry of Finance's website, should be used. The wellbeing services counties' possibilities of adapting their finances while coping with their statutory obligations are limited in practice, as due to the nature of their tasks, they only have limited room for manoeuvre in their operating economy. Changes in tasks must not lead to a situation where the wellbeing services counties would have to rely on acquiring additional funding.

The impact assessment must indicate whether the proposal concerns a change in tasks financed from central government funding under the Act on the Financing of Wellbeing Services Counties or, for example, a task funded with discretionary government transfers or some other regulation affecting the counties' finances. As a basic premise, the statutory tasks of the wellbeing services counties are financed with central government funding referred to in the Act on the Financing of Wellbeing Services Counties. A change in the level of central government funding should be implemented by including the estimated change in the cost level and, consequently, funding level of the task in question in the imputed costs on which the basic price(s) linked to the task are based. The drafter should contact the experts of the Ministry of Finance's Department for Local Government and Regional Administration and Budget Departments as early as possible, making it possible to account for any changes in tasks in the funding calculations and legislation relating to the wellbeing services counties, if no suitable formula can be found for allocating the additional funding.

As of 1 January 2023, an Advisory Board for the Financing and Administration of Wellbeing Services Counties has been operating in conjunction with the Ministry of Finance. The Advisory Board deals with law projects that are important from the perspective of the counties' finances and autonomy or that have far-reaching impacts.

2.1.3.4 Public support for service provision by non-profit organisations

In addition to the various actors of public finances and branches of administration, it may be necessary to assess the impacts from the point of view of non-profit organisations and other third sector actors. Besides the promotion of special interests, non-profit organisations may have service provision missions, which may under certain conditions be subsidised from public funds. In such cases, it is possible to carry out a more detailed assessment of the impact of the service provision from the viewpoints of several actors, with the aim of optimising the cost-effectiveness of the outcome. That being said, public funding for the service provision of non-profit organisations is only allowed to the extent that it has little or no distortive effects on competition or the functioning of the market. Where appropriate, this aspect should be assessed in the context of competition impacts on the criteria mentioned in section 2.1.2.1.

2.1.3.5 Factors affecting public finances

Besides the economic impact on the various corporations involved in public finances, economic impacts can also be assessed in more general terms with reference to financial sustainability and the functioning of the financial system. In this context, it is possible to itemise such impacts as those on public revenue and expenditure, the coverage of services and social welfare, and employment in the public sector. Impacts on the behaviour of households and businesses may also have a knock-on effect on demand for public services or production costs, for example. Potential impacts on the productivity of the public sector must similarly be taken into account. At a minimum, government resolutions and productivity targets set for individual administrative branches must be taken into account in this assessment.

The impact of regulation on public finances may be manifested differently over the short, medium and long term. Changes in the economic operating environment, including in demographics, technological progress and economic growth rates, may affect the costs and benefits of regulation on the long term.

2.1.4 National economy

Once the economic impacts of the law proposal on the target groups have been assessed, impacts on the national economy at large should be assessed from a macroeconomic perspective, taking economic linkages into account. They include impacts on employment⁴⁶, production, investment and consumption, imports and exports, price levels, financial stability and financial markets. Assessing impacts on the national economy also allows for the consideration of long-term drivers of change with wide-ranging impacts in several administrative sectors. This viewpoint is associated with more general social policy aims and the stability and sustainability of public finances.

For example, demographic change, which results in a decrease in the proportion of employed persons to persons outside the labour market (decline in the dependency ratio) and difficulties in access to labour, may have a general effect on slowing down growth, in which case regulation can be used to encourage people to stay in the labour force for longer. Impacts of this type often are the aim of law proposals concerning e.g. the pensions system or employment subsidies. Improved labour productivity as a result of such factors as better allocation of labour will boost economic growth. However, it is

46 For specific instructions for assessing employment impacts, see section 2.3.7.

important to recognise the impacts that are significant in terms of the national economy also in other contexts, such as projects concerning social welfare benefits or adult education development.

Finally, it is important to also assess the economic impact of the proposal as a whole. As part of a macroeconomic analysis, such aspects as positive impacts on a particular target group, including households or companies, can be assessed in relation to the new expenditure incurred by public bodies. The economic impacts may, if necessary, also be assessed from the points of view of different central government entities with performance targets, before they are appraised from the point of view of the central government finances as a whole. In national accounts, the institutional entities of the economy are classified into five mutually exclusive institutional sectors, which together form the whole economy: corporations, financial institutions, general government, households and non-profit institutions serving households. For instance, savings in one central government entity or sector may give rise to costs in other entities or sectors, possibly with the result that there will be no overall savings for the central government, or public finances as a whole. In this case the conclusion may well be that, taking all factors in consideration, the planned change should not go ahead.

In most cases, it is justified to also assess the significance and distribution of different economic incentives and risks. While assessing the magnitude or allocation of financial risks accurately may be difficult, the magnitude of the risks and the costs or benefits likely to be realised should be assessed.

METHODS AND INFORMATION SOURCES FOR ECONOMIC IMPACT ASSESSMENT

Best efforts should be made to *quantify* economic impacts. For example, the impacts of changes in taxation, fees or regulatory burden can usually be assessed in *euro amounts*. It is also possible to use key figures (including numbers of outputs and customers). Causal chains, factors affecting them and the direction, magnitude and targeting of the impacts must additionally be assessed in *qualitative terms*, if necessary. In particular, this applies to indirect and so-called dynamic impacts. They may include the impacts of a tax change on consumption or labour supply and, consequently, on the tax base and tax revenue, as well as impacts on entrepreneurship and the creation of new business, companies' investments or competitiveness, or market functioning.

The quantitative assessment of economic impacts requires an *adequate statistical knowledge base*. In many cases, the assessment takes given communities or target groups as entities or uses estimated averages as the starting point. In addition to average figures, it may be necessary to assess separately the financial position of the most economically disadvantaged autonomous regions, or the realisation of individuals' fundamental and human rights. If no statistical data are available, the impacts should be assessed at least indicatively, e.g. by using different *survey data* or *justified expert analyses*. To assess indirect impacts, not only a statistical knowledge base but also the use of research evidence and suitable models as well as estimates presented in form of ranges or scenarios may often be needed.

When conducting assessments, drafters should draw on *the expertise of their administrative branch and its agencies and institutions*. The State Treasury produces information on central government's business and budget accounts. Statistics Finland produces Finland's national accounts as well as statistics on employment, the labour market, incomes and consumption. Such sources as the studies and statistics of the Social Insurance Institution of Finland on the social security system, the Finnish Centre for Pensions' forecast calculations of earnings-related pension expenditure and benefits, and Statistics Finland's SISU microsimulation model for personal taxation and social security can also be used in the assessment.

For example, Statistics Finland's business register, the Tax Administration's statistics and the Ministry of Economic Affairs and Employment's Toimiala Online statistical service can be used as sources of information for assessing impacts on businesses. When assessing impacts on the regulatory burden, information on the cost impacts of different obligations on companies' daily lives can be gathered by such means as company or expert surveys or interviews. Information on the scope of the business sector subject to the proposed regulation can be obtained from the relevant authorities, Statistics Finland's business statistics, business surveys or business organisations. The Ministry of Economic Affairs and Employment's *Regulatory burden calculator* helps with the assessment of the burden. Competition authorities need to be involved if the project is likely to have an impact on competition and the functioning of the market.

Economic impact assessment often requires knowledge of *economic analysis methods* (e.g. numerical equilibrium models, econometric models, cost-benefit analysis) and accountancy, often making it necessary to rely on external experts. In extensive projects, it may be possible to draw on the expertise of VATT Institute for Economic Research. Economic research institutes and experts of business economics can also be used as part of the assessment.

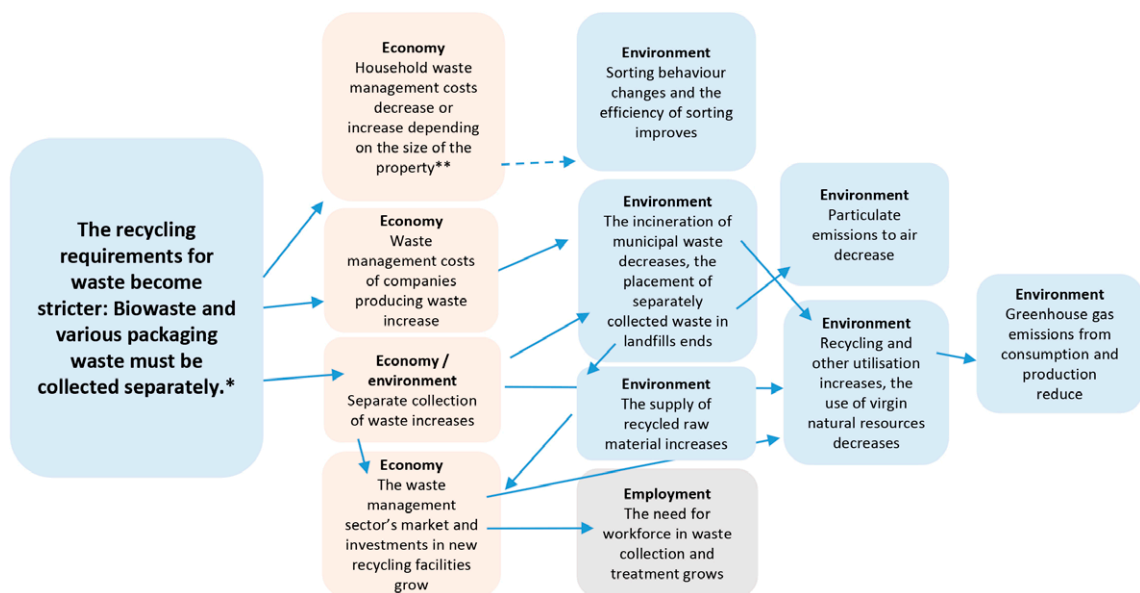
2.2 Environmental impacts

A law proposal may have positive environmental impacts as its express objective. On the other hand, the knock-on effects of the proposal may be unintended environmental impacts. Environmental impacts refer to direct and indirect impacts on:

- use of natural resources
- soil, water and air
- climate change mitigation and adaptation
- biodiversity
- community structure, the built environment, landscapes, cityscapes and cultural heritage
- human health, living conditions and comfort.

Environmental impacts may also be indirectly caused by other types of impacts. For example, a statute that does not have direct impacts on the environment may change economic or social conditions or the behaviour of people or organisations in a way that affects the environment through different impact chains (see example in Figure 3). In order to identify environmental impacts, it is consequently important to identify other impacts across a broad front. An effort should be made to assess the costs of environmental harms as part of the economic impact assessment.

Figure 3. Simplified chain of impacts in the reform of the Waste Act (HE 40/2021 vp)



* The aim of the reform is to increase the recycling of municipal waste. The collection of municipal waste, i.e. biodegradable waste, glass, metal, fibre and plastic packaging waste, must be arranged separately for residential properties in urban areas with at least five dwellings.

** Expenses will decrease for properties with more than 20 apartments but increase for small properties where separate collection has not been previously carried out.

While environmental impacts can be generated quickly and over the short term, it is also common for them to arise gradually and over the long term. Some environmental impacts are global in nature, such as climate impacts. Environmental impacts may be significant for the realisation of fundamental environmental rights and other fundamental and human rights.

Environmental impacts should be identified comprehensively, making sure that all essential impacts are included in the assessment. The questions listed at the end of the following sections help to identify different environmental impacts. Information sources associated with the relevant impact type are also listed in each section. A more detailed assessment should be carried out using methods specific to each impact type. Emissions impacts, for example, are quantified as far as possible. Assessing indirect impacts, in particular, is often challenging and involves considerable uncertainty. If no quantitative estimates can be achieved, qualitative estimates should be produced. The Ministry of the Environment has published a [guide on assessing the environmental impacts of proposals for statutes](#) and a [report on methods and information sources suitable for assessing environmental impacts](#).

2.2.1 Use of natural resources

Natural resources refer to everything in nature that humans can use as a material or energy. Natural resources can be divided into non-renewable and renewable ones. The reserves of non-renewable natural resources, such as minerals and fossil fuels, are limited. Some non-renewable natural resources can be recycled and reused, at least partially (e.g. metals). As their name suggests, renewable natural resources have an ability to regenerate. In particular, they include ecosystem products, such as biomass (e.g. crops, timber, fish stocks and energy sources based on biomass) and groundwater. Sustainable use of renewable natural resources, or adjusting their use to a level where their natural capacity for regeneration is preserved, is important.

