الإمارات العربية المتحدة
وزارة المالية

Manual on Regulatory and Legislative Impact Assessment

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1.

Chapter 1: Introduction and Manual Methodology

- Introduction
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1. Introduction

In alignment with the vision of the UAE Government to enhance the quality of regulatory decisions and legislation while achieving tangible, measurable outcomes, this Manual constitutes a strategic step by the Ministry of Finance to develop a unified and comprehensive framework for Regulatory Impact Assessment (RIA). This framework serves as a reference for shaping public financial policies and legislation across Federal Entities. The Manual aims to enable Federal Entities to make evidence-based decisions grounded in objective analysis, thereby strengthening integrity and transparency while contributing to the improved efficiency and quality of Government policies and interventions.

The Manual is designed to improve the quality of regulatory decisions and legislation, ensuring their effectiveness by examining the anticipated impacts of Government interventions at social, economic, and environmental levels. It also supports the development of comprehensive and clearly articulated legislation that promotes regulatory and legislative stability and strengthens stakeholder confidence. Furthermore, the Manual reflects the Government's commitment to continuously developing its policies that keep pace with evolving circumstances and achieving a comprehensive positive impact on society, economy, environment, and culture.

Legislation represents one of the most significant instruments of reform; and it cannot be effectively developed without adopting scientific methodologies that enable the measurement of expected costs and benefits in a manner aligned with national priorities to ensure the selection of the most effective solutions. This methodology is based on understanding policy as a Governmental direction aimed at addressing a specific problem within a defined area of competence, implemented through carefully designed tools and measures. RIA enhances the efficiency of such interventions, particularly in financial domains, by systematically examining scenarios and alternative options.

Grounded in international best practices and aligned with national legislation and regulatory frameworks, this Manual is designed to be flexible and adaptable, consistent with modern technical tools and methodologies. It integrates seamlessly into the Government's operational ecosystem and serves as a practical reference for assessing Government programmes and projects - whether legislative or non-legislative, financial or non-financial — depending on their scale and nature.

The Manual adopts four main, transparent, flexible stages and encourages stakeholder engagement throughout all phases of the assessment process. It enables relevant entities to provide feedback and improve assessment outputs prior to formal adoption. The Manual will be updated progressively based on practical experience, enhancing existing tools or introducing new ones, while maintaining the stability of the core procedural framework.

Artificial Intelligence (AI) is expected to provide significant added value to the RIA Process, particularly in scenario analysis, outcome forecasting, and the accurate estimation of costs and benefits. The effective use of AI will depend largely on the quality and structure of the underlying data. Therefore, datasets must be accurately classified, regularly updated, and free from duplication or incomplete entries. Data should also be structured in a manner that allows for the easy replacement of AI models, when necessary, thereby enhancing adaptability and enabling the adoption of more advanced models when available, while maintaining consistency across different stages.

RIA Analysts can benefit from AI on a regular basis, as it may be used to refine analytical models over time and continuously improve the quality of assessments. However, the use of Artificial Intelligence does not eliminate the need for human oversight; rather, it requires a careful balance between automation and professional evaluation. Accordingly, RIA Analysts and relevant entities must recognise the point at which the role should shift from Artificial Intelligence to direct human analysis to ensure the credibility, and accuracy.

2. Objectives and Scope of the Manual

2.1 Objectives of the Manual

This Manual is designed to establish a unified and professional reference framework for the RIA Process within the Government. It aims to achieve the following:

- To improve the quality of public policies and legislation by applying an evidence-based analytical methodology that ensures the impacts of proposed measures are assessed prior to their adoption.
- To achieve a balance between social benefits and costs by examining the social, economic, and environmental impacts of proposed Government interventions.
- To enable decision-makers to adopt well-considered and practical options based on objective data and analyses that address a range of potential scenarios.
- To strengthen good governance and accountability by documenting the steps of the RIA and decision-making mechanisms, while ensuring transparency in procedures.
- To align proposed policies with national strategies and Government priorities in a manner consistent with the Government's strategic direction.
- To enhance the efficiency of public spending and reduce waste through prior assessment of the economic and financial feasibility of interventions.
- To apply international best practices.

This Manual covers Impact Assessment for both regulatory interventions (including, but not limited to, public policies, executive regulations, and administrative decisions) and legislative interventions that require approval by the Cabinet or the competent legislative authority (such as draft laws or decree-laws). Although the stages of assessment follow a similar overall methodology, there are differences between regulatory and legislative impact assessments in terms of the nature of the legal instrument, the institutional approval pathway, and their implications.

As a general guiding principle, RIA is applied when the intervention falls within the authority of a Ministry/Federal Entity (such as issuing executive regulations, internal regulatory policies, or amending an administrative decision), whereas Legislative Impact Assessment is used when the proposed intervention requires the enactment or amendment of federal legislation to be submitted to the competent official authorities.

2.2 Scope of Application of the Manual

This Manual applies to any proposal or action relating to a regulatory or legislative intervention undertaken by the Government that may lead to a significant change in the behaviour of individuals, institutions, or companies, or that may result in direct or indirect impacts on them.

Governments continuously make regulatory and legislative decisions that may impose additional obligations on citizens, businesses, and civil society. These decisions are intended to safeguard the public interest or guide behaviour in order to achieve strategic objectives. Given the diverse impacts of such policies, it is essential that they be supported by robust evidence and analysis that highlight alternative options and evaluate the consequences associated with each. Nevertheless, the Manual acknowledges that there may be circumstances in which an RIA is not required or justified, including:

- Emergency policy interventions arising from crises or disasters, where any delay in response could jeopardise public health, security, safety, or welfare.
- Minor technical or regulatory amendments that are not expected to significantly alter the behaviour of affected parties.
- Policies mandated under a legal delegation or issued by direct instruction from senior leadership, where the scope for policy discretion is limited.
- Interventions related to sovereign, security, or supreme national interest considerations, where conducting an RIA may conflict with the UAE's strategic objectives.
- Temporary or time-bound administrative measures intended to address a specific problem without generating long-term effects.

In such cases, the entity sponsoring the RIA must provide a clear and written justification explaining the practical or legal reasons for not conducting the assessment, supported by relevant data and evidence, and undertaken in consultation with the concerned Ministry or Federal Entity, with prior formal approval obtained. The sponsor is also required to prepare an analytical memorandum outlining the rationale on which the decision was based, including cost estimates, identification of benefits and risks, and an assessment of the appropriateness of the timing and the selected approach.

2. Objectives and Scope of the Manual (continued)

The concerned Ministry/Federal Entity is responsible for making the final decision regarding the need to conduct an RIA, as well as determining the level of analysis and consultation required, based on objective criteria that include:

- The significance of expected socio-economic, and environmental impact, as well as the extent of its alignment with national priorities.
- The availability and quality of data and evidence supporting the analysis.
- The degree of uncertainty and risks associated with the intervention and its potential impacts.
- The number and diversity of affected parties, and the level of engagement required in the consultation process.

The Manual also emphasises that not all procedures and proposals require the same level of analysis or consultation. Certain cases may be given special priority depending on their nature, such as urgent national interests or sovereign considerations. The sponsor of the RIA plays a central role in ensuring adherence to the methodology set out in the Manual, particularly in cases that require greater sensitivity and a careful balance between speed, accuracy, and transparency.

Although RIA is an important tool for supporting decision-making, there are exceptional cases in which conducting an RIA may not be required, including:

- Urgent interventions requiring an immediate response aimed at protecting national security or public health.
- Decisions with limited geographic or temporal impact that do not introduce structural changes to public policies.
- Procedural or corrective interventions, such as correcting a material error or providing a legal clarification that does not result in new regulatory impacts.
- Cases involving the complete repeal of existing legislation without replacing it.

When a decision is made not to conduct an RIA, the justification for this exception must be clearly documented.

2.3 Target Users of the Manual

This Manual is primarily intended for concerned Ministries and Federal Entities, as well as RIA Analysts and Sponsors responsible for this process. It enables them to manage and implement RIAs in a systematic and effective manner through the following:

- Linking the steps of the assessment process to the four defined stages and clarifying how to transition between them.
- Providing clear guidance on the procedures that RIA Analysts are required to follow at each stage.
- Explaining methods for evaluating the available options and how to design the scope of the assessment in a way that aligns with the nature of the proposed intervention or policy change, while taking into account the principles of proportionality and flexibility in application.

This Manual is advisory in nature, aimed at standardising the RIA methodology across Federal Entities without creating legislative obligations or assigning new mandates to them, and without replacing the applicable legislative and regulatory frameworks within the UAE.

Within the context of this Manual, the role of the Ministry of Finance is limited to the technical and analytical aspects related to examining the financial and economic impacts of legislative and regulatory interventions. The adoption of the final legislative drafting, however, remains within the jurisdiction of the competent legislative and regulatory authorities in accordance with federal legislation.

The Financial Policies and Government Accounting Standards Department at the Ministry of Finance is responsible for monitoring the implementation of this Manual and overseeing its ongoing development. The Department shall also propose necessary amendments on a periodic basis to ensure the Manual's continued relevance and effectiveness in supporting Government decision-making.

3. Key Terms and Definitions

This section provides an explanation of the key terms and core concepts used in this Manual, establishing a unified understanding among all concerned parties, including professionals and specialists involved in the preparation and implementation of RIAs.

The terms listed below are used with the same meanings and interpretations throughout all sections of this Manual.

Term	Definition
UAE	The United Arab Emirates.
Government	The federal Government of the UAE.
Ministry	The Ministry of Finance of the UAE.
Federal Entities	The Federal Entities defined in Federal Decree-Law No. (26) of 2019 on Public Finance, as amended.
Manual	The Regulatory and Legislative Impact Assessment Manual in its current form, as amended from time to time.
RIA Process / RIA	The process described in Chapter 2 and Chapter 3 of this Manual.
Artificial Intelligence	A set of systems, software, or technologies designed to perform tasks that normally require human capabilities, such as learning, analysis, inference, decision-making, data processing, and adaptation to changes. These functions rely on advanced algorithms based on big data and computational processing. Artificial Intelligence includes multiple applications such as machine learning, natural language processing, computer vision, and predictive analytics. It may be used to support decision-making processes and improve efficiency and service quality across various sectors, while ensuring transparency, ethical considerations, and compliance with relevant national and international standards.
Status quo	The current situation, which must be included among the options considered to address the problem under study. It serves as the baseline scenario, illustrating what would occur if conditions remain unchanged and no intervention is introduced. This baseline is essential, as all options are assessed against it in terms of their impacts to determine whether a proposed option represents an improvement over, or a deterioration from, the existing situation. In some cases, intervention through a new policy may worsen outcomes, the benefits of Government intervention may not justify the associated costs, or the problem may resolve itself over time without intervention. In such circumstances, maintaining the status quo may represent the most appropriate option.

3. Key Terms and Definitions (continued)

Benefit–Cost Ratio (BCR)	The ratio between the total present value of the expected benefits from implementing a specific project or intervention and the total present value of the associated costs. It is an economic indicator used in Cost-Benefit Analysis, as explained in (Stage Two (2): Shortlist Evaluation).
Cost–Benefit Analysis (CBA)	A Cost-Benefit Analysis measures, in monetary terms, the benefits after deducting the costs of a proposal (to the greatest extent possible). Costs and benefits are assessed from a social perspective; therefore, this analysis is sometimes referred to as a social Cost-Benefit Analysis, as explained in (Stage Two (2): Shortlist Evaluation).
Cost-Effectiveness Analysis (CEA)	Closely related to Cost-Benefit Analysis and used in cases where a policy has a single primary objective, as explained in Step 1: Selecting the Analytical Approach – Default Use of Cost–Benefit Analysis under (Stage Two (2): Shortlist Evaluation).
Critical Success Factor (CSF)	A key factor required for the success of the intervention, as explained in Stage One: The Strategic Stage and Stage Two (1): Longlist Evaluation.
Longlist	A list of potential options (whether legislative or non-legislative) identified to achieve policy outcomes, as explained in (Stage Two (1): Longlist Evaluation).
Multi-Criteria Decision Analysis (MCDA)	A method used as an alternative to Cost-Benefit Analysis, as explained in Step 1: Selecting the Analytical Approach – Default Use of Cost–Benefit Analysis under (Stage Two (2): Shortlist Evaluation).
Net Present Value (NPV)	The process of discounting future financial cash flows and aggregating them to obtain their present value (for example, similar to how the price of a financial bond is calculated).
Social Net Present Value	The Social Net Present Value as explained in (Stage Two (1): Longlist Evaluation).
Opportunity Cost	The value of a good or service based on its best alternative use. For example, the market value of existing assets represents their Opportunity Cost. However, when such values are not available, the best alternative use of that asset should be considered.
Optimal Option	The outcome of the economic evaluation conducted in (Stage Two (2): Shortlist Evaluation).
Optimism Bias	The tendency of human behaviour to be overly optimistic regarding cost estimates, the achievement of benefits, and the performance standards of related programmes or projects, as explained in (Stage Two (2): Shortlist Evaluation).

3. Key Terms and Definitions (continued)

Screening Tools	A system designed to evaluate competing options related to a policy intervention, as explained in detail in Step 3: Determining the Need for RIA, Its Proportionality, and Special Cases, and Step 4: Ensuring Strategic Alignment and External Constraints, under (Stage Two (1): Longlist Evaluation).
Policy	A course or principle of action adopted or proposed by the Government (within the context of RIA). A policy, therefore, serves as a guiding direction that steers the decision-making process towards implementing a specific action.
The Present Value of Costs (PVC)	The total costs associated with implementing a programme, project, or intervention after discounting them to their present value using a specified discount rate. These refer to the social costs borne by society or the public sector as a result of implementing the option under study. They are calculated in real terms (excluding the effect of inflation) to enable comparison between costs occurring at different times. This includes capital costs, operating costs, and risk-related costs, while excluding sunk costs and transfer payments such as taxes. The focus is on costs that have not yet been incurred and may be affected by the policy intervention decision.
Present Value of Benefits	The total value of expected benefits from implementing a programme, project, or intervention, discounted to their present value using a specified discount rate. These refer to the social benefits that accrue to society or the public sector as a result of implementing the option under study. They are calculated in real terms (excluding the effect of inflation) to facilitate comparison between benefits occurring at different times. These benefits include monetary and non-monetary, direct and indirect benefits that can be measured or estimated quantitatively or qualitatively, with a focus on benefits that have not been realised yet and are directly linked to the policy intervention decision.
Problem	The fundamental problem or undesirable situation that a regulatory or legislative intervention seeks to address. It represents the primary starting point for the RIA Process, upon which causal analysis, objective setting, and the design of alternatives are based, as explained in Stage One: The Strategic Stage.
Preferred Option	An option identified as an important outcome from (Stage Two (1): Longlist Evaluation) and considered when determining the Shortlist of options (this may include the status quo option and/or the “minimum viable implementation” option). This option is subject to detailed evaluation.
RIA Analysts	A person (or team) possessing the technical expertise required to develop the RIA on behalf of the RIA Sponsors. This is commonly a third party entrusted with the authority and capability to use internal resources where available.

3. Key Terms and Definitions (continued)

RIA Sponsor	The Federal Entity (which may be the Ministry and/or another Federal Entity) that appoints the RIA Analyst for the purpose of completing the RIA Process.
Shortlist	A limited list of feasible options (which may take a legislative or non-legislative form) aimed at achieving policy outcomes, as explained in Step 5: Preparing the Shortlist under (Stage Two (1): Longlist Evaluation), and evaluated in (Stage Two (2): Shortlist Evaluation).
SMART Objective	A specific, measurable, achievable, relevant, and time-bound objective, as explained in Step 6: Rationale for Change – Identifying the Causes (using SMART objectives – the gap arising from the status quo) under (Stage One: The Strategic Stage).
Social Benefits	– Benefits from the perspective of society. Within RIA, they are defined as the total benefits accruing to society together with any benefits accruing to the public sector. The classification of social benefits is discussed in (Stage Two (2): Shortlist Evaluation). – Benefits accruing to the public sector that may also be considered benefits to society (including improvements in governance).
Social Costs	– Costs from the perspective of society. Within RIA, they are defined as the total costs accumulated by society and the potential benefits accruing to the public sector. Their classifications are discussed in (Stage Two (2): Shortlist Evaluation). – Benefits accruing to the public sector that may be regarded more broadly as social costs. These may include Opportunity Costs (in terms of where resources are spent), redistribution (through taxes), and external factors (such as the negative impact of public debt on the broader economy), particularly where public sector benefits are financed collectively.
Spending Objectives	The general objectives identified by the RIA Sponsor to express the purpose of allocating Government resources to implement a regulatory or legislative intervention. These objectives represent a practical translation of one or more public policy drivers identified in the Strategic Stage, such as efficiency, effectiveness, compliance, or social equity. Spending objectives constitute the initial framework upon which the gap analysis and the formulation of SMART objectives are later built, and they are used to guide the evaluation of alternatives and determine the economic and social feasibility of the intervention.
Social Time Preference Rate	The rate reflecting the value that society places on the present compared with the future.
Switching Test	A form of sensitivity analysis used to compare the Optimal Option with other options, as explained in (Stage Two (2): Shortlist Evaluation).
SWOT Analysis	A method of analysis used to identify strengths, weaknesses, opportunities, and threats, as explained in Step 4 of Stage Two (1): SWOT Analysis Workshop (with technical experts).

4. How to Use the Manual

4.1 Structure of the Manual

This Manual is structured into four interconnected chapters covering all stages and work categories related to RIA, with the aim of unifying the approach and facilitating the practical application of this assessment across Federal Entities:

- **Chapter 1: Introduction and Manual Methodology:** This chapter provides a comprehensive background on the objectives of the Manual and the rationale for its development. It also explains the foundations on which it was developed, including its alignment with established Government policies and relevant international best practices. The chapter further presents the guiding principles governing the RIA Process and clarifies the relationship between Regulatory RIA and other Government activities such as legislation, policy development, and the modernisation of procedures.
- **Chapter 2: Conceptual Framework for the RIA Process:** This chapter explains the key concepts on which RIA is based, including the definition of RIA, its areas of application, and its four stages, namely:
  - **Stage 1 – Strategic Stage:** Focuses on defining the problem, analysing the context, and formulating the overarching objectives of the proposed change or intervention.
  - **Stage 2 – Economic Stage:** Assesses the available options using analytical tools such as Cost-Benefit Analysis to identify the option that best serves the society.
  - **Stage 3 – Financial and Commercial Stage:** Addresses aspects related to cost, financing, and procurement, including private sector participation and risk sharing.
  - **Stage 4 – Change Management Stage:** Covers the implementation planning, evaluation and monitoring, and the management of data associated with the implementation of the proposed change.

  This chapter also explains the principle of “flex points”, which allows entities to adapt the assessment according to the nature and complexity of the project or intervention under review.
- **Chapter 3: Procedural Framework for the RIA Process:** This chapter presents a comprehensive procedural framework for conducting RIAs. It breaks down each of the four stages into sub-steps and defines roles and responsibilities, expected outputs, and review and documentation checkpoints. The chapter serves as an operational guide that assists Federal Entities in implementing the assessment in a progressive and cumulative manner, where each step supports the next. It also highlights the importance of coordination between technical, legal, and administrative teams, and outlines the tools that may be used at each stage, such as filtering tools, financial analysis tools, and feasibility analysis.
- **Chapter 4 - Annexes:** This chapter contains supporting annexes designed to assist teams in documenting, analysing, and managing the RIA Process. These include:
  - **Annex (A) - Proposed Templates:** A set of standard templates that facilitate the documentation of inputs across the different assessment stages.
  - **Annex (B) - Risk Classification:** Provides a framework for identifying, classifying, and managing potential risks during the preparation and implementation of the assessment.
  - **Annex (C) - List of Additional Resources:** Includes a list of references and international guidance that may be consulted to enhance the quality of assessments and adopt best practices.

While the Manual is divided into separate chapters and stages, its content is functionally interconnected. The tools and outputs of each stage complement those of the subsequent stage, ensuring coherence and effectiveness throughout the assessment process at the levels of planning, implementation, and final evaluation.

4. How to Use the Manual (continued)

4.2 Methodological Flexibility in RIA

The RIA Process provides a high degree of flexibility, enabling RIA Analysts to adapt and tailor the procedure in accordance with the nature of the project or programme, its level of complexity, and the degree of associated risk. The Manual therefore presents a set of tools and approaches that serve as key "flex points" in assessing policy options and their legislative impacts, providing scope to tailor the adopted methodology to the specific requirements of each case.

- **Using the Manual as a Starting Point:** This Manual serves as the primary reference framework for the RIA Analysts and the project or programme managers working with them. The stages, steps, and procedures set out in the Manual are expected to be followed when preparing and documenting the RIA Process, while allowing for refinement or clarification of certain aspects where necessary, in line with the nature of the project or change under consideration. In doing so, the stages and steps of the RIA should be applied flexibly to accommodate the specific characteristics of each case.

- **Filtering Tools and Options Analysis:** Once the strategic case for the policy under assessment is defined and an initial list of potential options is formulated, the assessment proceeds to the Economic Stage, which aims to identify the Optimal Option from a comprehensive societal perspective. At this stage, the Manual presents a range of analytical tools known as 'filtering tools', which are used to test the feasibility of each option and narrow the analysis to the most suitable alternatives. These tools are flexible in terms of analytical depth and approach, allowing them to be applied across a wide range of programmes and projects.

- **Points of Application of Tools and Documentation of Decisions:** The Manual clearly identifies the stages and points at which filtering tools should be applied and provides practical guidance for their implementation. It also requires RIA Analysts to document all decisions related to the use of these tools in order to enable the Ministry or the relevant Federal Entities to review them during the designated review checkpoints within the assessment cycle.

- **Scalability Based on Project Complexity:** The structure of the RIA Process has been designed to be scalable and progressively adaptable according to the scope and magnitude of the proposed change. The level of complexity required in the assessment varies depending on the nature of the project as follows:

- **Simple Projects:** Projects characterised by clearly defined policy options and ease in identifying costs and benefits, such as minor amendments to existing services. In such cases, a preliminary analysis may suffice, with reduced need for detailed financial or change management stages.
- **Moderately Complex Projects:** These include projects involving regulatory frameworks for specific sectors or problems such as financial inclusion or education. The financial and commercial aspects may be limited, often focusing on public funding or institutional training. The Change Management Stage would primarily involve developing regulations, implementing them, and subsequently monitoring their impacts.
- **Complex Projects:** These include projects that require new regulations and the development of assets, services, or digital or physical infrastructure, and may involve partnerships with the private sector. Such cases require more extensive financial and commercial analysis, change management, and economic analysis, and may even necessitate reconsidering the underlying strategic foundations.

5. Manual Governance

5.1 Preparation, Review, and Updating of the Manual

The Financial Policies and Government Accounting Standards Department at the Ministry of Finance is responsible for:

- **Preparing the Manual in accordance with national and international best practices** to establish a unified methodological framework for Regulatory and Legislative Impact Assessments, thereby enhancing the quality of public financial policies and ensuring the consistency, effectiveness, and transparency of Government interventions across Federal Entities.
- **Conducting periodic reviews and updates of the Manual** to ensure that it keeps pace with institutional, legislative, and technological developments. The review and update process includes assessing the alignment of the Manual's content with contemporary Government policies and its consistency with national directions regarding the leadership and data-driven governance.

  It also involves updating assessment tools and templates in line with developments in economic, social, and environmental analysis, while incorporating practical feedback and comments received from relevant Federal Entities in order to strengthen the Manual's practical impact and support its continuous development.

5.2 Approving the Manual

The Manual shall be formally approved by the Ministry of Finance upon completion of all stages of preparation, review, and updating (as applicable). It shall serve as the primary approved reference for the design and implementation of the Regulatory and Legislative RIAs.

	Approved by	Endorsed by
	Minister of Finance	Financial Policies and Government Accounting Standards Department
Problem Number		
Date		
Signature		

Disclaimer:

The Ministry of Finance has made every reasonable effort to ensure the accuracy and reliability of the information and data contained in this Manual as of the date of its issuance. However, the Ministry shall not, under any circumstances, be held liable, whether legally, contractually, or otherwise, whether express or implied, for any loss, damage, or consequences that may arise directly or indirectly from the use of, or reliance upon, the content of this Manual, in whole or in part.

2.

Chapter 2: Conceptual Framework for the Regulatory Impact Assessment Process

- Overview of the Regulatory Impact Assessment Process
- Figure 1: Overview of the Four Stages of the Regulatory Impact Assessment Process
- Figure 2: Regulatory Impact Assessment Process Workflow Steps

1. Overview of the Regulatory Impact Assessment (RIA) Process

Overview

The RIA Process is a structured methodology designed to analyse and evaluate the potential impacts of proposed regulatory and legislative changes or public policy interventions. This chapter provides a comprehensive overview of the four main stages that comprise the process: the Strategic Stage, the Economic Stage, the Financial and Commercial Stage, and the Change Management Stage. It highlights the importance of coordination across these stages and the need to systematically document the expected outcomes of each stage. It also emphasises the importance of actively engaging stakeholders throughout the preparation of the assessment.

