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# IMPACT ASSESSMENT RESEARCH CENTRE

## WORKING PAPER SERIES

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### **A Pilot Study of the Quality of European Commission Extended Impact Assessments**

**Norman Lee<sup>1</sup> and Colin Kirkpatrick<sup>2</sup>**  
**Impact Assessment Research Centre**  
**Institute for Development Policy & Management**  
**The University of Manchester, UK**

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University of Manchester, Harold Hankins House, Precinct Centre, Oxford  
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Email: [iarc@man.ac.uk](mailto:iarc@man.ac.uk) Web: <http://www.man.ac.uk/idpm/iarc>

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<sup>1</sup> Norman Lee is Honorary Senior Research Fellow at the Impact Assessment Research Centre, Institute for Development Policy and Management, and formerly Co-Director of the EIA Centre and Senior Lecturer in Economics, University of Manchester.

<sup>2</sup> Colin Kirkpatrick is Hallsworth Professor of Development Economics and Director of the Impact Assessment Research Centre at the Institute for Development Policy and Management, University of Manchester

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## 1. INTRODUCTION

In 2003, the European Commission introduced a unified system of integrated impact assessment which replaced several separate, more specialised, forms of assessment in use within different parts of the Commission. The Communication of the European Commission on Impact Assessment (EC, 2002a) commits the Commission to undertake an impact assessment of all major policy proposals in order 'to improve the quality and coherence of the policy development process'. The introduction of an integrated method for impact assessment is intended to 'contribute to an effective and efficient regulatory environment and further, to a more coherent implementation of the European strategy for Sustainable Development'. The new system for the systematic use of impact assessment, consists of the 'preliminary' assessment of all proposals in the Commission's work programme and 'extended' assessments of major proposals. In 2003, a total of 43 proposals were selected for extended assessment, and it was estimated that approximately 50% of the Extended Impact Assessments (ExIAs) would be completed by the end of the first year (EC, 2003). In the event, a total of 20 Ex IAs were completed. A further 46 Ex IAs are planned for 2004.

The Goteborg European Council meeting in June 2001 committed the Commission to promote sustainable development and to establish mechanisms 'to ensure that all major legislative proposals include an assessment of the potential economic, environmental and social benefits and costs of action or lack of action, both inside and outside the EU'(EC, 2001a). Subsequently, the Commission proposed that 'a coherent method for impact analysis' be introduced for all major Commission proposals, by the end of 2002.(EC, 2001b). In 2002, the Communication on Impact Assessment ( EC, 2002a) was issued, followed by Impact Assessment Guidelines (EC, 2002b), which were intended to help Commission staff to organise, design, carry out and/or review an impact assessment. The Guidelines begin with a quotation from the 2001 Communication on the European Sustainable Development Strategy: 'sustainable development should become the central objective of all sectors and policies ....careful assessment of the full effects of a policy proposal must include estimates of its economic, environmental and social impacts inside and outside the EU' (EC, 2001a). The Guidelines are accompanied by a number of detailed technical annexes.

The primary purpose of this pilot study is to review the quality of a sample of the first generation Extended Impact Assessment *reports*, produced during 2003, and of the *process* by which these reports have been prepared within the Commission.

Additionally, the aim is to consider what lessons might be drawn from this experience and what measures might be taken to strengthen future assessment practice. The study has been based on the reports themselves, and on the comments received on an earlier version of the paper which was circulated to Commission staff and to other interested parties.

The next section of the paper outlines the new EC impact assessment system and the role of extended impact assessments (Ex IAs) within this. The third section identifies the 20 Ex IAs completed during 2003 and the criteria by which the pilot study cases have been selected from these. It also contains a brief resume of each of the six cases chosen, on this basis, for review. The fourth section outlines the review criteria and methods by which the quality of the Ex IA reports produced and processes followed have been assessed. Fuller details are provided in the Annex . Section Five contains the review findings relating to the six Ex IA reports. Section Six provides the preliminary findings relating to the quality of the impact assessment process. The final section summarises the principal findings of the pilot study, outlines some outstanding issues requiring further research and indicates possible areas for strengthening existing guidance and training.

## **2. THE NEW EC IMPACT ASSESSMENT SYSTEM**

The new EC impact assessment system is outlined in the Communication from the Commission on Impact Assessment (COM 2002 276 Final) and is elaborated in supporting Guidelines . Two closely related Communications, issued at a similar time, are the Action Plan “Simplifying and Improving the Regulatory Environment” (COM (2002) 278 Final)(EC,2002c), which identifies the new impact assessment system as one action within the Better Regulation Action Plan<sup>3</sup>, and the General Principles and Minimum Standards for Consultation of Interested Parties by the

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<sup>3</sup> In addition to promoting the overall objective of sustainable development, the new form of impact assessment is expected to contribute to better regulation by helping to improve the choice and quality of legislative and other policy proposals, monitoring/evaluating their implementation and co-ordinating/streamlining the assessment process (see Communication on Action Plan for Simplifying and Improving the Regulatory Environment).

Commission (COM (2002) 704 Final)(EC,2002d), which, in the first instance, are to be applied to those initiatives subject to extended impact assessment.

These new impact assessment procedures are to be phased in gradually from 2003. The system is due to become fully operational in 2004/2005. The Commission acknowledges that the impact assessments, undertaken during the first year, will be 'less complete' and that the 'full level of detail' is only expected from 2004.