A law proposal may impact the volumes of used renewable and non-renewable natural resources, changes in their mutual relationships, and the circulation of materials. Impacts may affect needs for and consumption of energy as well as the relationships between forms of energy production. Impacts related to material circulation include changes in the recycling rate, recovery and reuse. They may arise in the deployment, transport, processing and final consumption of natural resources. A proposal may also affect the quantity and sustainability of natural resources use through changes in production and consumption, including changes in resource efficiency, product design, circular economy operating models (product-as-a-service models, maintenance and repairs,

re-manufacturing, sharing, reuse and recycling), land use, urban planning and consumer behaviour. Additionally, a transition to renewable energy or clean-tech solutions will generate impacts. Impacts may arise in Finland or abroad.

Natural resources use and its changes also cause other environmental impacts (see example in Figure 3). A significant proportion of greenhouse gas emissions originate from energy production and consumption, including transport, whereas biodiversity loss in Europe is mostly driven by biomass use. Replacing the use of non-renewable natural resources with renewable ones, for instance, may have an impact on climate change mitigation by reducing emissions, while it may also cause negative impacts on biodiversity or people's living conditions and comfort.

Key questions, will the statute affect:

- use of non-renewable natural resources (incl. minerals, soil and fossil fuels)?
- use of renewable natural resources (incl. crops, timber production, fish stocks and biomass-based energy sources) and their pace of regeneration?
- energy needs or consumption (including energy efficiency) or interrelationships between the use of different forms of energy production?
- resource efficiency, product design or circular economy?
- generation, treatment, recycling and recovery of waste?
- consumer behaviour and, consequently, natural resources use?
- *rebound risk*, where the solution to a particular problem (e.g. resource and energy savings) leads to higher overall production and consumption?
- land and water use?

SOURCES OF INFORMATION

- [Statistics Finland](#) compiles statistics on the use of different natural resources, including energy, waste, agriculture, forestry and fisheries. Economy-wide material flow accounts describe in units of mass (tonnes) the volume of materials extracted, transferred or transformed from nature. Waste statistics monitor changes in the volumes of waste, waste treatment methods and proportions of hazardous waste. Hydrological Yearbooks contain an overview of hydrological conditions in Finland. Energy statistics contain statistics on environmental emissions from the consumption and production of energy.
- [The Finnish Environment Institute's website](#) contains information on circular economy.
- [Natural Resources Institute Finland \(LUKE\)](#) keeps statistics on the number, growth and composition of trees, forest surface areas, roundwood removals as well as fishing, hunting and aquaculture.
- The [Ministry of Economic Affairs and Employment website](#) contains extensive information on energy.

2.2.2 Soil, water and air

The soil between bedrock and ground surface contains loose soil types, organic matter, pore water and air, and organisms. Groundwater refers to water in the soil or bedrock, and a groundwater catchment area means a geologically defined area where a soil formation or bedrock zone enables a significant groundwater flow or abstraction. A water body refers to lakes, ponds, rivers, brooks and other natural water areas as well as artificial lakes, canals and other similar artificial water bodies.

Impacts on soil are caused by structural changes in soil, loss of organic matter, erosion and point-source or diffuse pollution caused by emissions. Emissions are generated when harmful substances enter the soil, for example as a result of an accident or gradual emissions over time. These impacts can easily be transferred to groundwater, and substances can also be transported with soil to water bodies or spread to surrounding areas. Impacts on soil and groundwater are, in particular, caused by extraction of soil and rock materials, construction and mining as well as leaks occurring during the transport, storage, distribution and use of substances hazardous to the environment and human health, including fuels.

Impacts on waters can be caused by a number of stressors, including point-source loading through wastewater emissions from industry and communities, fish farming, diffuse emissions from agriculture and forestry, environmental disasters and physical changes in water bodies, such as construction. The more frequent occurrence of extreme weather phenomena resulting from climate change also has a negative impact on waters.

The most harmful types of air pollution in terms of health impacts are emissions from small-scale burning of wood and road traffic powered by internal combustion engines generated in city centres and densely built-up urban centres close to the human respiration level, as well as street dust created by road traffic. The health hazards are mainly caused by particulate matter. In addition, other air pollutants, including nitrogen oxides, sulphur dioxide, ammonia and volatile organic compounds, may cause acidification of water and soil or eutrophication of water bodies as well as generate harmful ozone in the lower atmosphere.

Key questions, will the statute affect:

- soil structure, loss of organic matter, erosion, emissions or soil contamination?
- groundwater quality or quantity?
- loading in waters and, consequently, the quality of water bodies as well as coastal and marine waters?
- emissions from industry and energy production or ammonia emissions from agriculture?
- volumes of and emissions from small-scale wood burning or road traffic, especially in urban areas?

SOURCES OF INFORMATION

- Information on harmful substances ending up in the environment, emissions of air impurities and loading of water bodies on [Ymparisto.fi](https://ymparisto.fi) web service
- Information in the [Finnish Meteorological Institute's Air quality portal](#) on concentrations of particulate matter, sulphur dioxide, nitrogen dioxide, ozone and odorous volatile sulphur compounds, among others
- [Finnish Environment Institute's calculator for costs incurred from air pollution harms](#)
- [FINPRTR emissions information service](#)
- Information on the [Geological Survey of Finland's Lähde service](#) on groundwater catchments in Finland

2.2.3 Climate change mitigation and adaptation

Climate impacts refer to the impacts of greenhouse gas emissions and their removal (mitigation) and adaptation to climate change. A statute may speed up or mitigate climate change or hinder or support adaptation to it. In the assessment of climate impacts, it is important to ensure that a statute is in line with the emission reduction targets set for the public sector in climate legislation and in Finland's international obligations. The relationship of a proposal to these targets must be assessed especially if a proposal implements measures that are essential to achieving climate targets or if the proposal may conflict with the targets.

Climate change mitigation refers to efforts to reduce greenhouse gas emissions and to secure an adequate carbon sink level. The progress of climate change is impacted by greenhouse gas emissions and their removal as well as other climate-related compounds, such as black carbon i.e. soot. Greenhouse gases include carbon dioxide, methane, nitrous oxide and other natural and man-made gaseous compounds in the atmosphere that absorb and subsequently emit infrared radiation. A sink is a process, measure or mechanism that absorbs greenhouse gases from the atmosphere. An ecosystem serves as a carbon sink when its carbon stock grows, meaning that it accumulates more carbon than it releases into the atmosphere. Adaptation refers to actions that are used to prepare for and adapt to climate change and its impacts.

Climate impact assessment must include an assessment of impacts on the amount of greenhouse gas emissions over different lengths of time. Fossil fuels, industrial processes, agriculture, waste treatment, construction and transport are examples of major sources of greenhouse gases. Proposals that directly affect transport, energy production or consumption or other industries may have the clearest emission impacts. Emission impacts can be direct or indirect and they can be assessed quantitatively or qualitatively. Potential cross-border impacts should also be assessed where applicable. This can for example be the case if regulation concerning energy production or industrial operations transfers emission impacts across borders. Assessment should include possible impacts in the emissions trading, burden-sharing and land use sectors. Assessment should take into account that national measures to reduce emissions within the emissions trading sector will transfer emissions to other countries in the EU Emissions Trading Scheme through the price of emission allowances.

Impacts on greenhouse gas removal may arise from proposals affecting land use, such as agriculture and forestry, forest and bog ecosystems or soil. In addition, a proposal may affect removals if it for example concerns the use of timber products as construction material, impacts the product distribution of products made from wood and the average life cycle of products, or leads to an increase or decrease in the consumption of biofuels.

Impacts on climate change adaptation particularly arise from law proposals linked to human health, infrastructure and land use, ecosystems, biodiversity or water resources. A proposal may affect adaptation by impacting a hazard, i.e. a risk-causing weather phenomenon (such as flood or drought). A proposal may also impact adaptation by improving or worsening preparedness for a hazard through human or regional exposure (location of the target under risk) or vulnerability (characteristics of the target under risk). Vulnerability refers to the sensitivity and adaptability of people, technical structures, habitats and communities to weather and climate impacts. Social vulnerability is affected by factors such as age, health, economic status, living environment and general ability to cope with and prepare for the consequences of climate change.

Key questions, will the statute affect:

- the amount of greenhouse gas emissions in Finland and globally (in what time span)?
- emissions and drift of black carbon and other climate-related compounds?
- private or public consumption or their related structures?
- emissions from energy production and energy consumption?
- the emissions or adaptation of agriculture, its production methods or products?
- the amount of climate awareness or expertise that could be reflected in emissions through choices or behaviour?
- emissions or the number of sinks via land use (bogs and wetlands, agricultural land, grassland areas, built environment)?
- sinks via soil, trees or other biomass?
- preparedness for extreme weather phenomena (exposure and vulnerability)?

SOURCES OF INFORMATION

- The [Climate Guide](#) collects information on climate change and its impacts.
- [Climate Impact Assessment Guide for Legislative Proposals](#)
- Materials and reports synthesizing climate research for decision-making by the [Climate Panel](#)
- [Statistics Finland](#) publishes an annual report on Finland's greenhouse gas emissions.
- An [annual climate report](#) on the trends of Finland's emissions and the implementation of climate policy is prepared under the leadership of the Ministry of the Environment.

2.2.4 Biodiversity

Biodiversity refers to the entire spectrum of life: genetic variation within species, the abundance of species and the diversity of their habitats. The most significant factors that weaken biodiversity in Finland are the loss of habitats, their fragmentation and the deterioration of their quality. These impacts also include non-native invasive species and changes in climate conditions. Efforts can be made to prevent, avoid, mitigate or compensate for the adverse impacts on biodiversity. A law proposal may have an impact on biodiversity not only in Finland but also abroad, for example through the production and processing of products and raw materials imported to Finland.

Biodiversity is impacted by all use of natural resources and areas. Agriculture and forestry have the greatest impact in terms of surface area. Biodiversity is also affected by land extraction, transport, reindeer husbandry, hunting, fishing, water management and hydropower projects. The use of agricultural plant protection products has an impact on living organisms, such as pollinator insects. Various land use changes, such as construction, have a significant impact on biodiversity. Airborne pollutant deposition affects flora and fauna. Climate change impacts biotic communities in many ways and can intensify the impacts of other factors.

The state of biodiversity can be affected by protecting and restoring habitats and ensuring that land, water and natural resources are used sustainably. When it comes to diversity impacts, conservation areas and economic areas are both important. Assessment must take into account endangered species and habitats, particularly species and habitats protected by the EU Birds and Habitats Directives, as well as species that the Nature Conservation Decree specifically designates as protected and whose threat of extinction is apparent. In addition, the impacts on protected areas and their connections must be examined.

Biodiversity creates the basis for ecosystem services, which are services provided by nature, such as pollination, mushrooms, berries, climate regulation, clean water, flood protection, soil fertility, recreation and nature tourism, as well as the production of food, wood, fuels, fibres and medicines.⁴⁷

47 For more information on ecosystem services, see the [Luonnontila.fi website](#) and the Ministry of the Environment publication [The Value and Social Significance of Ecosystem Services in Finland](#).

Key questions, will the statute affect:

- the number, fragmentation and quality of habitats?
- the vitality, abundance and diversity of species?
- protected areas, endangered biotopes or species and their nesting sites, habitats or areas that are otherwise ecologically important?
- at the landscape level: habitat surface area, their connectedness, important migration routes or resting places during migration?
- ecosystem services such as pollination, water bodies and recreational use?

SOURCES OF INFORMATION

- [Ministry of the Environment website](#) on nature conservation
- [SYKE website](#) on biodiversity and ecosystem services
- The Nature Conservation Act (1096/1996) includes provisions on endangered species and habitats and the use of nature conservation areas. The list of endangered and especially protected species is in Annex 4 of the Nature Conservation Decree (160/1997).

2.2.5 Urban structure, built environment, landscape, cityscape and cultural heritage

Urban structure refers to the internal structure of a commuting area, urban area, city, neighbourhood or other populated area. It includes the location and mutual relationship between population and housing, jobs and production activities, services and leisure areas, as well as their connecting transport routes and technical maintenance networks. The development of urban structure is guided with zoning and building permit practices. Urban structure solutions affect the functioning of communities, the distances between different functions and mobility needs, the accessibility of services and workplaces, and the smooth running of people's everyday lives. Impacts on urban structure are typically indirect, arising over a long period of time, for example due to changes in population structure or housing needs, for instance because of ageing. The integration of green structures, cultural environment, cityscape, landscape and urban structure guides the placement of housing and other activities. Changes in urban structure may cause climate impacts.

