

Series on Integrated Impact Assessment (IIA)

2-Example of the Practice of IIA at the European Commission

June 2014

This briefing note is the second in a series of six focused on the state of the practice of integrated impact assessment (IIA). These documents focus, respectively, on:

1. Overall situation and clarification of concepts
- 2. Example of the practice of IIA at the European Commission**
3. Example of the practice of IIA in France
4. Example of the practice of IIA in the United Kingdom
5. Example of the practice of IIA in Northern Ireland
6. Main challenges and issues tied to IIA

Foreword

Integrated Impact Assessment (IIA) is a decision-support mechanism increasingly being considered by public administrations in industrialized countries. The movement toward the adoption of evidence-based policy has given rise to many forms of impact assessment, reflecting governmental priorities. The need to combine the various impact assessment tools which have multiplied over the years within governments arises from the desire to reduce the administrative burden associated with assessments and to ensure governmental coherence (Achnicht, Rennings, & Hertin, 2009; Radaelli & Meuwese, 2009).

The integration of impact assessment tools is also relevant to the public health sector. Indeed, at a time when the institutionalization of health impact assessment (HIA) within government apparatus is being promoted as a way to improve the health of Canadians (Keon & Pépin, 2008; Health Council of Canada, 2010; Canadian Nurses Association, 2012), it is essential that this new form of impact assessment be positioned within the context of government decision-making processes.

*IIA is a prospective assessment aimed at integrating within a **single conceptual framework** all the intended and unintended effects (usually on the economy, society and the environment) of a new government intervention. Its goal is to combine the various existing impact assessments within a single procedure.*

The series on IIA follows from a study conducted during the summer of 2012 at the request of the Government of Québec, which is exploring this issue. The objective of the study, carried out by the National Collaborating Centre for Healthy Public Policy (NCCHPP) on behalf of Québec's Ministère de la Santé et des Services sociaux (MSSS – the Ministry of Health and Social Services), was twofold: to examine the current state of the practice of IIA in Western countries, along with key issues, and to gather practical examples. The research methodology was based on two strategies: reviewing the literature and examining case studies. The review focused on scientific articles and the grey literature. This allowed us to identify government initiatives that could shed light on modes of governance and tools used to conduct IIAs, which could be relevant to the Canadian context. Four government initiatives in particular were examined: those of the European Commission, France, the United Kingdom and Northern Ireland. For each of these, a literature review and semi-structured interviews (13 in total) were conducted.

This briefing note describes the case of the European Commission, along with its history, objectives, procedures and the tools used. In addition, the evaluation of the practice is discussed. Particular attention is also focused on the manner in which impact assessments with a single focus were included in the integrated analysis.

History and scope

The experience of the European Commission with integrated impact assessment is the most significant to date (De Smedt, 2010; Fritsch, Radaelli, Schrefler & Renda, 2012; Hertin et al., 2007). IIA was formally established as a practice in 2002, with the clearly stated intention of abolishing the existing sectoral assessments (focused on international trade, business, the environment, gender equality, regulations, etc.) and adopting a more integrated approach. It is applicable to all proposed legislation in the Commission's workplans, as well as to non-legislative measures that are likely to have significant impacts (European Commission, 2009).

Objectives and principles

The practice is founded on three principles: first, the need for a balanced assessment of social, economic and environmental consequences; next, the need for proportionate analysis, that is, the effort devoted to the work of analysis should be proportionate to the significance of the potential consequences; and finally, the necessity of consulting all stakeholders (European Commission, 2012a). Thus, improved legislation, according to the Commission, requires not only evidence-based policies, but also greater transparency and external participation. IIA is viewed as a tool facilitating communication between the Commission and the Member States, and as a way to improve intersectoral cooperation and internal cohesion (Bäcklund, 2009).