Preparation of the RIA Document

The RIA Analyst should, to the extent possible, prepare a single comprehensive document that represents the entire assessment. It is recommended that this document consists of four chapters, each corresponding to one of the four stages of the assessment, with the expected outcomes of each stage presented in a clear and structured manner. This chapter includes the following illustrative figures:

- **Figure 1:** Overview of the Four Stages of the RIA Process provides a general overview of the four stages and the expected outputs at the end of each stage.
- **Figure 2:** RIA Process Flowchart illustrates the sequence of steps associated with each stage, including flex points and review checkpoints involving the Ministry and Federal Entities.

Although the Manual presents the stages sequentially, beginning with the Strategic Stage and concluding with the Change Management Stage, RIA Analysts and programme or project managers are encouraged to consider the practical interdependence among these stages. For example, the work undertaken during the formulation of SMART objectives in the Strategic Stage helps facilitate subsequent stages, such as the evaluation of options within the long list.

In practice, the four stages of the RIA Process are often developed and documented in parallel, with varying levels of emphasis and detail. Each stage, including its steps, contributes naturally to building the assessment in a manner appropriate to the nature of the project or programme under consideration.

The RIA Process is designed to be flexible, repetitive, and coordinated, allowing findings from one stage to inform and guide subsequent stages, as follows:

- **Strategic ↔ Economic:** The formulation of SMART objectives influences the evaluation of alternative options.
- **Economic ↔ Financial and Commercial:** Financial modelling is closely linked to the outcomes of identifying the Optimal Option.
- **Financial and Commercial ↔ Change Management:** Successful implementation depends on financing arrangements and contractual structures.
- **Feedback Loop:** Findings from later stages may require the reassessment or refinement of earlier-stage results to ensure overall consistency.

The RIA Process is therefore an adaptive and interactive approach that requires careful documentation at each stage. By following the structure outlined in this Manual, comprehensive assessments can be developed to support informed decision-making and enhance the effectiveness of Government policies.

Stage One – Strategic Stage

The Strategic Stage forms the foundational framework for the entire RIA Process. Subsequent stages depend on how clearly the problem targeted by the policy intervention is defined, how the SMART objectives are formulated, and the requirements that the RIA Sponsor must consider in bridging the gap between the status quo and these objectives.

In particular, SMART objectives represent a central element throughout all subsequent stages, from economic analysis to monitoring within the Change Management Stage. The fundamental rationale for the intervention and its broader strategic context are therefore reflected throughout the entire assessment process.

1. Overview of the Regulatory Impact Assessment (RIA) Process (continued)

Stage Two – Economic Stage

Stage Two (1): Longlist Evaluation

Longlist Evaluation builds upon the outputs of the Strategic Stage and provides the foundation for preference decisions in both the Financial and Commercial Stage and the Change Management Stage. Although the financial and commercial details of the options may not yet be fully developed at this stage, they should be sufficiently elaborated to allow their examination through the Screening Tools.

The Longlist Evaluation represents a critical stage that can be strengthened by identifying similarities among options, such as relying on a common category of suppliers (for example, local contractors). This approach helps streamline the financial and commercial work streams and the subsequent Change Management Stage.

In summary, Longlist Evaluation is based on the outputs of the Strategic Stage, combined with the preliminary preparation of options for subsequent stages, thereby establishing an integrated foundation for examining alternatives.

Stage Two (2): Shortlist Evaluation

Shortlist Evaluation requires the development of a comprehensive approach to RIA before the analysis begins. The assessment should document all findings from the preceding stages (the Strategic Stage and the Longlist Evaluation), including the identification of the Preferred Option.

During this stage, the analysis expands to examine Social Costs and Social Benefits, in addition to identifying potential risks. Outputs from the Financial and Commercial Stage, together with the Change Management Plan, are used to further define and refine the shortlisted options.

Stage Three – Financial and Commercial Stage

Once the Optimal Option has been identified in the economic evaluation (Stage 2), the focus shifts to developing the procurement strategy and examining implementation details. The completion of this stage depends on the following:

- Financial modelling and the required budgetary decisions prior to entering into any potential agreements.
- Development of implementation plans within the framework of the Change Management Stage.

This stage is considered complete only after the final financial conditions are established, final supplier proposals are reviewed, and agreements are signed, in compliance with the approved budget for the programme or project. The financial analysis must reflect the full impact of any procurement process that has been undertaken.

Stage Four – Change Management Stage

This stage focuses on implementing the decisions taken in the preceding stages, including the implementation of the Optimal Option in accordance with the concluded agreements and the approved financing arrangements. Successful implementation depends on the accurate execution of the selected option, as well as effective monitoring and performance management.

RIA provides the fundamental justification for change and identifies the most effective means of achieving it in line with the overarching objectives and implementation context. Accordingly, the four stages are not only essential but also interconnected and interactive, ensuring the development of a comprehensive and effective assessment.

Review Stages and Governing Elements

The assessment process includes defined review stages in which representatives of the Ministry and relevant Federal Entities participate to ensure:

- Compliance with the methodology and assessment requirements (including flex points).
- Transparent documentation of judgements and assumptions.
- Alignment of the assessment with the scale and nature of the proposed change or intervention.

Each project or programme possesses unique characteristics, requiring RIA Analysts to apply an appropriate degree of adaptation and customisation when implementing the RIA Process. Although the stages and steps are presented in a structured sequence, their implementation typically occurs with a degree of flexible overlap, reflecting the specific nature of the project under consideration.

Figure 1: Overview of the Four Stages of the Regulatory Impact Assessment Process

Stage One: Strategic Stage

Summary:

- Establish the strategic case for change and the basis for the RIA.
- Define the core problem and the strategic context that any policy response must reflect.
- Frame the RIA in terms of its rationale, guiding principles, and stakeholder engagement.

Outputs:

- Strategic assessment.
- Define the level of RIA required.
- Stakeholder engagement plan.

Stage Three: Financial and Commercial Stage

Summary:

- Define the budget parameters and confirm that costs and funding sources can support the Optimal Option, as well as determine the potential scope of the commercial strategy and the associated procurement decision.

Outputs:

- Agreement on and allocation of the budget, with confirmation of the funding source.
- Commercial strategy, including the procurement strategy and the allocation of risks and responsibilities.

Stage Two: Economic Stage

Summary:

- Identify and evaluate the Longlist and Shortlist Options, including analysis of their impacts.

Outputs:

- Detailed option (derived from the Longlist).
- Identification of the Optimal Option (derived from the Shortlist).

Stage Four: Change Management Stage

Summary:

- Assess the Optimal Option, management responsibilities, governance requirements, and plans for monitoring and evaluating the impacts of the policy change or intervention.

Outputs:

- Implementation, monitoring, and evaluation plans for the Optimal Option.

Figure 2: Regulatory Impact Assessment Process Workflow Steps

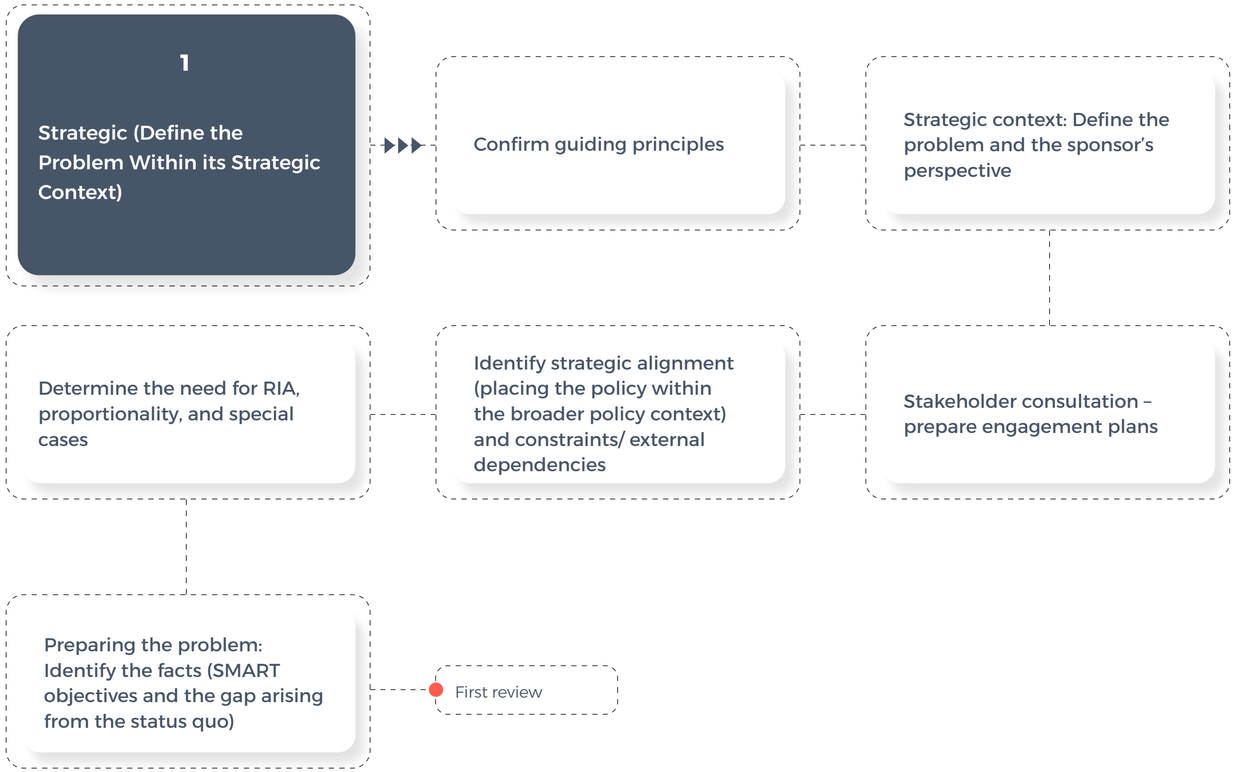
Regulatory RIA Process Flowchart

3.

Chapter 3: Procedural Framework for the Regulatory Impact Assessment Process

- Stage One: Strategic Stage
- Stage Two: Economic Stage
- Stage Three: Financial and Commercial Stage
- Stage Four: Change Management Stage

Stage One: Strategic Stage



Overview

The Strategic Stage forms the foundation of the RIA Process, as it aims to prepare the initial draft of the strategic assessment in a comprehensive and professional manner. Upon completion of this stage, a draft of the strategic assessment should be ready to be presented to the Ministry or relevant Federal Entities for review and comments. If the draft is not approved by the competent Ministry or Federal Entities, the RIA Sponsor, in collaboration with the RIA Analyst, whether from within the entity or an external specialised third party, must resubmit the draft after incorporating the necessary revisions. Progression to the next stage requires that any shortcomings or gaps identified in the strategic component of the RIA be addressed.

This stage involves presenting essential contextual information and clearly articulating the rationale for the proposed change, in addition to identifying the key indicators that link this stage to the subsequent Economic Stage. Such information is critical for understanding how the assessment takes into account the broader economic, social, environmental, and political context. The flexibility of the RIA Process is also an important consideration at this stage, as RIA Analysts should demonstrate how the assessment approach can adapt to potential changes that may arise during the implementation of the project or the proposed policies.

Step 1: Confirming the Guiding Principles

In this step, the guiding principles that form the reference framework for the RIA must be identified and formally confirmed. At a minimum, these principles include:

- **Principle of Proportionality:** Ensuring that the proposed intervention or change is proportionate to the scale and impact of the problem.
- **Evidence-based Principle:** Ensuring that any proposed change or intervention is grounded in credible and verifiable evidence.
- **Efficient Allocation of Resources:** Ensuring the optimal use of resources to achieve the greatest possible benefit at the lowest cost.
- **Enhancing Public Value:** Seeking to generate broader social and economic benefits for society and the UAE.

The design and structure of this Manual aim to support the achievement of these principles and ensure that RIA Analysts adhere to them.

1.1 Specific Principles

Given the unique political structure of the UAE as a federation comprising seven emirates, it is essential to adopt national guiding principles that reflect the country's specific social, economic, and cultural context. These principles may be issued in separate documents that complement this Manual.

Practical Examples

- Adopting the principle of transparency in the use of Artificial Intelligence technologies, requiring RIA Analysts to disclose the mechanisms through which such technologies are used and their practical applications, thereby ensuring meaningful and effective engagement with all stakeholders.
- Applying the standards of the National In-Country Value Programme within federal procurement rules to provide additional weight to the social value delivered by suppliers.

1.2 Why Does Adherence to the Principles Matter?

RIA Analysts and RIA Sponsors must fully adhere to all approved guiding principles and apply them throughout every stage of the RIA Process.

The first review at the conclusion of the Strategic Stage represents a key opportunity for consultation and coordination with the Ministry/Federal Entity to assess compliance with these principles and the quality of the assessment outputs.

Procedure: Responding to the Guiding Principles
The RIA Analyst must:

- Demonstrate a clear understanding of the guiding principles and assess their applicability to the relevant project or programme.
- Explain the mechanism for applying each applicable principle and describe how it will be implemented in practice within the framework of the RIA and the proposed policy.

Step 2: Strategic Context – Defining the Problem and the Perspective of the RIA Sponsor

This step addresses two key elements of the RIA Process:

(a) defining the problem that the intervention seeks to address, and (b) identifying the perspective of the RIA Sponsor and its role in shaping policy responses to the problem.

2.1 Presenting the Problem

The RIA Analyst prepares a concise and precise statement describing the problem under examination, highlighting its essential elements and key dimensions.

This statement is used to explain the rationale that led the RIA Sponsor to intervene through the development of a new policy or the amendment of an existing one. It also helps establish the strategic context of the programme or project under assessment.

Procedure: Analysing and Presenting the Problem Concisely
The RIA Analyst should present a concise problem statement based on a detailed analysis of the following:

- Identifying the nature of the problem and explaining why it constitutes a priority, including assessing the likelihood that it will persist in the future.
- Identifying the groups affected by the problem and assessing the degree of impact on them.
- Measuring the scale of the problem using quantitative indicators, such as its impact on carbon emissions or life expectancy rates.
- Identifying the underlying causes, including market failures, regulatory failures, gaps in social equity, health or environmental risks, or behavioural factors affecting individuals.

2.2 Understanding the Perspective of the RIA Sponsor

Understanding the perspective of the RIA Sponsor is critical at this stage. The Sponsor determines how the problem is viewed and defines the scope of the potential intervention or policy response.

This perspective includes assessing the extent to which the problem affects services or targeted groups, identifying the types of policy solutions that may be adopted, and determining the available financial and technical resources, including the allocated budget.

For example, the approach adopted by the Ministry of Health to address air pollution may differ from the approach taken by the Ministry of Energy or the Ministry of Transportation, depending on their respective mandates, roles, and authorities.

To use the appropriate template, refer to Annex (A) – Template 1: Problem and objectives identification template.

2.3 Spending Objectives

The RIA Sponsor proposes the overarching spending objectives associated with the programme or project under assessment. These objectives are typically linked to one or more of the following drivers:

- **Effectiveness:** Improving the quality or quantity of public services delivered and ensuring the achievement of the intended outcomes.
- **Efficiency:** Enhancing the productivity of services delivered at the lowest possible cost.
- **Economic objective:** Reducing the overall cost of services and resources used.
- **Compliance objective:** Ensuring adherence to applicable legislation, regulations, and oversight standards.
- **Replacement:** Re-procuring or upgrading services to prevent service failure.
- **Social welfare:** Providing new services to support vulnerable groups and promote social equity.
- **Equitable access:** Promoting equal opportunities for access to services across all groups.
- **Environmental stewardship:** Ensuring that those responsible for environmental or health harms, such as carbon emissions, bear the associated costs.

2.4 Rationale for Intervention

There must be clear and objective justification for intervention by the RIA Sponsor, based on one or more of the following factors:

- Analysis of the underlying causes of the problem, such as market failure, regulatory shortcomings, systemic risks, or unacceptable environmental and health impacts.
- Expected outputs, representing the practical benefits that will be achieved through adopting the proposed option.

It is important that maintaining the status quo be included as one of the options within the RIA Process, meaning that non-intervention remains a valid option if analysis demonstrates that existing policies are sufficient or more appropriate.

Procedure: Establishing the Rationale for the Intervention Objectives

The RIA Analyst must:

- Formally introduce the RIA Sponsor and clarify its mandates.
- Explain the legislative objectives of the Sponsor and the role of the programme or project in achieving them.
- Assess the Sponsor's capacity to implement the programme based on the services within its scope of responsibility.
- Clarify how the proposed changes align with existing national policies and strategies.
- Identify what the Federal Entity seeks to achieve through the proposed change and what is required to address existing gaps.

Step 3: Determining the Need for Regulatory Impact Assessment, Proportionality, and Special Cases

This step aims to determine whether conducting an RIA is necessary and to assess whether the scope of the assessment is proportionate to the scale and impact of the problem or the proposed intervention.

An RIA is required where the proposed change goes beyond minor amendments or where it may directly or indirectly affect individuals, companies, or societal institutions.

In this context, the change in public services anticipated by the proposed programme or project (which is subject to RIA) reflects changes in the operational needs of the RIA Sponsor, as the delivery of its services may also need to evolve. In practice, it can be beneficial to frame the RIA as a case for policy change (or intervention), with the Strategic Stage focusing on establishing the strategic justification for such intervention. Framing the RIA this way helps move the "case for change" beyond a merely "acceptable" proposal towards a more compelling and evidence-based rationale.

3.1 Principle of Necessity and Proportionality

The RIA Analyst should consider, at a minimum, the following:

- Clarifying the legal and technical justification for conducting the RIA.
- Estimating the potential impacts in terms of social costs, social benefits, and risks to society.
- Identifying the resources required to conduct the assessment, including available time, data availability, and institutional support.
- Adopting methodologies appropriate to the scale and nature of the intervention, while incorporating sufficient flex points to ensure an appropriate balance between analytical rigour and practical feasibility.

This approach helps direct resources towards RIAs of genuine significance while avoiding unnecessary effort in cases involving minor or limited-impact changes.

Procedure: Preparing the Necessity and Proportionality Statement

The RIA Analyst must:

- Explain the rationale for conducting the RIA in light of the significance of the programme or project and the expected risks, benefits, and costs to society.
- Identify the resources required, including time, data, and the necessary technical expertise.
- Include clear plans for adapting the RIA Process in line with the scope of the project and its strategic objectives, while making use of available flex points.

At this stage, the analysis does not involve comparing specific options; rather, it focuses on establishing the necessity of conducting the RIA itself without addressing the detailed selection of alternatives.

3.2 Flex Points in the Regulatory Impact Assessment Process

Flex points represent a key tool that enables RIA Analysts to streamline or expand the scope of the RIA according to the nature of the project. These flex points include:

- **Filtering systems**: Direct screening criteria may be used to simplify the process of identifying or excluding options, or more advanced methodologies may be applied, such as Cost-Benefit Analysis and similar analytical approaches.
- **Stakeholder engagement plans:** The level of engagement required may vary depending on the scale and impact of the intervention.
- **Developing policy:** The degree of flexibility may also depend on how advanced the regulations or decisions under development are, particularly where decision-makers have already acknowledged the need for the assessment.

3.3 Special Cases

Certain circumstances may require adapting the conventional RIA Process to accommodate exceptional conditions. These cases include:

- **Pre-defined Options:** In situations where two or three options for change or intervention have already been identified outside the RIA, the Longlist Evaluation stage may need to be adapted, with greater emphasis placed on Cost-Benefit Analysis or other analytical techniques in Stage Two (2): Shortlist Evaluation. However, it remains important to establish critical success factors in Step 2: Agreement on the primary critical success factors, along with any additional factors derived from Stage Two (1): Longlist Evaluation. All other stages should be completed as usual.
- **Applicable Longlist Stage:** Where it is agreed that the Longlist Evaluation stage is sufficient to identify the Optimal Option, this implies that the Preferred Option and the Optimal Option are effectively the same. This does not eliminate the need to conduct Cost-Benefit Analysis in Stage Two (2): Shortlist Evaluation, although the analysis may not follow the same level of detail required when multiple options are under consideration.
- **National Interest and Mandatory Considerations:** In cases where a specific policy option is selected outside the RIA Process for urgent implementation due to national interest, or where the intervention is mandated by state leadership, legislation, or international obligations. In such cases, the RIA Analyst, in accordance with the guidance of the RIA Sponsor, should complete the core steps required to evaluate the selected option during and after implementation. This includes completing the Change Management Stage and the Financial and Commercial Stage, as well as focusing on key steps within the Strategic Stage, such as defining the status quo, formulating SMART objectives, identifying critical success factors in Step 2: Agreement on the Primary Critical Success Factors, and incorporating any additional factors identified during Stage Two (1): Longlist Evaluation. A concise Cost-Benefit Analysis should also be conducted to enable the RIA Sponsor to monitor and measure the effects of the policy intervention.
- In all special cases, these circumstances do not exempt the Ministry or Federal Entities from sponsoring the RIA, as they remain responsible for conducting it. Given that this requirement may present challenges due to potential time constraints, all reasonable efforts should be made to fulfil this obligation.

Procedure: Addressing Special Cases (Where Applicable)

If any special cases arise, the RIA Analyst must:

- Coordinate closely with the RIA Sponsor to determine the most appropriate approach consistent with the Manual.
- Avoid modifying SMART objectives or altering critical success factors to accommodate a pre-selected option, in order to preserve the neutrality and credibility of the RIA.
- Following implementation, review the policy and the selected option and update the SMART objectives where necessary in line with new evidence or developments.

3.4 Responsibilities of the RIA Sponsor

The RIA Sponsor is responsible for ensuring full adherence to the Manual and for effectively managing the process. Responsibilities include:

- Leading the RIA Process and ensuring its completion within the approved timelines.
- Reviewing the assessment chapters and providing feedback to ensure their quality.
- Deciding whether to proceed to subsequent stages or conclude the process based on the steps completed.
- In special cases, ensuring that all required procedures are carried out, even where the full RIA cannot be applied, while maintaining close coordination with the RIA Analyst.

Step 4: Ensuring Strategic Alignment and External Constraints

This step focuses on assessing the extent to which the proposed policy change or intervention aligns strategically with the broader public policy framework of the state, and ensuring its coherence with other relevant Government strategies, initiatives, and projects.

4.1 Strategic Alignment and External Constraints

Strategic alignment includes examining external constraints that define the broader framework and conditions within which the programme or project must operate. These constraints fall into two main categories:

- **General Constraints:** These include all factors (other than legal constraints) that may influence the feasibility of implementing the programme or project. Examples include ethical considerations and societal standards; social and cultural values affecting the level of societal acceptance of the project; and relevant Government initiatives and strategies (such as We the UAE 2031 Vision, the UAE Digital Government Strategy, initiatives promoting digital governance and service innovation, the UAE Strategy for Government Services, the UAE Centennial Plan 2071, the National Innovation Strategy, and other national sector strategies such as energy, environment, sustainability, and health). These factors should be considered when preparing the RIA, and they may also be linked to the guiding principles of the assessment to ensure that the evaluation remains comprehensive and aligned with national priorities.

- **Legal and Regulatory Context:** Legal frameworks constitute one of the primary constraints governing any policy intervention or change. This includes laws and implementing regulations, international treaties and agreements, and compliance requirements related to Government policies and existing regulatory frameworks. Any proposed programme or project must align with these frameworks to ensure its legality and effectiveness.

The RIA should also take into account the UAE's internationally agreed commitments and ensure that proposed interventions remain consistent with them.

4.2 External Dependencies

These refer to factors that fall outside the direct control of the programme or project but are essential to its success. Examples include technical infrastructure (such as the availability of internet networks when implementing digital transformation initiatives) and the resources of other entities (where the project depends on cooperation or coordination with other Federal Entities or local authorities). Ignoring such dependencies may expose the project to risks such as implementation delays or reduced effectiveness.

4.3 Integrating Strategic Alignment into Critical Success Factors

Strategic alignment is one of the critical success factors used during the longlist evaluation stage. At this stage, the assessment examines the extent to which options align with national policies when determining the Optimal Option, while also identifying additional factors or constraints related to Government policies or initiatives that may influence the RIA Process. This approach helps strengthen the quality of the RIA and ensures its consistency with the UAE's strategic vision and national priorities.

Procedure: Identifying Areas of Cooperation and Critical Success Factors

The RIA Analyst must:

- Consult with the RIA Sponsor to understand and document potential areas of cooperation with other Government policies or programmes.
- Identify any external dependencies, such as infrastructure requirements, on which a policy option may rely, but which remain outside its direct control.
- Examine and assess whether any constraints or external dependencies should be included in the list of critical success factors (noting that optional critical success factors should normally be limited to two) and determine how these should be articulated (within Step 2: Agreement on the Primary Critical Success Factors and any additional factors from Stage Two (1): Longlist Evaluation).
- Where it is not possible to define a critical success factor (in Step 1: Initial Options – direct filtering and quality assurance from Stage Two (1): Longlist Evaluation), a direct filtering system may be developed and applied to immediately exclude options from the initial Longlist. This approach may be appropriate, for example, where sustainability initiative objectives must be effectively considered across all potential options.
- Note that the inclusion of additional critical success factors represents one of the flex points within the RIA Process.