A statute may affect the relationship between housing, jobs, services and leisure areas and the connections between them. This may impact aspects such as distances between different functions, accessibility between them, the smooth running of everyday life, people's movement and travel, traffic volumes, costs and emissions. The location of societal functions and their distances affect the possibilities of selecting a form of transport, which has a direct impact on people's health and the ecological sustainability of everyday life.⁴⁸ Impacts on the accessibility of the built environment and on people's equal opportunities for mobility and activities must also be assessed. Accessibility is a prerequisite for equality, inclusion and smooth everyday life.

A landscape is a relatively large area of the environment that can be detected with one's senses. Landscapes have emerged as a result of the long interaction between humans and nature, thus conveying historical and cultural values. A cityscape refers to a visually perceived dimension of a built environment or urban environment. Cultural heritage usually refers to a set of material and intangible resources handed down over the years. Structural changes in society challenge the preservation of the cultural environment and landscape: the old is having to make way for the new in growth centres, whereas empty buildings and abandoned cultivated areas are decaying in other places. Impacts on the landscape, cityscape and cultural heritage must be examined over a sufficiently long period of time.

Key questions, will the statute affect:

- community structure or the accessibility of community functions through the placement or construction of community functions?
- the built environment and its accessibility?
- landscape, cityscape and cultural heritage (including the intangible)?

SOURCES OF INFORMATION

- [Living environment information service Liiteri](#) and its statistical and map data on zoning, community structure, natural resources, buildings and housing
- Information on landscape areas on the [environmental administration's website](#)
- Ministry of the Environment guide [Cultural environment in impact assessment](#)

⁴⁸ Physical activity impacts are discussed later in this guideline in section 2.3.6.1.

2.2.6 Human health, living conditions and comfort

Environmental impacts also include changes in people's living conditions and comfort, which are impacted by our immediate surroundings, such as the built environment, green areas and air quality. Changes in education, housing, work, mobility or taxation also have an indirect impact on living conditions and comfort and may have indirect impacts on the environment. For example, a pleasant local environment may attract people to choose an active mode of transport instead of a car, which reduces emissions. Some environmental impacts can affect people's comfort when they are moderate, while causing health hazards when they are intense (e.g. noise and fine particles). Other aspects of health impacts are described in section 2.3.6 below.

Key questions, will the statute affect:

- emissions or noise and thus human health and comfort?
- people's living conditions or the smooth running of everyday life?
- people's access to nature?

SOURCES OF INFORMATION

- Ministry of Social Affairs and Health: [Assessment of the Effect of Statutes from the Perspective of Human Impact](#), section on environmental health impacts.
- [Website of the Finnish Institute for Health and Welfare \(THL\)](#): environmental health.

2.3 Other human and societal impacts

This section describes key human and societal impacts outside the topics discussed above. The section discusses a wide range of impacts related to each other and other types of impacts, broken down into the following types of impacts and target groups:

- fundamental and human rights
- groups of people
- public authorities
- democracy and the rule of law
- security
- wellbeing and health
- employment and working life
- information society and data protection
- Åland Islands
- municipalities and wellbeing services counties
- regional development and rural areas
- cross-border impacts
- animal welfare

2.3.1 Fundamental and human rights

The assessment of fundamental and human rights impacts produces information on the concrete impacts of a proposal on the realisation of fundamental and human rights in the everyday lives of individuals and groups of people.⁴⁹ Fundamental rights refer to the rights guaranteed by the Constitution of Finland and the EU's fundamental rights system⁵⁰. Human rights, on the other hand, refer to the rights guaranteed in international human rights documents. Since fundamental and human rights cover all areas of life, many proposals are linked to the realisation of fundamental and human rights. In addition, fundamental and human rights impacts can be related to any other type of impact. Fundamental and human rights issues include equality, data protection, employment, social security, health and the environment. Many proposals involve a fundamental and human rights perspective due to how their effects are targeted to different groups of

49 The assessment of fundamental and human rights impacts is discussed in more detail in the Ministry of Justice guideline [Assessment of fundamental and human rights impacts in law drafting](#).

50 The EU's fundamental rights system includes the EU Charter of Fundamental Rights, certain provisions of the Treaties and general legal principles. On the EU Charter of Fundamental Rights, see the memorandum of the Ministry of Justice on the interpretation and application of the EU Charter of Fundamental Rights (1 April 2020).

people and what types of legal remedies are available to the subject of regulation. Based on the content of a proposal, it should be decided whether it is appropriate to present the fundamental and human rights impacts in the government proposal under a separate subheading or in connection with other types of impacts.

Fundamental and human rights impacts have a special status due to the legal obligations imposed on the State at their core. Fundamental and human rights set conditions for law drafting, which may ultimately also involve Finland's obligations under international law. The Constitution of Finland (731/1999) defines the value base of the Finnish constitutional order, according to which it safeguards the inviolability of human dignity and the freedom and rights of individuals and promotes justice in society. Chapter 2 of the Constitution contains a list of fundamental rights guaranteed by the Constitution.⁵¹

FUNDAMENTAL RIGHTS IN CHAPTER 2 OF THE CONSTITUTION

- Equality (Section 6)
- The right to life, personal liberty and integrity (Section 7)
- The principle of legality in criminal cases (Section 8)
- Freedom of movement (Section 9)
- The right to privacy (Section 10)
- Freedom of religion and conscience (Section 11)
- Freedom of expression and right of access to information (Section 12)
- Freedom of assembly and freedom of association (Section 13)
- Electoral and participatory rights (Section 14)
- Protection of property (Section 15)
- Educational rights (Section 16)
- Right to one's language and culture (Section 17)
- The right to work and the freedom to engage in commercial activity (Section 18)
- The right to social security (Section 19)
- Responsibility for the environment (Section 20)
- Protection under the law (Section 21)

51 For more detailed instructions on fundamental rights for law drafters, see the [Law drafter's guide](#).

Finland is a party to several international human rights treaties, most of which are in effect as legislation in Finland and thus directly applicable, for example in courts. Human rights treaties define a minimum level for the protection of rights, and nationally rights can also be guaranteed at a higher level of protection. The recommendations and decisions of international treaty monitoring bodies responsible for the interpretation of the treaties must be taken into account in law drafting. Human rights are also safeguarded by a number of non-legally binding international declarations and resolutions that may be relevant to a proposal, for example because of their interpretative significance.

According to Section 22 of the Constitution, the public authorities shall guarantee the observance of basic rights and liberties and human rights. This obligation guides law drafting both in terms of the content of proposals under preparation and in terms of the law drafting process. For the realisation of fundamental rights, it is not sufficient for public authorities to refrain from interfering in fundamental rights. In many cases, the effective implementation of fundamental rights requires active measures by public authorities, such as protecting fundamental rights against violations by third parties or creating effective preconditions for the exercise of fundamental rights.⁵²

2.3.1.1 Relationship between section 12 (relationship with the Constitution and rationale for the legislative procedure) and section 4.2 (main impacts) of government proposals in relation to fundamental and human rights

According to HELO, if necessary, a government proposal must address fundamental and human rights both in section 12 on the relationship with the Constitution and the rationale for the legislative procedure and in section 4.2. on the main impacts. In the rationale for the legislative procedure, the relationship between the proposal and the Constitution and human rights obligations is assessed from a *legal perspective*. In the impact assessment, the focus is instead on the *concrete impacts* of the proposal on the realisation of fundamental and human rights of persons and groups of people.⁵³ In other words, the assessment of fundamental and human rights impacts may differ from the legal assessment of the legislative procedure by focusing more on the concrete impacts of the proposal with the regular, empirical methods used for impact assessment. In addition, whereas the focus with the rationale for the legislative procedure is often on the

52 Government proposal to Parliament on amending the fundamental rights provisions of the Constitution (HE 309/1993 vp).

53 See HELO Sections 4.2 Main impacts and 12 Relationship with the Constitution and the rationale for the legislative procedure. According to HELO, the rationale for the legislative procedure cannot replace the estimated impacts of a proposal on the realisation of fundamental and human rights and international human rights obligations.

prerequisites for restricting fundamental rights and the minimum level of protection of the rights, the impact assessment holds an important perspective in how the realisation of rights can be promoted in practice in the best way possible.⁵⁴

Relationship with the Constitution and rationale for the legislative procedure⁵⁵	Assessment of fundamental and human rights impacts
Legal assessment: how a proposal complies with the Constitution (also including other questions than fundamental rights) and fulfils the obligations of the EU's fundamental rights system and international human rights treaties.	Societal and empirical assessment: the realisation of the rights of individuals and groups of people in practice and in people's everyday lives. Compared to the rationale for the legislative procedure, a more concrete description of how a proposal affects the realisation of rights.
The minimum level of rights and the conditions for limiting rights are important. Also have to remember the obligation of public authorities to promote and safeguard rights.	The promotion and realisation of rights and their best possible realisation is important.
Sources include the statements of the Constitutional Law Committee and the case law of the highest courts, the European Court of Human Rights and other bodies that monitor compliance with human rights treaties, and EU Court of Justice.	In addition to legal texts, sources include various studies, reports, reviews, interviews, statistics, indicators and consultation procedures.

Although the perspectives of these sections are different, they support each other. The assessment of fundamental and human rights impacts also helps to identify issues relevant to the rationale for the legislative procedure. For example, when weighing the principle of proportionality related to fundamental rights restrictions, it is also necessary to assess the actual effects of a proposal. If the results of the assessment of fundamental and human rights impacts are relevant to questions concerning the rationale for the legislative procedure, for example on the extent to which regulation is considered proportionate, acceptable or necessary, these assessments must be presented in the section on rationale for the legislative procedure.

54 However, a proposal must also be examined from the perspective of the obligation to safeguard fundamental and human rights laid down in Section 22 of the Constitution in the rationale for the legislative procedure. See e.g. PeVL 52/2014 vp.

55 For more detailed instructions on the rationale for the legislative procedure, see HELO section 12.

2.3.1.2 Assessment of fundamental and human rights impacts

Due to the interplay between the rationale for the legislative procedure and the assessment of fundamental and human rights impacts, impact assessment is a key tool in ensuring that proposals that are being prepared fulfil the legal obligations arising from the Constitution, the EU's fundamental rights system and international human rights treaties and that they promote the realisation of rights in people's daily lives.

With regard to fundamental and human rights issues, a proposal should be assessed as a whole whose different parts affect each other. Different rights may conflict so that the promotion of one right limits the realisation of another. In addition, the promotion of the rights of one group of people may limit the realisation of the rights of another group. It is often a question of striking a balance between different rights. The system of fundamental and human rights protection rarely gives absolute answers on a regulatory solution not being legally possible under any circumstances.⁵⁶

Fundamental and human rights issues relevant to a proposal must be identified already in the early stages of preparation. A deeper assessment of fundamental and human rights in different alternative solutions is part of the regulatory drafting stage. At the beginning of an assessment, it is necessary to identify the fundamental and human rights the proposal relates to and the groups of people whose rights are affected by the proposal. Assessment must examine the impacts on the realisation of both civil and political rights as well as economic, social and cultural rights. After the relevant rights have been identified, the next step is to map out the obligations related to the proposal posed by the Constitution, human rights treaties and the EU's fundamental rights system. If necessary, legal sources are used to gain deeper understanding of the related rights. It is recommended to implement this step when drafting the rationale for the legislative procedure.

The next step is to combine the legal obligations and the practical implementation of rights by assessing the impacts of the proposal on the realisation of fundamental and human rights in practice. This process can make versatile use of existing information, such as studies, reports and statistics. The assessment should draw on the fundamental and human rights expertise of fundamental and human rights researchers and independent and unbiased actors.⁵⁷ To support the preparation process, expert statements may also be requested outside the formal consultation procedure. This is often useful if, for example, the aim is to assess different solutions in terms of fundamental and human rights obligations. Versatile consultation supports the identification and assessment of fundamental and human rights impacts that are important for a proposal.

⁵⁶ E.g. for absolute prohibitions, see Chapter 4.1.10 of the Law drafter's guide.

⁵⁷ See e.g. the [Human Rights Center website](#) for more information on different actors.

Fundamental and human rights impacts should not be confused with the objectives of a proposal. Instead, it is important that the assessment focuses on the actual realisation of rights at the practical level. This means for example that, instead of stating that a proposal promotes the realisation of the rights of the child, it is important to explain how the proposal would do so. Assessment must examine both the impacts that restrict the implementation of fundamental and human rights and the impacts that promote them. In addition, the assessment should look at how the realisation of a person's rights are impacted by factors such as gender, age, mother tongue or other personal characteristics. A proposal may also have an impact on the realisation of the rights of future generations.