Procedure, methods and tools

A well-established procedure, supported by organizational infrastructure, guides the practice of IIA. The Secretariat-General, in collaboration with the various Directorates-General (DG) of the Commission, determines which projects will be the subject of an IIA, based on the annual workplans. Usually, IIAs are required for large-scale projects or those likely to have a serious impact (European Commission, 2009). However, responsibility for

conducting the impact assessments falls to each of the directorates. These can benefit from the support of a unit specifically designed for this purpose and established within their respective DG. The Secretariat-General may also provide support, as needed, through the intermediary of its own IIA unit. The latter constitutes the link between the Commission and the Impact Assessment Board, an independent agency that reports directly to the President of the Commission. This body was established in 2006 to monitor the quality of IIAs, following an extensive evaluation of the practice. It should be noted that a quality assessment is performed while an IIA is underway, and not only at the end, which allows project managers to take corrective action if necessary.

DGs must plan and make known in advance their legislative projects, announcing the main aspects that will be subject to impact assessment and the DGs invited to join the inter-service steering group, to be established as part of the IIA process. The establishment of an inter-service steering group for each IIA is mandatory, and the pre-publication of a "roadmap" summarizing the project and the associated issues allows the sectors concerned to earmark the time and resources needed to participate, at the agreed time, in the IIA process. The entire process, illustrated in Appendix 1, can extend over an entire year (European Commission, 2009).¹

A set of reference documents, available to policy analysts, has been developed and training is provided to the latter to support them in completing their tasks. Analysts have, for example, access to several practical guides, a joint research centre and models of best practices.² Quantitative analysis methods are preferred, particularly those involving monetization (i.e., ascribing a monetary value to non-economic variables), but qualitative approaches are also recommended for variables that are less amenable to quantification.

¹ The typical countdown for preparing an impact assessment is illustrated at page 8 of the Impact Assessment Guidelines available at: http://ec.europa.eu/smart-regulation/impact/commission_guidelines/docs/iaq_2009_en.pdf

² For further details, one could visit the website of the European Commission (English only). To consult the *Key documents* section: https://ec.europa.eu/search/?QueryText=key+documents&op=Search&swlang=en&form_build_id=form-CnxJC_u8C627U5g2LG58BmuNMtUET1Kg4dFmhKkwKcY&form_id=nexteuropa_europa_search_search_form; the *Best Practice Library*: https://ec.europa.eu/search/?QueryText=Best+Practice+Library&op=Search&swlang=en&form_build_id=form-L_5LtbwthUeiG1eRpwY2A_qJ_71YIYs285bantlq028&form_id=nexteuropa_europa_search_search_form; and the *Joint Research Centre*: <http://ec.europa.eu/dgs/jrc/index.cfm>

Transition from sectoral impacts

Sectoral impact assessments have been integrated into the overall IIA process. The concerns emanating from each sector are included in the form of key questions found in one or the other of the checklists for the three dimensions (economic, social and environmental) that structure the official guidelines. The checklist for each dimension is divided into several sections, and most of the sectoral impact assessments that pre-dated IIA have been incorporated under one or another of the section headings. For example, health impact assessment is part of the social dimension. There is little evidence of how the transition occurred in practice. However, over time, some DGs (e.g., the DG for Enterprise and Industry, the DG for Health and Consumers, the DG for Justice, and the DG for Employment, Social Affairs and Inclusion) have developed guides or reference materials to assist other directorates in more effectively examining the specific issues covered by their impact assessments (European Commission, 2009).

The most documented transition is that involving the assessment of impacts on sustainable development. The Commission drew on its strategic impact assessment guidelines and on its sustainable development strategy in developing its current approach to integrated impact assessment. Indeed, the three pillars of sustainable development, namely economic, social and environmental development, are the dimensions that structure the integrated impact assessment process. Despite this, some observers in the environmental sector have lamented what they see as a backing away from the true integration of sustainable development principles into this new approach, particularly in response to economic imperatives linked to the financial crisis (Bäcklund, 2009; Jacob & Hertin, 2007). Although the way these principles are taken into account seems to be improving over time (De Smedt, 2010), the precedence of economic impacts and regulation reduction constitute an impediment to the full consideration of environmental impacts (Jacob et al., 2008). A second reason for this failure relates to the fact that because environmental issues are not as high in the hierarchy of the Commission's concerns as those related to security and the economy, the DG for the environment is less often included in

inter-service steering groups and, therefore, has fewer opportunities to advance environmental concerns (Hertin et al., 2007).