The principal features of this new assessment system, which are of particular relevance in this pilot study (concerning both the reports to be produced and the assessment process to be followed), are summarised below:

- The new system is intended to replace several separate forms of impact assessment previously applied to Commission policy proposals. These included business impact assessment, gender assessment, environmental assessment, small and medium enterprises assessment, trade impact assessment and regulatory assessment. The new arrangements are intended to address the shortcomings of the partial approach inherent in 'single sector' assessments, as well as to reap the potential benefits of a more streamlined assessment process.
- This new system aims to deliver on Goteborg commitments to implement sustainable development and to establish a tool for sustainable impact assessment. Therefore, the scope of the assessment encompasses economic, environmental and social impacts (positive and negative, direct and indirect), and their distributional effects.<sup>4</sup>
- All Commission legislative and other policy proposals, which are to be included in the Annual Policy Strategy and Work Programmes of the Commission, are subject to the impact assessment procedure except where certain exemptions and conditions apply, as specified in the Impact Assessment Communication.

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<sup>4</sup> The distributional analysis identifies significant impacts on particular social groups, economic sectors, sizes of enterprises, geographical areas (within and outside the European Union) and different generations.

- The impact assessment process, which comprises a number of stages (see below) is to be integrated into the Strategic Policy and Programming/Activity Based Management (SPP/ABM) programming cycle (see [ABM Communication SEC \(2001\) 1197](#)).
- Stage 1 – Preliminary Impact Assessment. This is required for all proposals to be included in the Annual Policy Strategy and Work Programme. It serves as a filter to help the College (of the Commission) to identify those proposals that will be subject to an extended impact assessment (see Stage 2 below). It should provide, in a short statement, an overview of: the problem that has been identified, the objective to be served, the main policy options available to achieve the objective, a preliminary indication of their likely positive and negative consequences (economic, social and environmental) and proposed follow up to the preliminary assessment, including whether an extended impact assessment is recommended (see Annex 1 of the Impact Assessment Communication for further details).
- Stage 2 – Extended Impact Assessment. The Commission determines, on the basis of the preliminary assessment statement and specified criteria, which policy proposals require an extended impact assessment (Ex IA). The Ex IA's purpose is two-fold: a) to carry out a more in-depth analysis of the potential impacts of the policy proposed on the economy, society and the environment, and b) to consult with interested parties and relevant experts according to the minimum standards for consultation (see [Consultation Communication](#) above for further details). The main components of the Extended Impact Assessment and a suggested format for the Ex IA report, are outlined in Annexes 2 and 3 of the Impact Assessment Communication.

As in the case of preliminary impact assessments, the Directorate General initiating the policy proposal is normally responsible for conducting the extended impact assessment and presenting the results of the analysis in an impact assessment report. The responsible DG keeps the Secretariat General (SG) (which coordinates the basic support structure for the new assessment procedure) informed and involves other DGs where these may be affected by the proposal. However, the Commission may decide

that, for proposals with the most significant cross-cutting impact and highest political importance, the responsible DG is assisted by an inter-departmental group including the most concerned DGs and the SG. The task of the inter-departmental group is to define the scope of the assessment (having regard to economic, social and environmental impacts), monitor the progress of the extended assessment, and supervise the completion of the impact assessment report.

- Presentation and publication of reports: The preliminary assessment statements are to be annexed to the Work Programme of the Commission as a working document of the Services. The final impact assessment reports are attached to the inter-service consultation. Intermediate results from extended impact assessments should be shared as early as possible with the other DGs most concerned. The main results of the preliminary and/or extended impact assessments should be summarised in the explanatory memorandum. The final reports should also be attached to the proposed decision when submitted to the Commission for final adoption. The impact assessment reports will be adopted by the Commission as a supporting working document of the Services and be transmitted, together with the proposal to the other institutions, including the European Parliament, the European Council, the Council of Ministers, and the Economic and Social Committee. According to the Communication, the Commission is committed to ensure full transparency of the impact assessment findings for both preliminary and extended impact assessments.
- Subsequent stages in the assessment process. Proposals for modifications to the policy measure submitted by the Commission may be subsequently presented by (for example) the European Parliament or the Council of Ministers. Where these are of a substantive nature, they may justify revisions or up-dates to the original Ex IA report, prepared by the body submitting the proposed changes and/or by the Commission (see also COM (2002) 278 Final, Section 2.3). Additionally, provisions are to be made for monitoring the implementation of the approved policy measure and to undertake an ex-post evaluation of it. The review of assessment practice during these subsequent stages is not covered in this pilot study, since these are not yet sufficiently operational. However, proposals are contained in Section 7 for extending the scope of future IA research studies to include these.

### 3. PILOT STUDY EX IAs

The twenty Ex IAs completed during 2003 are listed in Table 1 below. They all relate to strategic policy issues but have very diverse characteristics which have to be taken into consideration in their assessment. These diversities relate to such matters as: the type of policy instrument which it is proposed to use (eg. regulation, directive, decision or communication); the stage in the policy formulation process at which the assessment is being undertaken; the extent to which the subsidiarity principle constrains what may be proposed by the Commission; the sectoral and geographic scope of the proposed measure; the subject content of the proposed measure and its amenability to different forms of quantitative and qualitative analysis; the level of detail required in different parts of the assessment, having regard to the principle of proportionate analysis; the culture and mission of the lead DG or Service responsible for the Ex IA's completion; the role played by other concerned DGs (eg. whether through the involvement of an inter-departmental group or in a less formalised manner), external expertise and consultations with stakeholders.