SOURCES OF INFORMATION FOR ASSESSING FUNDAMENTAL AND HUMAN RIGHTS IMPACTS

- Legal sources concerning the Constitution, international human rights treaties and the EU's fundamental rights system, such as the statements and reports of the Constitutional Law Committee.
- Sources of basic information on fundamental and human rights in law drafting include the Law drafter's guide and HELO. The [Edilex Ilkka Saraviita database](#) lists the practices of the Constitutional Law Committee by section. In particularly difficult legal matters, the public law experts at the Ministry of Justice can be consulted. The human rights experts at the Ministry for Foreign Affairs' Legal Services can be consulted in matters related to international human rights conventions and judicial and investigating bodies.
- [Finland's National Action Plans on Fundamental and Human Rights](#), in particular the 2020–2023 Action Plan, address the monitoring of the implementation of rights and information sources and set national fundamental and human rights indicators.
- The [website of the Ministry for Foreign Affairs](#) has information on international human rights treaties and recommendations issued to Finland by treaty monitoring bodies.
- Country-specific information on the realisation of fundamental rights also in Finland is available from studies conducted by the [EU Agency for Fundamental Rights](#).
- The [Council of Europe](#) produces information on treaties concluded within its framework and on the monitoring of their implementation.

- The [website of the Office of the UN High Commissioner for Human Rights](#) has information on various human rights treaties and their interpretation as well as reports on different human rights topics.
- The annual reports of the [Chancellor of Justice](#) and the [Parliamentary Ombudsman](#) provide information on issues related to the implementation of rights.
- The [Human Rights Center website](#) includes monitoring information on the realisation of fundamental and human rights as well as training materials.
- Other independent and impartial authorities such as special ombudsmen, universities, research institutes and civil society actors also produce information on the realisation of fundamental and human rights.

2.3.2 Groups of people

Legislation can affect different groups of people in different ways even if it may seem neutral. The impacts of a proposal should be assessed from the perspective of different groups of people if the proposal has a significant impact on the life and conditions of a group. Effects associated with all types of impacts can affect groups of people differently. Impacts on groups of people are closely linked to fundamental and human rights impacts, but examining fundamental and human rights does not cover all issues affecting groups of people.

The assessment of impacts on some groups of people is subject to specific legal obligations and guidelines, which are presented in this section. However, this is not an exhaustive list of groups that must be assessed separately. Examples of other groups that may require special attention include elderly people, the Roma, sexual and gender minorities and persons with an immigrant background. People can also belong to many different vulnerable groups at once, in which case the impacts concerning them can accumulate or differ from others in the same group.

In assessing impacts on different groups, consulting the persons concerned and their representative bodies is a central tool for assessment. Itemised statistical data is not available for all groups, which further highlights the importance of qualitative research information and consultation. Not all groups, such as asylum seekers, homeless people, children within the scope of child welfare, prisoners and several ethnic and linguistic groups, have representative bodies. The assessment of impacts for these kinds of groups must use other tools, such as consulting persons who work with these groups.

GUIDELINES AND SOURCES OF INFORMATION

- Ministry of Social Affairs and Health Guideline: [Assessment of the Effect of Statutes from the Perspective of Human Impact](#)
- THL website on prospective human impact assessment
- Stakes: Human impact assessment
- Statistics by Statistics Finland
- Research and statistics of the Social Insurance Institution of Finland

2.3.2.1 Equality and gender equality

Under Section 6 of the Constitution, no one shall, without an acceptable reason, be treated differently from other persons on the grounds of sex, age, origin, language, religion, conviction, opinion, health, disability or other reason that concerns his or her person. The Non-Discrimination Act prohibits discrimination on the grounds of age, origin, nationality, language, religion, belief, opinion, political activity, trade union activity, family relationships, health, disability, sexual orientation or other personal characteristics. Provisions on the prohibition of discrimination based on gender, gender identity or gender expression and the promotion of gender equality are laid down in the Act on Equality between Women and Men.

Authorities have a duty to promote equality and gender equality. Equality and gender impacts are often assessed in law projects. They can be central to projects concerning the labour market, healthcare or education, for example. Equality and gender impacts are often presented as separate subheadings in government proposals.

Assessment must take into account the direct and indirect impacts on different groups, the different forms of discrimination and how different alternative solutions promote genuine equality. The impacts may also affect groups other than the grounds for discrimination referred to in the Non-Discrimination Act and the Equality Act. The assessment must also recognise the diversity of factors affecting people's status. Intersectionality means that a person's status is impacted by a number of personal characteristics, such as gender, social class, age, origin and sexual orientation. Gender diversity should also be taken into account in the assessment of gender impacts.

Key questions at the start of a law project:

- Does the proposal target different genders or other population groups in different ways?
- Does the proposal contain provisions that would cause differing treatment of people on the basis of personal characteristics?
- Is it necessary to assess the impacts of the proposal from the perspective of persons belonging to different population groups and different genders?
- Is the proposal aimed at promoting equal opportunities for a certain population group?
- Can the proposal put already vulnerable people in an increasingly vulnerable position?

Assessment can make use of legal analysis (preliminary work on the Non-Discrimination Act and the Equality Act, court cases, decisions of the Non-Discrimination and Equality Tribunal), research and statistics and consultation of stakeholders and experts. Impacts can be assessed from the following perspectives:

- Legal examination: Is the proposed statute acceptable in the light of the fundamental rights system, legislation and case law?
- Examination by population group: What impacts does the statute have on equal opportunities for different genders and minority groups?
- Promoting equality and non-discrimination: In what ways does the statute promote genuine equality and gender equality?

GUIDELINES AND SOURCES OF INFORMATION

- [Equality impact assessment tool](#)
- [Ministry of the Interior: Guidelines for assessing equality impacts](#)
- [Law drafter's guide: section on non-discrimination](#)
- [Ministry of Justice equality website](#)
- [Non-Discrimination Ombudsman](#)
- [Ombudsman for Equality](#)
- [Non-Discrimination and Equality Tribunal](#)
- [Statistics Finland: Gender equality](#)
- [Finnish Institute for Health and Welfare: Centre for Gender Equality Information and the website for gender impact assessment](#)
- [Training by the Ministry of Social Affairs and Health and the Finnish Institute for Health and Welfare: Gender equality and equality - Why and how?](#)

2.3.2.2 Children and youth

Child impact assessment is focused on children's well-being, development and growth environment. Assessment is based on the UN Convention on the Rights of the Child (SopS 59 and 60/1991). The Convention requires that the best interests of the child must be a primary consideration with any action concerning children taken by public or private social welfare services, courts, administrative authorities or legislative bodies. From the perspective of law drafting, the principle of primacy of the best interests of the child means that decision-making must be guided by the best interests of the child when drafting legislation that concerns or affects children. In addition to the primacy of the child's best interests, the assessment of child impacts also takes into account other rights guaranteed by the Convention on the Rights of the Child and the general principles of the Convention, such as non-discrimination, the child's right to life, survival and development, and the child's right to be heard and respected for his or her views. The Youth Act also requires that young people are heard when making decisions on matters concerning them.

In addition to issues directly affecting children and youth at this moment, projects with long-term impacts, such as environmental and climate change issues, are important for children and young people. When consulting children and young people, methods must be selected according to the individual's age level. Cooperation is possible with parties such as children's parliaments, youth councils, influencer and developer groups for children and youth, and early childhood education and care and schools.

GUIDELINES AND SOURCES OF INFORMATION

- Prime Minister's Office: [Handbook on child impact assessment for law drafters](#)
- Stakes: [Assessing impacts on children](#)
- [Ombudsman for Children](#)
- Prime Minister's Office: [Handbook for law drafters on hearing the views of children](#)
- [General comment on the right of the child to have his or her best interests taken as a primary consideration](#)

2.3.2.3 The indigenous Sámi people

The Sámi are the only indigenous people in Europe. The right of the Sámi to maintain and develop their language and culture is guaranteed in Section 17, Subsection 3 of the Constitution. Under Section 121 of the Constitution, the Sámi have autonomy concerning their language and culture in the Sámi Homeland in the manner provided in an Act. Provisions on self-government are laid down in more detail in the Act on the Sámi Parliament.

The Sámi representative body, the Sámi Parliament, participates in law drafting in matters that are relevant to the Sámi. Section 9 of the Act on the Sámi Parliament (974/1995) obliges the authorities to negotiate with the Parliament on all far-reaching and significant measures that can directly and in a specific way affect the status of the Sámi as an indigenous people and concern matters mentioned in the section on the Sámi Homeland. Pursuant to the Skolt Development Act (253/1995), Skolt Sámi people must be heard in wide-ranging and principle-based matters concerning their livelihoods and living conditions. Finland is also committed to promoting the implementation of the UN Declaration on the Rights of Indigenous Peoples. The declaration contains the principle of prior consent of indigenous peoples.⁵⁸ Other Sámi actors, such as Sámi organisations, must also be taken into account in the preparation of projects affecting the Sámi.

Legislation contains some prohibitions to take measures that would impair the possibilities of the Sámi to enjoy their rights, which in practice require an assessment of the impacts of a certain measure on the right of the Sámi to maintain and develop their language and culture. This is particularly relevant in matters related to the use of land, waters and natural resources. Some acts also contain separate provisions on the public authorities' obligation to assess the impacts of granting a certain permit on the rights of the Sámi and on the right of appeal of the Sámi Parliament. Further provisions on the obligations to negotiate with the Sámi Parliament, the Skolt Sámi Village Committee or reindeer herding cooperatives may also be laid down.

58 As provided in Article 19 of the Declaration, States shall consult and cooperate in good faith with the indigenous peoples concerned through their own representative institutions in order to obtain their free, prior and informed consent before adopting and implementing legislative or administrative measures that may affect them.

GUIDELINES AND SOURCES OF INFORMATION

- The Finnish Sámi Parliament
- Skolt Village Meeting
- Ministry of Justice memorandum on the obligation to negotiate under the Sámi Parliament Act
- UN Declaration on the Rights of Indigenous Peoples

2.3.2.4 Persons with disabilities

Under the UN Convention on the Rights of Persons with Disabilities (SopS 26 and 27/2016), persons with disabilities include those who have long-term physical, mental, intellectual or sensory impairments which, in interaction with various barriers, may hinder their full and effective participation in society on an equal basis with others. The diversity of persons with disabilities must be taken into account in impact assessment.

The rights of persons with disabilities and impacts on them cover all areas of life and are therefore not limited only to statutes in the social welfare and health care sector, for example. From the point of view of persons with disabilities, there may be important issues related to statutes on matters such as the availability of different services, digitalisation, the built environment, legal protection, linguistic rights and employment and income.

It is essential to engage disability organisations in the assessment of the impacts on persons with disabilities. The UN Convention on the Rights of Persons with Disabilities requires that, when drawing up and implementing legislation concerning persons with disabilities, close negotiations must be conducted with persons with disabilities and they, including children with disabilities, must be actively engaged in the work through organisations representing them. Experts by experience must also be used in preparatory bodies and consultations. In consultations, attention must be paid to the availability of the material and the accessibility of the premises.

GUIDELINES AND SOURCES OF INFORMATION

- Finland's National Human Rights Institution ([Parliamentary Ombudsman](#), [the Human Rights Centre](#) and its Human Rights Delegation) has a statutory duty to promote and monitor the implementation of the Convention on the Rights of Persons with Disabilities.
- Non-Discrimination Ombudsman: [Rights of persons with disabilities](#)
- [Advisory Board for the Rights of Persons with Disabilities VANE](#)
- THL: [Handbook on Disability Services](#)

2.3.2.5 Linguistic rights

Under Section 17 of the Constitution, the national languages of Finland are Finnish and Swedish. Under this provision, the public authorities shall provide for the cultural and societal needs of the Finnish-speaking and Swedish-speaking populations of the country on an equal basis. The Language Act (423/2003) lays down provisions on the right to use one's own language, either Finnish or Swedish, when dealing with an authority. In addition, Section 17 of the Constitution guarantees the Sámi as an indigenous people and the Roma and other groups the right to maintain and develop their language and culture as well as the rights of persons using sign language and of persons in need of interpretation or translation aid owing to disability. The Sámi Language Act (1086/2003) includes provisions on the right of the Sámi to use the Sámi language. The Sign Language Act (359/2015) lays down provisions on the authorities' obligation to promote in their activities the opportunities of sign language users to use their own language and receive information in their own language.