Similar points have been made by observers of the integration of health issues into integrated assessment. Health is one of eleven headings included under the social dimension in the practice guidelines. Thus, the sectors to be considered in relation to this dimension are numerous and sometimes multidimensional, as in the case, for example, of the education, social assistance and justice sectors. The social dimension is more fragmented and more complex to consider than the economic and environmental dimensions. Studies have revealed that health issues have been given little consideration (Salay & Lincoln, 2006) or have been considered only in terms of their economic impacts on businesses (Smith, Fooks, Collin, Weishaar, & Gilmore, 2010).

From theory to practice

The practice of IIA at the European Commission has been the subject of numerous external evaluations (Bäcklund, 2009; Hertin et al., 2007; Jacob et al., 2008; Lee & Kirkpatrick, 2006; Watson et al., 2007), some specifically requested by the Commission, with the aim of improving its practice (Watson et al., 2007; European Commission, 2012b). Many of the observations found in these studies are presented in the 6th briefing note in this series (forthcoming), entitled *Main challenges and issues tied to IIA*. The most significant challenges relate to the choice of analytical tools and to whether assessment methods will enable users to take into account the impacts associated with all three dimensions (economic, social and environmental) in a balanced way.

The European Commission takes the practice of impact assessment very seriously, as evidenced by the creation, in 2006, of an assessment board to monitor the quality of IIAs. This independent board examines the quality of all assessments produced by the Commission and recommends potential improvements. As an indication of the volume of work in this area, the board assesses an average of one hundred proposals, legislative or otherwise, per year.³

³ It is possible to have access to all impact assessments at the following address: http://ec.europa.eu/smart-regulation/impact/ia_carried_out/cia_2013_en.htm#markt_sanco

In the first years following the implementation of IIA, the reports called into question the quality of the analyses. Overall, half of the IIAs evaluated had quality problems attributed to various causes: failure to adhere to guidelines, lack of time and financial resources, poor capacity, etc. Moreover, despite the Commission's emphasis on the use of quantitative methods, such as monetization, these remain little used by policy analysts, except when analyzing the direct costs of a proposal (von Raggamby, 2008). However, the practice seems to be improving over time owing to the resources the Commission has devoted to resolving, as far as possible, the quality issue (Fritsch et al., 2012).

One of the needs expressed by analysts was for clarification concerning which situations should be subjected to an impact study. The obligation to analyze all policies, including those with little impact, created a significant administrative burden and led to a perception among analysts that the process was futile. The principle of proportionate analysis, which links the scope of analysis to the magnitude of anticipated impacts, was introduced to address this malaise.

Another problem raised relates to the organizational culture that existed when the IIA process was first implemented. A study by Watson and colleagues in 2007 revealed the existence of a widespread belief among policy makers in the Commission that IIAs were not objective and tended to justify the preferred option of the department initiating the project. Hence their usefulness with regard to decision making was questioned. To overcome this situation, procedural changes were introduced which ensure that the processes of analysis and external consultation begin very early in the legislation development process. The publication of project descriptions in strategic planning documents and the internal dissemination of roadmaps specific to each project have increased the participation of other sectors and opened the analysis process to a greater number of perspectives requiring assessment (Watson et al., 2007). Indeed, the obligation to create inter-service steering groups and to consult experts when necessary was perceived, by the Commission members interviewed, as beneficial, both for having introduced greater transparency and for having improved access to required information (Bäcklund, 2009; Watson et al., 2007).

Conclusion

The practice of IIA, while it elicits a great deal of interest from many governments, ultimately remains little used at present. There are several issues and challenges associated with its institutionalization within governments. The 6th briefing note in this series, entitled *Main challenges and issues tied to IIA*, examines the difficulties as well as the benefits of the practice, based on the feedback collected and the literature consulted in a study conducted by the NCCHPP during the summer of 2012.

The present briefing note has focused particular attention on the case of the European Commission. Although this example involves the practice of IIA at the international level, the practice model described presents several interesting features. Underpinned by a long-term vision, this model lays emphasis on an intersectoral approach set in motion as early as possible in the decision-making process. Careful monitoring of the quality of the practice, significant effort devoted to supporting analysts through training and access to guides and other reference material and, finally, the prompting of analysts to consult those external to the government also characterize the European Commission's approach.