**Table 1: EC Extended Impact Assessments (2003 Work Programme)**

<b>Responsible DG/ Service</b>	<b>Proposed Policy Measure (COM reference) and Extended Impact Assessment (SEC reference)</b>
AGRI	Tobacco Regime (Communication) (COM (2003) 554; SEC(2003) 1023)
INFSO	Information and Communications Technologies for Safe and Intelligent Vehicles (Communication) (COM (2003) 542 final: SEC(2003) 963)
JAI	Communication on Immigration, Integration and Employment (COM(2003) 336 final, SEC (2003) 694)
RELEX	Amending Regulation: European Initiative for Democracy and Human Rights (COM (2003) 639 final; SEC(2003) 1170)
ENV	Regulation concerning REACH (chemicals)

	(COM(2003)644 final; voluntary SEC (2002) 1171)
TREN	Decision amending an earlier Decision on the Trans-European Transport Network (COM(2003)564 final; SEC(2003) 1060)
SANCO	Framework Directive on Unfair Commercial Practices (COM(2003) 356 final; SEC(2003) 724)
ENV	Amending Directive on Greenhouse Gas Emission Trading (COM (2003) 403 final; SEC (2003) 785/4)
INFSO	Communication on Transition from Analogue Broadcasting to Digital Broadcasting (COM(2003) 541 final; SEC(2003) 992)
AGRI	Reforming the European Union's Sugar Policy (Communication) (COM(2003)554 final; SEC (2003) 1022)
ECFIN	Communication on Shaping Support for Private Sector Development in the Mediterranean (COM (2003) 587 final; SEC(2003) 1110)
EMPL	Proposed Council Directive on Equal Treatment for Men and Women (COM (2003) 657 final; SEC (2003) 1213)
ENTR	Communication on Basic Orientations for the Sustainability of European Tourism (COM(2003)716 final; SEC (2003) 1295)
ENV	Directive on Batteries and Accumulators (COM(2003)723 final; SEC(2003) 1343)
TREN	Directive concerning Measures to Safeguard Security of Electricity Supply and Infrastructure Investment (COM(2003)740 final; SEC(2003) 1368)
TREN	Decision laying down Guidelines for Trans-European Energy Networks (COM(2003) 742 final; SEC(2003) 1369)
FISH	Proposed Regulation for Recovery of Sole Stocks in Western Channel and Bay of Biscay (COM(2003) 819 final; SEC(2003) 1480)

FISH	Proposed Regulation establishing Measures for the Recovery of Southern Hake Stock and Norway Lobster Stock in Cantabrian Sea and Western Iberian Waters (COM(2003) 818 final; SEC(2993) 1481)
ENV	Proposal for Groundwater Daughter Directive (COM(2003)550 final; SEC(2003) 1086)
EMP	Communication on the Future of the EES (COM (2003) 6; no SEC number)

When selecting six of these twenty Ex IAs for inclusion in the pilot study, a conscious attempt has been made to reflect this diversity within the chosen sample. However, the sample has not been randomly selected nor is it assumed that the sample findings are necessarily representative of the total population of 2003 Ex IAs. Those selected are listed in Table 2, which is followed by a brief description of each case, incorporating information relating to certain of the above characteristics. Additional information, relating to other characteristics, is included in the case study analyses in Section 5.

**Table 2: Pilot Sample Case Studies (length of Ex IA report in brackets)**

Case A	Ex IA (SEC(2003) 694) relating to the Communication on Immigration, Integration and Employment (COM(2003) 336 final) (17pp + 5pp annexes)
Case B	Ex IA (SEC(2003) 1060) relating to the proposed Decision amending an earlier Decision on the Trans-European Transport network (COM (2003) 564 final) (54pp)
Case C	Ex IA (SEC(2003) 1022) relating to the Communication on Reforming the European Union’s Sugar Policy (COM(2003)554 final) (40pp + 8pp annexes)
Case D	Ex IA (SEC(2003)1480) relating to the proposed Regulation for Recovery of Sole Stocks in the Western Channel and Bay of Biscay (COM(2003) 819 final) (14pp)

Case E	Ex IA (SEC(2003)1295) relating to the Communication on Basic Orientations for the Sustainability of European Tourism (COM(2003)716 final) (35pp +15pp annexes)
Case F	Ex IA (SEC(2003)1343) relating to the proposed Directive on Batteries and Accumulators and Spent Batteries and Accumulators (COM(2003)723 final) (60pp + 19pp annexes)

The Ex IA relating to the Communication on Immigration, Integration and Employment (Case A) was prepared by the Justice and Home Affairs Directorate. There was ‘involvement of both operational services and units with experience in evaluation matters’, including the Commission’s working group on asylum and immigration, but a formal Inter-Services Group (ISG) was not established. The problem identified in the report is insufficient integration of third country nationals in the member countries of the Community. The objective of the Communication is to suggest guidelines for improving the integration of legally settled immigrants and ‘managing future migration in an effective and responsible way’. Since responsibility for developing integration strategies rests with Member States, the Communication is limited to policy options at the EU level to support national integration strategies. According to the report, the EU is expected to benefit from improved integration in terms of social and economic development. It argues that a major economic benefit would be a partial offsetting of the predicted overall decline in employment resulting from demographic ageing of the EU workforce. The Communication proposes a ‘holistic approach’ at both EU-level and national level to achieve the goal of greater integration of immigrants, involving the coordination, monitoring and evaluation of a broad range of existing instruments and measures, which it is also hoped ‘generates a debate and raises awareness to these issues, thereby creating a momentum at European level’.