Step 5: Consulting Stakeholders and Developing Engagement Plans

As any change in public policy or regulatory intervention may have direct or indirect impacts on multiple segments of society, designing a comprehensive stakeholder engagement plan is a fundamental step in the RIA Process. Such engagement ensures transparency, achieves societal consensus, and supports the understanding of diverse perspectives related to the proposed intervention.

The engagement plan aims to accurately identify stakeholders, define the mechanisms for their involvement, and facilitate a constructive consensus that enhances the quality and effectiveness of the assessment outcomes.

5.1 Identifying Stakeholders

The initial analysis of the problem helps identify the groups most affected by the proposed regulatory intervention. These groups may be classified as follows:

- **Direct Stakeholders:** Individuals or entities directly affected by the outcomes of the policy or legislation.
- **Indirect Stakeholders:** Groups that may be affected indirectly or in a secondary manner.
- **Regulatory, Judicial, or Economic Entities:** Include ministries, Federal Entities and local authorities, oversight and legislative bodies, and major economic institutions.

When developing the engagement plan, prior consultations should be documented and built upon to avoid duplication and optimise the value of existing insights and lessons learned.

Procedure: Developing a Balanced Stakeholder Engagement Plan

The RIA Analyst, in coordination with the RIA Sponsor, must:

- Prepare a comprehensive engagement plan aligned with the scale and significance of the project, clearly defining the scope of participation required.
- Document any previous consultations to leverage their outputs and ensure consistent efforts.
- Establish a clear mechanism for identifying both direct and indirect stakeholders.
- Identify stakeholders with judicial, economic, or political interests and determine the importance of their engagement at different stages.
- Define the optimal timing for each stage of engagement and identify the appropriate communication channels.
- Incorporate appropriate governance frameworks when using Artificial Intelligence or automation tools, ensuring full transparency in how such tools are applied.

5.2 Facilitating Consensus-building

Achieving consensus among stakeholders is a key objective of the engagement process, as it enhances the credibility of proposed policies. The engagement plan should provide safe and objective platforms for dialogue that encourage open expression and enable the careful collection and analysis of views. It should also ensure balanced representation of different groups without discrimination and reflect the perspectives and aspirations of all segments of society.

5.3 Ensuring Alignment across Levels of Government

Integration and coordination across different levels of governance is a critical success factor for the RIA Process and a well-established practice in advanced Government systems. This involves engaging all relevant Government entities at both the federal and local levels.

At the federal level, this requires early and effective coordination with relevant Federal Entities involved in the regulatory intervention to ensure policy and legislative consistency, as well as the exchange of technical information and data required for the assessment.

At the local level, involving executive departments and competent local authorities enhances the practical feasibility of implementing proposed policies. It ensures that local administrative, economic, and social contexts are taken into account, helps unify efforts and avoid overlap or duplication of mandates, and supports alignment between federal policies and the specific needs of each emirate. This ultimately strengthens Government integration and maximises regulatory and legislative impact.

5.4 Stakeholder Classification and Engagement Methods

The list of stakeholders may include, but is not limited to: Relevant ministries and Federal Entities; legislative, oversight, and regulatory authorities; individuals and business entities; representatives of civil society; local and international media; and private sector institutions and strategic companies. A combination of interactive tools is recommended, including:

- **Public Calls for Input** via digital platforms or email.
- **Consultation Papers and Public Discussions** to present proposed policies and gather feedback.
- **Surveys and Questionnaires** to collect quantitative data supporting decision-making.
- **Focus Groups** to discuss alternatives with specific target groups.
- **Interactive Workshops** to collaboratively develop practical implementation solutions.
- **International Benchmarking** to draw lessons from comparable countries or institutions.

To use the appropriate template, refer to Annex (A) – Template 2: Stakeholder Analysis and Engagement Template.

5.5 Balancing Technology and Active Engagement

Technology serves as an important enabler and accelerator in the engagement process. It can be used to disseminate invitations and updates through digital channels, conduct surveys and analyse data electronically, and organise virtual workshops.

However, direct and interactive participation should be maintained, particularly when addressing complex or sensitive topics. It is therefore recommended to design a hybrid engagement plan that combines technology with human interaction to achieve the highest levels of effectiveness and transparency.

Step 6: Rationale for Change, Defining SMART Objectives, and Gap Analysis[1]

This step represents a key transition point in the RIA Process, moving from broad strategic analysis to the practical design of outputs. This is achieved through the definition of performance indicators, policy objectives, and success metrics. The objective of this step is to establish a clear methodology that guides subsequent stages of the RIA Process and ensures that proposed interventions are aligned with real-world challenges and the needs of all segments of society.

6.1 Key Focus Areas

- **Defining the Status Quo:** A precise analysis of the current situation is a fundamental starting point for understanding the problem and identifying the actual need for regulatory or legislative change. This involves collecting reliable data on existing systems, practices, and outcomes; documenting current performance using both quantitative and qualitative indicators; and using the status quo as an analytical baseline for comparing alternatives in subsequent stages, whether for the Longlist or the Shortlist.
- **Formulating SMART Objectives:** SMART objectives play a central role in guiding the RIA Process and in planning public policies. These objectives are subsequently used in the Economic Stage, in social and environmental impact analysis, and in the development of monitoring and evaluation plans.
- **Gap Analysis:** Gap analysis aims to identify the difference between the status quo (based on analysed data) and the target state (as defined by the SMART Objectives). This analysis serves as a practical tool for identifying the root causes underlying the failure to achieve objectives, including institutional, legislative, or technical barriers, as well as the interventions required to close the gap and achieve measurable improvements in overall performance.[1]

[1]Gap analysis may also support the assessment of the programme/project's strategic alignment with other public policy initiatives.

6.2 SMART Objectives

SMART Objectives are based on clear and standardised criteria that ensure their effectiveness and quality, while enabling accurate and transparent monitoring of progress and measurement of impact:

- **Specific:** Objectives should be clearly defined and precise, specifying exactly what is to be achieved, in alignment with national strategic objectives.
- **Measurable:** Objectives should include quantitative or qualitative indicators that allow progress to be tracked and success to be measured objectively.
- **Achievable:** Objectives should be realistic in light of available resources, taking into account financial, operational, and time constraints.
- **Relevant:** Objectives should be aligned with national policy priorities and the actual needs of society and stakeholders.
- **Time-bound:** Clear timelines should be established, defining key milestones and deadlines to ensure timely implementation.

SMART objectives are used in the Economic Stage of the RIA Process to evaluate options, and in the Change Management Stage for monitoring and evaluation purposes.

Case Example: Objective - Reduce carbon emissions from public transport in City X by December 2030.

- **Specific:** Reduce carbon emissions generated by public transport buses.
- **Measurable:** Achieve a 20% reduction by replacing 200 diesel buses with electric buses.
- **Achievable:** Secure the necessary funding through the green infrastructure fund and implement the project in phases.
- **Relevant:** Aligns with the nation's commitment to achieving climate neutrality by 2050 and national air quality objectives.
- **Time-bound:** Complete the full transition by the end of 2030.

Procedure 1: Defining the Status Quo

The RIA Analyst must:

- Document and analyse all data related to the status quo using both quantitative and qualitative approaches.
- Identify the relevant environmental, economic, and social dimensions.
- Clearly state the assumptions underpinning the analysis and assess their likelihood of remaining valid or changing over time.

Procedure 2: Defining SMART Objectives

The RIA Analyst must:

- Define SMART objectives that reflect the outcomes expected to be achieved through the proposed policy change or intervention (within the programme or project).

Procedure 3: Gap Analysis between the Status Quo and SMART Objectives

The RIA Analyst must:

- Examine the gap between the status quo and the SMART objectives, and analyse the changes that the RIA Sponsor will need to implement in the delivery of public services to address this gap (from the perspective of the RIA Sponsor, these changes in service delivery should align with anticipated operational needs).
- Ensure that this analysis is supported by a clear explanation (evidence) of the causal relationships, demonstrating how meeting the operational needs of the RIA Sponsor will lead to the achievement of the SMART objectives (a technique commonly referred to as "logical sequence").

First Review – Ministry / Federal Entity Review

At this stage, the Ministry/Federal Entity plays a key oversight role to ensure the quality and effectiveness of the RIA before progressing to the Economic Stage, through:

- Reviewing the strategic assessment to ensure the robustness of the rationale and supporting evidence for the proposed change.
- Providing constructive feedback based on best practices to enhance the comprehensiveness, accuracy, and quality of the RIA outputs.
- Recommending necessary amendments or updates to project components or the adopted approach, where required, prior to moving to the next stage.

To use the appropriate template, refer to Annex (A) – Template 3: Initial RIA Review Template.

Procedure: Incorporating Assessment and Determining Next Steps

The RIA Analyst must:

- Carefully consider and thoroughly analyse the assessment received from relevant entities to ensure it is effectively addressed.
- Incorporate the proposed amendments into the strategic assessment in a manner that reflects the recommendations and enhances the accuracy and quality of the outputs.
- Determine the appropriate course of action following the review, either by revising and further developing the strategic assessment where necessary, or by proceeding to the Economic Stage for options analysis if the rationale is deemed robust and the proposal appropriate.
- Document all actions and decisions taken at this stage in a clear and formal record, in line with governance and transparency principles, to ensure the traceability of the decision-making process.

Stage Two: Economic Stage

Overview

This stage is a logical extension of Stage One (Strategic Stage), transitioning from problem definition and the formulation of SMART objectives to the actual evaluation of regulatory and non-regulatory options to determine the most appropriate option for implementing the policy intervention.

This stage focuses on achieving maximum value for public funds by adopting an analytical approach that balances costs and benefits, while taking into account relevant economic, social, and environmental considerations. Despite the use of quantitative models and advanced analytical techniques, professional judgment and qualitative assessment remain essential in interpreting results and decision-making.

Objective

The primary objective of this stage is to support decision-makers in selecting the most efficient and viable option from a set of available alternatives. This is achieved by boosting the impact of public resource allocation, ensuring the alignment of proposed policies with national strategic priorities, balancing expected benefits against anticipated costs to reinforce the principle of value for money, and strengthening transparency and accountability through the use of robust, evidence-based assessment tools.

The Overall Structure

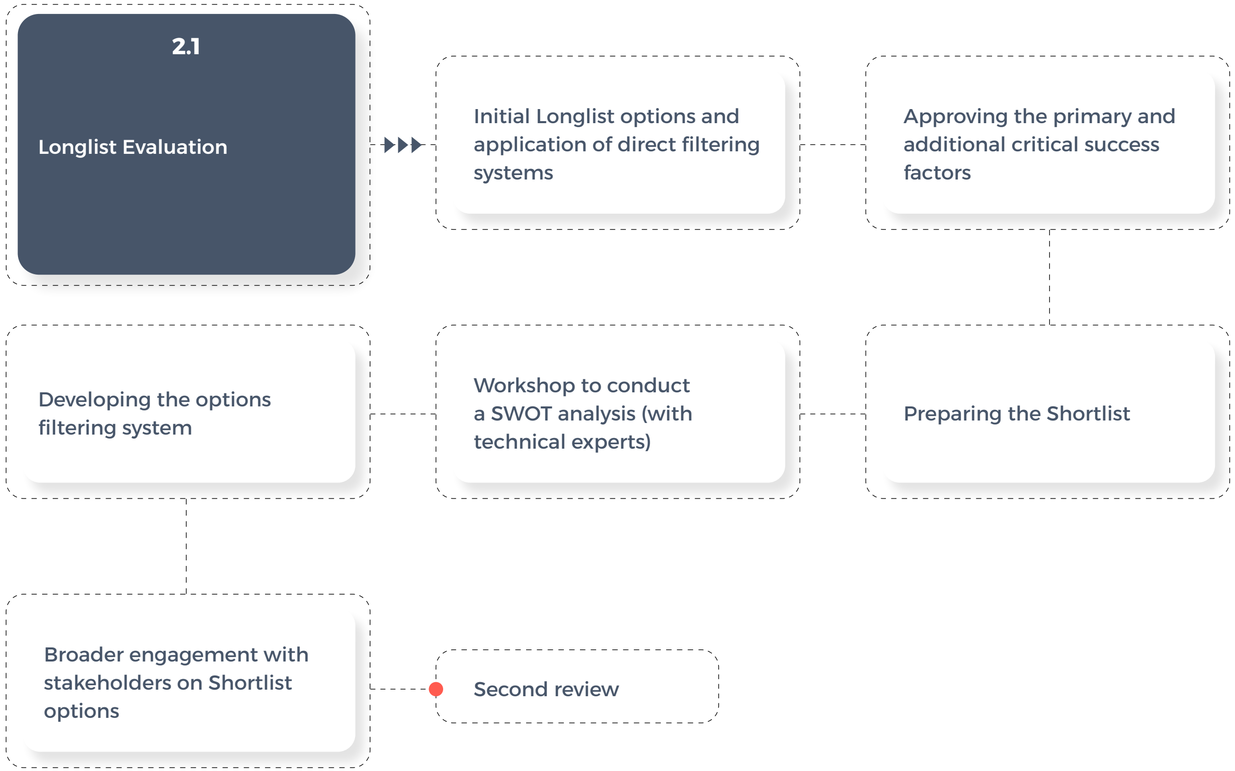
This stage of the RIA Process is divided into two interrelated phases:

- **Stage Two (1) – Longlist Evaluation:** At this step, a comprehensive initial list of potential regulatory and non-regulatory alternatives is developed to address the problem or achieve the defined objectives. These alternatives are then subjected to an initial filtering process aimed at excluding infeasible or low-value options, with the remaining options forming a shortlist for detailed evaluation. Key filtering tools include:
  - **SWOT Analysis:** An initial tool used to assess the internal and external context of each option, identifying its strengths, weaknesses, opportunities, and threats. This analysis may result in merging or refining certain alternatives to produce more integrated options.
  - **Critical Success Factors:** Identifying the essential conditions required to ensure the success of a proposed option, including legal, institutional, and implementation considerations.
  - **Screening Tools:** A quantitative or qualitative tool used to assess each option against predefined criteria, supporting the selection of the most realistic and viable alternatives.
- **Stage Two (2) – Shortlist Evaluation:** This step focuses on analysing the shortlist to determine the Optimal Option using internationally recognised economic analysis techniques. The primary method is Cost-Benefit Analysis (CBA), which evaluates the feasibility of alternatives by systematically comparing expected costs and benefits to identify the option that delivers the greatest value. This involves the following steps:
  - **Identification of Costs and Benefits:** Developing a comprehensive list of all direct and indirect costs, as well as expected benefits.
  - **Monetary Value Estimation:** Assigning monetary values to each cost and benefit associated with each option.
  - **Current Value Calculation:** Applying a discount rate to convert future values into present values that reflect their true economic worth.
  - **Net Present Value Calculation:** Calculating the difference between total present value of benefits and total present value of costs.
  - **Comparison of Alternatives:** The option that achieves the highest Net Present Value (NPV) is considered the most economically efficient.

The selection of the Optimal Option may also require combining the results of Cost–Benefit Analysis (CBA) with other criteria, such as social and environmental objectives, as well as relevant legal and regulatory constraints.

To use the appropriate template, refer to Annex (A) – Template 4: Preliminary Economic, Social, and Environmental RIA Template.

Stage Two (1): Longlist Evaluation



Overview

The Longlist Evaluation Stage stage is a fundamental and pivotal step within the RIA Process, during which a broad range of potential policy intervention options, both regulatory and non-regulatory, are generated and developed. This stage explores all possible alternatives without limitation, thereby expanding the scope of analysis and encouraging innovative and non-traditional solutions.

Once these alternatives are identified, they are subjected to a set of initial filtering and quality assurance tools to ensure that they meet the minimum technical, legal, and regulatory criteria required to progress to the next stage.

This preliminary analysis establishes the methodology upon which the detailed economic and social assessment are built in subsequent steps, making this stage essential for ensuring the robustness, comprehensiveness, and overall effectiveness of the RIA Process.

Step 1: Initial Options List – Direct Filtering and Quality Assurance

1.1 Developing the Initial Longlist

It is not necessary to follow a fixed or uniform approach when developing the initial Longlist of options. Instead, a flexible approach is encouraged to generate a diverse and balanced set of viable alternatives, representing a broad spectrum of possible solutions for policy intervention. These options may include:

- **Legislative Options:** Such as introducing new laws or regulations, amending existing legislation, or updating regulatory frameworks.
- **Non-legislative Options:** Such as launching awareness and education campaigns, providing economic incentives or imposing taxes, supporting self-regulation or co-regulation initiatives, improving the performance of existing institutions, applying behavioural insights to influence individual choices, and enhancing infrastructure or developing public services.

1.2 Methods for Developing Options

The development of this list is based on multiple sources and inputs, depending on the nature of the assessment, including:

- **Data Analysis and Technical Research:** To identify patterns and needs.
- **Expert Input:** To leverage specialised knowledge and practical experience.
- **Governmental and Sectoral Consultations:** To obtain qualitative input from relevant entities.
- **Structured Public Engagement:** Through digital calls for input or interactive workshops.
- **Benchmarking Studies:** By reviewing successful international experiences in addressing similar challenges.
- **Surveys and Interviews:** To capture societal trends, expectations, and proposed solutions.

1.3 Applying Initial Eligibility Criteria

Before including any option in the Longlist, it must meet a minimum set of eligibility requirements. Each option must be:

- Directly linked to the core problem and the policy under assessment.
- Aligned with SMART objectives and national strategic priorities.
- Aligned with available resources and existing constraints.
- Feasible in terms of technical and time considerations.
- Supported by data and evidence, and informed by consultations and benchmarking practices.

1.4 Balancing Options Development and Filtering

It is essential to maintain a careful balance between the broad range of proposed alternatives and excluding unsuitable options at an early stage to avoid unnecessary resource use or fragmented efforts. This approach helps ensure comprehensive consideration of all viable solutions, focuses analysis on high-value options, and maximises the benefit of inputs from stakeholders and experts.

1.5 Mechanism for Filtering Eligible Options

At this stage, a simplified initial filtering mechanism based on a “yes/no” approach is applied. This serves as a practical tool for making quick and objective decisions regarding the eligibility of proposed options to proceed to more advanced stages of evaluation. Initial exclusion criteria include:

- Immediate exclusion of any option that is not aligned with the guiding principles established in the Strategic Stage.
- Application of predefined constraints (such as legal, financial, or time constraints).
- Exclusion of weak options that lack sufficient justification or analytical foundation.

The objective at this stage is not to conduct a detailed Cost-Benefit Analysis (CBA), but rather to ensure that each proposed option meets a minimum threshold of credibility and initial feasibility.

All options included in the Longlist must adhere to the guiding principles established in Step 1 of the Strategic Stage, including alignment with overall Government policy directions and relevant national objectives. While the level of analysis required at this stage does not necessitate detailed assessment of costs and risks, the proposed alternatives must be sufficiently developed to enable the RIA Analyst to:

- Identify potential benefits, whether monetary or non-monetary.
- Conduct an initial estimation of the costs and risks associated with each option.
- Identify constraints and external dependencies that may affect the feasibility or effectiveness of the option.
- Assess potential unintended impacts, such as an uneven distribution of social effects or unforeseen financial risks.

Practical Examples of Filtering Systems

- **“Yes / No” System**
  - If the option meets the guiding principles → eligible.
  - If it does not meet them → excluded.
- **Robustness Check**
  - If the option is well-developed and justified → eligible for detailed assessment.
  - If it lacks sufficient data or demonstrated viability → excluded.

1.6 Approved Longlist

At the end of this step, the RIA Analyst is required to prepare a final approved Longlist comprising clearly defined options that demonstrate a minimum level of analytical maturity and practical viability, and are ready to proceed to the following steps:

- SWOT Analysis.
- Systematic comparison based on Critical Success Factors (CSFs).
- Application of the progressive filtering system to develop the Shortlist.

To use the relevant template, refer to Annex (A) – Template 5: Longlist Options Development and Evaluation Template.

Procedure 1: Developing the Longlist and Verifying Minimum Eligibility Criteria

The RIA Analyst must:

- Define an approach to develop the list
  - Identify the method or combination of methods used to generate the initial list of options.
  - Provide the legal or technical justification for selecting the chosen approach.
- Identify participating stakeholders
  - Document all entities or individuals who contributed to the development of the proposed options, including regulatory bodies, technical experts, and representatives of the relevant sectors.
- Verify compliance with minimum eligibility criteria
  - Ensure that all options included in the list meet the established minimum eligibility requirements.
  - Explicitly identify any “integrated” or “unclassified” options that have been included on an exceptional basis, whether to broaden the range of available alternatives or to facilitate their refinement and potential integration with other options within the filtering system.

Procedure 2: Applying Additional Criteria to Enhance the Quality of the Longlist

The RIA Analyst must:

- **Apply an initial yes/no filtering system:** Verify that the remaining options after filtering are sufficiently developed and of adequate quality to warrant further analysis.
- **Document the details of approved options:** Prepare a detailed record of the options that have successfully passed the filtering stage, to be subsequently evaluated using the Screening Tools and SWOT Analysis.
- **Clarify reasons for exclusion:** Prepare a detailed record outlining the reasons for excluding options, whether due to legal or technical considerations, or misalignment with the guiding principles or the objectives of the proposed intervention.

Step 2: Agreement on Primary Critical Success Factors and Additional Factors

This step is a core pillar of the RIA Process. It aims to ensure alignment among all parties involved in the assessment of critical success factors which serve as a key reference for selecting appropriate alternatives from the Longlist. These factors are subsequently used to monitor how the Preferred Option is effectively implemented during the Change Management Stage.

2.1 Understanding and Confirming Primary Critical Success Factors

Primary Critical Success Factors (CSFs) are the essential determinants required to ensure the success of Government interventions, whether programmes or regulatory projects. These factors must be clearly and precisely defined and formally adopted within the RIA documentation, and reaffirmed when selecting the Preferred Option at the conclusion of Stage Two (1): Longlist Evaluation. These factors are categorised into five main dimensions, reflecting the various strategic and operational aspects of Government interventions:

- **Strategic Alignment:** The extent to which the proposed option aligns with overarching public policy objectives and Government spending priorities, as well as national strategies and sectoral directions.
- **Social Value:** The ability of the option to deliver a tangible positive impact on society by improving social, economic, and environmental well-being, while taking into account the balance between benefits, costs, and risks.
- **Deliverability:** Assessing the feasibility of implementation across commercial, technical, and administrative aspects, including the availability of resources, the capacity to manage change, and the ability to adapt to potential operational challenges.
- **Financial Efficiency and Sustainability:** Analysing the option's ability to operate within budget and funding limits, evaluating financing models (whether through direct Government funding or partnerships with the private sector), and ensuring financial viability over the medium to long term.
- **Feasibility and Practical Implementation:** Assessing the real ability to implement the option within the local context, including the capacity of responsible entities to meet requirements, and the availability of the necessary human capabilities and technical expertise to ensure the successful delivery of the intervention.

2.2 Inclusion of Optional Critical Success Factors (Where Applicable)

In certain cases, depending on the nature of the programme or project, the RIA Developer may include one or two additional factors classified as optional Critical Success Factors (CSFs). These factors are introduced in response to specific constraints or challenges identified during the Strategic Stage, with the aim of tailoring the assessment to the practical context of the intervention.

Examples of optional factors include:

- **Compliance with Specific Legal and Regulatory Requirements:** For example, ensuring digital inclusion in digital programmes or adherence to personal data protection standards.
- **Infrastructure and Technical Readiness:** For example, the availability of technical infrastructure or essential communication networks required to implement a digital or technology-based intervention effectively.

2.3 Significance of this Step within the Regulatory Impact Assessment Process

Agreement on critical success factors represents a key turning point in the assessment, as it:

- Serves as a reference framework for conducting a SWOT analysis for each option.
- Enhances objectivity in decision-making related to filtering alternatives.
- Supports the establishment of an effective monitoring framework for tracking the implementation of the Preferred Option after its adoption.

Procedure: Confirming Primary and Optional Critical Success Factors

The RIA Analyst must:

- **Identify Additional Factors:** Review whether there is a need to introduce optional factors based on the outcomes of the previous strategic analysis.
- **Control the Number of Factors:** Where more than two optional factors are proposed, ensure that the total number of factors remains manageable and does not exceed seven.
- **Verify Option Readiness:** Ensure that all proposed options are sufficiently developed to allow an accurate assessment against the defined critical success factors.
- **Comprehensive Documentation:** Prepare formal documentation covering all primary and optional factors, to be presented during the SWOT analysis workshop and linked to the Screening Tools.
- **Integration into Implementation Plans:** Ensure that the agreed Critical Success Factors are incorporated into change management plans and subsequent implementation stages.