Within the broader context of this study, we identified three other European experiences which seemed noteworthy and had been sufficiently studied to enable us to form an account of the effective implementation of such a practice. The table in Appendix 2 provides an overview of the four experiences documented over the course of this study, thus allowing for comparison of the example described in this briefing note with the other situations that were examined.

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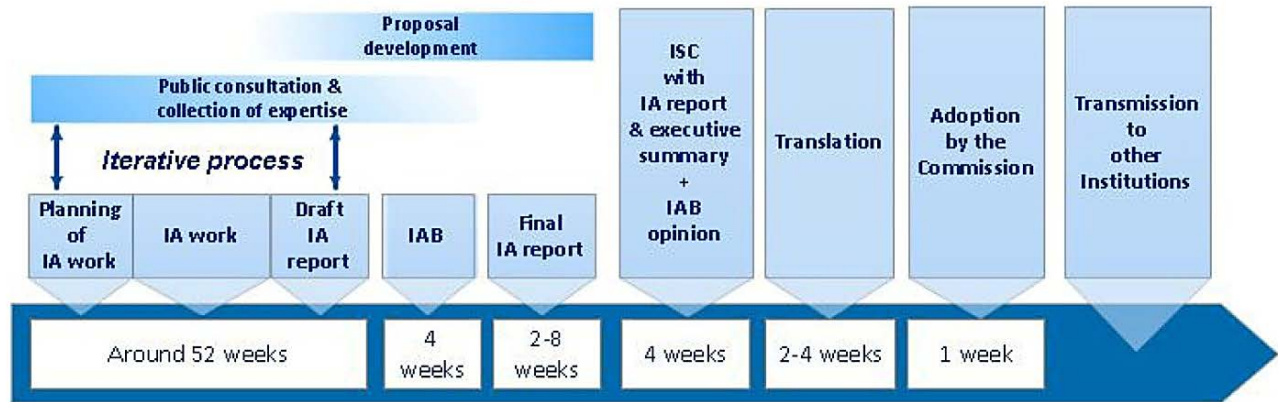
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APPENDIX 1

DIAGRAM OF THE IIA PROCESS AT THE EUROPEAN COMMISSION

Typical countdown for preparing an impact assessment



Source: European Commission. (2009). Impact Assessment Guidelines. Retrieved from: http://ec.europa.eu/governance/impact/commission_guidelines/docs/iag_2009_en.pdf

APPENDIX 2

TABLE OF EXPERIENCES WITH INSTITUTIONALIZATION OF IIA

	European Commission	France	Northern Ireland	United Kingdom
Initiation and scope	Initiated in 2002 Legislative and non-legislative projects	Initiated in 2004; mandatory since 2009 (anchored in the constitution) For all proposed legislation and government regulations	2004; integrated into the policy development process in 2007 For all policies	Expanded Regulatory Impact Assessment (RIA) in 2005; integrated impact assessment in 2008 Statutes and regulations
Objectives and principles	Sustainable development - Best policy	Best policy - Reduce intervention	Best policy - Consistency with government objectives	Best policy - Reduce regulation
Degree of institutionalization	Strong Sectors are responsible for analysis Support units in each Directorate-General Inter-service steering group from the beginning Central bodies supervising and ensuring quality control	Strong The General Secretariat of the government is at the centre of the mechanism Sectors are responsible for analysis Inter-departmental midway through process Independent body for quality assurance	Weak IIA not mandatory except for equity and sustainable development Policy development guide that integrates all mechanisms	Strong Sectors are responsible for analysis Responsibility assigned to a department with an economic vocation Independent body for quality assurance
Procedures, methods, tools	Quantitative (monetization) and qualitative Public documents	Quantitative (monetization) and qualitative Public documents	Equally quantitative and qualitative No obligation to monetize	Quantitative (monetization) Public documents
Transition from sectoral impact assessments	Integrated into a list of questions Sectoral guides provide support	Transition poorly documented	Incorporated within a single framework	Integrated into the process with the help of test sheets Sectoral guides
Evaluation	Ongoing improvement Asymmetry between economic aspects and other aspects, but becoming more balanced	Little documented in the literature	Little documented in the literature	Ongoing improvement Emphasis placed on quality of economic analyses Asymmetry between dimensions assessed

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