The Ex IA of the trans-European transport network (Case B) relates to the ‘proposal amending the amended proposal for a decision amending Decision No 1692/96/EC’. The Ex IA was prepared by DG TREN (Directorate - General Energy and Transport) and is based on the recommendations of a High-Level Group of external experts and the comments received on its report, which was published in mid-2003. The stated

goal of the amendment is to contribute to a more sustainable transport system at the European level by giving higher priority to investments in environmentally friendly modes and by integrating the transport networks of acceding countries with those of current Member states. The proposal is to amend the existing guidelines for the development of a trans-European transport network in such a way as to achieve, inter alia, a shift in usage between different modes. To achieve this, the amendment proposes additional infrastructure investments, closer coordination of transport investment, measures for charging for the use of infrastructure and a more ambitious rail policy. The Commission expects that the addition of these proposals to the earlier amended proposal will make it easier to reach agreement within the Council and the European Parliament on the trans-European transport network.

The Ex IA on the reform of the European Union's sugar policy (Case C) was prepared by DG Agriculture, working with an inter-departmental steering group (ISG) representing fourteen Directorates-General and other departments. The Ex IA of the common market organisation (CMO) for the sugar sector was prepared in the context of the Commission's mandate to undertake a mid-term review of the existing Regulation (which continues until 2006), the new cycle of trade negotiations within the Doha development round, and the proposed partnership agreements (EPA) with ACP countries. Four policy options are assessed, ranging from maintaining the status quo to abolition of domestic price support for sugar and beet and ending production quotas and quantitative and tariff restrictions on trade. The four options are assessed in terms of both sustainable development (by considering the potential economic, social and environmental impacts), and in terms of attaining the CMO objectives. The impact of each option on ACP and other major developing country producers is also assessed. The preparation of the Ex IA involved consultation with major stakeholders and interested parties, and the views of stakeholders on each option are also reported.

The Ex IA of a proposal for a Council Regulation establishing measures for the recovery of sole stocks in the Western Channel and the Bay of Biscay (Case D) was prepared by DG Fisheries. The problem which the proposal is intended to address is the decline in sole stocks in the Western Channel and the Bay of Biscay which, it believes, threatens their biological sustainability. The report argues that while there is

uncertainty about the scientific evidence, this potential threat is believed to be sufficiently serious to justify intervention based on the precautionary principle. The proposal is to introduce additional restrictions on the level of sole extraction and on the number of fishing vessels which fish these stocks. The application and distribution of these restrictions at the national level will be the responsibility of the individual Member States. The report assesses the potential economic, social and environmental impacts of the proposed measures for the Community members. The impacts outside the EU are not expected to be significant. Consultations with stakeholders were held during the preparation of the Ex IA and revealed a lack of consensus on the status of the stocks concerned and on the long term potential economic gains of the proposed measures.

The fifth Extended Impact Assessment, included in this pilot study, is for the Communication on Basic Orientations for the Sustainability of European Tourism (Case E). This Ex IA was prepared by DG Enterprise on the basis of a draft consultation document that, together with the resulting comments, provided the basis for the Communication. The Ex IA was completed in late November 2003, with the implementation of the measures proposed in the Communication to start in 2004. The main problem that the draft Communication addresses is the potential loss of competitiveness and global market share of the European tourism sector resulting from a deterioration in the quality of its environmental, social and cultural assets. The Communication proposes a Community policy approach which involves the Commission in, 'optimising the effect of Community policies and measures on the sustainability of European tourism; and the definition and implementation of complementary specific measures in the sphere of tourism for the purpose of promoting sustainability throughout the Community, which particularly targets the support of and involvement in other stakeholders' initiatives and which fills the gaps left by Community policies and measures affecting tourism.'. The Ex IA assesses four policy options ( including the option proposed in the Communication), but acknowledges that assessing the options 'proved to be a difficult task', which meant that 'the quantification of the impacts is not feasible'. The EX IA therefore provides a qualitative assessment based on the use of multi-criteria analysis.

The sixth Ex IA in the pilot study relates to the Directive on batteries and accumulators and spent batteries and accumulators and was undertaken by DG Environment. The problem that is to be addressed by the Directive is the environmental damage caused by the disposal of waste batteries and accumulators. The objective of the policy proposal is to reduce the environmental harm caused by the disposal of hazardous batteries, by reducing the use of landfill and incineration and increasing the use of recycling systems. A number of options are assessed for their potential environmental, social and economic impacts, drawing extensively on expert advice provided by external consultants. A stakeholder consultation was also undertaken to obtain the views of interested parties on the range of options listed in a Consultation Document. On the basis of the impact assessment and the consultation process a new Directive was proposed as the policy instrument. It sets out a framework for the collection and recycling of spent batteries, with the setting up of national collection systems. Target deadlines and monitoring requirements would be set for Member States, leaving Member States to choose the most appropriate implementation measures.

#### **4. THE EX IA QUALITY REVIEW PACKAGE**

This Ex IA Review Package contains two main components, a list of Review Topics and a Review Procedure<sup>5</sup> Both are outlined below and more fully described in the Annex.