The assessment of linguistic impacts examines the impact on the realisation of an individual's rights and the impact on administrative areas and the activities of the authorities. Assessment is essential especially when administrative structures are reformed as public administration and the language skills of its personnel play a significant role in the realisation of linguistic rights. The realisation of linguistic rights on the other hand is often a precondition also for the realisation of an individual's other rights. Under Section 122 of the Constitution, in the organisation of administration, the objective shall be suitable territorial divisions, so that the Finnish-speaking and Swedish-speaking populations have an opportunity to receive services in their own language on equal terms. For example, if it is possible to implement an administrative division in different ways, safeguarding the basic linguistic rights may require selecting the option that best

implements the rights. Safeguarding linguistic rights is often also highlighted in matters concerning the granting of public administration tasks to parties other than authorities or the procurement of services from private parties.⁵⁹

GUIDELINES

- Ministry of Justice: [Guidelines for assessing linguistic impacts](#)
- Ministry of Justice: [Preliminary assessment of linguistic impacts in the preparation of changes to legislation and administration](#)
- [The Ministry of Justice website on linguistic rights](#)

2.3.3 Public authorities

2.3.3.1 Activities and service provision

Impacts on public administration should be assessed especially if the target of the law proposal is an authority or some other public sector organisation or if provisions are laid down on the duties, activities or procedures of the authorities. Impacts on public administration are also assessed when public services offered to citizens are set up or organised in a new way. Impacts on public administration often lead to impacts on public finances. Their assessment has been instructed in section 2.1.3.

When assessing public administration impacts, it should be determined how the proposal affects the division of tasks and competences between authorities, such as the division of tasks between the State and the municipalities, and the interrelationship of State authorities and their cooperation. For example, such changes may involve transferring the registration or notification duties to other authorities, increasing cooperation, or transferring the responsibility for provision from one authority to another.

In addition, the impact on the tasks, procedures or operating processes of public authorities must be assessed. For instance, where the right of appeal is expanded or other developments in legal remedies are considered, it is necessary to assess the impact on the workload of the authorities, their chances to operate within their resources and to perform the tasks assigned to them. Changes in the workload may for instance be measured in

⁵⁹ See Ministry of Justice: [The realisation of linguistic rights when public duties are discharged by private providers](#).

the number of person/year units. It should also be assessed whether the changes in the duties or procedures require personnel training or increased information provision by the authorities. Likewise, it must be examined whether duties are transferred from the authorities to citizens or to the private sector, or vice versa. In addition, the impacts on citizens' interaction with the authorities, on the availability and accessibility of services and on legal protection must be assessed.

As regards the impact on personnel and the organisation in its entirety, the impact on the number of personnel, their position and the organisational structure and functioning must be assessed. If the proposal will lead to personnel cutbacks, it must also be determined how the status of redundant personnel will be arranged. If personnel increases are proposed, the assessment must also cover the issue of permanence of personnel contracts. Furthermore, it must be determined whether the change will lead to acquisition of premises, furniture or equipment.

The information, study and reporting obligations of legislation may lead to administrative tasks and costs to the authorities. In order to measure such costs, it should be assessed what kind of tasks are involved and how demanding they are, as well as how they have been envisaged as being performed. A specific point of assessment is to determine how the administrative tasks affect the capability of the authorities to perform their main tasks and to provide services to citizens.

GUIDELINES AND SOURCES OF INFORMATION

- [Ministry of Finance Open Government Support Package](#)
- [Ministry of Finance website on values and ethics among public officials](#)
- [Ministry of Finance Principles followed in the reorganisation of central government functions – funds external to the Budget, independent institutions governed by public law and foundations](#)
- [Ministry of Finance: Principles followed in the organisation of central government functions – government agencies](#)

2.3.3.2 Changes in information management

Under Section 8, Subsection 2 of the Public Information Management Act (906/2019), the Ministry responsible for the sector must draw up an assessment of the impact on information management when the provisions being prepared have an impact on data sets and information systems. As the operation of the authorities is digitalising, many law proposals impact data sets, information systems, data security and data protection.⁶⁰ In practice, the assessment of the transformative impact of information management must be carried out in law drafting in situations where the object of regulation is a new official organisation (such as the merging of agencies), a new authority, a new information system, a change to the existing information system or a new information pool.

Provisions on assessing the transformative impact on information management are laid down in more detail in Section 5, Subsection 3 of the Public Information Management Act. For example, the assessment focuses on information management responsibilities, data security, the production and manner of disclosure of datasets, case management and the information management of services, the publicity, secrecy and protection of documents and the right of access to information, and the interoperability of the information pools and their exploitation potential. The assessment must also include the economic impacts of changes in information management. The Information Management Board operating in connection with the Ministry of Finance has issued a recommendation on the assessment of changes in information management. In addition, Subsection 1 of Section 9 of the Act on Information Management in Public Administration lays down provisions on the obligation to submit an assessment to the Ministry of Finance for an opinion on the exploitation potential, interoperability and data security of information pools and information systems when the assessed change has significant financial or operational impacts on information management or operations or when the change involves material changes in the interface data structure of the shared information pools of public administration.⁶¹

The Public administration information management map maintained by the Ministry of Finance can be used to assess changes in information management. The purpose of the data in the information management map is to provide the different actors in society with a general view of how information management has been organised in public administration, what data is maintained in different data pools and on what kind of

60 The assessment of data protection impacts are instructed separately in section 2.3.8 below.

61 The opinion procedure has been specified in more detail in the Government Decree on the Opinion Procedure in Matters Concerning Changes in Information Management (1301/2019). The Ministry of Finance has also issued instructions for the opinion procedure.

conditions data would be available for the actor's needs. As a rule, the content of the map is updated when there are legislative amendments affecting the tasks, responsibilities or obligations of the actors in the map or data pools, data disclosure or access to data. Under Section 6, Subsection 2 of the Public Information Management Act, each Ministry must in its administrative branch ensure the up-to-dateness of the content of the information management map.

GUIDELINES AND SOURCES OF INFORMATION

- Ministry of Finance's Recommendation on the Assessment of the Transformative Impact of Information Management
- Guidelines of the Ministry of Finance on the opinion procedure referred to in Section 9 of the Public Information Management Act
- Information management map of public administration
- The State Treasury's [Exploreadministration.fi](#) service and analysis services (e.g. central government finances, central government performance targets, monitoring of the status of municipalities, finances of municipalities and joint municipal authorities)
- Hansel Oy's [OpenProcurement.fi](#) service
- Statistics Finland's [statistics and statistics on economic trends](#) (especially assessment of the development of prices)

2.3.4 Development of democracy and the rule of law

Under Section 2 of the Constitution, the powers of the State in Finland are vested in the people, who are represented by the Parliament. Democracy entails the right of the individual to participate in and influence the development of society and his or her living conditions. Citizens must have the opportunity to look after their rights and interests, receive information on matters prepared by the authorities and influence the decisions concerning them.

Impacts on the development of democracy may be related to citizens' opportunities to influence decision-making in society or the operation of civil society. The principal methods for citizens to participate in society are elections, activity in political parties, activity in professional or other organisations and associations, free civic activity, participation in administrative processes and the right to make initiatives, such as citizen's

and local resident's initiatives. It is essential to assess whether the proposal has an impact on citizens' societal activity, opportunities for participation or trust in society and decision-making procedures. Impacts may also be linked to the realisation of fundamental and human rights, such as freedom of expression and publicity, freedom of assembly and association, and election and participation rights. In addition, the impact on the position and operating conditions of organisations and associations must be assessed. The law proposal may affect the operating conditions of associations and other groups, for example, through their finances and administration and the security of the operating environment. Changes in the operating conditions of civil society may have impacts on several different sectors, for example, in the provision of services.

The rule of law means that public administration operates within the limits set by legislation, respects democracy, guarantees the realisation of fundamental and human rights, and is overseen by independent and impartial courts of law. Provisions on the principle of the rule of law are laid down in Section 2 of the Constitution, and it is also one of the values that the EU is founded on. In a State based on the principle of the rule of law, the drafting, enactment and enforcement of laws are in line with open and good governance, everyone has access to public services, corruption and abuse of power are prevented, and people trust the authorities. A law proposal can impact the development of the rule of law, for example, through the independence of the judicial system, anti-corruption measures, the operating environment of the media and civil society, or the realisation of fundamental and human rights.⁶²

INFORMATION SOURCES AND METHODS

- [The Ministry of Justice's democracy services](#), such as Lausuntopalvelu.fi and Otakantaa.fi, can be used as channels for participation in law drafting.
- [The Advisory Board on Civil Society Policy KANE's](#) task is, among other things, to promote the interaction of public administration and the civil society.
- [The Council of Europe's Annual Report on the State of Democracy, Human Rights and the Rule of Law in Europe](#)
- [The European Commission's annual Rule of Law Report](#)

62 The European Commission assesses the development of the rule of law by through justice systems, anti-corruption frameworks, media freedom and media pluralism, and other institutional issues linked to checks and balances. The Venice Commission's [Rule of Law Checklist](#) defines the rule of law through legality, legal certainty, prevention of abuse (misuse) of powers, equality before the law and non-discrimination, and access to justice.

2.3.5 Security

2.3.5.1 National security and national defence

Security cannot be defined only from national starting points. Instead, it is affected by several factors related to Finland's neighbouring areas and international development trends. Internal and external security are more interdependent than before, and promoting security and the resilience of society requires both national and international operation. With the change in the security environment, new threats to national security have also emerged. National security is about guaranteeing the security of the State in a situation where national interests are under threat. The most important interest to be protected is the sovereignty of the State. There may be a wide range of threats to national security, which are difficult to define in advance.

In terms of national security, central are such vital functions of society which would ultimately put the security or health of people in severe danger if disturbed or paralysed. Such functions include energy, communications, water and transport networks and functions that maintain food and pharmaceutical supplies and the national security of supply. A threat against them may emerge not only as open violence but also as disruptions or attacks on the data network or as combinations of different methods. National security may also be threatened by factors related to ownerships and protection of the critical infrastructure or more widely, of data, or to the openness of digitalisation. When assessing national security, attention must also be paid to factors related to the possibilities of the highest state bodies, others exercising public powers and, for example, the actors taking care of the basic functions in society to carry out their tasks without external harassment.

The impact of a law proposal on national security and national defence may focus, for example, on the following: military defence, such as territorial surveillance and the safeguarding of territorial integrity and society, the fight against terrorist and illegal intelligence activities, energy supply, information networks or the protection of other critical infrastructure or information, or on security of supply, such as energy self-sufficiency and access to materials critical for society.

METHODS AND SOURCES OF INFORMATION

The information used in assessing impacts on national security and national defence is primarily provided by the security authorities, such as the Ministry of Defence and the Ministry of the Interior and, in some cases, the Ministry for Foreign Affairs. The information related to security and thus affecting it may be public as well as classified, and identifying impacts on security requires special expertise. It is therefore important to identify the need for cross-administrative cooperation as early as possible in projects that may have an impact on national security. It is also possible to consult the secretariat of the Security Committee in such projects.

2.3.5.2 Crime and everyday safety

Everyday safety can be defined as a sense of safety and trusting that the rules of society are complied with and disruptions are intervened in. The impacts of a law proposal on everyday security may focus on, for example, the security of information, premises, persons or personnel or occupational safety in society or an organisation, or on the security authorities, rescue services or guarding. This section examines in more detail impacts on criminality.

Crime causes considerable costs and other harm to society. Criminal policy measures aim to reduce crime and the harm caused by it. Measures other than actual criminal policy measures, such as the planning of residential or business areas, decisions made in social and public policy, or the new operating practices of businesses, may also have a significant impact on criminality. For example, information guidance can be an effective way of preventing crime. Criminality must therefore be assessed broadly as a societal phenomenon without limiting the assessment to criminalisation and criminal penalties. Criminalisation and criminal penalties, on the other hand, are essentially linked to assessing whether the statute can affect unwanted behaviour.

In assessing impacts on criminality, it is useful to examine factors that are known to be linked with the number and nature of crimes. Three elements can be distinguished in a typical crime: the object or victim of the offence, the willing perpetrator, and a lack of monitoring or protection. Crime ensues when a willing perpetrator encounters a suitable object without adequate monitoring. A change in any of these elements may result in a change in criminality. The methods of preventing crime on the other hand are often divided into situational prevention and social prevention. Situational prevention aims for the reduction of everyday opportunities to offend by making it more difficult, reducing its profitability and increasing its riskiness. The purpose of situational prevention is to

adjust everyday situations so that opportunities arise less often, the difficulty of offending increases, and lawful conduct becomes more rewarding. Social prevention aims to influence the risk factors during childhood and adolescence as well as eliminating social conditions that further the criminal lifestyle.