Step 3: Developing the Screening Tools

3.1 Definition of the Screening Tools

The Screening Tools is a key analytical tool within the RIA Process, designed to enable the systematic evaluation of public policy alternatives related to the regulatory intervention (programme or project). It is based on the targeted public needs and the extent to which each option is capable of achieving the stated objectives.

This system supports the distinction between enhanced options and those that are merely acceptable by analysing the components of each alternative and restructuring them to develop more efficient and effective options.

3.2 Key Dimensions of the Screening Tools

The system is based on five interrelated dimensions, each analysed using a SWOT analysis (strengths, weaknesses, opportunities, and threats).

- **Scope:** What does the regulatory intervention cover? This includes the scale of the required change, the scope of objectives, and the extent of expected outcomes.
- **Service Solutions:** How will the intervention be delivered? This involves assessing available options in terms of innovation, applicable technologies, relevant local and international best practices, and market capabilities.
- **Service Delivery Model:** Who will deliver the intervention? This dimension examines the most suitable delivery entity (Government entity, partnerships, or external providers) based on capability, resources, and expertise.
- **Implementation Approach:** When and how will implementation take place? This includes timelines, economies of scale, interdependencies between activities, and risk management planning.
- **Funding:** How will costs be financed? This involves assessing funding sources, cost viability, opportunity costs, and the expected social and economic return.

3.3 Frequency and Best Practices

The system is applied in a frequent and flexible manner, in line with international best practices. Its value lies in reducing inherent bias towards specific options, enabling in-depth analysis of alternative components, and encouraging creative thinking through the recombination of elements to develop hybrid options.

It is recommended to include a “minimum implementation” option as a benchmark when comparing alternatives. This option meets the basic scope of the project (SMART objectives) and the minimum requirements for implementation; it is particularly useful in cases where the status quo is not acceptable.

If an option exceeds the scope of the programme or project, it is classified as “scope expansion”, which may require reassessing the strategic case or excluding the option at an early stage to ensure the assessment remains focused on realistic and relevant alternatives.

Case Example

To demonstrate the application of the Screening Tools, a major road project can be used as an example, where options are arranged as follows:

- Option 1: Status Quo
- Option 2: Minimum Implementation
- Option 3: Moderate Implementation
- Option 4: Above-moderate Implementation
- Option 5: Maximum Implementation

In addition to rows covering the five filtering dimensions; service scope, service solutions, service delivery, implementation approach, and funding. Each cell includes explanatory text describing the option (e.g. connecting cities A, B, and C; developing new highways; or public versus private financing), along with a field (Proxy element: Summary of analysis) where the results of the actual analysis are recorded in practice.

Dimensions	Option 1 (Status Quo)	Option 2 (Minimum Implementation)	Option 3 (Moderate Implementation)	Option 4 (Above-moderate Implementation)	Option 5 (Maximum Implementation)
Service Scope (as defined in the strategic case)	0-1 Connect all cities	1-1 Connect cities (A) and (B)	2-1 Connect cities (A), (B), and (C)	3-1 Connect cities (A), (B), (C), and (D)	4-1 Connect all cities (A), (B), (C), (D), and (E)
	[Proxy element: Summary of analysis]	[Proxy element: Summary of analysis]	[Proxy element: Summary of analysis]	[Proxy element: Summary of analysis]	[Proxy element: Summary of analysis]
Service Solutions (workshop defines detailed service solutions related to scope)	0-2 Current services: Road maintenance, etc.	1-2 Basic services: Upgrading existing main roads	2-2 Basic and desired services: A mix of upgrades and new main roads	3-2 Basic and desired services: Entirely new main roads	4-2 Basic and desired services: Main roads and new facilities
	[Proxy element: Summary of analysis]	[Proxy element: Summary of analysis]	[Proxy element: Summary of analysis]	[Proxy element: Summary of analysis]	[Proxy element: Summary of analysis]
Service Delivery (workshop defines detailed service delivery aspects related to scope and service solutions)	0-3 Current arrangements	1-3 Local contractor	2-3 National contractor	3-3 International contractor	4-3 International contractor
	[Proxy element: Summary of analysis]	[Proxy element: Summary of analysis]	[Proxy element: Summary of analysis]	[Proxy element: Summary of analysis]	[Proxy element: Summary of analysis]
Service Implementation (workshop defines detailed implementation aspects related to scope, service solutions, and service delivery)	0-4 Current maintenance arrangements	1-4 Phased over three years	2-4 Phased over two years	3-4 Major completion within one year	4-4 Major completion over two years
	[Proxy element: Summary of analysis]	[Proxy element: Summary of analysis]	[Proxy element: Summary of analysis]	[Proxy element: Summary of analysis]	[Proxy element: Summary of analysis]
Service Funding (workshop defines detailed funding aspects related to scope, service delivery, and implementation)	0-5 Current funding arrangements	1-5 Public funding	2-5 Public–private partnership funding	3-5 Private funding–service fees	4-5 Private funding – toll roads
	[Proxy element: Summary of analysis]	[Proxy element: Summary of analysis]	[Proxy element: Summary of analysis]	[Proxy element: Summary of analysis]	[Proxy element: Summary of analysis]

Procedure: Developing the Options Filtering System

The RIA Analyst must:

- Develop the Screening Tools to be ready for discussion during the workshop.
- Arrange the options progressively from:

  Status quo → Minimum implementation → Maximum implementation.
- Identify options that fall outside the potential scope of the programme or project.
- Ensure integration between the system and workshop outcomes to determine the Optimal Option.
- Provide comprehensive documentation of all justifications and criteria supporting each option.

Step 4: SWOT Analysis Workshop in Collaboration with Technical Experts

The SWOT Analysis workshop is a key milestone within the RIA Process, providing a collaborative platform that brings together stakeholders and specialised technical experts from relevant entities. Its objective is to identify the Preferred Option that achieves an appropriate balance between economic viability, social value, and institutional deliverability.

This analysis adopts a structured and comprehensive approach to examining all proposed alternatives from an integrated perspective, thereby facilitating a well-informed transition to the next stage.

4.1 Organising the Workshop

To ensure the effectiveness of the workshop and the achievement of its objectives, the following measures are recommended:

- **Advance Preparation:** All relevant documents and analytical inputs generated from previous steps, particularly outputs from the Strategic Stage, options analysis, and filtering outcomes, should be compiled and shared with participants ahead of the workshop to ensure an adequate understanding of the context.
- **Integration of Analytical Tools:** Analytical tools should be applied in an integrated manner to ensure a thorough understanding of the options. The Screening Tools should be combined with critical success factors, as they form the basis for an objective and systematic evaluation of alternatives.

4.2 Multi-dimensional Analysis

During the workshop, options are assessed using a comprehensive framework covering the following key dimensions:

- **Service Scope:** Assessing the extent to which each option meets the strategic and operational requirements of the proposed intervention.
- **Service Solutions:** Evaluating the quality and efficiency of the proposed solutions, and their ability to deliver the required level of service.
- **Service Delivery:** Analysing delivery arrangements for each option, including responsible entities, governance structures, and the potential for effective partnerships.
- **Service Implementation:** Assessing institutional readiness and the availability of technical and administrative resources required to implement each option effectively on the ground.
- **Service Funding:** Evaluating the adequacy and sustainability of potential funding sources, including impacts on the public budget or long-term investment requirements.

The analysis also considers non-quantifiable and non-monetary factors, such as social and environmental impacts, alignment with SMART objectives, long-term benefits, and potential unintended risks or consequences associated with each option.

Case Example

The table below presents a summary of the evaluation of options for a major project conducted during the workshop. The project aims to improve road infrastructure and enhance economic development. The table demonstrates how critical success factors and the Screening Tools are integrated within the Longlist evaluation process.

	Status Quo	Minimum Implementation	Moderate Implementation	Above-moderate Implementation	Maximum Implementation
Service Scope (as defined in the strategic case)	0-1 Connect all cities	1-1 Connect cities (A) and (B)	2-1 Connect cities (A), (B), and (C)	3-1 Connect cities (A), (B), (C), and (D)	4-1 Connect all cities (A), (B), (C), (D), and (E)
	Standing	Standing	Preferred Option	Standing	Excluded
Service Solutions (as defined in detailed service scope)	0-2 Current services: Road maintenance, etc.	1-2 Basic services: Upgrading existing main roads	2-2 Basic and desired services: A mix of upgrades and new main roads	3-2 Basic and desired services: Entirely new main roads	4-2 Basic and desired services: Main roads and new facilities
	Standing	Standing	Preferred Option	Standing	Excluded
Service Delivery (as defined in detailed scope and solutions)	0-3 Current arrangements	1-3 Local contractor	2-3 National contractor	3-3 International contractor	–
	Standing	Excluded	Standing	Preferred Option	–
Service Implementation (as defined in detailed scope, solutions, and delivery)		1-4 Phased over three years	2-4 Phased over two years	3-4 Major completion within one year	–
		Standing	Preferred Option	Excluded	–
Service Funding (as defined in detailed scope, delivery, and implementation)		1-5 Current funding arrangements	2-5 Public funding	3-5 Public–private partnership funding	4-5 Private funding – service fees
		Excluded	Preferred Option	Excluded	Excluded

4.3 Documenting Workshop Outputs

Accurate documentation is a fundamental pillar for ensuring continuity of work and enhancing the credibility of the decision-making process. Documentation should include the following:

- **Recording All Decisions and Analyses:** Documenting each decision taken during the workshop, along with the foundations and criteria on which it was based, including supporting evidence and technical analysis.
- **Supporting Evidence and Reference Materials:** Including all quantitative and qualitative data used in evaluating alternatives, whether derived from previous stages or supporting studies.
- **Preparing an Executive Summary:** Developing a concise summary of the workshop outcomes and integrating it into the management information system of the relevant entity for future reference, as needed.

Each option is initially assessed in terms of service scope, and is then analysed comprehensively across the remaining four dimensions in accordance with the SWOT analysis approach. This includes evaluating potential benefits and drawbacks, as well as the extent to which each option aligns with the critical success factors defined in the Strategic Stage.

Even where an option is excluded under one dimension, it may be reconsidered in light of its performance across other dimensions, if it demonstrates sound justification or added value within the project context. Priority may also be provisionally given to options that exceed the minimum threshold in terms of scope or quality, provided they are capable of delivering tangible added value that outweighs the associated costs and risks.

The importance and effectiveness of this approach should not be underestimated, as comprehensive analysis often leads to the identification of a Preferred Option derived from the evaluation of more than 20 primary and derivative options, examined in detail across the five dimensions. This strengthens confidence in the workshop outputs and provides a robust foundation for progressing to the next stage of the RIA Process.

4.4 Step-By-Step Analytical Approach

This analysis is based on breaking down each option in the Longlist into five key dimensions: service scope, service solutions, service delivery, service implementation, and service funding. Options within each dimension are then classified based on their relative ranking and alignment with critical success factors, to identify the most appropriate combination that achieves an optimal balance between value for money, efficiency, and deliverability.

Phase One: Analysing Project Scope

- The analysis begins by examining each option in terms of its alignment with the required service scope, as defined in the Strategic Stage.
- In the case example,, the analysis retains the “minimum implementation” option, which connects cities A and B, as it meets the minimum project objectives.
- The “maximum implementation” option, which includes connecting cities A to H, is excluded due to the absence of a justified need for such expansion at the current stage.
- The “moderate implementation” and “above-moderate implementation” options are retained for subsequent stages of analysis, as the “moderate implementation” option (connecting cities A to C) is likely to be the Preferred Option in terms of scope.
- Key principle: No option exceeding the minimum threshold should be adopted unless it delivers substantial and justified added value; otherwise, it should be excluded.

Phase Two: Analysing Service Solutions

- This dimension assesses the quality and efficiency of the proposed solutions based on technical standards and performance benchmarks.
- In this example, “moderate implementation” is identified as the Preferred Option, as it combines new infrastructure development with upgrades to existing assets, thereby enhancing efficiency and cost-effectiveness.
- Other options, including “minimum” and “above-moderate implementation,” remain under consideration where they may offer additional value.

Phase Three: Analysing Service Delivery

- This analysis focuses on identifying the most suitable delivery entity based on expertise, efficiency, and the ability to ensure quality outcomes.
- The “above-moderate implementation” option is preferred when delivery is assigned to an international contractor, given the complexity of implementation.
- The “minimum implementation” option is excluded if reliant on a local contractor that lacks the required capacity, while the “moderate implementation” option remains feasible if delivered by a qualified national contractor.

Phase Four: Analysing Service Implementation

This phase evaluates the practicality of implementation within defined timelines and available resources.

- The analysis favours options that adopt phased implementation over a two-year period, as this approach reduces risks and facilitates monitoring and evaluation.
- Highly accelerated or large-scale delivery options that lack realistic implementation plans are excluded.

Phase Five: Analysing Service Funding

This phase assesses the suitability and sustainability of funding arrangements.

- Options are evaluated based on their adaptability to available funding sources and long-term financial sustainability.
- The “minimum implementation” option is excluded due to its reliance solely on public funding, which limits financial flexibility.
- Options dependent exclusively on private financing without sufficient guarantees are also excluded.
- The Preferred Option in this example is “moderate implementation,” as it adopts a public–private partnership model, which enhances financial sustainability and reduces pressure on the public budget.

Preferred Option Summary		
	Status Quo	Preferred Option
Project Scope	0-1	2-1 (Connecting cities A to C)
Project Solutions	0-2	2-2 (Upgraded and new main roads)
Project Delivery	0-3	3-3 (International contractor)
Project Implementation	Not applicable	2-4 (Phased over two years)
Project Funding	Not applicable	2-5 (Public–private partnership funding)

This option enhances economic efficiency and ensures financial compliance in accordance with the provisions of relevant legislation governing contracts and public-private partnerships.

Procedure: Conducting the Workshop and Documenting Outputs and Evidence

To ensure the effectiveness of the analytical outputs, the RIA Analyst must ensure the following:

- **Advance Preparation:** Prepare all supporting data and studies in advance.
- **Define SMART Objectives:** Establish clear and measurable spending outcomes.
- **Align with Participants:** Reach an agreement on critical success factors and formally adopt them.
- **Present the Screening Tools:** Present the Longlist to participants to facilitate the analysis process.
- **Use Approved Templates:** Such as the “Longlist Evaluation Template” provided in Annex (A) to document discussions and outcomes.
- **Final Documentation:** Prepare a comprehensive report that includes all analyses, options, and results to support the final decision-making.

Step 5: Developing the Shortlist of Options

The Shortlist development is a pivotal stage within the RIA Process. It aims to narrow down the range of alternatives developed and analysed in previous stages to focus on the most viable and implementable options, in preparation for a detailed economic, social, and environmental evaluation in the subsequent stage.

The Shortlist is built upon the cumulative results of the Screening Tools and SWOT analysis, taking into account the following:

- Retaining the Preferred Option identified through multi-dimensional analysis, including key alternatives that provide differentiated outcomes for comparison and analysis; and
- Ensuring a graduated range of ambition and impact, from the status quo to more complex or higher-cost scenarios.

5.1 Developing the Shortlist

Based on the case example of the major roads project, the table below demonstrates the methodology for constructing the Shortlist by organising alternatives according to their relative position in terms of ambition and policy intervention, compared to the status quo and the Preferred Option. Alternatives are classified into the following categories:

- Status Quo: proceeding without any legislative or regulatory intervention.
- Option below the Preferred Option: a less ambitious or more conservative alternative than the Preferred Option.
- Preferred Option: the option identified as most favourable based on the initial RIA (e.g. moderate implementation).
- Option above the Preferred Option: an alternative involving a higher level of expansion or investment.
- Option above the Status Quo: an option positioned between the status quo and the Preferred Option, serving as an important analytical reference point

In designing these categories, it is important to maintain sufficient diversity among alternatives to enable an objective comparison, while ensuring a graduated range in terms of impact, cost, and feasibility.

5.2 Flexibility in the Number of Options

There is no fixed rule requiring the RIA Analyst to define a specific number of options within the Shortlist. A key feature of this stage is its flexibility in determining the optimal number of options, depending on the nature of the proposed intervention, its level of complexity, and the availability of data.

International best practices recommend that the Shortlist should include at least three options, while emphasising the importance of retaining the status quo as a benchmark for objective comparison, unless there are strong justifications for its exclusion.

In some contexts, it may be more appropriate to replace the “status quo” with “minimum implementation” option, particularly when this option delivers better outcomes in terms of cost or institutional impact, without reaching the level of more extensive interventions.

When developing the Shortlist, all selected alternatives should be institutionally, legally, and financially feasible, clearly distinguishable from one another in terms of expected impact, suitable for economic and social analysis, and supported by prior quantitative and qualitative evidence.

Case Example: This example demonstrates how to apply the principle of progressive option analysis using a structured and sequential approach, ensuring compliance with the established standards of the RIA Process.

Main Roads Project – Shortlist Development					
	Status Quo	**New "Minimum Implementation"**	**Preferred Option**	**Option below the Preferred Option (Less Ambitious)**	**Option above the Preferred Option (More Ambitious)**
1. Project Scope	0-1 (all cities)	1-1 (connecting cities A and B)	2-1 (connecting cities A to C)	2-1 (connecting cities A to C)	3-1 (connecting cities A, B, C, and D)
2. Project Solutions	0-2	1-2 (upgrading existing main roads)	2-2 (upgraded and new main roads)	2-2 (upgraded and new main roads)	3-2 (entirely new main roads)
3. Project Delivery	0-3 (current arrangements)	0-3 (option 3-1 excluded)	3-3 (international contractor; not national contractor)	2-3 (national contractor; not international contractor)	3-3 (international contractor)
4. Project Implementation	Not applicable	1-4 (phased over three years)	2-4 (phased over two years)	1-4 (phased over three years instead of two years)	2-4 (phased over two years; accelerated delivery excluded)
5. Project Funding	Not applicable	2-5 (PPP excluded; public funding only)	2-5 (public–private partnership funding)	2-5 (PPP excluded; private funding only)	2-5 (PPP only; private funding excluded)

Procedure: Compiling the Shortlist and Following-up with Workshop Participants

The RIA Analyst must:

- **Share the Initial Outputs:** Present a summary of workshop outcomes and Shortlist outputs, noting that certain elements may require further discussion.
- **Propose the Final Number of Options:** Determine the optimal number of shortlisted options, clearly explaining the rationale for selecting each option.
- **Conduct a Follow-up Workshop (where necessary):** Where required, organise an additional workshop to discuss shortlist options in detail.
- **Engage with Stakeholders:** Notify all participants of the plan to disseminate final results and share them with other stakeholders, ensuring transparency and alignment before proceeding to the detailed analysis stage

Step 6: Broader Engagement with Stakeholders on Shortlist Options

This stage is a critical extension of the preceding analytical work, ensuring the engagement of a broader group of stakeholders in evaluating the options included in the Shortlist, which are typically narrowed down to three priority options. This engagement is a fundamental component in strengthening the participatory nature of the process and enabling the Government to develop a deeper understanding of the impacts of proposed policies across economic, social, and environmental dimensions.

6.1 Importance of Engaging a Broader Group of Stakeholders

Expanding participation in the review and analysis of shortlisted options reflects the commitment of the Federal Entity to the principles of good governance and delivers several key benefits, including:

- **Enhancing Transparency and Institutional Credibility:** By enabling multiple stakeholders to express their views, thereby strengthening public trust in decision-making and reinforcing principles of openness and accountability.
- **Early Identification of Challenges and Risks:** Allowing potential concerns or objections from affected groups to be identified and addressed proactively or mitigated.
- **Ensuring Inclusiveness and Balanced Policy Design:** By incorporating the perspectives of the most affected groups, leading to more equitable, sustainable, and practical policy solutions that reflect the needs of all segments of society.

6.2 Methods and Tools for Stakeholder Engagement

A range of tools and mechanisms can be used to engage stakeholders, selected based on the nature, sensitivity, and scale of the intervention. These include:

- **Surveys:** A quantitative tool for assessing public opinion on proposed options, measuring levels of acceptance, and identifying prevailing priorities. These may be conducted digitally or in person and designed in accordance with established statistical standards.
- **Targeted Communications:** Direct and tailored outreach to affected groups through multiple channels, including email, interactive messaging, newsletters, and social media awareness campaigns. These tools are used to communicate accurate information, broaden participation, and encourage constructive engagement.
- **Consultation Papers:** Formal documents prepared systematically to present shortlisted options and provide an initial analysis of their impacts. These are distributed to relevant parties for detailed written feedback, enriching the understanding of stakeholder concerns and expectations.

6.3 Suitability in Stakeholder Engagement

The level and scope of stakeholder engagement should align with the stakeholder engagement plan developed during the Strategic Stage of the RIA Process. This plan serves as a key tool to ensure that engagement is in line with the nature and scale of the intervention and includes:

- **Identification of Relevant Stakeholders:** Including federal and local Government entities, the private sector, civil society organisations, and directly affected or beneficiary groups.
- **Assessment of Impact Level:** Evaluating the expected economic, social, and environmental impact on each group to determine the most appropriate engagement approach.
- **Selection of Engagement Approach:** Such as informational, consultative, or fully participatory engagement, depending on the complexity and sensitivity of the problem.
- **Establishing Timelines:** Ensuring that engagement is conducted at appropriate stages to allow feedback to be incorporated into the analysis prior to final decision-making.

Engaging a broader group of stakeholders in the discussion of shortlisted options is not merely a procedural step, but a critical element in improving the quality of public policies and ensuring their alignment with practical realities and societal expectations. This participatory approach is essential for developing more efficient, effective, and sustainably implementable regulatory interventions.

Procedure: Engaging a Broader Group of Stakeholders on the Shortlist

The RIA Analyst must:

- **Adhere to the Approved Stakeholder Engagement Plan**: Use the pre-defined channels to ensure consistency in the engagement approach.
- **Allow Sufficient Time for Feedback:** Provide adequate timeframes for review and input, whether through surveys or consultation papers.
- **Document All Feedback and Responses:** Maintain a comprehensive record of stakeholder inputs to inform the development of final recommendations.

Second Review: Ministry / Federal Entity Review

The review conducted by the relevant Ministry / Federal Entity is a critical stage within the RIA Process, serving as the link between the structured technical analysis completed during the Economic Stage and the higher-level institutional oversight that ensures alignment of proposed options with Government agendas and national regulatory frameworks. This stage focuses on reviewing and analysing the outcomes of the Longlist Evaluation, assessing the shortlisted options, and considering stakeholder feedback collected during previous stages.

7.1 Role of the Ministry / Federal Entity in the Review Process

The relevant Ministry / Federal Entity shall have a supervisory and evaluative role that enhances the credibility and effectiveness of the RIA Process, through:

- **Reviewing the Analytical Approach:** Ensuring the robustness of the processes used to develop and filter the Longlist into a Shortlist, and verifying compliance with the technical standards set out in the RIA Manual.
- **Comparing Shortlisted Options with the Longlist:** Assessing internal consistency in the analysis and ensuring that selected options are based on objective reasoning rather than unjustified bias.
- **Analysing Stakeholder Feedback:** Verifying the extent to which stakeholder views and recommendations are reflected in the Shortlist, and assessing how well these inputs represent affected groups.
- **Assessing Alignment with National Policies:** Ensuring that selected options are consistent with federal strategic objectives and support principles of sustainable development, financial efficiency, and positive environmental and social impact.

The Ministry / Federal Entity review is essential for enabling informed and integrated decision-making. It strengthens the credibility of the RIA outcomes through robust institutional oversight and ensures that shortlisted options align with the public interest and overarching Government strategies. It also enables RIA Analysts to refine their analytical approach in line with more comprehensive and precise standards.