- The List of Review Topics is organised within a hierarchical structure, into four Areas, each of which is divided into several Categories and Sub-categories. The Areas and Category headings are shown in Table 3 below, where Areas 1-3 relate to the quality of the Ex IA report and Area 4 relates to

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<sup>5</sup> The Ex IA Review Package which has been used in this pilot study is similar in broad structure to the Review Packages which have previously been used in reviewing the quality of project and plan appraisal reports. Lee et al (1999) includes copies of these and summaries of several empirical studies where they have been used. However, there are important differences between the structure and content of this review package and the earlier packages. These stem from: (i) Ex IA reports cover the assessment of economic, environmental and social impacts whereas earlier assessment reports were mainly confined to one category of impacts (eg. environmental impacts) (ii) this new review package assesses the quality of the assessment process (unlike most earlier review packages) as well as the quality of the assessment report (iii) the policy proposals submitted to assessment/review are (to varying degrees) of a broader, more strategic nature than the plans and projects typically assessed/reviewed in earlier studies.

the Ex IA process (see the Annex for the complete Listing of Review Topics, including Sub-categories). In constructing the List of Review Topics, account has been taken of the provisions contained in the EC Impact Assessment Communication and Supporting Guidelines, the Better Regulation Action Plan Communication and the Minimum Consultation Standards Communication (see Section 2) as well as of broader, international impact assessment experience (see Endnotes 7 and 11 for further details).

**Table 3: List of Review Topics (Summary)**

<u>Area 1</u>	<u>Description of the Problem, Policy Objectives and Policy Options</u>
1.1	Description of problem
1.2	Description of policy objectives and targets
1.3	Description of policy options
<u>Area 2</u>	<u>Description of Options Analysis Methodology and Findings</u>
2.1	Description of options analysis methodology
2.2	Description of options analysis findings
2.3	Choice of preferred option
<u>Area 3</u>	<u>Presentation of Report Findings</u>
3.1	Scope of report
3.2	Structure and clarity of report
3.3	Objectivity of report
3.4	Non-technical summary

<u>Area 4</u>	<u>Description of Assessment Process</u>
4.1	Relationship between policy assessment process and programming cycle
4.2	Time available for completion of assessment process
4.3	Use of Preliminary IA
4.4	Other inputs to Extended IA
4.5	Transparency of assessment process
4.6	Consultation and its effectiveness
4.7	Integration of Ex IA findings into policy programming documentation
4.8	Overall effect of the assessment process

- The Review Procedure explains how reviewers should undertake the review, initially of the Ex IA report and then of the corresponding Ex IA process. Two reviewers are involved in the quality review, initially working independently of each other. Each reviewer of an Ex IA report works systematically through the hierarchy of review topics for each area (1-3), in turn, starting in each case at the lowest (sub-category) level in the hierarchy. The list of quality assessment symbols and their definitions, which are to be used throughout the review and recorded on the standardised Collation Sheet, are shown in Table 4. ‘Letters’ rather than ‘numbers’ are used as symbols to discourage crude aggregation to obtain higher-level assessments. After each reviewer has completed his/her independent review, they meet to discuss their joint findings and produce an agreed quality assessment. A similar procedure is followed when assessing the quality of the Ex IA process except that (i) the reviewers now work systematically through the hierarchy of the review topics for Area 4; and (ii) they not only use information contained in the Ex IA report. Additionally, to obtain more information, they consult those involved

in preparing the Ex IA report and, other stake-holders, over its preparation, content and use.

**Table 4: Assessment Symbols and Definitions**

<b>Symbol</b>	<b>Definition</b>
A	Generally well performed, no important tasks left incomplete
B	Generally satisfactory and complete, only minor omissions and inadequacies
C	Can be considered just satisfactory, despite omissions and/or inadequacies
D	Parts are well attempted, but must, as a whole, be considered just unsatisfactory because of omissions or inadequacies
E	Not satisfactory, significant omissions or inadequacies
F	Very unsatisfactory, important task(s) poorly done or not attempted
NA	Not applicable. The Review Topic is not applicable or it is irrelevant in the context of this Extended Impact Assessment

## **5. PILOT STUDY FINDINGS: QUALITY OF EX IA REPORTS**

The quality assessment of the six Ex IA reports, at overall, area and category levels, are presented in descending order of overall score, in Table 5 below. The individual cases are unnamed to preserve anonymity. The overall scores range between B/C (lower B) to E/D (higher E). The six cases divide equally into three quality groups: clearly satisfactory (but not of high overall quality); marginally satisfactory/unsatisfactory; clearly unsatisfactory (but not very unsatisfactory). These quality findings are, in one sense, disappointing. On the other hand, each of these Ex IA reports was prepared during the first year's operation of the new integrated assessment system, when some initial difficulties were to be expected. A similar kind of quality review was carried out on a sample of UK and Irish environmental statements in 1989 at the end of the first year of operation of EC Directive 85/337 (Lee et al, 1999). It concluded that less than 30% were of satisfactory quality (ie. Grade C or above). Three years later (following additional guidance and training, as well as increased practical experience), this percentage had risen to above 60%.

**Table 5: Assessment Quality Scores for Pilot Sample Ex IA Reports (descending order of overall quality)**

Review Topic	Ex IA Report Scores					
	(1)	(2)	(3)	(4)	(5)	(6)
<b>1</b>	B	C/B	C	D/C	D/E	D
<b>1.1</b>	B	C	C	D	D/C	C/D
<b>1.2</b>	B	C	C	D	D/E	D
<b>1.3</b>	B/A	B	C/D	C	E	E
<b>2</b>	B/C	B/C	C/D	D/C	E/D	E
<b>2.1</b>	B	B/C	C/B	D	D	E/D
<b>2.2</b>	C	B/C	C	D	E	D/E
<b>2.3</b>	NA	C	D	C/D	NA	E
<b>3</b>	C	C/B	C/D	C	D	E/D
<b>3.1</b>	B	B	C	C/D	D/E	E/D
<b>3.2</b>	B/C	C	C	C	B	D
<b>3.3</b>	B	C/B	D	C/B	E/D	D
<b>3.4</b>	D/E	C	D	C/B	D/E	E
<b>Overall Score</b>	B/C	C/B	C/D	D/C	D/E	E/D