SOURCES OF INFORMATION

- [The Institute of Criminology and Legal Policy's annual publications Rikollisuustilanne and Seuraamusjärjestelmä](#)
- [Statistics Finland's justice statistics](#) (some free of charge)
- Materials of the [Legal Register Centre](#) and the [Prison and Probation Service of Finland](#)
- [Guideline of the Ministry of Justice on considering the impact on criminality in regulatory drafting](#)

2.3.6 Wellbeing and health

Impacts on wellbeing and health mean impacts on the mental and physical health of individuals, their wellbeing and living conditions. Such impacts may concern individuals, groups of people, communities or society as a whole and result in changes in health, well-being or the distribution of well-being (e.g. between different socio-economic groups). The impacts on wellbeing and health are closely linked to the realisation of economic, social and educational fundamental and human rights. If the impact is limited to a given group of individuals, such as children or elderly people, the assessment must correspondingly focus on that group.

One of the main objectives of benefits and services related to social security is the promotion of social and health-related wellbeing. Similarly, in every administrative sector, there are duties that entail factors with an impact on social wellbeing and health. Any decision on our everyday life, the home, day-care, school, job, neighbourhood and traffic may have an impact that either promotes health and wellbeing, or is detrimental to them. In the case of precautionary measures, it is possible that there is no direct impact at all, but the longer-term impact both on health and social wellbeing and on the economy may nonetheless be significant. Law projects should be considered as a whole, in which an individual statute is significant as part of a bigger whole.

The health and social wellbeing of the population can be influenced by a variety of means. These means may be personal, social, structural, environmental or cultural and they include resources for better health and wellbeing, attitudes, coping with one's everyday life, a health-conscious lifestyle (e.g. nutrition, physical activity and use of intoxicants), the capability to receive and interpret health information, and access to, and willingness to use, different health and social services and benefits. Measures targeting these means, that is, the promotion of wellbeing and health and the reduction of disparities between population groups, may also have an impact on several social and health problems, such as poverty, social exclusion, joblessness and public health issues. The impacts related to environmental health are discussed in section 2.2.6.

Efforts should be made to assess impacts on wellbeing and health from an economic point of view. If behaviour can be adjusted to a less risky and socially more inclusive direction, considerable savings can be made. Some health hazards can be addressed by restrictive provisions (e.g. tobacco regulation, alcohol pricing policy, traffic policy, housing policy and regulation of working life). On the other hand, achieving social and health impacts usually requires financial investments. Therefore, impacts that may promote or hinder different objectives and may also be of different qualities must be examined side by side in decision-making, weighing their mutual importance.

GUIDELINES AND SOURCES OF INFORMATION

- [THL](#) has published material that supports the assessment of human impacts and, where necessary, provides support in planning and carrying out assessments.
- [THL: Statistics and indicator database Sotkanet.fi](#).
- [Studies of the Finnish Institute of Occupational Health](#)
- [Research, statistics and forecasts of the Finnish Centre for Pensions](#)
- [Research and statistics of the Social Insurance Institution of Finland](#)

2.3.6.1 Exercise and physical activity

When assessing impacts on exercise and physical activity, the assessment focuses on the impact of a law proposal on the population's engagement in exercise and physical activity and the preconditions for them. At the level of individuals, too little physical activity affects the individual's wellbeing and quality of life. At the level of the population, insufficient physical activity causes significant costs to society, such as social welfare

and health care costs and productivity costs. The physical activity of the population is influenced, for example, with regulation related to sports, youth, health and social, education, environment, housing and transport policies.

It is particularly important to identify impacts on population groups whose capacity for physical activity is more dependent on support from their immediate circle and nearby environment as well as society. These groups include children and young people in particular as well as population groups that require special support and are in the most vulnerable position, such as persons with disabilities, immigrants and older people with reduced functional ability.

Key questions, will the statute affect:

- people's exercise and physical activity directly (e.g. walking and cycling or physical education)?
- exercise and opportunities to use active modes of travel in the everyday environment (e.g. residential and school buildings and their nearby environments, green areas, recreation grounds and traffic systems) and community structure (e.g., locations of housing, workplaces, services, areas for free-time use, and transport routes)?
- the promotion of physical activity in everyday structures (e.g. working hours and their flexibility, remote work) and services (e.g. early childhood education and care, education, social, health, transport and sports services)?
- the operating conditions of actors promoting exercise and physical activity (e.g. sports clubs and organisations)?

SOURCES OF INFORMATION

- [Liikuntakaavoitus.fi website](https://liikuntakaavoitus.fi)
- [Likes Research Centre](#) and the website of the [On the Move](#) programmes
- [TEAviisari](#)
- Ministry of Education and Culture: [Physical activity indicators for children and youth](#)
- [Sotka.net](#) statistics and indicator bank: [functional capacity and physical activity indicators](#)
- [National Sports Council](#) and its pages on [assessing exercise and physical activity impacts](#)

2.3.7 Employment and working life

2.3.7.1 Employment

The impact on employment may be assessed on the basis of changes in the demand and supply of labour. Individuals either offer their labour to a company or corporation or employ themselves as entrepreneurs. Regulation may have an impact on the demand and supply of labour and on their equilibrium by way of economic or (structural) labour market factors.

When assessing the impact on employment, it is essential to pay attention to the difference between gross and net impact. Comparing the employment of those targeted by the measure before and after the reform shows the gross impact on employment, in which indirect impacts or unintended side-effects are not taken into account yet. However, this is not the final employment impact in most cases. The net impact on employment means the impact in which all the changing factors are taken into account and the assessment of which helps to avoid misleading double counting. In the net impact, impacts such as the displacement effects of the measure (persons belonging to the target group displace others in recruitment), the deadweight effect (some persons in the target group would have found employment even without the measure) and the substitution effect (the demand for work created by the measure substitutes for other demand) are taken into account.

Example: Of the 100 people that participated in an employment-promotion measure, 70 find employment after the measure. However, 50 of them would have found employment within the same period of time even without the measure (deadweight effect). Furthermore, those selected to the measure displace 10 applicants external to the measure when they are employed (displacement effect). The net impact of the measure on employment is therefore 10 people.

Different and partly contradictory impacts sometimes occur in the assessment of the impact on employment. When different factors are assessed, efforts should be made to produce quantitative assessments, for example, by utilising [the framework for examining the impact on employment](#). In the framework, the sum of direct and indirect net impacts makes up the final employment impact. The net employment impact can often be assessed in a similar way as with the framework, by adding up the different and possibly diverging impacts. However, an examination of a macroeconomic model (general balance) may be required in more complicated situations because of compound effects and dynamic effects. A more detailed description of the framework can be found on the [Ministry of Economic Affairs and Employment website](#).

	Direct impacts	Indirect impacts ⁶³
Impact on demand of labour		
quantity or structure of demand changes	1	2
Impact on supply of labour		
quantity or structure of supply changes	3	4
Impact on labour market balance		
compatibility of supply and demand changes	5	6
Net impact on employment	7 (= 1 & 3 & 5)	8 (= 2 & 4 & 6)

What is most central in assessing employment impacts is the estimated effectiveness of the measure in relation to its costs. In other words, the comparison is between what will happen with the measure (alternative state) and what would happen without the measure (current state). The alternative state can be created with different methods, the most reliable of which are completed studies. Research results containing treatment and control groups often also take into account the side effects. If high-quality research is not available, the assessment must be formed using reasoned assumptions, for example, by applying other research related to the subject or other reasoned assessments.

In the assessment of employment impacts, the aim should be to obtain a quantitative assessment that is as reliable as possible and takes into account the duration and timing of the impacts. The impacts of structural changes are typically permanent, whereas the impact of investments is temporary. Employment impacts must therefore be presented as short-term and long-term impacts. Producing numerical data on the employment impact is not always possible. In such cases, a *qualitative* description of the impact can be drawn up. Even in a qualitative assessment, it is essential to base the assessment on reliable and, where possible, on research information.

In the job market, employment is not always full-time but part-time employment. An essential question in assessing the employment impact may be what kind of impact regulation has on employment when measured as the number of people with full-time employment. In that case, it may be possible to convert the employment impact into *full-time equivalent*⁶⁴. In the assessment, it is also important to take into account that the

63 E.g. compound effects, behavioural effects or growth stimulus effects.

64 The number of part-time jobs can be reported as full-time equivalent, for example, by considering that two part-time jobs correspond to one full-time job.

employment impact on different groups may differ, for example, according to the region, profession, gender, age and nationality. The impact may also be highlighted in different ways in different economic conditions.

In addition to statutes applying to the labour market directly, statutes affecting the operation of the national economy, competence, social security or businesses may have impacts on employment. Regulation on immigration often has a significant impact on employment as well because it has a direct impact on the supply of labour force.

2.3.7.2 Working life

The impact on working life deals with impacts on salary earners and the quality and safety of working life. Taking into account the impact on working life is essential in law drafting because the labour market is a central part of life to a large part of the population. The labour market also has special features that distinguish it from other markets. The negotiating power of the employee is often weaker than that of the employer. Also, equality and equity issues are often emphasised when the operation of the labour market is regulated. In assessing the impact on working life, there are interfaces with several other impact types, above all, with gender equality, equality, employment, businesses and households.

If the statute will cause significant changes to working life, the impact must be taken into account especially from the point of view of salary earners. Will the statute affect the everyday life of the employee? How will regulation help employees to adapt to the changes taking place in working life? It is advisable to also examine the impact partly from the point of view of sole entrepreneurs, where applicable, especially when atypical forms of entrepreneurship are concerned (such as entrepreneurship in the platform economy). It is essential to understand which groups of employees the changes will focus on and how they will affect working life. Will the impact be different for those who are at the beginning of their career than for experienced employees? Often, the most important question is whose position will become stronger and whose weaker. In the assessments, it is important to identify the impact on the quality of working life in general and who the impact will particularly focus on.

Key impacts on working life⁶⁵:

- Job security and earnings: e.g. issues related to employee redundancy protection and impact on the employee's earnings after tax.
- Quality of employment relationships: for example, impact on the number of different types of employment relationships (e.g. part-time work) and permanence of employment relationships (e.g. commonness of fixed-term employment contracts), especially the commonness of atypical employment relationships (e.g. zero-hours contracts and temporary agency work).
- The employee's opportunities for participation and influencing and competence development: for example, the employee's opportunities to influence the organisation of their work, participate in joint decision-making and complete training or an education alongside work.
- Reconciliation of work and other life: for example, flexibility of working hours and when taking leave, and impacts on the duration of leave.
- Gender equality, equality and discrimination at work: for example, the impact on gender-based occupational structures and on work discrimination based on family leave or pregnancy.
- Occupational health and safety and wellbeing at work: for example, prevention of occupational accidents.
- Professional organisation and collective agreements: for example, the impact on the activities of trade unions in the labour market and the procedures in negotiating collective agreements.
- Duration and continuity of work careers: for example, the impact on coping at work, interruptions during career or retiring.

In addition to qualitative descriptions, it is advisable to try to assess impacts on working life quantitatively where possible. For example, the impact on the length of different kinds of leave in different employee groups can often be assessed quantitatively, while the impact on the level of job security is mostly qualitative by nature.

65 See the [Ministry of Economic Affairs and Employment's checklist for impacts on working life](#).

SOURCES OF INFORMATION

- [Statistics Finland](#): surveys on the quality of work life, labour force, time use and adult education, and statistics on employment, structure of earnings, income distribution and occupational accidents.
- Ministry of Economic Affairs and Employment: [working life barometer](#) and [employment service statistics](#)
- [European Working Conditions Survey](#)
- [Kela statistics](#)
- [Finnish Centre for Pensions statistics](#)
- [Finnish Institute of Occupational Health research](#)

2.3.8 Information society and data protection

2.3.8.1 Information society

Information society means society that produces and utilises information and values the fast flow of information. The production, distribution and processing of information plays an important part in the economy and culture, for instance. In information society, different products and services are available by digital means, or they may be entirely digital. Information in itself may also be an intermediate product input or a finished product. By identifying the impact on information society in advance, it is possible to reduce the risk of law proposals leading to unpredictable unfavourable developments in terms of the development of information society or not making use of the opportunity to support that development.

Alongside information society, it is possible to talk about digitalisation, which means the spread of information technology in society. Digitalisation plays a key role in many societal reforms that are implemented with statutes. It should also be assessed in other law projects whether the statute will cause unnecessary obstacles to the use of digital procedures or help to promote the use or development of digital services.

When assessing impacts on information society, an effort must be made to identify the impact chains and the objects of the impact. The impact may concern people as consumers using communication networks, communications services and digital services and as members of society, or on businesses or authorities producing or using the communication network infrastructure, communications services or digital services.

The impact may concern the basic structures of information society by promoting or weakening the development of information society either in general or from the point of view of the target groups.

For example, a proposal may affect the investments made in communication networks, communication services and digital services and their provision, use, quality and availability directly or indirectly. The impact may also concern the production, transmission and utilisation of information (data) in businesses, households and public services. The availability, affordability, reliability of operation, security and reliability of the communication network infrastructure and communications services are essential for citizens, companies and the authorities. More and more functions, such as energy, transport and logistics, rely on the communication network infrastructure and services.