7.2 Outputs of the Ministry / Federal Entity Review:

This review may result in a range of corrective or enhancing actions, depending on the nature and depth of the observations. Key outputs include:

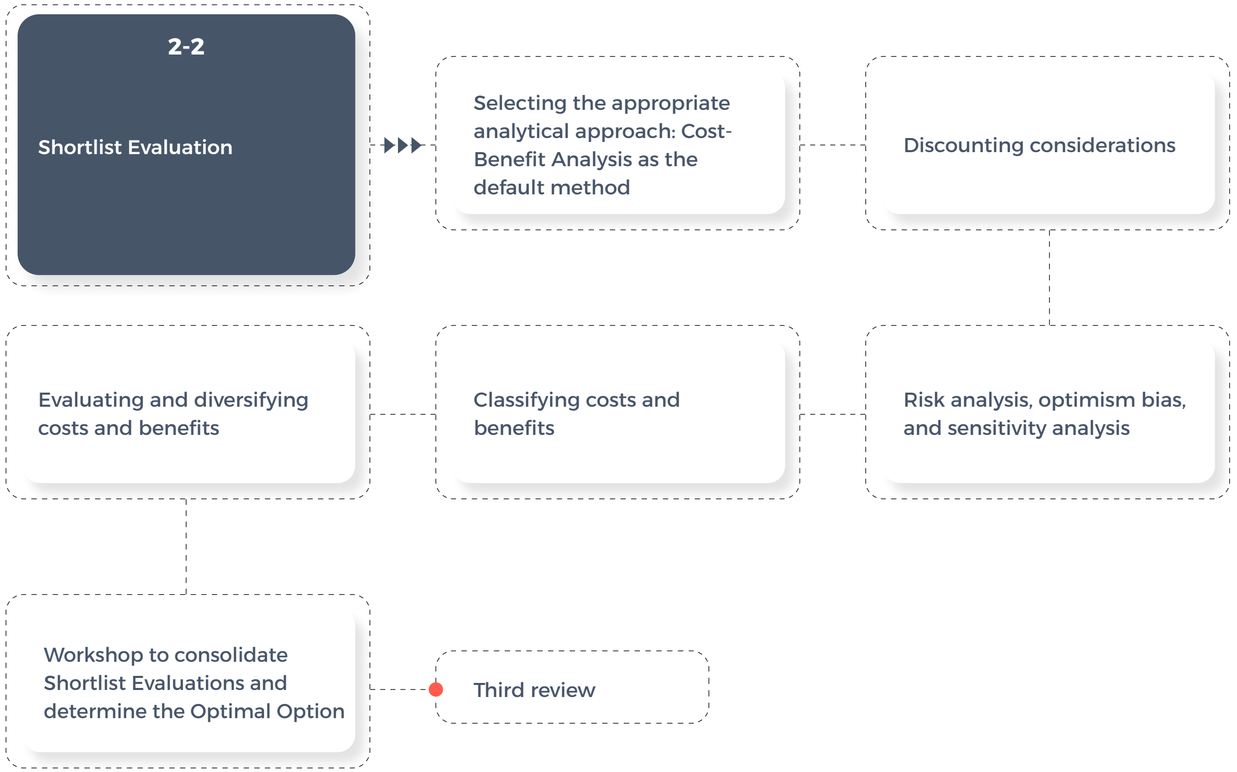
- **Expanding the Shortlist:** Where the review identifies strategically valuable options that were not included, recommendations may be made to reintroduce them, particularly if they contribute to additional economic, social, or environmental objectives. This serves as a corrective measure to improve the quality of the final assessment.
- **Narrowing the Shortlist:** Where stakeholder feedback or technical analysis demonstrates strong consensus around a limited number of options (e.g. three out of five), the shortlist may be reduced to focus subsequent analysis on the most viable and relevant alternatives.
- **Enhancing the Technical Analysis:** Inputs from the Ministry and stakeholders may reveal new perspectives not previously considered, including cost implications, risks, or indirect benefits. These insights may lead to revising key assumptions or strengthening both quantitative and qualitative assessments of the options.

Procedure: Responding to Review Recommendations from the Relevant Ministry / Federal Entity

The following steps must be undertaken in response to the review outcomes:

- **Incorporate Review Recommendations into the Shortlist:** Ensure that all feedback and recommendations from the Ministry and Federal Entities are accurately reflected in the revised Shortlist.
- **Confirm Next Steps Clearly:** Where the review introduces new or significant information, reconsideration of the Longlist Evaluation may be required to ensure a comprehensive assessment.
- **Document the Review Process:** The RIA Analyst must prepare a formal record capturing all feedback received and the resulting modifications, to serve as an official reference for subsequent stages.

Stage Two (2): Shortlist Evaluation



Overview

This stage is a core component of the RIA Process. It focuses on conducting a detailed and in-depth analysis of the options included in the Shortlist in order to identify the Optimal Option for implementation, based on a comprehensive assessment of the economic and social viability of each option.

In the previous stage, SWOT analysis was applied as a qualitative tool to compile and analyse relevant information, drawing on critical success factors and the outcomes of the Screening Tool, which resulted in the identification of the Preferred Option and the development of the shortlist accordingly. Each alternative within this list represents a different level of policy ambition and reflects a graduated range of expected impacts.

Overview (Continued)

While SWOT analysis provides valuable insights in identifying general directions and prioritising alternatives, it remains limited in its ability to measure nuanced differences in costs and social benefits across available options. Therefore, it cannot be relied upon solely to determine the Optimal Option, and must be complemented by more advanced quantitative and qualitative methods.

Accordingly, this stage is based on the application of more robust and reliable analytical tools, including Cost-Benefit Analysis, which is the most widely used international method for estimating the Social Net Value of each option. This analysis involves calculating all direct and indirect benefits and costs to arrive at a realistic assessment of the value of each alternative.

However, the primary challenge lies not only in performing calculations, but in accurately identifying and classifying social costs and benefits, estimating both quantitative and qualitative inputs for each option, and integrating them into a comprehensive analytical model that supports decision-making. For clarity, this Manual uses the terms “benefits” and “costs” to refer to social benefits and social costs, unless explicitly stated otherwise.

This stage comprises a series of interconnected analytical steps designed to ensure a scientific, objective, and transparent approach to decision-making, as follows:

- **Selecting the Appropriate Analytical Method:** Determining whether the project requires Cost-Benefit Analysis or complementary approaches such as Cost-Effectiveness Analysis or multi-criteria analysis, depending on the nature of the intervention and the availability of data.
- **Discounting Considerations:** Evaluating the time value of money by applying appropriate discount rates to produce more realistic estimates of future impacts.
- **Assessment and Distribution of Benefits and Costs:** Identifying beneficiaries and affected parties for each option, and distributing impacts across different stakeholder groups, while considering fairness and equity.
- **Classification of Benefits and Costs:** Distinguishing between direct and indirect, tangible and intangible, and monetary and non-monetary impacts, to avoid inaccurate or misleading estimates.
- **Risk Analysis, Optimism Bias, and Sensitivity Testing:** Examining alternative scenarios and implementation risks; assessing the impact of overly optimistic assumptions; and applying sensitivity analysis to test the robustness of results against changes in key inputs.
- **Specialised Technical Workshop:** Convening key stakeholders to review analytical results, validate assumptions, and discuss evaluation outputs in an interactive setting, fostering informed consensus on the Optimal Option for implementation.

Step 1: Selection of the Analytical Approach

Social Cost-Benefit Analysis (CBA) is the principal and most widely utilised standard tool for RIA at the international level, for its methodological robustness, scientific reliability, and practical applicability. This approach depends on estimating the Social Net Value of each option through a rigorous comparison between benefits and costs, thereby enabling an objective ranking of alternatives and the identification of the option that delivers the highest net benefit to society.

The strength of this analysis lies in its ability to convert complex economic and social dimensions into quantifiable and comparable indicators, thus providing decision-makers with a sound basis for selecting the most effective policies in terms of feasibility and efficiency.

While Cost-Benefit Analysis is the preferred approach, it is not the only method. In some cases, it may be difficult to assign precise monetary values to certain benefits or costs—particularly intangible ones such as environmental impacts, quality of life, or social equity. In such cases, alternative analytical approaches may be used, including:

- **Cost-effectiveness Analysis (CEA):** It is applied where the objective is to achieve a specific outcome at the lowest possible cost.
- **Multi-criteria Analysis (MCA):** It enables the assessment of alternatives based on a combination of quantitative and qualitative criteria without the need to convert all factors into monetary values.

1.1 The Essence of Social Cost-Benefit Analysis

Cost-Benefit Analysis is based on comparing the net present value (NPV) of different options by calculating the difference between the present value of expected benefits and the present value of the associated costs for each option:

Social Net Present Value = Present Value of Benefits – Present Value of Costs

The option that yields the highest positive value under this metric is deemed the most suitable from an economic and social feasibility perspective. The Benefit-Cost Ratio (BCR) may also be used as a supporting comparative indicator, calculated as follows:

Benefit-Cost Ratio = Present Value of Benefits ÷ Present Value of Costs

This ratio is used to classify and rank competing options according to their economic and social efficiency.

1.2 Practical Steps for Conducting Cost-Benefit Analysis

To conduct this analysis in a structured and practical manner, it is recommended to follow the steps below:

- **Identification of Social Costs and Benefits:** Develop a detailed list of all costs and benefits associated with each option, including:
  - Direct costs and benefits (e.g., Government expenditure or direct returns).
  - Indirect costs and benefits (e.g., impacts on market behaviour or public health).
  - Intangible effects that can be monetised (e.g., environmental safety or social stability).
- **Monetisation of Costs and Benefits:** Apply recognised economic assessment techniques to estimate the monetary value of benefits and costs, ensuring a unified unit of measurement for comparison purposes.
- **Application of the Discount Rate:** Discount future values of benefits and costs to their present values using an appropriate discount rate, to determine the true value of each option at the time of assessment.
- **Calculation of Social Net Present Value:** Subtract the total present value of costs from the total present value of benefits to derive the final indicator reflecting the feasibility of each option.
- **Comparison of Results and Selection of the Optimal Option:** Rank the options based on their Social Net Value and select the option that delivers the highest societal return, while documenting the underlying assumptions, adopted methodologies, and any supporting qualitative considerations.

Case Example for Cost-Benefit Analysis and Calculation of Social Net Present Value:

Both options (A) and (B) aim to increase productivity by 20% through the adoption of AI-enabled technologies. Option (A) requires an investment capital of AED 10 million to generate benefits amounting to AED 2.50 million over the next four (4) years. Option (B) requires an investment capital of AED 5 million to generate benefits amounting to AED 1.50 million over the same period.

Accordingly, Option (B) yields a higher Social Net Present Value than Option (A).

Option (A)			
Costs	Benefits	Net Benefits	Discounted Net Benefits
10.00	0.00	10.00	10.00
0.00	2.50	2.50	2.42
0.00	2.50	2.50	2.33
0.00	2.50	2.50	2.25
0.00	2.50	2.50	2.18

Social NPV 0.82

Option (B)			
Costs	Benefits	Net Benefits	Discounted Net Benefits
5.00	0.00	5.00	5.00
0.00	1.50	1.50	1.45
0.00	1.50	1.50	1.40
0.00	1.50	1.50	1.35
0.00	1.50	1.50	1.31

Social NPV 0.51

Social Cost-Benefit Analysis offers a set of distinguishing features that set it apart from other assessment tools, most notably:

- **Time Discounting:** The adoption of financial discounting methodologies to calculate the present value of expected costs and benefits, thereby enabling a consistent and accurate comparison of alternative impacts over extended time horizons.
- **Comprehensive Societal Perspective:** The analysis adopts a holistic assessment of social impact, extending beyond commercial or market-based costs and benefits to encompass environmental, health, and broader societal dimensions affecting the community as a whole.
- **Standardisation of Measurement Units:** All costs and benefits are converted into uniform monetary values to facilitate objective and quantitative comparison across alternatives on a common basis, thereby enhancing the credibility and robustness of assessment outcomes.

In certain cases, social Cost-Benefit Analysis may not be the most suitable primary tool, particularly in the absence of reliable data or where certain social benefits cannot be readily monetised. In such cases, alternative approaches may be adopted, including:

- **Social Cost-effectiveness Analysis (CEA):** Applied where the intervention delivers a primary measurable outcome that outweighs other impacts. The result is typically expressed as a "cost per unit of outcome achieved." Examples include:
  - **In healthcare programmes:** cost per life saved.
  - **In road safety programmes:** cost per fatality avoided.

The ratio may also be expressed inversely as: number of outcome units achieved ÷ each unit of expenditure.

- **Multi-criteria Decision Analysis (MCDA):** Employed where alternatives cannot be assessed solely on financial metrics. A combination of quantitative and qualitative criteria, with assigned weights, is used to rank alternatives based on the extent to which they achieve multiple objectives.

Practical Example – Cost-Benefit Analysis

Option	Present Costs (AED Million)	Present Benefits (AED Million)	Social NPV	BCR	Rank
Option 1	120	200	+80	1.67	1
Option 2	150	250	+100	1.67	2
Option 3	200	260	+60	1.30	3

Based on the above results, **Option (2)** is considered the Optimal Option, as it achieves the highest Social Net Present Value while maintaining a balanced relationship between costs and benefits.

1.3 Multi-criteria Decision Analysis (MCDA)

Multi-Criteria decision analysis (MCDA) is one of the advanced approaches for RIA and is particularly applied in cases where it is difficult to represent all impacts in direct monetary forms, or where multiple policies and objectives are pursued. This analysis is characterised by the following:

- Ability to incorporate non-financial impacts, such as social equity, good governance, non-quantifiable environmental effects, and societal acceptance.
- Ability to design tailored criteria and weighting structures for each project or policy, reflecting national or sectoral priorities.
- High degree of flexibility, as it may be applied on a standalone basis or in conjunction with Cost-Benefit Analysis, particularly in complex, multi-dimensional projects.

The implementation mechanism involves identifying impact-relevant criteria (e.g., environmental impact, social equity, institutional acceptance); assigning a relative weight to each criterion based on its importance; evaluating each option according to the extent to which it meets each criterion using either qualitative or quantitative methods; and calculating an overall score for each option, followed by ranking the options based on their aggregate scores.

Where accurate financial data is available, Cost-Benefit Analysis (CBA) remains the primary standard methodology, given its alignment with international economic standards and the state's fiscal objectives. However, in the absence of sufficient data, or where a broader assessment perspective is required, MCDA would be an effective complementary option. In such cases, the outputs of CBA may be incorporated as one of the inputs within the MCDA framework, alongside other qualitative criteria.

It is essential to distinguish between financial assessment and economic assessment (i.e., Cost-Benefit Analysis), as this distinction has a direct impact on the accuracy and objectivity of the analysis. Financial assessment focuses on the direct monetary aspects associated with a project, such as revenues, implementation costs, taxes, transfer payments, and the cost of capital.

This type of analysis is typically used in commercial studies or when assessing the financial feasibility of investment projects aimed at generating direct financial returns. In contrast, economic assessment, specifically social Cost-Benefit Analysis (CBA), is based on estimating the true economic value of resources using the concept of alternative opportunity cost, while taking into account the broader impact on society. Accordingly, this analysis excludes elements that do not represent real economic costs or benefits, such as general taxation, inflation, sunk costs, and accounting depreciation. Instead, it focuses on estimating actual social costs and benefits, both direct and indirect, tangible and intangible, with the objective of deriving an accurate measure of the Social Net Value of each option. This distinction is fundamental to clearly defining the scope of analysis, ensuring accuracy when comparing alternatives, and enhancing transparency and credibility in decision-making.

For the appropriate template, refer to Annex (A) – Template No. (6): Integrated Economic Assessment Template for Regulatory Options.

Procedure: Confirmation or Justification of the Assessment Approach

The RIA Analyst must:

- Confirm the use of Cost-Benefit Analysis (CBA) as the primary methodology for evaluating the shortlisted options.
- Where an alternative approach is adopted, provide the following:
  - A clear justification for selecting such an approach.
  - Clarification as to whether Cost-Benefit Analysis will be used as a benchmark comparator or as a complementary component within the analytical framework.
- Ensure that no conflation occurs between the shortlisted options analysis and the results of the financial analysis conducted at the commercial stage.

Step 2: Discounting Considerations

The use of a discount rate is a fundamental pillar in the application of Cost-Benefit Analysis (CBA), as it enables the calculation of the net present value (NPV) of costs and benefits extending over a multi-year horizon. This facilitates an objective comparison between alternative options. The year in which the programme or project begins implementation is considered the base year, from which all future values are discounted.

2.1 Concept of Using Discount Rates

Discount rates serve two primary purposes:

- **Neutralising the Effect of Inflation:** By computing the real values of costs and benefits, excluding the effects of expected future inflation.
- **Aligning the Cost-Benefit Timeline:** The discount rate allows the present value of outputs occurring over different time periods to be estimated, thereby presenting costs and benefits on a consistent temporal basis.

It should be noted that the definition of time horizons, such as “short-term,” “medium-term,” or “long-term”, may vary depending on the sector or nature of the project. For instance, a twenty-year period may be considered long-term in infrastructure projects, but medium-term in the financial sector.

2.2 Historical Considerations

Prior to selecting the appropriate discount rate, the RIA Analyst should examine historical economic and financial data related to inflation and interest rates in the relevant sector, along with national and sector-specific benchmarks (e.g., GDP inflation rate or sectoral price indices), in order to arrive at an accurate and suitable rate.

2.3 Distinction Between Discount Rates in the Public and Private Sectors

The choice of discount rate varies according to the nature of the project and the implementing entity.

- **Public Sector:** The social time preference rate (STPR) is generally adopted, reflecting society’s assessment of present resources relative to future resources.
- **Private Sector:** The discount rate is typically based on the opportunity cost of capital or expected market returns, such as the internal rate of return (IRR) for investors or the Weighted Average Cost of Capital (WACC).

The social time preference rate comprises two main components:

- **Time Preference Factor:** Represents the tendency of individuals and society to favour current consumption over deferred consumption, even assuming constant capital.
- **Future Consumption Growth Factor:** Takes into account expected increases in future consumption, which reduces the marginal benefit of resources over time, thereby decreasing their relative value.

Case Example: Impact of Different Discount Rates

The selection of the discount rate can have a material impact on the Social Net Present Value. The table below illustrates the potential effect of applying different discount factors (derived from selected discount rates ranging from 2% to 3.5%) over a ten-year horizon:

Table X: Inflation Adjustment – 2% Discount Rate			
Year	Discount Factor	Nominal Value (AED)	Real Value (AED)
0	1.0000	1,000	1,000
1	0.9804	1,000	980
2	0.9612	1,000	961
3	0.9423	1,000	942
4	0.9238	1,000	924
5	0.9057	1,000	906
6	0.8880	1,000	888
7	0.8706	1,000	871
8	0.8535	1,000	853
9	0.8368	1,000	837
10	0.8203	1,000	820

Table X: Adjustment Using STPR – 3.5% Discount Rate			
Year	Discount Factor	Nominal Value (AED)	Real Value (AED)
0	1.0000	1,000	1,000
1	0.9662	1,000	966
2	0.9335	1,000	934
3	0.9019	1,000	902
4	0.8714	1,000	871
5	0.8420	1,000	842
6	0.8135	1,000	814
7	0.7860	1,000	786
8	0.7594	1,000	759
9	0.7337	1,000	734
10	0.7089	1,000	709

Procedure: Selection of the Discount Rate

When selecting the discount rate, the RIA Analyst must:

- Conduct a comprehensive assessment of the appropriate discount rate for the specific project or programme.
- Document the technical justification underpinning the selection of the chosen rate.
- Verify whether the Ministry or relevant Federal Entities have issued policies, guidelines, or official instructions regarding the application of discount rates, including the adoption of the social time preference rate (STPR) as a mandatory or guiding benchmark.

Step 3: Assessment and Distribution of Costs and Benefits

The assessment of costs and benefits is a fundamental and critical step in the preparation of Cost-Benefit Analysis within the context of RIA. It forms the basis for determining the economic and social feasibility of the proposed options and for selecting the most efficient and equitable policies or projects. This process requires distinguishing between multiple categories of costs and benefits, whether direct or indirect, tangible or intangible, and monetary or non-monetary.

3.1 Approved Assessment Techniques

A range of techniques may be employed to estimate the economic and social value of costs and benefits, namely:

- **Opportunity Cost:** Applied in the absence of direct data, this technique values a resource based on its next best alternative use. It is commonly used to estimate the value of land, assets, or unpriced labour. The underlying assumptions must be substantiated with analytical evidence or appropriate reference benchmarks.
- **Revealed Preferences Techniques:** Applied where direct market prices are unavailable, by analysing observed individual behaviour in comparable markets. Key applications include:
  - **Willingness to Pay (WTP):** Estimating the amount individuals are willing to pay to obtain a specific benefit.
  - **Willingness to Accept (WTA):** Determining the amount individuals are willing to accept as compensation for relinquishing a good or service.
  - **Implicit Pricing of Non-Market Goods:** Such as environmental benefits, air quality, or public safety.

These estimates are preferably supported by surveys or field-based questionnaires based on representative samples, to ensure an accurate reflection of societal behaviour and preferences.

3.2 Guidelines and Reference Standards

The Ministry / relevant Federal Entities may issue guidelines or technical Manuals for the assessment of specific cost and benefit components, such as land and property use, public health and individual safety impacts, and environmental effects or carbon emissions. RIA Analysts are encouraged to support such guidance with analytical studies and field research based on local or regional data, thereby enhancing the reliability of results and ensuring their relevance to the local context.

3.3 Distribution of Impacts and Application of Relative Weights

The assessment should not be limited to aggregate impacts; it is also essential to assess how costs and benefits are distributed across different segments of society. Certain interventions may yield greater benefits for specific groups, such as low-income households, remote areas, or vulnerable groups. In such cases, the application of relative weights is recommended to reflect considerations of social equity and differential impacts, thereby ensuring a more balanced and realistic assessment. This may be informed by existing Government policies, specialised studies on target groups, and national strategic priorities.

Procedure: Documentation of Assessment and Distribution Techniques

The RIA Analyst must:

- Document the assessment techniques applied in cases where direct market price data for costs or benefits is unavailable.
- Refer to official guidelines issued by the Government, standard-setting bodies, or relevant international organisations in the field of public policy.
- Document the socio-economic distribution of impacts arising from the interventions, including whether relative weights are applied across different household income groups, and clearly outline the approach adopted for such distribution.

Step 4: Classification of Costs and Benefits

4.1 Significance of Classification in Costs and Benefits

The accurate classification of costs and benefits is a critical foundation of Cost-Benefit Analysis, as it enables the identification and capture of all potential impacts arising from regulatory interventions, whether financial or non-financial in nature. A clear classification enhances the accuracy of the assessment and ensures the comprehensiveness of the analysis, thereby supporting informed, evidence-based decision-making.

4.2 Distinction Between Monetary and Non-Monetary Values

RIA Analysts must classify each cost or benefit into one of the following categories to ensure its appropriate treatment within the analysis:

- **Direct Monetary Costs and Benefits:** These include actual financial flows, such as Government expenditures or collected fees.
- **Monetary Resource Reallocation:** This includes financial savings generated by policies, which may be redirected toward other priorities or programmes.
- **Monetisable Values:** Such as time savings or improved productivity, which can be assigned a monetary value even if they do not result in direct cash flows.
- **Quantifiable but Non-monetisable Values:** Such as reductions in accidents or pollution, which can be measured numerically but are difficult to express in monetary values.
- **Non-Quantifiable Values:** Such as quality of life, social cohesion, or cultural preservation, which are inherently difficult to quantify or convert into monetary values.

This distinction not only ensures the comprehensiveness of the analysis but also contributes to presenting results transparently to decision-makers and the public.

4.3 Classification of Costs: A Comprehensive Approach

The tables included in this section provide a proposed classification of potential cost and benefit categories that may arise from any regulatory or legislative intervention. It should be noted that not all regulatory options will encompass all the listed types of costs or benefits, as these will vary depending on the nature of the intervention and the targeted sector. This classification may serve as a flexible reference framework for RIA Analysts and may be adapted or expanded in line with the nature of the project and the institutional context. It is essential to document the assumptions and methodologies applied in the classification process to ensure verifiability and auditability.

Cost Classification for Social Value Assessment		
Beneficiaries	**Classification**	**Additional Details**
Total Direct Costs of Public Sector for the RIA Sponsor (i.e., the (primary) sponsoring ministries, Government departments, or Federal Entities)	Capital Costs	Includes the cost of existing assets, land and property costs, construction and renovation costs, professional fees, equipment (e.g., fixtures, lighting, etc.), technology costs, and maintenance costs.
	Revenue Costs	Operational, implementation, administrative, and overhead costs.
Total Indirect Costs of Public Sector for Other Public Sector Entities (i.e., ministries, Government departments, or Federal Entities not sponsoring the programme/project)	Capital Costs	As described above, but attributable to a Government Ministry, department, or entity that is not the sponsor of the programme/project.
	Generated Revenues	As described above, but attributable to a Government Ministry, department, or entity that is not the sponsor of the programme/project.
Broader Society-Wide Costs	Monetisable Costs Including Cash Costs	Costs arising from a programme/project that can be assigned a monetary value, even if they do not involve direct cash flows from the Government budget. These may include effects that do not require direct expenditure but impact citizens (in terms of resources or time) and can be expressed in monetary values. For example, a programme or project causing traffic congestion may result in increased travel time and higher fuel costs for residents.
	Quantifiable but Non-Monetisable Costs	Costs that can be measured physically or numerically but are difficult to express in monetary values. Examples include impacts on public health or the environment, which can be quantified but cannot be fully or reliably monetised.
	Qualitative but Non-Quantifiable Costs	Costs arising from a programme/project that are difficult to measure or express monetarily, representing obstacles or intangible effects. Examples include any form of social, financial, or digital exclusion.
Risk Mitigation or Management Costs	Optimism Bias	Reduced when risk costs are calculated and addressed. Overly optimistic Cost-Benefit Analysis may result in programme/project under-delivery.
	Measured or Estimated Risk Costs	Typically expressed as expected values. Measured risk costs show the costs incurred when risks materialise. As risk costs increase (including mitigation measures), optimism bias decreases.