Some further insight can be gained into the possible types and sources of lower quality by analysing the case study findings at area, category and sub-category level. There is a relatively high correlation between both the quality rankings and the scores

at area level of the six reports. The average scores tend to be higher for Area 1 than Areas 2 and 3 but the differences are not great. For some reason (to be investigated further) those reports which are judged satisfactory in Area 1 tend to continue to be so in Areas 2 and 3 (and vice-versa). Within each Area, there is greater variability in score at the category level, as would be expected. Within Area 1, the selection of policy options is a particular source of weakness in certain reports. The choice of the preferred option, where attempted, is a relative source of weakness in Area 2. In Area 3, the absence of a non-technical summary is an important presentational weakness in several reports.

The scores at the sub-category level (particularly when supplemented by the verbal descriptions of the main weakness recorded on the Collation Sheet), provide the most specific insights into the types and sources of lower quality. These are identified in Table 6, using as a criterion where 50% or more cases score C/D or below in the sub-category under consideration (see Annex for the full listing of sub-categories). When considering these weaknesses, it should be borne in mind that, in most sub-categories, there are one or more cases within the sample where the same Review Topic is scored at B or C level. Many of the weaknesses identified are not applicable to all cases within the sample.

**Table 6: Review of Topics at Sub-Category Level, Scoring C/D or below in 50% or more cases.**

<b>Area 1</b>	<b>Area 2</b>	<b>Area 3</b>
<b>1.1.2; 1.1.4</b>	<b>2.1.2; 2.1.4; 2.1.7</b>	<b>3.1.1</b>
<b>1.2.2; 1.2.3; 1.2.4</b>	<b>2.2.1; 2.2.2; 2.2.3; 2.2.6; 2.2.7</b>	<b>3.3.2</b>
<b>1.3.1</b>	<b>2.3.1; 2.3.2; 2.3.3</b>	<b>3.4 (only analysed at category level)</b>

Based on the findings in Table 6, and the summaries of the main weaknesses attached in the individual Collation Sheets, the principal deficiencies at sub-category/category level in low scoring assessments are summarised below.

Area 1 (1.1) The nature of the problem to be addressed is not defined in a sufficiently fundamental manner with reference to a) its inconsistency with policy objectives, b) its root causes, c) its future scale and significance in the zero option scenario and, d) its distributional dimension. (1.2) Some difficulties are experienced in articulating higher and lower objectives and establishing consistency between these. The identification of quantitative and qualitative indicators for use in the assessment is not sufficiently developed. (1.3) The range of policy options identified for assessment is relatively narrow. Where these kinds of deficiencies occur, particularly in combination, the foundations for a successful assessment are difficult to establish and this can have a significant negative effect on the quality of the remainder of the assessment.

Area 2 (2.1) The scope and detail of the impacts assessed, even after consideration has been given to the proportionality principle, appear in a number of cases to be unbalanced (eg covering environmental and social impacts less thoroughly than economic impacts, covering negative impacts (eg costs) less thoroughly than positive impacts, and paying limited attention to the distribution of impacts). The methodology to be used in carrying out the options analysis and gathering data/other types of information is not made sufficiently explicit. Additionally, the approach to be adopted in handling risk and uncertainty and in handling other important assessment tasks is not sufficiently explained. These deficiencies in the description and justification of the methodology being used, reduce the credibility of the resulting assessment findings because they cannot be sufficiently substantiated.

The description of options analysis findings, in several of the sub-categories in category 2.2, is unsatisfactory in a number of cases reviewed. In several respects, these stem from corresponding deficiencies in the methodological content in 2.1; for example, in the limited coverage of the magnitude and significance of key impacts and their distribution and the limited use of scenario, risk and sensitivity analyses. In

turn, these weaknesses are carried over into category 2.3 Choice of Option, in those cases where this task is attempted.

Area 3 To some degree, deficiencies in the content of the Ex IA and the substantiation of its findings spill over into the presentation of the report (eg. 3.1.1). On the other hand, EC Guidance on the structure of the Ex IA report is broadly followed and benefits from this (eg. in 3.2.1). Omissions (eg. in the range of options described) or over-brief analysis of certain potentially negative impacts (eg. costs of options) may contribute to a form of concealed bias (3.3.2). The absence of a non-technical summary in most (but not all ) of the Ex IA reports is a significant deficiency for a non-specialist readership (3.4). This is partially compensated where summary information is presented in the introduction and conclusions to the report.

The causes of these shortcomings merit further investigation in order to identify possible remedies leading to improvements in the quality of future Ex IA reports. In part, these may depend upon the quality of the impact assessment process within which these reports have been prepared. This is examined, in a preliminary manner, in the next section.

## **6. PILOT STUDY FINDINGS: QUALITY OF THE ASSESSMENT PROCESS**

This section of the report is concerned with the quality and effectiveness of the assessment process, so far as it has relevance to the preparation and use of extended impact assessment reports. The issues to be addressed in this part of the review are covered by the review topics listed in Area 4 Description of the Assessment Process in the Review Package. The information to be used in assessing how well each of the tasks, covered by these topics, has been performed is drawn from a the description in each Ex IA report of how the assessment has been undertaken, and the summary of the main findings of the Ex IA provided in the Policy Proposal document and/or its Explanatory Memorandum<sup>6</sup>.