A proposal promoting the quality and availability of digital services may also have an impact on information society. If the proposal increases investments in the communication network infrastructure, it may improve the business opportunities of companies and people's opportunities for democratic participation. On the other hand, this may require the user to have specific equipment or software and capacities to acquire and use them. A proposal promoting business based on information and technology may also have an impact on information society. For example, the proposal may make it possible to develop new business models and innovations, save resources in production, and bring savings and increased productivity.

Proposals affecting information society may have significant cost effects, for instance, in the building of the infrastructure, the creation of the service provision or the implementation of information security measures. In the investment stages, these costs can be covered either from the funds of the private or the public sector, for example, with customer fees from the users, or with tax resources or advertising revenue. In the preparation process, the impact of the proposal on the costs of communications and utilisation of information should be assessed. The costs should be compared with the benefits that are achieved through investments and may arise in the long term.

When assessing impacts on information society, it is important to identify the links to other types of impacts. For example, the proposal may affect productivity, employment, competitiveness or, ultimately, the entire national economy by contributing to the competitiveness of Finnish technology companies. A proposal improving telecommunication connections or the services provided through them may promote regional equality by reducing the importance of the physical location. The impact may also focus on the environment by changing the consumption of energy or travel behaviour. Communications networks and communications technology are vulnerable to data security breaches and risks. Proposals affecting the data protection of networks and

services, data security and security of supply may have impacts that promote or weaken public trust and national security, and may also indirectly affect the demand of services or the costs caused by measures related to data security and data protection. Impacts on information society are closely related to impacts on the authorities, for which instructions are issued in section 2.3.3.

SOURCES OF INFORMATION

Sources used in assessing impacts on information society are produced by the Digital and Population Data Services Agency, the Office of the Data Protection Ombudsman, the State Treasury, Statistics Finland, the Ministry of Transport and Communications, the Ministry of Finance, the Ministry of Economic Affairs and Employment, Sitra, the European Commission and the OECD. The Ministry of Finance maintains an [information management map](#) on the organisation of information management in public administration⁶⁶. The [Finnish Transport and Communications Agency](#) monitors the communications market and collects information related to market monitoring (e.g. use of services, supply and revenue from services) mainly from telecommunications companies. The Agency publishes national information on its website twice a year and regional information at least once a year.

2.3.8.2 Data protection

Data protection issues arise in all administrative branches, for example, in connection with the setting up of information systems or registers. Under Section 10 of the Constitution, provisions on the protection of personal data shall be laid down by an act. It must be identified in law drafting whether the proposal includes provisions on the processing of personal data. Personal data includes all information on the basis of which a natural person can be identified either directly or indirectly. The protection of personal data is implemented with general regulation of data protection, i.e. the EU's General Data Protection Regulation (EU 2016/679), the Data Protection Act (1050/2018) supplementing it and the Data Protection Directive for Police and Criminal Justice Authorities (EU 2016/680), which has been nationally implemented with the Act on the Processing of

⁶⁶ For guidelines and sources of information for assessing the impact of changes on information management, see section 2.3.3.2.

Personal Data in Criminal Matters and in Connection with Maintaining National Security (1054/2018). In principle, national special regulation should be avoided. However, with regard to the protection of personal data, it may be necessary to issue special regulation within the scope of the General Data Protection Regulation⁶⁷, for example, if the processing of personal data involves processing of sensitive information or other special risks. The need to process personal data, the purpose, nature, extent and proportionality of the personal data, and the risks and risk management must be taken into account in the impact assessment.

Data protection legislation obliges the controller⁶⁸ to carry out an impact assessment on data protection when the processing of the data is likely to cause a high (or significant in the case of criminal cases) risk to people's rights and freedoms. The high risk may be related to the processing of personal data in automated decision-making or systematic monitoring of people, extensive processing of personal data, processing of sensitive personal data, or the implementation of new technical solutions, among other things.⁶⁹ It is possible that the impact assessment required by data protection regulation is already performed in connection with law drafting.⁷⁰ It must include at least a description of the processing of personal data and its purpose, necessity and proportionality, an assessment of the risks concerning the rights and freedoms of the data subjects, and a plan for measures for addressing the risks. The instructions issued by the data protection authorities can be utilised in the assessment.

67 It is also possible to lay down special provisions specifying the Act on the Processing of Personal Data in Criminal Matters and in Connection with Maintaining National Security on the condition that the minimum level of data protection in line with the Data Protection Directive for Police and Criminal Justice Authorities is retained.

68 The controller is considered to be the party (e.g. authority or company) that determines for what purpose and how personal data is processed.

69 According to the preliminary work on the Act on the Processing of Personal Data in Criminal Matters and in Connection with Maintaining National Security (HE 31/2018 vp), a significant risk may arise in connection with outsourcing of the processing of personal data, the transfer of personal data to third countries, new types of data processing techniques or reforms of information systems, among other things.

70 An assessment carried out in connection with law drafting does not necessarily remove the assessment obligation imposed on the controller. If the assessment is carried out in connection with law drafting, it may not be necessary for the controller to do it again before starting the actual processing of personal data, unless this is separately provided by law. However, the controller must constantly examine the impact and risks of the processing measures to judge whether personal data is processed in line with the assessment.

GUIDELINES AND SOURCES OF INFORMATION

- Law drafter's guide: [protection of private life and data protection legislation](#)
- [Office of the Data Protection Ombudsman and its guidelines on data protection impact assessment](#)
- [Data protection working group's guidelines on data protection impact assessment](#)
- Support in questions related to data protection can be requested from the EU Law and Data Protection unit of the Ministry of Justice.

2.3.9 Åland Islands

Under Section 120 of the Constitution, the Åland Islands have self-government in accordance with what is specifically stipulated in the Act on the Autonomy of the Åland Islands. The Act on the Autonomy of Åland (1144/1991) is an act at the level of the Constitution, from the provisions of which exceptions cannot be made with an ordinary act. Under Section 75 of the Constitution, the legislative procedure for the Act on the Autonomy of the Åland Islands is governed by the specific provisions in the Act. Under Section 69 of the Act, the Act may be amended or repealed or exceptions to it can be made in the Parliament of Finland only by following the procedure for constitutional enactment and the entry into force of the Act also requires approval by the Åland Parliament. Under the Act on the Autonomy of Åland, the legislative powers concerning the region have been divided between the State and Åland. Provisions on the legislative powers of Åland are laid down in Section 18 of the Act and on the legislative powers of the State in Sections 27 and 29. The division of legislative authority under the Act is unconditional in the sense that the Parliament of Finland cannot decide on behalf of Åland on matters that fall under the authority of Åland.

In impact assessment of national law proposals, it is essential to consider the provisions in the Autonomy Act and the autonomy and other special features of Åland. Once the drafting has begun, it must be assessed whether the statute will be applicable to Åland or not. In addition, because of the other special features of society in Åland, such as demilitarisation, geography, economy and the industrial or official structure⁷¹, the impact of statutes on Åland may be different.

71 For example, the municipalities in Åland do not have the same duties as on the national level.

It may be challenging to identify what regulations will prove to be meaningful in Åland and what kind of impacts may follow in Åland as a result of the proposal. The regional administration of Åland therefore has a key role in assessing impacts on Åland. In legislative matters that are especially important for Åland, central government authorities must under Sections 28 and 33 of the Act on the Autonomy of Åland hear the region's views. The hearing obligation applies to statutes and decisions under preparation, which are intended to also enter into force in Åland or which apply only to Åland. If the Åland Parliament has legislative or administrative powers in the area to which the proposed national legislation relates or which the proposal is expected to affect, the proposal must be considered particularly important for Åland. Hearing must also be ensured if the special conditions of Åland require exceptional provisions in the national legislation, for example. Under Section 38 of the Act on the Autonomy of Åland, communication between State officials and Åland officials must take place in Swedish. Hearing other parties operating in Åland may also be helpful in impact assessment.

GUIDELINES

- [Ministry of Justice guideline on the status of the Åland Islands in regulatory drafting and EU matters](#)
- [Law drafter's guide: Taking Åland into consideration in legislative drafting](#)

2.3.10 Municipalities and wellbeing services counties

2.3.10.1 Municipalities

Municipalities play an important role in organising, financing and producing wellbeing services that are the responsibility of public authorities. Municipalities are mainly responsible for implementing the fundamental social and cultural rights laid down in the Constitution in practice. The Constitution safeguards the autonomy of municipalities. Most of the municipalities' tasks are based on legislation prepared by different Ministries. In law drafting, it is often necessary to assess the conditions laid down in the Constitution for municipal self-government.

The impact assessment of law proposals concerning municipalities must take into account the impacts on municipal authorities, different administrative branches, service users, human resources, municipal residents and municipal democracy. Regulation on municipalities often affects information systems, for example. The cooperation of

municipalities, municipalities of different sizes, municipality groups, towns and cities and, separately on a case-by-case basis, the largest cities, and the municipalities in a particularly difficult situation must be taken into account in assessment. Assessment of the economic impacts on municipalities is discussed in section 2.1.3.2.

2.3.10.2 Wellbeing services counties

A wellbeing services county is a community governed by public law that is separate from municipalities and the state and has autonomy in its area. The wellbeing services county organises its statutory duties, which include organising social welfare, health care and rescue services. The tasks of the wellbeing services county have interfaces with the tasks of municipalities, especially in relation to health promotion. These interfaces must be taken into account in law drafting.

In law drafting, the restrictions concerning the competences of wellbeing services counties sector must be taken into account. Wellbeing services counties do not have as broad general competences as municipalities. The wellbeing services county may assume tasks that support its statutory tasks in its area (limited general competence of the wellbeing services county), such as international activities related to statutory tasks and the mutual lobbying of the wellbeing services counties. The task assumed by the wellbeing services county must not be so extensive that performing it will put managing the county's statutory tasks at risk. The law also provides for the possibility for a wellbeing services county to engage in business activities that should be of a low risk and support the implementation of the statutory tasks. The wellbeing services county may assume tasks transferred to it by municipalities by contract if the task is related to the area of responsibility of the wellbeing services county, covers the entire area, and the municipalities allocate the funding required for the task.

The organisation and administration of wellbeing services counties is mainly arranged in the same way as in municipalities. The administration of wellbeing services counties are based on the self-government of residents, which may be impacted by proposals. In the Act on Wellbeing Services Areas, the provisions concerning the management of administration and finances and the members' right to participate and exert influence are largely consistent with the corresponding provisions of the Local Government Act. The impact assessment must take into account impacts on the wellbeing services county's activities, authorities, members, service users and personnel resources as well as the realisation of democracy in the wellbeing services county. Where applicable, the guidelines concerning municipalities can be used in the assessment. The economic impacts on wellbeing counties are discussed in section 2.1.2.3.

2.3.11 Regional development and rural areas

2.3.11.1 Regional development

Impacts on regional development mean impacts on the development of the regions, on the objectives set for the development work, and on the measures taken and resources used in it. Regions mean administrative and statistical areas such as regions, subregions and municipalities, but also different types of regions, such as rural areas, cities and towns, and the archipelago.

The key content on the act on the development of regions is the promotion of sustainable development, growth and competitiveness of the regions, the wellbeing of their residents and the quality of the living environment. Accordingly, regional development impact assessments should address the issue of how the state of the various regions changes in those respects as a result of a law proposal. In particular, it must be assessed whether the proposal will have a detrimental effect on the position of some regions and thus on the growth of disparities between or within the regions.

The main elements and impact areas in regional development are:

- the population (permanent and seasonal) and its health and wellbeing
- employment and competence
- business and innovation activities and the regional economy
- the strengths of the regions
- sustainable regional and community structure and accessibility
- quality of the living environment and climate change mitigation and adaptation
- differences in development within and between regions

Examples of these elements and areas include impacts related to the operating and development conditions of businesses, such as supporting investments and securing the availability of competent labour. From the citizens' point of view, it is essential to promote wellbeing and inclusion and provide equal opportunities in different regions. Thus, it is important to determine how regulation on social and health services, education and the transport and communications infrastructure affects the availability of services in the region. Another issue to be considered is the realisation of linguistic rights. Regulation affecting multi-location and remote work may also affect regional development.

The impact of a statute may vary from region to region, depending on factors such as their geography, industry structures and demographics. Impacts on regional development should be assessed with respect to different types of region and from the point of view of regions in different parts of the country. The level often used in assessments is region. Depending on the content of the proposal, other appropriate regional divisions may also

be used, such as subregions and municipalities, types of areas according to the urban-rural classification, or types of archipelago areas. The [urban-rural classification](#) of SYKE identifies different urban and rural areas based on geographic information. The types of regions according to the archipelago typology are continental archipelago areas, inner archipelago, middle archipelago and outer archipelago.