Costs may also be classified by nature, as follows:

- **Fixed Costs:** Costs that do not change with the level of activity, e.g., a data storage facility.
- **Variable Costs:** Costs that vary directly with the volume of activity, e.g., the number of service users.
- **Semi-Variable Costs:** Costs that contain both fixed and variable components.
- **Semi-Fixed or Incremental Cost:** Costs that increase incrementally, e.g., the need for additional investment in data storage when scaling up services.

Benefits Classification in Social Value Assessment		
Beneficiaries	**Classification**	**Additional Details**
Total Direct Benefits of Public Sector for the RIA Sponsor (e.g., (primary) sponsoring ministries, Government departments or Federal Entities)	Cashable Benefits	Frees up the sponsor's cash resources, allowing reallocation to other priorities. Such benefits may arise from efficiency gains or cost savings, e.g., digitising paper-based administrative services that generate cash (and enhance operational efficiency).
	Non-cashable Benefits Convertible Into Monetary Value	Benefits with economic value that can be expressed in monetary values indirectly, without reducing the RIA Sponsor's cash needs.
	Quantifiable but Non-Monetisable Benefits	Benefits that can be measured quantitatively, but its monetary value cannot be reliably estimated.
	Qualitative but Non-Quantifiable Benefits	Benefits that cannot be measured numerically or expressed in monetary values, but hold intrinsic or subjective value. Example: A Government initiative that fosters a sense of community among employees.
Total Indirect Benefits of Public Sector for Other Public Sector Entities (e.g., other ministries, Government departments, or Federal Entities)	Cashable Benefits	As described above, but attributable to another Ministry, department, or Government entity.
	Non-cashable, Non-revenue Generating Benefits	As described above, but attributable to another Ministry, department, or Government entity.
	Quantifiable but Non-Monetisable Benefits	As described above, but attributable to another Ministry, department, or Government entity.
	Qualitative but Non-Quantifiable Benefits	As described above, but attributable to another Ministry, department, or Government entity.

[2] When considering time value (in costs or benefits), it is advisable to consult on how to convert this into monetary values. For example, commuting time for work versus non-work activities may require the expertise of third-party RIA Analysts.

Benefits Classification in Social Value Assessment		
Beneficiaries	**Classification**	**Additional details**
Broader Community Benefits (households, individuals, and businesses)	Monetisable Benefits, including Cashable Benefits	As described above, but attributable to the broader community. Example: Improving access to financial information, which saves citizens' time. This can be monetised by estimating the value of the time saved.
	Quantifiable but Non-Monetisable Benefits	As described above, but attributable to the broader community. Example: Green spaces may encourage more physical activity among citizens, which can be quantitatively measurable (e.g., X% increase in park usage), but the benefit may be difficult to convert into monetary values. Similarly, reduction in pollution levels can be measured in terms of particulate matter per cubic meter; however, assigning an accurate monetary value remains challenging due to the complex ways in which air quality affects society and the environment.
	Qualitative but Non-Quantifiable Benefits and Costs	As described above, but attributable to the broader community. These benefits often relate to public care, social cohesion, or cultural heritage, which are difficult to quantify or assign a monetary value. Example 1: Implementing stricter anti-financial crime regulations may increase compliance costs for the banking sector, but generate broader societal benefits. While banks can estimate compliance costs, qualitative costs may arise, such as reduced innovation due to stricter requirements. The benefits to the wider community may be tangible (e.g., public trust in the banking system) but are hard to quantify. Example 2: Creating a public park. Wider community costs could include cultural impact if the park conflicts with traditional land uses or cultural practices, visual disamenities, or potential constraints on economic growth, whereas benefits may include cultural enrichment, enhanced social cohesion, and increased resilience to environmental changes.

4.4 Benefits Tracking

Since the expected benefits of any policy or project only materialise after full implementation and management of the intervention, it is essential to establish a systematic institutional mechanism to track these benefits and monitor their actual realisation over time.

Creating an official benefits tracking register is one of the most important tools in this context, as it provides a documented framework for recording and updating all anticipated benefits from adopted policies or programmes, whether financial or non-financial. The importance of this process includes:

- Enhancing credibility and transparency of the economic assessment by linking theoretical estimates directly to actual results.
- Monitoring the realisation of benefits and comparing them against the expectations used in the Cost-Benefit Analysis (CBA).
- Tracking costs associated with achieving the benefits, including any additional costs incurred during implementation or adjustments to the project.
- Enabling effective change management by supporting informed decision-making in the event of deviations or underperformance relative to expected results.

The benefits tracking register should be integrated into the governance framework for project or public policy implementation and is recommended to be linked with institutional performance management and periodic reporting frameworks. The register should include elements such as: a brief description of the expected benefit, quantitative or qualitative indicators for measurement, expected timeframe for realisation, the responsible monitoring entity, and supporting documents or relevant data sources.

Procedure: Documentation and Classification of Costs and Benefits

RIA Analysts must:

- Accurately classify costs and benefits according to their nature: monetary, quantitatively measurable, or qualitative, and identify the beneficiaries, whether the relevant Ministry, Government department, Federal Entity, or the wider community.
- Document the legal and methodological basis used in classifying benefits and link it to the results of the Cost-Benefit Analysis to ensure objectivity.
- Be prepared to explain the impact of classification on the Cost-Benefit Analysis if required, including clarifying any differences between initial estimates and actual results post-implementation.
- Use the benefits register as an official reference tool to monitor progress in achieving the benefits, associated costs, and their actual impact on beneficiaries.

Step 5: Risk Management, Optimism Bias, and Sensitivity Analysis

This step addresses the methodologies adopted to mitigate optimism bias, assess risks, and conduct sensitivity analysis in relation to cost and benefit estimates, as well as implementation timelines. It aims to enhance the objectivity of the assessment and support informed decision-making under conditions of uncertainty.

5.1 Mitigating Optimism Bias

Optimism bias is a common phenomenon in the preparation of RIAs, whereby RIA Analysts tend to present overly optimistic estimates regarding costs, benefits, and implementation timelines. This may, in certain cases, result in the adoption of unrealistic or unachievable options. To mitigate such bias, it is recommended to adopt systematic corrective measures, most notably:

- Applying standardised adjustment factors to cost and benefit estimates, whether based on national databases or comparable historical projects.
- Relying on documented quantitative and qualitative evidence, derived either from the Federal Entity's prior experience or from relevant international studies.
- Conducting a detailed analysis of potential risks and accurately estimating their associated costs, thereby reducing the need for broad, judgment-based adjustments.

The Ministry/Federal Entity may develop reference tables for optimism bias adjustment factors and update them periodically to reflect actual implementation performance across various project types.

5.2 Risk Management and Risk Register Development

Risk management constitutes an integral component of the RIA Process, as it facilitates the anticipation of potential challenges and the identification of appropriate mitigation measures in advance.

The cost of potential risks is recommended to be estimated using the following formula:

Risk Cost = Probability of Occurrence × Cost upon Occurrence

Such costs should be incorporated into the economic analysis, including the costs of mitigation and remedial actions. The documentation accompanying the RIA must include a formal risk register comprising the following elements:

- Accurate identification of all potential risks (operational, legal, financial, and societal).
- Classification of risks according to their severity (high, medium, low) based on standardised criteria.
- Identification of the responsible entity for monitoring each risk, along with proposed mitigation measures.
- A timeline for monitoring and updating the status of each risk.

Annex (B) of the Manual provides a proposed risk classification framework and a detailed risk register template, which may be adopted or tailored according to the nature of the programme or project.

5.3 Sensitivity Analysis

Sensitivity analysis is employed to assess the extent to which assessment outcomes are affected by changes in key input variables, such as total cost, discounted benefits, discount rate, and implementation period.

This analysis is considered a critical tool, particularly in complex projects or those with significant financial implications, as it identifies the degree of uncertainty surrounding key assumptions; enhances the accuracy of projections through the adjustment of influential assumptions; and clarifies the margin of safety available to decision-makers prior to selecting a Preferred Option.

The results of the sensitivity analysis should be documented in the analytical annexes of the RIA, with clear presentation of the various scenarios and their respective outcomes.

5.4 Switching Tests

Switching Tests are an advanced extension of sensitivity analysis and used to determine the critical threshold at which a proposed policy ceases to be viable compared to alternative options, due to changes in a key variable.

This tool is particularly useful for assessing the resilience of alternative options to changes; understanding the financial and implementation risks associated with each option; and strengthening the decision-maker's ability to hedge against and manage potential outcomes.

Case Example

Where Policy "A" is preferred based on Cost-Benefit Analysis, a switching test can determine the percentage increase in costs or decrease in benefits at which Policy "B" becomes the more viable option.

Procedure: Managing Optimism Bias

The RIA Analyst must:

- Review historical performance records to identify instances of optimism bias in similar programmes or projects.
- Develop a risk register for the Preferred Option, identifying all potential risks and their corresponding management measures.
- Conduct sensitivity analysis for all variables influencing the outcomes of the Cost-Benefit Analysis.
- Determine the need for probabilistic analysis in large-scale or complex projects with national-level impact.

For the appropriate template, refer to Annex (A) – Template No. (7): Readiness, Risk, and Scenario Assessment Template.

Step 6: Shortlisted Options Alignment Workshop and Preferred Option Confirmation

This step represents the final stage of the shortlisted options assessment process. It involves convening a formal workshop with the participation of all relevant stakeholders to review the final options, align perspectives, and confirm the Preferred Option prior to proceeding to the preparation of procurement or contracting documentation. The workshop is structured around achieving the following key objectives:

- **Final Deliberation of Options:** Providing all participants with the opportunity to review results and discuss proposed options in a transparent and open manner, ensuring alignment among stakeholders and relevant Federal Entities.
- **Presentation by the RIA Analyst:** The developer must deliver a concise executive presentation outlining the key results of the Cost-Benefit Analysis and any alternative analyses, if any, including the underlying assumptions and adopted methodologies.
- **Confirmation of the Preferred Option:** Divergent views may arise regarding the most suitable option. In such cases, the initial recommendation of the RIA Analyst must be reconsidered to ensure that the final selected option aligns with strategic objectives, efficiency and sustainability criteria, and potential risks.

To ensure objectivity and facilitate decision-making, a consolidated summary encompassing all relevant data and key analyses should be prepared.

The expected deliverables include a unified final report comprising: an analytical summary of Cost-Benefit results, a structured comparison of alternatives, documentation of expert and stakeholder views, the agreed final recommendation, signed minutes of the workshop, and formal confirmation of the approved option to serve as an input to the subsequent stage of assessment or contracting.

Procedure: Engagement with Technical Experts on Cost-Benefit Analysis Results (or Similar Results) and/or Relevant Analyses

The RIA Analyst must:

- **Present Analysis Results:** Submit the results of the Cost-Benefit Analysis, or any alternative analysis, in a clear and comprehensive manner to a panel of technical experts.
- **Review and Update Analyses:** Ensure that all feedback and recommendations provided by the expert panel are duly incorporated, including any material revisions to the analysis results.
- **Obtain Technical Expert Endorsement:** Secure written confirmation from the technical team approving the final results or formally record any observations or dissenting views.
- **Prepare for the Third Review:** Ensure that all deliverables are fully documented prior to proceeding to the third review within the project or programme governance framework.

For the appropriate template, refer to Annex (A) – Template No. (8): Final RIA Report Summary Template.

Third Review: Ministry/Federal Entity Review

The third review is a critical stage in the RIA cycle, where the Ministry/Federal Entity reviews and discusses the shortlisted options assessment results with the RIA Sponsor, with the objective of approving the Preferred Option to form the basis for the subsequent implementation phase of the programme or project.

This stage aims to ensure the robustness and reliability of the analysis through:

- **Reassessment Where Necessary:** If the Ministry/Federal Entity determines that insufficient weight has been given to non-monetisable benefits (such as social or environmental impacts), it may request a reassessment to achieve a more balanced analysis.
- **Request for Additional Sensitivity Analysis:** If the analysis is deemed insufficient to test the resilience of estimates or the level of uncertainty, the Ministry/Federal Entity may request advanced sensitivity analysis covering costs, benefits, discount rates, or other key variables.

This review, along with any resulting additional analyses or corrective testing, may lead to a revision of the initial recommendation regarding the Preferred Option and the adoption of an alternative option from the shortlisted options, if supported by superior efficiency, sustainability, or social value.

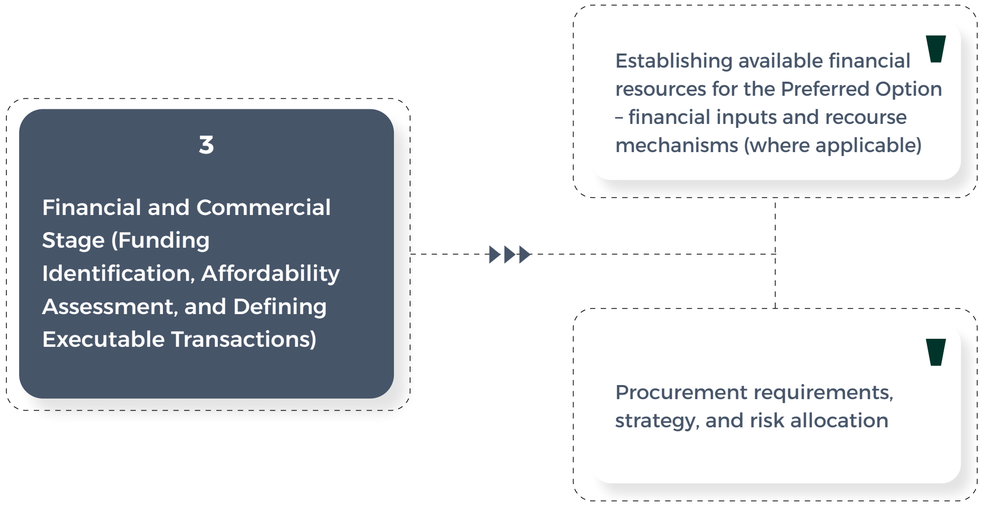
The formal deliverables of The third review include a final review report comprising: the updated assessment of shortlisted options, stakeholder comments and the assessment team's responses thereto, results of additional analyses (including reassessment, sensitivity analysis, and switching tests), a data-supported final recommendation, and an official approval record issued by the Ministry/Federal Entity confirming the adopted option and authorising progression to the next stage of the policy cycle or contracting and implementation procedures.

Procedure: Addressing Assessment Feedback from the Ministry/Federal Entity Regarding the Preferred Option

The RIA Analyst must:

- **Incorporate Ministry/Federal Entity Feedback:** Re-perform the Cost-Benefit Analysis where required, ensuring full and transparent integration of all assessment comments received from the relevant entities.
- **Confirm the Final Preferred Option:** Upon completion of the required revisions and agreement on the final recommendation, the decision shall be formally documented and approved.
- **Transition to the Financial and Commercial Stage:** Following the approval of the Preferred Option, the project shall proceed directly to the subsequent stage, which includes detailed financial and commercial assessment, in preparation for contracting and implementation decisions.

Stage 3: Financial and Commercial Stage



Overview

This stage aims to integrate the financial assessment with the commercial dimensions of the preferred regulatory option, ensuring alignment with the funding capacities of Federal Entities and confirming its feasibility within the approved strategic and legislative requirements. This stage serves as a bridge between the results of the analytical assessment and the subsequent steps of implementation and contracting preparation.

Financial Assessment

The financial assessment focuses on the analysis of costs and funding from an accounting perspective, expressed in nominal value. This analysis includes the following elements:

- Relevant taxes and fees such as Value Added Tax (VAT) and fees associated with depreciation or financial transfers.
- Assessment of funding sustainability by evaluating the ability of the project or programme to operate within the available financial resources of the general budget.
- Determination of the actual fiscal impact on the public treasury over the expected implementation period, illustrating the annual costs associated with revenues or required appropriations.

In contrast, the economic assessment captures the broader impact on society as a whole, estimating costs and benefits in annual real values (not adjusted for inflation) to support decision-making grounded on public interest rather than solely on financial cost.

Financial Modelling

For large or complex projects, the assessment process may require the preparation of a detailed financial model to analyse future cash flows. This model should be developed by financial specialists within the team and must include:

- **Financial Scenario Analysis:** such as fluctuations in capital costs or changes in resource expenses.
- **Identification of Funding Gaps:** by comparing available resources with implementation requirements.
- Compliance with national financial policies, including the zero-based budgeting principle, cost rationalisation plans, and approved financial governance frameworks.

Commercial Feasibility

Commercial feasibility complements the financial assessment by focusing on the proposed regulatory option's capacity to provide the necessary assets and services for actual implementation, such as infrastructure, technical capabilities, human resources, or collaboration with service providers. Commercial requirements are defined based on the results of the analytical assessment and prior assessment steps, including review of potential supply chains and any implementation constraints.

Procurement Considerations

Given the close interrelation between financial assessment and contracting/procurement plans, the following points should be addressed at this stage:

- Presentation and analysis of procurement strategies considered during the assessment.
- Compliance with federal laws and regulations governing Government procurement.
- Using financial assessment outputs as a binding framework for the procurement plan, ensuring that approved financial ceilings are not exceeded without formal review.

If market conditions change (e.g., prices or resource availability), financial and commercial specialists must coordinate to re-assess and identify alternatives that balance cost, quality, and risk.

Engagement of Specialists

This stage requires participation of financial and commercial experts, either from within Government entities or through independent advisory teams, to ensure analytical quality. Key aspects of this engagement include:

- RIA Analysts and Sponsors must engage experts throughout all stages of financial and commercial analysis.
- Differentiate between supporting information provided by experts to underpin the analysis and formal analytical outputs, for which the RIA Analysts bear full responsibility.

Step 1: Financial Assessment – Inputs and Remedial Measures if Required

Financial experts within the Ministry/Federal Entity bear primary responsibility for preparing and analysing the financial assessment of the proposed regulatory option. However, the RIA Analyst plays a pivotal supporting role in this process by providing the financial team with accurate data and inputs, and ensuring consistency between the financial analysis and economic analysis outputs, thereby enhancing integration and comprehensiveness in decision-making.

1.1 Contributions of the RIA Analyst to the Financial Assessment

The contribution of the RIA Analyst lies in providing a set of core data inputs that enable financial specialists to conduct a robust and evidence-based evaluation. These inputs include:

- **Current Nominal Prices:** Providing up-to-date and accurate estimates of relevant goods and services prices, based on reliable sources or actual market data.
- **Cashable Benefits:** Identifying direct monetary advantages, such as improved cash flow or short-term savings in favour of the Federal Entity or the RIA Sponsor.
- **Capital Costs and Expected Revenues:** Providing detailed breakdowns of initial investment costs, ongoing operational expenses, and anticipated short- and long-term returns.
- **Inflation Rates and Discount Rate:** Incorporating credible estimates of expected inflation during the implementation period and specifying the appropriate discount rate for calculating the present value of costs and benefits.
- **Taxes and Financial Transfers:** Identifying additional financial obligations, such as VAT or Government fees, as well as any inter-Federal Entity transfers.

1.2 Budget and Funding Plan

The RIA Analyst, in coordination with the RIA Sponsor, is required to provide a comprehensive financial overview that includes:

- Detailed current budget allocations for the project or programme within the approved financial cycle.
- Estimates of future cash flows throughout the implementation period, including expected annual appropriations.
- A complete funding plan, whether through the general budget, external sources such as loans or grants, or projected self-generated revenues from the project.

1.3 Assessing the Financial Impact on Procurement Strategy

The financial assessment directs and guides procurement and contracting decisions. In this context, it requires analysing the alignment of financial feasibility with potential procurement options, which may involve:

- Adjusting project stages or deliverables to align with funding ceilings.
- Redesigning the Preferred Option to enhance the balance between quality and cost.
- Proposing innovative solutions to reduce costs or increase cash returns.
- Exploring alternative financing options to alleviate pressure on the general budget.
- Allowing service providers to generate additional revenue under fair and transparent conditions that serve the Federal Entity's interest.
- Negotiating with suppliers on prices and payment terms to achieve more favourable agreements.

1.4 Addressing Funding Gaps

If the financial assessment reveals a potential funding gap, the RIA Analyst must coordinate with the relevant entity to implement corrective measures, including:

- Reassessing project components to reduce costs without compromising the core deliverables.
- Seeking additional funding sources through strategic partnerships or existing support programmes.
- Proposing practical measures to lower operational or capital costs, ensuring project sustainability and strategic goal achievement.

Procedure: Supporting and Responding to the Financial Assessment

The RIA Analyst must:

- Support the preparation of the financial assessment by providing all necessary data and inputs to the financial experts.
- Review and update the RIA if the financial analysis identifies funding gaps or critical financial constraints.
- Collaborate closely with the RIA Sponsor and suppliers to develop practical solutions that enhance financial feasibility and ensure optimal utilisation of available resources.

For the appropriate template, refer to Annex (A) – Template No. (9): Financial and Commercial Analysis Template.

[3] Although transport-related payments are excluded from the economic analysis, RIA Analysts may collect this information during data gathering, for instance, information relating to the costs of goods and services (before VAT).

Step 2: Requirements and Strategies of Procurement and Risk Allocation

This step is critical in ensuring a smooth transition from the assessment stage to the actual implementation of the project or programme. It focuses on defining the optimal procurement strategy, drafting technical requirements, structuring payment mechanisms, and establishing a transparent and equitable framework for allocating risks among stakeholders.

2.1 Importance of the Private Sector Role

Engaging the private sector in providing assets or delivering public services is a fundamental pillar for achieving efficiency and innovation in implementing Government initiatives. However, such engagement requires four key elements to ensure success:

- Developing an integrated procurement strategy that aligns with Government priorities and applicable laws.
- Defining clear and precise requirements to ensure quality and incentivise innovative solutions.
- Designing effective payment mechanisms that link remuneration to performance and reinforce supplier commitment.
- Establishing a risk allocation framework that assigns each type of risk to the party best able to manage it, reflecting a fair and transparent balance.

The goal is not to eliminate risks but to redistribute them intelligently to ensure feasibility and stability throughout the project lifecycle.

2.2 Procurement Strategy

The procurement strategy is a planning document developed by procurement specialists in coordination with financial and legal teams. It includes the following elements:

- **Legislative Compliance:** Ensuring compliance with federal laws and regulations, particularly the procurement law and its executive regulations.
- **Strategic Coherence:** Linking the procurement strategy to the strategic objectives of the RIA Sponsor and the outcomes of previous stages.
- **Institutional Contracting Model:** Determining whether the RIA Sponsor will conduct procurement independently or through a unified/shared procurement unit.
- **Selection of the Optimal Procurement Method:** Such as direct purchase, public tenders, or long-term partnerships.
- **Market Consultation:** Considering early engagement with suppliers to explore innovative solutions and enhance project attractiveness.

2.3 Procurement Requirements

Procurement requirements must be based on the results of the two preceding stages:

- **Strategic Stage:** Precisely defining objectives and expected deliverables.
- **Economic Stage:** Understanding long-term costs and benefits to determine the desired added value.

Well-defined requirements directly influence:

- The quality of project deliverables in terms of alignment with core objectives.
- The scope of commercial agreements and contract content.
- Promoting competition and encouraging suppliers to submit high-quality, cost-effective proposals.

While RIA Analysts participate in preparing these requirements, final responsibility rests with the specialised procurement team.

2.4 Payment Mechanisms and Structure

Payment mechanisms within contracts are defined by procurement teams in coordination with financial and assessment teams, according to the following principles:

- Linking payments to performance and deliverables, rather than merely to timelines or progress milestones.
- Adopting executable and incentive-based payment mechanisms that reinforce supplier commitment to quality execution.
- Using financial analysis results to determine optimal payment timing and fair proportions according to completion stages.

These mechanisms are essential for managing cash flows and ensuring supplier adherence to contractual standards.

2.5 Risk Allocation Between the Public and Private Sectors

Risk allocation is a strategic component for the success of public-private partnership (PPP) projects and should be undertaken in accordance with three key principles:

- Accurate risk classification based on the approved formal Risk Register (Annex (B) – Risk Classification).
- Allocation of risks to the most appropriate party best positioned to manage them; for example, design or performance risks may be assigned to the supplier, while political or legal risks remain with the Government.
- Clarity in contractual allocation of responsibilities, with the aim of minimising disputes, ensuring a balanced contractual relationship, and maintaining stability throughout the project lifecycle.