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<sup>6</sup> It was intended that the assessment of the quality of the assessment process would be informed by the views of those directly engaged in the process itself (ie those involved in the preparation of the Ex IA report or the consultations relating to it). Unfortunately we have been unable, so far, to elicit the views of Commission staff involved in the preparation of the Ex IAs included in our sample.

At present, there is no provision in EC Guidance on Impact Assessment that a systemised, comprehensive summary of the assessment process, which has been followed, should be included in the Ex IA report. As will be seen, the process information, which is currently contained in the pilot Ex IA reports, is variable and seemingly incomplete. This deficiency adds greater significance to the additional information to be obtained, through consultation, from those who have participated in the process. Until this has been obtained, the initial assessments, relating to the performance of the process, are provisional and expressed mainly in qualitative terms.

The Review Topics, in Area 4, are grouped into eight categories (see Table 3 and Annex). The first of these (4.1) is concerned with the extent to which the key stages in the policy assessment process are being timed to integrate satisfactorily its assessment findings into the corresponding stages of the programming cycle. This requirement is specified in the Commission's Communication on Impact Assessment and formally at least, it may appear to be met. The stream-lining of impact assessment arrangements, into a single integrated procedure, is expected to assist in achieving this, once the new system has bedded down. What also needs to be considered is whether perturbations in the programming cycle (which periodically may create pressures for quick decisions) result in quality problems for the Ex IA process if it has to deliver some reports at relatively short notice.

The second Review Topic (4.2) relates specifically to the time available in which to complete each stage in the assessment process. The timing of the commencement of the Ex IA stage is often difficult to define. However, on the basis of information contained in the six Ex IA reports, the length of time between formally commencing the Ex IA stage and submitting the Ex IA report (with the final policy document to which it is attached – see Table 1), seems to have varied between as little as three months to more than twelve months. In all of these cases, with one partial exception, these Ex IAs were not preceded by a preliminary impact assessment (this being a transitional arrangement). However, to varying degrees, several assessments have

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benefited from earlier preparatory studies, which preceded the formal introduction of integrated impact assessment requirements. In certain, apparently well-managed, cases there seems to have been no special difficulties in undertaking a satisfactory assessment process and producing a satisfactory Ex IA report. In other cases, it seems there were some time pressures. However, it is not clear that these differences are solely or mainly explainable in terms of the length of the assessment process.

The third Review Topic (4.3) concerns the usefulness of the Preliminary IA, not only in its own right but also in providing a foundation for the Ex IA where this is required. Since the Preliminary IA is not a requirement for first generation Ex IAs, this has been treated as 'not applicable' in this study. However, it should be explored in future studies, once this transitional arrangement has ended (see Section 7).

The fourth Review Topic (4.4) concerns the nature and extent of the resource inputs to the Extended IA and their adequacy. Clearly, resource needs will vary according to the nature of the policy proposal being assessed, the extent to which relevant information exists, etc. However, the variation in the use made of the expertise of different DGs, additional to the lead DG (including the use made of inter-directorate working groups), of external expertise (eg. consultancy studies) and of more broadly based external consultations (considered further in 4.6) is not fully explainable by differences in assessment requirements as documented in the pilot Ex IA reports. It is possible that some of the deficiencies in both the assessment process and Ex IA reports are partly due to under-provision and/or under-use of resources in these areas.

The fifth Review Topic (4.5) concerns the transparency of the assessment process including, in particular, the extent to which key background and intermediate assessment reports were made available, in a timely fashion, for consultation purposes. The Sixth Review Topic (4.6) is related to this and concerns the extent and adequacy of provisions for consultation, particularly, external consultation, during the Ex IA process. Here, in both instances, the information contained in the Ex IA reports points to considerable differences between the cases studied which are not readily explainable. *Further, it should be added that, on the basis of the experience of several researchers, final Ex IA reports, have not been readily accessible, in a timely fashion, for general external use.*

The potential significance of differences in time and resource inputs, transparency and consultation (i.e. in Review Topics, 4.2 and 4.4-4.6) is reinforced by the provisional finding that some of the pilot study cases appear to perform less satisfactorily in several of these review areas than do other cases. Further, there seems to be a distinct tendency for those Ex IA processes which are provisionally judged to have performed least satisfactorily to have also yielded the least satisfactory Ex IA reports (and vice-versa in the case of the more satisfactory Ex IA processes).

The seventh Review Topic (4.7) assesses the extent to which the findings of the extended impact assessment are integrated into the policy proposal documentation which is submitted when seeking eventual policy approval. In all of the pilot study cases, it appears the Ex IA report is attached to the main policy proposal document, as specified in the EC Communication on Impact Assessment. However, this Communication also specifies that the key results of the Ex IA study should be summarised in the Explanatory Memorandum (or its equivalent). The extent to which this has been satisfactorily realised, in the six cases investigated, appears to be rather low. In only one case was the summary assessed as satisfactory (i.e. at 'C' level or above). This suggests there may be some weakness, at this point, in integrating the key findings of the assessment into the programming cycle.

The Final Review Topic (4.8) relates to the effectiveness of the assessment process over the Ex IA stage, in terms of its positive and negative consequences in the six cases being covered. Insufficient information is contained in the existing documentation to make a preliminary review, which is deferred for the time being.

Taking into account all of the preliminary review findings, relating to the quality of the assessment process, the main findings are:

- A C/B score is provisionally awarded to three of the cases, and E grade scores are given to each of the remaining cases.
- The two weakest Ex IA reports were produced by a process provisionally judged to be of E/D or E/F standard.