SOURCES OF INFORMATION

- The State Treasury's website on monitoring the situation in regional development
- Regional statistics in the Statistics Finland StatFi statistical database
- Finnish Transport and Communications Agency's Liikenne fakta website
- THL: Statistics and indicator database Sotkanet.fi.
- Regional centres for economic development, transport and the environment

2.3.11.2 Rural areas

The assessment of rural impacts examines the impacts on the operating environment of different rural areas, people living in rural areas permanently and part-time⁷², businesses and livelihoods in rural areas, rural communities, and their structures and interrelationships. Special attention is paid to sparsely populated rural areas. With regard to impacts on the archipelago areas, attention must be paid to the Act on the Promotion of the Development of the Archipelago (494/1981). Under the Act, central government and the municipalities must take measures to guarantee a permanent population in the archipelago by providing the population with sufficient opportunities for livelihoods, transport and access to basic public services and to protect the landscape and nature of the archipelago from environmental harms.

It is essential to assess impacts on rural areas as the decentralised community structure, the business structure and land use in rural areas differ considerably from urban conditions. Rural areas have proportionally more self-employed persons and small

⁷² According to the definition of Eurostat, almost 40% of the Finnish population lived in rural areas in 2017. In addition, the majority of the population live in rural areas part-time. A more detailed description of different rural areas can be found on the [ruralpolicy.fi](#) website.

entrepreneurs. In practice, only people in rural areas engage in livelihoods based on land, water resources and nature. The third sector plays a key role in providing welfare services. The distances to the service centres may be long, the accessibility of grocery stores has declined and the average length of commuting has increased, especially in sparsely populated areas and rural areas close to cities. In addition, the functioning of the market is inadequate, which means that competitive tendering and other measures do not produce the desired results.

Rural impacts are typically associated with projects that affect the possibilities to live in rural areas (e.g. land use and land use planning), accessibility of services (e.g. social, health, teaching, education and transport services, telecommunications connections and other digital services), competence and skills, employment, economic activity, security, local democracy or the cultural environment. Impacts of proposals on people, companies and society's structures in rural areas may be different from the impact on urban areas. Examples of this include the impact of the extension of compulsory education on young people living in sparsely populated areas due to the availability and accessibility of educational services, and the impacts of the reform of the Act on Transport Services on the availability of taxi services in rural areas, residents' opportunities to use services and school transport.

Assessment of rural impacts identifies whether the impacts of the prepared changes are significant for rural areas and what negative or positive features are associated with them. It is essential to assess how the desired impacts can be enhanced and the negative ones reduced. The assessment can start with the following questions:

- What impacts are identified when the target is transferred to rural areas?
- In which areas are impacts on rural areas likely to differ from those on urban areas e.g. because of the community, population or industrial structure?
- Does achieving the objective of the legislative project require different steering in urban and rural areas?

Key assessment areas, how will the proposal affect:

- the rural population?
- housing, services and transport in rural areas?
- competence, skills and employment in rural areas?
- livelihoods and entrepreneurship in rural areas?
- democracy, social inclusion and civic activity in rural areas?
- the national security of supply?
- the environment or the landscape in rural areas?

GUIDELINES AND SOURCES OF INFORMATION

- The Ministry of Agriculture and Forestry has published more detailed [guidelines on the rural proofing of regulatory proposals](#).
- Material for assessing rural impacts can be found on the [website of the Rural Policy Council](#).
- The key contacts are the Ministry of Agriculture and Forestry, [the Rural Policy Council MANE](#) and the [Island Committee SANK](#). Other producers of information include the LUKE and SYKE. Research institutions and actors that implement societal rural research may also assess rural impacts.
- The assessment of rural impacts often needs to be carried out using the [regional classifications](#) mentioned in connection with the impact on regional development: the urban-rural classification and the archipelago area classification.
- Key figures describing the development of rural areas have been compiled in the [Rural indicators service](#) (subject to a fee) of Statistics Finland.
- [SYKE's information service Liiteri](#) (subject to a fee) provides information on the built environment.
- [Rural reviews](#), [Rural Barometers](#) and [Second Homes Barometers](#) provide up-to-date information on rural areas and the development trends related to them.

2.3.12 Cross-border impacts

A law proposal may have cross-border impacts which may relate to economic, environmental or other human and societal impacts. This section presents impact types other than those described above.

A law proposal may affect international cooperation and relations between states. This is particularly so in proposals concerning the implementation of international obligations, in which the impacts of the agreement on Finland's international relations should be assessed (e.g. impacts on transnational or multilateral cooperation). Agreements may also establish cooperation forums, or set obligations or objectives for cooperation. In the proposal, the possible impacts of these provisions may be discussed from the perspective of international cooperation.

A law proposal may have impacts resulting from a significant difference between the proposal and the legislation of another country. For example in the Nordic countries, such differences may affect the mobility of citizens between the countries. When drafting legislation, it should be ensured that no cross-border obstacles are created between the Nordic countries and that any existing obstacles are removed.⁷³ In addition to natural persons, cross-border obstacles also apply to companies. The proposal may also have implications specifically for cross-border commuters.

A law proposal may affect the functioning of the EU's internal market. In the drafting work, it should be ensured that the proposal does not create such obstacles to the free movement of goods, services, capital and people in the internal market that are contrary to EU law.

Key questions, does the proposal have:

- cross-border impacts?
- impacts on Finland's international relations or international cooperation?
- impacts on cross-border commuters (including cross-border obstacles between the Nordic countries)?
- impact on the functioning of the EU's internal market?

2.3.13 Animal welfare

Welfare is the animal's experience of its mental and physical condition. The welfare of an animal depends on its ability to adapt to environmental events and conditions. If adaptation is not successful or causes constant or severe stress, strain, behavioural disorders or health hazards, the welfare of the animal will deteriorate. Welfare can be promoted by providing animals with opportunities for positive feelings and experiences, for example through various stimuli and choices, or by leaving animals alone and ensuring good living conditions. The welfare of kept animals can be influenced by housing conditions, care, treatment and animal breeding. Factors affecting the welfare and living conditions of wild animals include traffic, hunting, fishing, prevention of invasive alien species, industry, tourism, agriculture and forestry, and other land use.

⁷³ Identified cross-border obstacles between the Nordic countries are listed in the Nordic Council's [cross-border barriers database](#). The challenges are related to taxation, social security and working life, among other things.

Impacts on animal welfare may focus on individual animals, a certain group of animals (e.g. a certain age group, animals kept for a certain purpose or the form of keeping animals) or animal species. For example, impacts may focus only on domestic animals kept in outdoor facilities or meadows, companion and hobby animals kept in people's homes, or wild animals. Special attention should be paid to groups of animals that depend on the care of people, such as young, old or sick animals, animals giving birth, or animals living inside buildings or fenced areas. Special attention should also be paid to animal welfare when enacting legislation on issues related to killing animals, such as statutes related to hunting, slaughter, mass killing, the removal of pests or modifying the environment.

SOURCES OF INFORMATION

- [Finnish Food Authority](#)
- [Finnish Centre for Animal Welfare](#) and its Animal welfare reports.
- [Research Centre for Animal Welfare at the University of Helsinki](#)
- [Animal Welfare Ombudsman](#)
- [Natural Resources Institute Finland](#)
- [Advisory Boards for the Welfare and Protection of Animals](#)
- [3R CENTRE FINLAND](#)
- [EU animal welfare reference centres](#)
- [European Food Safety Authority](#)
- [Producer, recreational and animal welfare organisations](#)

Appendix 1. Checklist for the impact assessment process

The following questions can be used as part of the law drafting process in planning and carrying out the impact assessment.

Preliminary preparation

- What are the societal problem that the project focuses on and the objectives of the project? How would the proposal under preparation affect the observed problem in a way that promotes the objectives of the project?
- How will the impact assessment be organised and carried out?⁷⁴
- What problems and needs for change have been observed in the current state? What is known about the operating environment of legislation and the phenomena that the project focuses on? Why is new legislation needed?
- What are the main target groups of the project? How will the target groups, other stakeholders and experts be heard? How is information on the impact assessment communicated?
- With what legislative and other steering methods could the objectives of the project be promoted? What is a preliminary assessment of the impacts of different alternative solutions?

Regulatory drafting, consultation and continued drafting

- What existing information, sources and methods are the assessments of impacts based on?
- What impact types does the project have and what target groups does it affect? What impacts are essential for the project and need to be assessed in more detail?⁷⁵
- Why is the selected solution better than the other options assessed (e.g., promotion of project objectives and cost-efficiency)?
- How is the impact assessment documented in the government proposal and possible other preparatory documents?

74 For what to consider in planning the impact assessment, see section 1.2.1.1.

75 For questions that help to assess how essential impacts are, see section 1.1.3.3, and for defining the scope of an assessment, section 1.2.1.2.

Decision-making in Government and parliamentary review

- Will decision-makers get a sufficient understanding of the essential impacts of the proposal on the basis of the impact assessment?

Support for implementation and monitoring

- How can the desired impacts be promoted through the implementation of the act (e.g. information campaigns, training, guidelines, financial incentives or supervision)?
- Do the bodies responsible for implementing the act have the capacity to carry out the tasks proposed to them?
- How will the realisation of the act's impacts be monitored or evaluated afterwards?

Appendix 2. Checklist for impact identification

This checklist can be used as a tool in impact identification. The purpose is not to assess all the discussed impacts in all projects, but to focus on the impacts that are essential for each project.⁷⁶

Checklist for impact identification

Economic impacts	
Households	Will the proposal affect household income, expenditure, consumption, price levels, investments or debts?
Businesses	Will the proposal affect the costs or profits incurred by companies or the operating environment of companies?
Public finances	Will the proposal affect the expenditure or income of public bodies, such as central government, municipalities or wellbeing services counties?
National economy	Will the proposal affect employment, production, investment, consumption, imports or exports, price levels or financial markets?
Environmental impacts	
Use of natural resources	Will the proposal affect the use of non-renewable or renewable natural resources or the cycling of materials?
Soil, water and air	Will the proposal affect soil, water or air (e.g. changes in emissions or loading)?
Climate change	Will the proposal affect climate change mitigation (greenhouse gas emissions and their removal) or adaptation?
Biodiversity	Will the proposal affect biodiversity (e.g. habitat changes)?
Urban structure, built environment, landscape, cityscape or cultural heritage	Will the proposal affect urban structure, the built environment, landscape, cityscape or cultural heritage?
Human health, living conditions or comfort	Will the proposal affect human health, living conditions or comfort?
Other human and societal impacts	

⁷⁶ See section 1.1.3.3 on evaluating how essential impacts are and section 1.2.1.2 on defining the scope of an impact assessment.

Checklist for impact identification

Fundamental and human rights	Will the proposal affect the realisation of the fundamental and human rights of different people and groups in their everyday lives?
Groups of people	Will the proposal affect different groups of people in different ways: E.g. equality, gender equality, children and youth, the indigenous Sámi people, persons with disabilities, linguistic rights or other groups?
Public authorities	Will the proposal affect the activities of the authorities or the provision of services or cause changes in information management?
Development of democracy and the rule of law	Will the proposal affect e.g. citizens' opportunities to participate, the functioning of civil society or media, the independence of the judiciary or the fight against corruption?
Security	Will the proposal affect national security, national defence, crime or everyday security?
Wellbeing and health	Will the proposal affect people's mental or physical health, wellbeing or living conditions?
Exercise and physical activity	Will the proposal affect the physical activity or exercise of the population or the prerequisites for these?
Employment and working life	Will the proposal affect the demand for or supply of labour or the quality or safety of working life?
Information society and data protection	Will the proposal affect the information society, the development of digitalisation or the protection of personal data?
Regional development and rural areas	Will the proposal have an impact on regional development or will it impact rural and urban areas in different ways?
Åland Islands	Will the proposal affect the autonomy of Åland or its other special features?
Municipalities and wellbeing services counties	Will the proposal affect the autonomy, authorities, members, service users or personnel of municipalities or wellbeing services counties?
Cross-border impacts	Will the proposal affect, for example, international cooperation, the EU's internal market or cross-border commuters?
Animal welfare	Will the proposal affect the wellbeing of kept or wild animals?
Some other impact	What?

Appendix 3. Additional guidelines and sources of information

This appendix contains the additional instructions and information sources referenced in the guideline.

General principles for impact assessment

- Bill drafting guidelines. <http://helo.finlex.fi/> (in Finnish and Swedish)
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