Case Example: Risk Allocation under a Commercial Contract

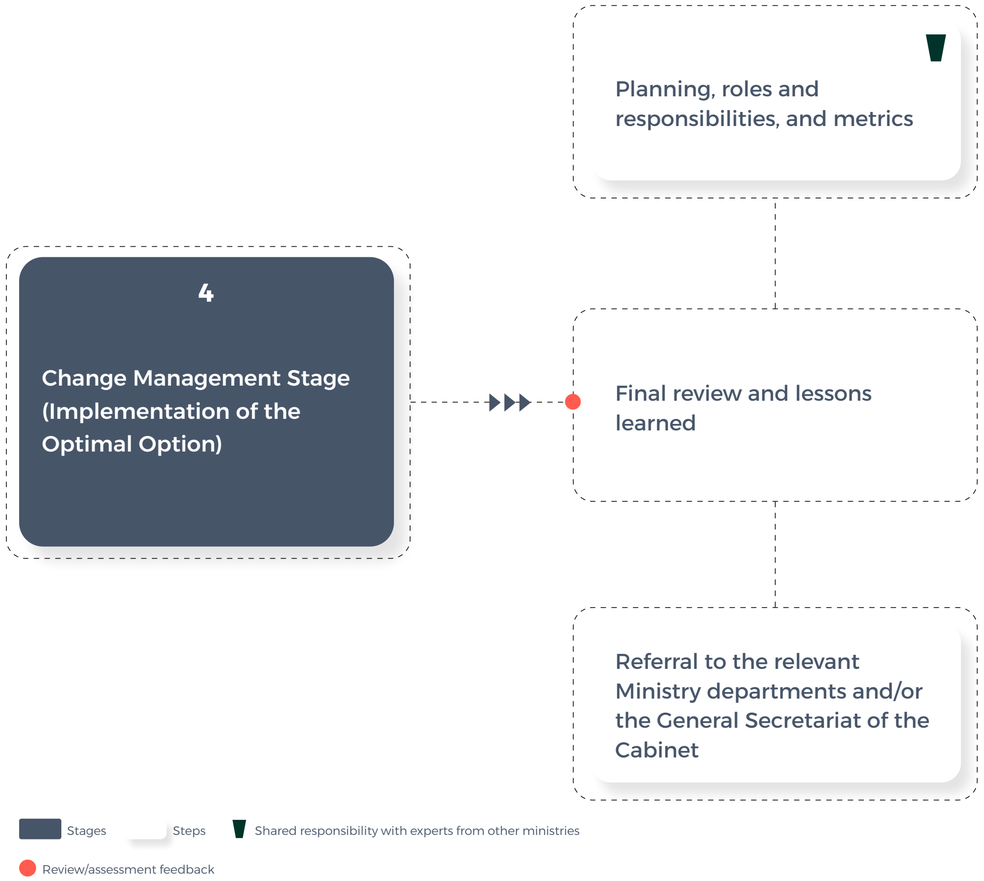
Risk	Rating (High / Medium / Low)	Risk Allocation / Risk Bearer			Key Considerations
		Buyer from Public Sector	Supplier from Private Sector	Shared Responsibility	
Obsolescence	Low		Risk Bearer		Limited to low levels of technology
Demand Risk	Medium	Risk Bearer			The public sector pays for excess supply if demand does not materialise
Design Risk	High			Risk Bearer	Responsibility is jointly allocated
Residual Risks	Low	Risk Bearer			Includes policy changes with long-term timelines
Third-Party Revenues	Low		Risk Bearer		The private sector bears the risk of reduced revenues due to lower third-party demand
Legislative Change	High	Risk Bearer			The programme/project sponsor did not account for the introduction of new legislation lacking sunset provisions

Procedure: Collaborating with Procurement Team to Finalise Commercial Arrangements

The RIA Analyst must:

- Document the approved procurement strategy for the programme/project (or the documentation prepared by procurement specialists).
- Document the approach for defining programme/project requirements in a manner that encourages suppliers to submit competitive and innovative bids.
- Document the approved payment mechanism and outline its implications on the RIA and financial feasibility.
- Precisely identify project risks, in coordination with procurement and legal teams, and establish a comprehensive plan for their allocation and management.

Stage 4: Change Management Stage



Overview

The Change Management Stage is the transition point between the analytical and planning phases, on one hand, and the actual implementation of the approved programme or project, on the other. This stage commences upon formal approval of the Preferred Option in its final form, following the incorporation of improvements arising from the Financial and Commercial Stage.

This stage comprises two integrated components: (1) Implementation and (2) Monitoring and Assessment.

While implementation is the central element, neglecting monitoring and assessment exposes the programme to risks of deviation and undermines the effectiveness of Government interventions over the long term.

The Change Management Stage encompasses a set of core activities, which may vary depending on the nature of the programme or project, including:

- **Implementation of the Preferred Option**
  - Developing a detailed implementation plan, including targeted deliverables, implementation timelines, and clearly defined roles and responsibilities for all parties.
  - Establishing governance mechanisms to ensure effective oversight of project execution and compliance.
- Implementation-supporting activities, as applicable depending on the nature of the project, including:
  - Amending or enacting legislation/regulations required to activate the intervention.
  - Developing new physical or digital assets (such as infrastructure or IT systems).
  - Launching new services to support policy implementation.
  - Delivering training programmes to strengthen the capabilities of relevant entities and stakeholders.
  - Organising engagement events to ensure beneficiary participation and enhance overall compliance.
  - Implementing additional measures to ensure sustainability and effectiveness of execution..
- **Monitoring and Assessment**
  - Establishing systematic mechanisms to track progress and measure efficiency and effectiveness.
  - Ensuring transparency and accountability through monitoring key performance indicators (KPIs).
  - Analysing lessons learned and incorporating them into future RIAs.

Step 1: Implementation, Assessment and Monitoring

This section of the Manual focuses on monitoring and assessment (rather than institutional implementation planning), with the objective of ensuring that the approved programme/project is implemented in accordance with the planned trajectory and that the achieved outcomes are measurable and analysable.

1.1 Importance of Monitoring and Assessment

Continuous and systematic assessment is a critical tool for ensuring the quality of implementation and the effectiveness of outcomes. It contributes to:

- Measuring progress towards achieving SMART objectives.
- Identifying deviations from timelines and cost estimates and addressing them accordingly.
- Assessing the adequacy of the measures undertaken and determining whether adjustments are required.
- Analysing whether the realised benefits are directly attributable to the intervention or influenced by external factors.

A distinction is made between:

- **Assessment During Implementation:** to maintain course alignment and correct deviations in a timely manner.
- **Post-implementation Assessment:** to measure final impact and capture any unintended outcomes.

1.2 Post-Implementation Assessment

Post-implementation assessment represents a key instrument for verifying the actual impact of the policy or legislation in practice. It aims to:

- Measure the gap between expected and actual outcomes.
- Understand the causes of deviations or gaps.
- Identify unintended or secondary effects.
- Document lessons learned to underpin and enhance future evidence and guidance.

This assessment is preferably conducted after a sufficient period (e.g., 12 to 24 months) to allow for the realisation and observation of actual impacts.

1.3 Defining Roles and Responsibilities

Given the multiplicity of stakeholders and the complexity of regulatory interventions, clearly defining roles and responsibilities is essential to ensure effective implementation and efficient oversight. A clear distinction should be made between:

- **Implementing Entity:** Responsible for executing the Optimal Option and delivering the outputs defined in the implementation plan.
- **Oversight Entity:** Responsible for monitoring implementation progress and ensuring compliance with technical, financial, and timeline requirements.
- **Assessment Entity:** Responsible for conducting post-implementation assessment and analysing outcomes against SMART objectives.

To ensure coordination and role integration, it is recommended to appoint a Senior Responsible Owner (SRO) with sufficient authority to oversee both implementation and monitoring tracks, and to coordinate efforts across technical, financial, and legislative teams.

1.4 Management of Indicators and Data Using Digital Solutions

Accurate and up-to-date data is the cornerstone of effective monitoring and assessment. Accordingly, a centralised database for the programme or project should be established to record and track key indicators, supported by digital platforms that enable integration and multi-dimensional analysis.

It is preferable to adopt technological solutions supported by Artificial Intelligence to ensure rapid access to information and enable dynamic and predictive analysis. Key indicators and data to be monitored include:

- SMART objectives
- Actual expenditure versus approved budget
- Key success factors

1.4 Management of Indicators and Data Using Digital Solutions (Continued)

The key indicators and data to be tracked include:

- Indicators recorded in the register.
- Risks classified within the risk register.
- Risk allocation arrangements between the public and private sectors as defined in contracts.
- Actual financial costs compared to prior estimates.

The accuracy of the assessment may be further enhanced through the collection of qualitative data, including:

- Stakeholder surveys.
- Structured and field interviews with key beneficiaries.

Although such data may not be directly quantifiable, it contributes to a deeper and more realistic understanding of the social and economic dimensions of the intervention.

1.5 Leveraging Artificial Intelligence in Monitoring and Assessment

The use of AI tools enhances the quality of assessment, accelerates analysis, and supports informed decision-making. It is recommended that such tools be deployed within a robust governance framework that balances technical efficiency with ethical integrity.

Key AI applications include:

- **Predictive Analysis:** To forecast beneficiary behaviour and policy impacts over the medium and long term, enabling early corrective actions.
- **Text and Big Data Analysis:** To extract trends and stakeholder sentiments from sources such as:
  - Digital complaints platforms.
  - Online surveys.
  - Social media comments.
- **Automation of Data Collection and Analysis:** To reduce human error, accelerate periodic assessments, and ensure seamless integration between quantitative and qualitative indicators.

When applying AI technologies, the following must be observed:

- Compliance with data privacy and protection requirements in line with best legislative practices.
- Ensuring transparency in the design of analytical models and the interpretation of their outputs.
- Avoiding full reliance on automated outputs, with necessary human oversight in final assessment and decision-making to ensure objectivity and fairness.

To activate the institutional learning pathway and utilise assessment outcomes to enhance the quality of future policies and legislation, the Ministry/Federal Entities shall incorporate Section (7) of the Monitoring and Assessment Plan Template, relating to post-implementation assessment, and explicitly link it to evidence review mechanisms, models, and procedures. This section constitutes a complementary final step within the RIA cycle, aimed at transforming documented results into actionable institutional inputs that contribute to updating approved guidance tools and strengthening the federal Government's readiness to address future regulatory and legislative challenges in line with the principle of continuous improvement.

When utilising AI tools, compliance with national legislation on data protection, cybersecurity, and privacy is mandatory.

For the appropriate template: Refer to Annex (A) – Template No. (10): Monitoring and Assessment Plan Template.

Example: Use of SMART Objectives for Assessment Purposes

SMART Objectives and Relevant Metrics Table: Assessment of the Implementation of the Optimal Option

- To what extent, and when, were the SMART objectives achieved? In particular:
  - To what extent, and when, were the outcomes achieved?
  - To what extent, and when, were the expected outcomes achieved?
  - Will the changes be sustained over time?
  - How successful was the delivery of deliverables and outcomes?
  - Were there any unintended consequences, and if so, were they significant?
  - What social value (as defined in Stage 2: Economic Stage) was generated?
  - In hindsight, what level of confidence can be attributed to the original RIA (including social value)?
  - Did the financial costs of implementation remain within the limits established in the Financial and Commercial Stage?

Case Example of the Use of Critical Success Factors for Assessment Purposes

Critical Success Factors Table: Assessment of the Implementation of the Optimal Option

The critical success factors identified for the SMART objectives aim to achieve a 20% reduction in carbon dioxide emissions in city X by 2030, through the phased deployment of 200 electric-powered buses replacing diesel engines.

- Has stakeholder support (both political and public) increased during the implementation period? (Aligned with strategic alignment priorities)
- Have any operational disruptions occurred? If so, are long-term maintenance costs now expected to exceed the original estimates? (Aligned with demonstrating social value)
- Has the required charging infrastructure been fully delivered, and is it available at strategic locations? (Aligned with supply chain readiness and infrastructure preparedness)
- Have any delays occurred in the commissioning of the infrastructure? If so, what are the implications for the project's final budget and/or financing arrangements? (Aligned with affordability considerations)
- Have the planned pilot projects been launched, and have lessons learned (intended to support the RIA Sponsor in implementation and capability development) been documented as planned? (Deliverability)
- Have objectives related to additional benefits, such as reducing noise pollution, been achieved? (Aligned with social value and wider societal benefits)

Procedure 1: Defining Roles and Responsibilities

The RIA Analyst must ensure that the change management plan clearly sets out the following:

- Responsibilities Related to the Implementation of the Optimal Option
  - Identify the individual or entity responsible for the final implementation of the Preferred Option in its approved form.
  - This includes defining roles and tasks associated with the following:
    - Drafting or amending the necessary legislation and regulations.
    - Establishing or developing tangible or digital assets (such as infrastructure or technological systems).
    - Delivering new services or enhancing existing services.
    - Providing any supporting activities or services required to activate the above.
- Responsibilities related to Monitoring and Assessment
  - Identify the entity or individuals responsible for monitoring during implementation to ensure compliance with the approved plan and budget.
  - Identify the entity or individuals responsible for post-implementation monitoring to measure the sustained impact of the intervention.
  - Identify the entity or individuals responsible for conducting the final assessment to measure the effectiveness and efficiency of the intervention.
  - Define the assessment mechanism, including the timing and methodology for conducting the assessment.
- Building Stakeholder Capacity
  - Define where and how the responsibility for preparing and building stakeholder capacity is shared between implementation teams and technical teams.
  - Clarify the relationship between all the above roles and the senior executive official who ultimately bears full accountability for both the implementation and monitoring stages.

Procedure 2: Incorporating Monitoring and Assessment Costs into the RIA

The RIA Analyst must incorporate monitoring and assessment costs within the estimates presented in the Economic Stage and the Financial and Commercial Stage of the RIA. These costs include:

- The cost of technical tools and data management platforms.
- The cost of operating and implementing these tools in practice.
- The cost of field surveys and interviews that may be conducted with stakeholders or parties affected by the change.

Procedure 3: Identifying the Metrics and Data to be Collected

The RIA Analyst, in collaboration with data management specialists, must ensure the following:

- Establishing a Unified Database for the Programme/Project.
  - Develop an integrated database aligned with the standards applied in other RIA programmes and projects.
  - Ensure a flexible architecture that enables data exchange and reconciliation across different Government projects.
- Defining Metrics and Data Fields
  - Identify the key metrics to be tracked to measure effectiveness and efficiency.
  - Define data fields in a manner that enables comparability of results across different programmes and projects.
  - Ensure that the data fields and datasets are aligned with other Government programme databases, thereby ensuring integration and consistency.

Final Review: Ministry / Federal Entity Review

Upon completion of all stages of the RIA, including monitoring and assessment, programme and project management, and other components associated with the assessment process, and following the comprehensive documentation of all steps and procedures undertaken during the assessment, the complete RIA file must be submitted to the relevant Ministry/Federal Entity. This submission is intended to enable the Ministry/Federal Entity to conduct a comprehensive final review, provide final observations and recommendations regarding the RIA approach and its findings, and verify compliance with all legal, technical, and procedural requirements prior to proceeding to the formal approval and implementation of the decision.

This stage is a critical link to ensure the objectivity of the assessment and to enhance the quality of Government interventions through strengthened oversight and the institutional exchange of knowledge.

Upon completion of the RIA and approval of the Preferred Option (or at any stage deemed appropriate by the Ministry/Federal Entity), the results and deliverables shall be documented in official memoranda in accordance with the templates approved by the Government. These templates include: The National Policies and Strategies Memorandum (for policies, initiatives, or national agendas), the Federal Legislation Memorandum, the Information Memorandum, and the Approval Memorandum. In addition, the internal memorandum template submitted to H.E. the Minister shall be utilised. These memoranda serve to support the decisions of the Ministry/Federal Entities and to submit recommendations to the competent higher authorities, thereby enhancing the efficiency of the decision-making process and ensuring proper documentation of the rationale for interventions.

To access the officially approved templates for these memoranda, please refer to the official portals of the Government of the United Arab Emirates and the Ministry of Finance.

Procedure: Finalisation of the Regulatory Impact Assessment

The RIA Analyst must:

- Incorporate the assessment recommendations issued by the Ministry/Federal Entity into the final version of the RIA report.
- Ensure that all comments and recommendations are duly addressed in accordance with the approved standards and procedures.
- Prepare an updated and comprehensive version of the final report, ensuring full and proper documentation.
- Submit the final version to the RIA Sponsor.
- The RIA Sponsor shall then submit the report to the competent authority to complete the procedures required for the formal approval of the final recommendations and the commencement of the implementation of the intervention or policy change.
- All amendments made to the report based on the observations of the competent authority must be fully documented.
- The final version of the report shall be retained in a centralised database within the Ministry/Federal Entity, ensuring transparency and enabling future reference for reviews or audit purposes.

4.

Chapter Four: Annexes

- Annex (A): Templates
- Annex (B): Risk Classification
- Annex (C): List of Additional Resources

Annex (A): Templates

Introduction

This Annex includes a set of practical templates and tools designed to support the various stages of RIA within Federal Entities. These templates are developed in accordance with international best practices adopted by leading Governments, while taking into consideration the national context of the United Arab Emirates, and providing flexible tools that can be applied based on the level of project complexity.

The templates aim to ensure transparency, standardise the methodological approach, and achieve the highest levels of accuracy in data collection, analysis, and decision-making.

Template No. (1):
Identification of Problems and Objectives Template

Purpose

This template aims to document the background and context of the proposed regulatory intervention, assess its alignment with the Government's strategic, legislative, and societal priorities, and ensure its consistency with the institutional capabilities of the Federal Entity as well as potential risks. This is intended to enhance policy effectiveness and achieve the expected impact.

Section 1: General Information

Item	Details
Template Number	
Federal Entity	
RIA Officer	
Job Title	
Email Address	
Telephone Number	

Section 2: Description of the Policy / Proposed Intervention

Item	Details
Regulatory Intervention Title	
Sponsoring Entity	
Expected Implementation Date	
Regulatory Intervention Type	New Legislation Legislative Amendment Regulation Policy Procedures Other (Specify)

Section 3: Background and Problem Definition

Item	Details
What is the problem being addressed?	
What is the Sponsoring Entity's perspective on the problem, and what are the boundaries of the possible scope of intervention or response?	
Has the problem been documented?	Yes No If yes, please indicate the sources

Section 4: Objectives of the Intervention

Item	Details
Overall Objective	
SMART Objectives	Objective: ..... Measurement: ..... Timeline: .....

Section 5: Stakeholders

Category	Relevant Authorities
Government Entities	
Private Sector	
Civil Society	
International Partners (if any)	

Section 6: Legal and Regulatory Aspects

Item	Details
Does the intervention require the issuance of new legislation or the amendment of existing legislation?	Yes No
Are there any relevant international obligations?	Yes No If yes, please specify

Brief Legal Review: Verification that the proposed intervention is consistent with the Constitution, applicable federal legislation, and relevant international agreements, without undertaking detailed legal examinations that fall within the mandate of other competent authorities.

Section 7: Alignment of the Policy with National Priorities

Question	Response / Clarification
Is the intervention aligned with national strategies?	Yes No Relationship
Is it aligned with the priorities of the Government and the Federal Entity?	Yes No Clarification
Does it address an international obligation or requirement?	Yes No Clarification

Section 8: Justification for the Intervention

Item	Details
What is the primary rationale for the proposal?	
Are there any non-regulatory alternatives?	Yes No If any, please specify

Section 9: Readiness of the Implementing Entity

Question	Response / Clarification
Does the Federal Entity possess the necessary institutional capabilities?	Yes No Partially Clarification
Are there existing or potential partnerships?	Yes No

Section 10: Potential Preliminary Risks

Risk Type	Risk Description	Impact Severity	Likelihood of Occurrence	Notes
Legislative / Legal		High Medium Low	High Medium Low	
Institutional / Coordination		High Medium Low	High Medium Low	
Financial / Funding		High Medium Low	High Medium Low	
Social / Economic		High Medium Low	High Medium Low	

Section 11: Preliminary Recommendation

Proceed with the preparation of the RIA.

Reconsider the timing or the approach.

Do not proceed at this stage and request further analysis.

Template No. 2: Stakeholder Analysis and Engagement Template

Purpose

This template assists Federal Entities in identifying, classifying, and analysing stakeholders affected by the regulatory intervention, and in developing an effective plan to engage them throughout the RIA stages. This helps ensure transparency, reduce resistance to change, and enhance the credibility of the decision-making process.

Section 1: Stakeholder Identification

Category	Target Entity / Group	Nature of Relationship with the Intervention	Expected to be Affected? (Yes/No)	Influence on the Success of the Intervention
Government	Example: Ministry of Economy	Example: Direct participation in implementation	Yes / No	High / Medium / Low
Private Sector	Example: Small Enterprises	Example: Subject to the proposed regulation	Yes / No	High / Medium / Low
Civil Society	Example: Environmental Associations	Example: Interested in the subject matter	Yes / No	High / Medium / Low
Individuals / Consumers	Example: Licence Holders	Example: Service recipients	Yes / No	High / Medium / Low
International Entities	Example: Contractual Partners	Example: Contractual obligations or agreements	Yes / No	High / Medium / Low

Additional Notes

- This template should be updated periodically throughout the assessment stages.
- A social risk analysis may be attached if the positions of certain stakeholders could have a significant negative impact.
- Feedback and outcomes from engagement activities should be documented and attached to the RIA Final Report.

Section 2: Stakeholder Analysis Matrix

It is recommended to use the “Influence × Interest” matrix to determine the priority for engaging each category.

Category	Level of Influence	Level of Interest	Recommended Approach
High Influence × High Interest	High	High	Actively engage (consultations/workshops)
High Influence × Low Interest	High	Low	Maintain continuous communication
Low Influence × High Interest	Low	High	Respond to inquiries and provide information
Low Influence × Low Interest	Low	Low	Monitor without direct engagement

Section 3: Analysis of Stakeholder Positions

Entity	Expected Position	Level of Support / Opposition	Drivers of Support or Opposition	Engagement Strategy
Federation of Chambers of Commerce	Initially opposed	Moderate opposition	Cost of compliance	Early engagement and clarification of benefits
Environment Agency	Supportive	High	Support for environmental impact	Technical partnership in design
Consumer Association	Undetermined	Low	Lack of information	Awareness outreach and surveys

Section 4: Communication and Engagement Plan

Stage	Type of Engagement	Method	Target Group	Timing	Responsible Entity
Alternatives Analysis	Participation in design	Workshop	Government entities	Week 2	Policy Department
Data Collection	Survey	Online questionnaire	Individuals and institutions	Week 3	Assessment Department
Pre-Decision	Consultative engagement	Hearing sessions	Key stakeholders	Week 6	Proposing Entity
Post-Decision	Public communication	Awareness campaign	General public	After approval	Institutional Communication Department

Template No. 3: Preliminary Regulatory Impact Assessment Template

Purpose

This template provides a practical tool for determining whether the proposed regulatory intervention requires a detailed RIA or whether a simplified assessment would be sufficient. It represents a key step in ensuring proportionality between the scope of the assessment and the magnitude of the potential impact.

Section 1: Basic Information

Item	Details
Template Number	
Federal Entity	
RIA Officer	
Template Completion Date	
Regulatory Intervention Title	

Section 2: Type and Scope of the Intervention

Item	Details
Type of Intervention	Legislation Amendment Regulation Policy Administrative Measure
Scope of Impact	National Sectoral Local
Area of Impact	Economic Social Environmental Institutional Technological Legislative

Section 3: Preliminary Assessment Questions

Please answer the following questions with Yes or No, and provide clarification where necessary:

Question	Yes / No	Explanatory Notes
Does the intervention have a substantial impact on individuals, companies, or Government entities?	Yes No	
Could it lead to increased costs or regulatory burdens?	Yes No	
Is it expected to trigger objections from stakeholders?	Yes No	
Is the intervention related to international obligations or agreements?	Yes No	
Is sufficient data available to support the RIA?	Yes No	
Does the intervention involve the use of new technologies or AI?	Yes No	

Brief Legal Review: Verification that the proposed intervention does not conflict with the constitution, applicable federal legislation in force, or relevant international agreements. Any material legal observations may be documented under the “Justification for the Recommendation” field in the following section.

Section 4: Preliminary Recommendation on the Scope of the RIA

Based on the responses above:

Recommendation	Conducting a Detailed Assessment Conducting a Simplified Assessment Only
Justification for the Recommendation	
Potential Risks if a Detailed Assessment is not Conducted	

Officer-in-charge Signature

Name	
Job Title	
Date	

Template No. 4: Preliminary Assessment Template for Economic, Social, and Environmental Impacts

Purpose

This template aims to provide a comprehensive preliminary assessment of the proposed intervention by analysing direct and indirect economic costs and benefits, alongside social, institutional, and environmental impacts. It supports determining the need for a subsequent detailed analysis and guides decisions regarding the next stages of the assessment.

Section 1: General Information

Item	Details
Template Number	
Federal Entity	
Proposed Policy/Legislation Title	
RIA Officer	
Template Preparation Date	

Section 2: Identification of Affected Groups

Please identify entities or groups affected directly or indirectly by the intervention:

Category	Examples	Affected Status
Government Entities	Ministry of Economy, Federal Authority	Direct Indirect
Individuals/Citizens	Students, Retirees, Beneficiaries	Direct Indirect
Business Sector	Small Enterprises, Banks	Direct Indirect
Non-profit Sector	Professional Associations, NGOs	Direct Indirect
International Partners	UN Agencies, Partner Countries	Direct Indirect

Section 3: Potential Economic Costs (Estimated)

Please estimate the main costs based on available information:

Cost Type	Description	Affected Entity	Approximate Amount (AED)	Notes
Administrative Costs	System setup, staff training	Government Entities		
Compliance Costs	Adherence to new requirements	Business Sector		
Direct Financial Costs	New fees or fines	Individuals/ Companies		
Indirect Costs	Process delays, general negative impact	All		

Section 4: Expected Economic Benefits

Benefit Type	Description	Beneficiary Group	Monetarily Measurable?
Economic Benefit	Increased revenue, sector growth	Companies / Government	Yes No
Regulatory Benefit	Improved service efficiency	Government Entities	Yes No
Social Benefit	Improved quality of life	Individuals / Society	Yes No
Environmental Benefit	Reduced pollution or emissions	Society / Environment	Yes No

Section 5: Social and Qualitative Impact Analysis

Please assess the following aspects: (A) Social Impact

Area	Expected Assessment	Notes
Social Equity/Vulnerable Groups	Positive Negative Neutral	
Gender Equality	Positive Negative Neutral	
Employment/Labour Market	Positive Negative Neutral	
Impact on Local Communities	Positive Negative Neutral	
Impact on Persons with Disabilities/Elderly	Positive Negative Neutral	

Section 5: Social and Qualitative Impact Analysis – Continued

Please assess the following aspects: (B) Qualitative / Institutional Impact

Area	Assessment			Degree of Impact		
Government operational efficiency	Improvement	Deterioration	No change	High	Medium	Low
Inter-agency coordination	Improvement	Deterioration	No change	High	Medium	Low
Customer satisfaction	Improvement	Deterioration	No change	High	Medium	Low
Transparency/accountability	Improvement	Deterioration	No change	High	Medium	Low
Enforceability and oversight capacity	Improvement	Deterioration	No change	High	Medium	Low

Section 6: Environmental Impact Analysis (if any)

Area	Expected Assessment			Measurement Tools / Notes
Carbon emissions	Increase	Decrease	No change	
Natural resource management	Improvement	Deterioration	No change	
Impact on biodiversity	Positive	Negative	Neutral	
Waste/pollution	Increase	Decrease	No change	

Note: Where the environmental impact is material, the assessment should be aligned with the Sustainability Guidelines or the standards issued by the Ministry of Climate Change and Environment.

Section 7: Mitigation and Enhancement Measures

Type of Impact	Proposed Action	Responsible Entity
Social		
Institutional		
Environmental		

Section 8: Overall Assessment and Recommendation

Question	Response
Do the benefits preliminarily outweigh the costs?	Yes No Unclear
Is the non-economic impact material?	Yes No
Does the impact warrant additional public consultation?	Yes No (If yes, please specify)
Is the available data sufficient for a detailed analysis?	Yes No (Please specify)
Is there a need for an in-depth economic/qualitative analysis?	Yes No (Please specify)

Section 9: Next Steps

Recommendation	Proceed to a detailed analysis Initial assessment deemed sufficient Collect additional data Proposed follow-up actions Please specify .....

Officer-in-charge Signature

Name	
Job Title	
Date	

Template No. 5: Longlist Options Development and Assessment Template

Purpose

This template supports the documentation and analysis of all possible options (both regulatory and non-regulatory) to address the problem identified in the proposed policy, including the "No Intervention" option. It also aims to assess the advantages, disadvantages, and feasibility of each option in terms of impact, effectiveness, public acceptability, cost, and associated risks, in preparation for selecting the Preferred Option for economic and social assessment.

Section 1: Basic Information

Item	Details
Template Number	
Intervention Title	
Federal Entity	
Template Completion Date	

Section 2: Identification of Potential Options

Please list at least five options, including the "No Intervention" option, providing a brief description and indicating the type of each alternative.

No.	Option Name	Brief Description	Type of Alternative	Additional Notes
1	No Intervention	Maintain the status quo without intervention	No Intervention	
2			Legislative Regulatory Voluntary	
3			Legislative Regulatory Voluntary	
4			Legislative Regulatory Voluntary	
5			Legislative Regulatory Voluntary	

Section 3: Preliminary Feasibility Assessment

Option Name	Implementation Feasibility	Alignment with Existing Policies	Estimated Cost	Public Acceptability
	High Medium Low	Aligned Partially misaligned Fully misaligned	Low / Medium / High	Weak / Moderate / Strong
	High Medium Low	Aligned Partially misaligned Fully misaligned	Low / Medium / High	Weak / Moderate / Strong
	High Medium Low	Aligned Partially misaligned Fully misaligned	Low / Medium / High	Weak / Moderate / Strong
	High Medium Low	Aligned Partially misaligned Fully misaligned	Low / Medium / High	Weak / Moderate / Strong

Note: When assessing "alignment with existing policies", a brief verification should also be undertaken to ensure that the proposed option does not conflict with the Constitution, federal legislation, or relevant international agreements, without undertaking detailed legal reviews that fall within the remit of other competent authorities.

Section 4: Preliminary Comparison of Options

Criterion	Alternative 1	Alternative 2	Alternative 3
Potential impact	Low / Medium / High		
Practical feasibility	Low / Medium / High		
Financial cost	Low / Medium / High		
Public acceptability	Weak / Moderate / Strong		
Risk level	Low / Medium / High		
Alignment with national policies	Weak / Moderate / Strong		

Additional comments on the comparison: .....

Section 5: Analysis of Advantages and Disadvantages of Each Option

Option Name	Key Advantages	Key Disadvantages

Section 6: Specific Analysis of the “No Intervention” Option

Question	Response / Clarification
Would maintaining the status quo lead to an exacerbation of the problem?	Yes No
Are there any potential adverse legal or social implications?	

Section 7: Preliminary Recommendation

Question	Response / Clarification
Based on the above analysis, the entity recommends:	Yes No Yes No Yes No
Reasons for the recommendation or exclusion	

Section 8: Supporting Annexes (if any)

Previous studies or memoranda

International comparative analyses

Preliminary views from stakeholders

Supporting legal documentation

Illustrative diagrams or maps of potential impacts

Template Completion Officer Signature

Name	
Job Title	
Date	

Template No. 6: Integrated Economic Assessment Template for Regulatory Options

Purpose

This template aims to support decision-makers in selecting the optimal regulatory option by assessing the economic feasibility of proposed interventions, particularly in cases where traditional Cost-Benefit Analysis (CBA) is not feasible or sufficient. The template combines three complementary analytical tools:

- **Cost-Effectiveness Analysis (CEA):** To identify the option that delivers the greatest impact at the lowest cost when the impact is measurable but cannot be readily monetised.
- **Multi-criteria Decision Analysis (MCDA):** To rank options based on a combination of quantitative and qualitative criteria using weighted scoring.
- **Sensitivity Analysis and Switching Tests:** To assess how the results of the analysis are affected by changes in key assumptions and to identify the thresholds at which the Preferred Option may change.

This template helps enhance transparency and evidence-based methodologies and aligns with the Government's direction to improve the efficiency of legislative and regulatory decision-making in the United Arab Emirates.

Section 1: General Information

Item	Details
Template Number	
Federal Entity	
Economic Assessment Officer	
Email Address	
Assessment Date	

Section 2: Cost-effectiveness Analysis

Primary measurable impact: .....

Regulatory options under comparison:

Option	Brief Description	Estimated Cost (AED)	Unit of Impact	Cost-to-impact Ratio
Option 1				
Option 2				

Example: Cost per life saved – Cost per additional unit of compliance.

Section 3: Multi-criteria Decision Analysis (MCDA)

Identification of key criteria:

Criterion	Type (Quantitative / Qualitative)	Weight (%)

It is recommended that the number of criteria should not be fewer than three (3) and should not exceed seven (7) to avoid unnecessary complexity.

Assessment of options based on the criteria:

Option	Criterion 1	Criterion 2	Criterion 3	...	Overall Score (Weighted)
Option 1					
Option 2					

A scoring scale of 1–5 or 1–10 may be used when assessing each criterion.

Section 4: Sensitivity Analysis and Switching Tests

Key assumptions underpinning the analysis:

- Exchange rate = ...
- Compliance rate = ...
- Unit cost = ...

Testing variations in key inputs:

Variable	Original Value	Adjusted Value	Impact on the Preferred Option
			Option 1 / Option 2
			Option 1 / Option 2

Would a minor change in the inputs alter the Preferred Option?

Yes No

Please explain: .....

Section 5: General Observations and Economic Recommendation: .....

Template No. 7: Readiness, Risk, and Scenario Assessment Template

Purpose

This template aims to assess the readiness of the entity proposing the implementation in terms of institutional resources, legislative frameworks, and infrastructure, in parallel with analysing the risks associated with the regulatory intervention and developing multiple scenarios to anticipate potential challenges and identify mitigation measures.

This template constitutes a necessary complement prior to proceeding to the implementation phase or issuing the final recommendation.

Section 1: General Information

Item	Details
Template Number	
Policy/Project Title	
Federal Entity	
RIA Officer	
Job Title	
Email Address	
Phone Number	
Template Preparation Date	

Section 2: Institutional Readiness Assessment

Human and Organisational Resources	Are the necessary human resources available? Yes Partially No
	If the answer is No, what training or recruitment needs are required?
	Are there organisational units/executive committees ready to undertake implementation?
Infrastructure and Technological Capabilities	Is there adequate infrastructure (physical or digital) to support implementation? Yes Partially No
	Is there a need to develop electronic systems / smart platforms? Yes No
	If Yes, please clarify:
Legal and Regulatory Frameworks	Are there existing legislations that enable implementation? Yes No
	If No, what legal actions are required?
Implementation Timeline and Feasibility	Estimated timeframe for full implementation Less than 6 months Between 6–12 months More than 12 months
	Factors affecting the implementation timeline

Section 3: Risk Analysis

Please identify the key risks associated with implementation, assess their likelihood and potential impact, and set out mitigation plans:

No.	Risk Description	Source of Risk	Likelihood	Impact	Risk Level	Mitigation Plan
1						
2						

Note: It is preferable to apply the criteria of the National Risk Matrix, if any.

Section 4: Potential Scenarios Analysis

Scenario	Key Assumptions	Expected Impact	Level of Impact	Recommendation
Baseline Scenario	Implementation in accordance with the plan	Achievement of 80–90% of the intended impact	Medium	Proceed with implementation while monitoring risks
Optimistic Scenario	High readiness + full cooperation	Amplified impact	High	Expand the scope of implementation
Pessimistic Scenario	Delays - resistance from partners	Partial impact	High	Implement a contingency plan and adopt a phased implementation approach

Section 5: Implementation Challenges and Treatment Plans

Challenge or Obstacle	Severity of Impact	Proposed Plan for Addressing
	Low / Medium / High	
	Low / Medium / High	

Section 6: Final Readiness Assessment

Yes, it is recommended to proceed with implementation as planned.

Yes, subject to specified modifications.

No, implementation is not recommended at this stage.

Please provide clarification: .....

RIA Officer Signature

Name	
Job Title	
Date	

Template No. 8: Regulatory Impact Assessment Final Report Summary Template

Purpose

This template documents the final results of the RIA Process following the completion of all assessment stages. It serves as the basis for the review and approval of the decision by the competent authorities. It aims to provide a comprehensive, concise, and decision-ready overview for decision-makers, presented in an evidence-based manner.

Section 1: General Information

Item	Details
Template Number	
Proposing Entity	
RIA Officer	
Assessment Completion Date	
Regulatory Intervention Type	New Legislation Amendment Regulation Policy Other

Section 2: Brief Background

Item	Details
Policy or Legislation Title	
Brief Description of the Intervention	
Key Stakeholders	Government Entities Private Sector Civil Society International Partners (if any)

Section 3: Alternatives Considered

Alternative	Description	Selected?	Justification for Selection / Exclusion
Alternative 1		Yes No	
Alternative 2		Yes No	
Status Quo		Yes No	

Section 4: Summary of the Economic Analysis

Element	Value / Analysis
Total Costs	
Total Benefits	
Benefit-cost Ratio	
Sensitivity Analysis Results	
Switching Tests Results (if any)	
Multi-criteria Decision Analysis	

If Cost-Benefit Analysis (CBA) has not been applied, please provide justification for the alternative analytical approach used.

Section 5: Non-economic Considerations

Environmental Impacts	
Social Impacts	
Institutional / Operational Impacts	
Legal Considerations	Requires legislative amendment Requires the issuance of new legislation Does not require direct legislative intervention Related to international obligations

Brief Legal Review: It should be ensured that the recommended intervention is consistent with the Constitution, applicable federal legislation, and relevant international agreements, taking into consideration that detailed reviews relating to competition, consumer protection, or small and medium-sized enterprises are conducted, where applicable, by the competent authorities.

Section 6: Deliverables and Recommendations

Item	Details
Recommended Intervention	
Proposing Entity	
General Recommendations	

Section 7: Follow-up Mechanism

Monitoring and Assessment Plan during Implementation	Attached within the template To be developed at a later stage
Monitoring Entity	

Section 8: Annexes and Supporting Documents

Please specify the attached templates and tools	

Template No. 9: Financial and Commercial Analysis Template

Purpose

This template supports the documentation of the financial and commercial analysis of the Preferred Option. It aims to ensure the appropriateness of funding arrangements, efficiency of expenditure, transparency in procurement, and identification of the commercial risks associated with implementation. It focuses on linking the results of the economic assessment with the implementation plan.

Section 1: General Information

Item	Details
Template Number	
Federal Entity	
RIA Officer	
Job Title	
Email Address	
Phone Number	

Section 2: Summary of the Preferred Option Under Analysis

Item	Details
Regulatory Intervention Title	
Brief Description of the Preferred Option	
Reference to the Relevant Previous Template	

Section 3: Financial Modelling and Total Cost

Item	Details
Capital Costs	
Operating Costs	
Total Annual Implementation Cost	
Proposed Funding Sources	
Does the funding require budget amendment?	
Additional Notes	

Section 4: Procurement and Contracting Strategy

Item	Details
Will procurement be conducted through a tender process or through other procurement methods?	Tender Other Procurement Methods If the answer is “Other Procurement Methods”, please specify:
Proposed Contract Type	
Contract Term	
Allocation of Risks between the Government and Suppliers	
Are approvals from other entities required?	Yes No
Relevant Entities, if any	

Section 5: Commercial Feasibility Assessment

Item	Details
Have market quotations/cost estimates been verified?	Yes No
Availability of Suppliers or Potential Partners	High Medium Limited
Availability of Comparable Commercial alternatives	Yes No
Additional Notes	

Section 6: Financial and Commercial Risks

Type of Risk	Likelihood of Occurrence	Severity of Impact	Mitigation Plan
	Low Medium High	Weak Moderate Strong	
	Low Medium High	Weak Moderate Strong	
	Low Medium High	Weak Moderate Strong	

Section 7: Conclusion and Recommendations

Does financial and commercial analysis support proceeding with implementation?	Yes No (please provide clarification below)
Final Remarks	

Template No. 10: Monitoring and Assessment Plan Template

Purpose

This template aims to document a systematic plan for monitoring the implementation of regulatory interventions and periodically measuring their impacts. It supports transparency and accountability by tracking key indicators and comparing actual performance against defined targets. It also enables course correction where necessary and contributes to the development of institutional knowledge that can be transferred to future initiatives.

Section 1: General Information

Item	Details
Template Number	
Federal Entity	
Regulatory Intervention Title	
Monitoring and Assessment Officer	
Email Address	
Preparation Date	

Section 2: Key Performance Indicators (KPIs)

Indicator	Type (Quantitative / Qualitative)	Measurement Method	Frequency	Responsible Entity	Target

It is preferable that the indicators cover aspects related to impact, effectiveness, and efficiency.

Section 3: Data Collection Plan

Type of Data	Source	Collection Method	Frequency	Verification Method
Quantitative / Qualitative				
Quantitative / Qualitative				

It is recommended to use multiple tools (surveys – interviews – document review – digital systems).

Section 4: Interim and Final Assessment Mechanism

Type of Assessment	Timing	Implementing Entity	Methodology	Assessment Outputs
During Implementation				
Post-Implementation				

Section 5: Risk Review and Corrective Measures

Potential Risk	Relevant Indicator	Early Monitoring Mechanism	Corrective Action

Section 6: Lessons Learned (to be completed after implementation)

Section 7: Subsequent Assessment and Use of Results in Policy Development

Planned Activity	Implementation Timing	Relevant Entities	Analytical Tools	Subsequent Assessment Outputs	Utilisation Mechanism

Annex (B): Risk Register

Introduction

This annex aims to provide a comprehensive framework for the classification and management of risks that may arise during the development or implementation of RIAs. This classification is designed to support RIA Analysts and RIA Sponsors in identifying potential risks, classifying them according to their nature and level of impact, and establishing effective plans to mitigate or address them.

This classification also enhances proactive capacity to anticipate challenges, mitigate adverse impacts, and ensure that decisions are grounded in accurate and reliable information.

1. Risk Classification

Risks associated with RIAs may be categorised into three principal levels, which may be further detailed as follows:

- **External Risks:** Risks arising from factors or events that fall outside the control of the programme/project but may directly or indirectly affect its outcomes.
- **Commercial Risks Related to the Ministry/Federal Entity:** Risks that fall within the scope of responsibility of the Ministry, department, or Federal Entity responsible for the programme or project.
- **Public–private Shared Service Risks:** Risks associated with the provision of services or the implementation of projects in which both the public and private sectors are involved, whereby responsibilities and risk implications may be allocated and shared between the parties.

Risk Classification			
A. External Risks Directly Affecting the Programme/Project		**B. Non-transferable / Non-allocable Risks**	
Risk Type	Description	Risk Type	Description
Catastrophic	Occurrence of natural disasters or unforeseen circumstances that significantly affect the economic or social environment on a broad scale.	Professional Risk	Failure of the RIA Sponsor to fulfil its obligations or achieve its defined SMART objectives.
Legislative	Changes in laws, regulations, or policies that may affect the expected costs or benefits of the programme/project.	Reputational Risk	Loss of confidence in the RIA Sponsor due to weak performance or inability to achieve its declared objectives, which may affect its credibility with partners and the public.
C. Shared Service Risks Between the Public and Private Sectors			
Risk Type	Description	Risk Type	Description
Service Risk	The service delivered is not fit for purpose or fails to meet essential needs.	Availability and Performance Risk	Delivery of a service at a quality level below the standards contractually agreed upon.
Design Risk	The technical design fails to meet the required quality requirements.	Demand Risk	A gap between the actual level of demand and the projected level, resulting in either excess service capacity or insufficient provision.
Planning Risk	Failure of the programme/project to comply with local planning requirements or relevant legislation.	Volume Risk	Variations in the actual level of service utilisation compared with prior forecasts.
Construction Risk	Delay or failure in completing the construction of physical assets within the specified timeframe and agreed budget.	Maintenance Risk	Actual maintenance costs exceeding the approved budget.
Relocation Risk	Risks arising from the need to relocate employees or customers to alternative locations during project implementation.	Technology Risk	Obsolescence of the technology used or its inability to meet future requirements.
Environmental Risk	The impact of the project on the environment or local communities, which may lead to objections or regulatory restrictions.	Financing Risk	Delay in implementation or reduction in project scope due to insufficient or delayed financing.
Contractual Risk	Complexities or disputes arising from contractual arrangements between the relevant parties.	Residual Value Risk	Uncertainty regarding the value of the tangible asset at the end of the contract term.
Operational Risk	Variations in operating costs or the actual performance of services compared with the standards specified in the agreements.	Operational Risk	Variations in operating costs or the actual performance of services compared with the standards specified in the agreements.

2. Risk Register

The risk register is a central tool for documenting and managing all risks associated with the programme/ project and the Preferred Option.

Purpose of the Register

- Documenting all risks associated with the programme, project, or the Preferred Option.
- Supporting the decision-making process by providing a comprehensive overview of the nature of the risks, their likelihood of occurrence, their potential impact, and the entity responsible for managing them.

Continuous Update

- The register is not static; rather, it evolves dynamically as work on the RIA progresses.
- The register is updated whenever options are excluded or when the details of the Preferred Option are further refined.

Sources of Risk Inputs

- All risks arising from the strategic analysis and the economic analysis must be recorded in this register.
- The entity responsible for each risk must also be identified, whether it is a Ministry, a Federal Entity, a private partner, or a third party.

Risk Allocation and Assignment of Responsibility

- It is important to distinguish between:
  - The party that bears the risk by default (for example, the implementing entity, unless otherwise specified).
  - The party to which the risk is contractually allocated during the commercial stage or within partnership agreements.
- If the risk allocation mechanism fails for any reason, the risk may revert to the party least capable of managing it, which may:
  - Result in increased costs; and
  - Lead to additional Government intervention to reassert control.

Final Outcome

- The risk register serves as the primary reference for all parties involved in the project, as it clearly defines:
  - The nature of the risks;
  - The parties responsible for them; and
  - The mechanisms for managing or mitigating them.

Core Risk Register Fields	
Field Name	**Description / Input Details**
Risk ID	A unique sequential identifier for the risk.
Risk Type	Classification of the risk according to the defined categories (commercial, service-related, or external).
Risk Description	A brief description of the nature of the risk and where it may arise within the context of the programme/project or the Preferred Option.
Author / Risk Originator	The name of the entity or person who identified the risk (e.g., the RIA Analyst or the RIA Sponsor).
Date Identified	The date on which the risk was first entered into the register.
Last Update	The most recent update or modification to the status of the risk.
Estimated Cost if Risk Occurs	Financial estimate of the potential cost should the risk occur.
Likelihood / Probability of Occurrence	Assessment of the likelihood based on a scale (Low / Medium / High) or expressed as a percentage.
Expected Impact	The degree of impact if the risk occurs (Low / Medium / High) or a quantified value.
Risk Interdependencies	Identification of whether the risk is linked to other risks within or outside the programme, including cascading risks.
Risk Owner	The entity or person responsible for monitoring and managing the risk (following contractual allocation, where applicable).
Mitigation Measures	Preventive or corrective actions to reduce either the likelihood of occurrence or the impact of the risk (excluding contractual allocation).
Risk Status	Current treatment status (Open/Under Treatment/Mitigated/Closed).

Annex (C): List of Additional Resources

Introduction

This annex provides a comprehensive list of key relevant national and international resources and references that may be utilised as supporting tools in the preparation and implementation of RIAs. These resources have been selected for their credibility and reliability and for their contribution to enhancing the quality of analytical processes and policy drafting in accordance with international best practices.

1. National Resources

The following are key official resources issued by the Government, which serve as essential references for policy development and the preparation of RIAs:

- Preparing Public Policies in the Government of the United Arab Emirates: https://u.ae/ar-ae/about-the-uae/strategies-initiatives-and-awards/policies/preparing-public-policies-in-the-uae
- The UAE Cabinet Memorandum Templates:
  - All memoranda can be accessed through: https://uaecabinet.ae/ar/memos-templates
  - Memorandum of Policies, National Agendas, National Initiatives and Programmes, and National Strategies: https://uaecabinet.ae/en/download-memo/memorandum-of-policies-national-agendas-national-initiatives-and-programs-national-strategies
  - Memorandum of Agreements and International Organisations: https://uaecabinet.ae/en/download-memo/memorandum-of-agreements-and-international-organizations
  - Memorandum of Federal Legislation: https://uaecabinet.ae/en/download-memo/memorandum-of-federal-legislation
  - Memorandum of Approval: https://uaecabinet.ae/en/download-memo/memorandum-of-approval

2. International Best Practice Guidelines

To keep pace with global developments in the field of RIA, the following international references may be consulted:

- CUTS International (N.D.), Regulatory RIA Toolkit: A Practitioner's Guide for Developing Countries: https://cuts-ccier.org/pdf/Regulatory_Impact_Assessment_Toolkit.pdf
- The Organisation for Economic Co-operation and Development (2020), Regulatory RIA, OECD Best Practice Principles for Regulatory Policy, OECD Publishing, Paris: https://doi.org/10.1787/7a9638cb-en
- The Organisation for Economic Co-operation and Development (2009), Regulatory Impact Analysis: A Tool for Policy Coherence, OECD Reviews of Regulatory Reform, OECD Publishing, Paris: https://doi.org/10.1787/9789264067110-en
- World Bank Group (2018), Global Indicators of Regulatory Governance: Worldwide Practices of Regulatory RIAs: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/905611520284525814/goblal-indicators-of-regulatory-governance-worldwide-practices-of-regulatory-impact-assessments