- The two best Ex IA reports were produced by a process provisionally judged to be of C/B standard.
- The two ‘intermediate’ Ex IA reports (scored C/D and D/C respectively) were produced, in the former case, through a failing process (but generating a report having a marginally satisfactory technical content) and, in the latter case, through a satisfactory process (but generating a technically weak report).

These provisional findings appear to reinforce the case, when reviewing the quality of extended impact assessments, to examine the quality of the assessment process as well as of the assessment report. More specifically, there is a need to analyse further the inter-relationships between the quality of assessment reports and assessment processes.

## **7. CONCLUSIONS AND FOLLOW UP**

In 2003, the European Commission introduced a new system of integrated impact assessment, which replaced several separate forms of assessment including business impact assessment, gender assessment, environmental assessment, small and medium enterprises assessment, trade impact assessment and regulatory assessment. This new system includes provisions for a preliminary assessment of all proposals in the Commission’s work programme and for an extended assessment (Ex IA) of major proposals. The overall goal of this system, which is being introduced in a phased manner, is ‘to contribute to an effective and efficient regulatory environment and, further, to a more coherent implementation of the European Strategy for Sustainable Development’ (EC 2002a).

The main purposes of this pilot study have been:

- to develop a review package for assessing the quality of extended impact assessment reports and of the processes by which they are prepared and used; and
- to use the package to assess the quality of a sample of six first generation, Ex IAs that were completed during 2003.

The Review Package consists of two main components – a List of Review Topics and a Review Procedure (see Section 4 and Annex, for details). The main document whose quality has been reviewed is the Ex IA report but, in the case of the Ex IA process, additional policy documentation has been examined.

The findings so far, from the use of this Package, are provisional and are not necessarily representative of all Ex IAs completed during 2003. Despite these caveats, the initial results are of considerable interest. The Six Ex IA reports which have been investigated (covering Areas 1-3 in the List of Review Topics) divide equally into three quality groups – clearly satisfactory (but not of high overall quality) marginally satisfactory/unsatisfactory; and clearly unsatisfactory. Of potentially greater interest and value, is the analysis of variations in quality in individual review areas, categories and sub-categories. This analysis helps to pinpoint the more specific elements within the six assessments which may be unsatisfactory (see Section 5 and Table 7 below).

The findings relating to the quality of the assessment process (Area 4) are more provisional, given that it has not been possible so far, to consult with Commission staff involved in the process of preparing the Ex IAs. Three of the six processes are judged to be just satisfactory whereas the remainder are assessed as clearly unsatisfactory (see Section 6 and Table 7). There appears to be some correlation between the quality of the Ex IA reports in the sample and the quality of the process by which they were prepared and used. If so, the quality of the Ex IA process and of the Ex IA report may well be inter-related.

**Table 7. Examples of Weaknesses identified in the Ex IA Reports and Processes\***

*Area 1: Description of the Problem, Policy Objectives and Policy Options*

- Problem identification : fundamental nature of the problem and its root causes are not satisfactorily identified.
- Difficulties observed in articulating high and low level objectives and achieving consistency between these.

- Range of policy options investigated is relatively narrow.

*Area 2: Description of Options Analysis Methodology and Findings*

- Unbalanced coverage of different types of impacts (economic, environmental and social; positive and negative; distributive effects, short and long-term effects).
- Various methodological weaknesses exist, causing assessment findings to be insufficiently substantiated.
- Deficiencies in options analysis and justification of choice of the preferred option.

*Area 3: Presentation of Report Findings*

- Deficiencies in the clarity and objectivity of the presentation findings.
- Absence of a non-technical summary for executive and non-specialist use.

*Area 4: Description of the Assessment Process*

- Insufficient time available in which to complete a satisfactory assessment.
- Limitations in the range and type of expertise in the preparation of the assessment.
- Lack of transparency in the process – including the timely availability of Ex IA documentation for the external consultation process.
- Inadequate arrangements for external consultation as an integral component of the assessment process.

\* N.B. Each weakness does not necessarily apply in all cases reviewed, nor to the same degree.

Though these provisional findings are disappointing<sup>7</sup>, they need to be set in context. This is the first year's operation of the new assessment arrangements and similar quality problems have been experienced with other impact assessment schemes when they were first introduced. Nevertheless, positive measures are likely to be needed to secure significant improvements.

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<sup>7</sup> This conclusion is broadly consistent with the findings reported in Vibert (2004) and Wilkinson et al (2004).

Some possible follow-up research initiatives (which should involve several of the interested parties) are indicated below:

- Increasing the size of the cross-sectional sample of the first generation Ex IAs under review;
- Extending the analysis to include other stages in the impact assessment process and their associated documentation (eg. including the preliminary assessment stage, and the ex-post monitoring and evaluation stages);
- Extending the analysis to assess changes over time in the quality of Ex IA reports and of their associated impact assessment processes. This could form part of the formal monitoring and evaluation procedures for the new impact assessment system.
- Involvement of Commission staff at the information gathering stage, particularly in obtaining information relating to the internal Ex IA process.

Additionally, the identification of assessment weaknesses in both this study and follow up studies, should help to focus attention on priority areas for strengthening impact assessment guidance and training. In several respects, current EC guidance on integrated impact assessment is already well-founded and helpful but there are some possible gaps (eg. relating to the usefulness of a non-technical summary) and some points where additional clarification and emphasis might be helpful. Also, previous experience in impact assessment training, suggests that practitioners can benefit from systematically assessing (for themselves) the quality of the kinds of impact assessments in which they and their colleagues are likely to be directly involved. In this way, the lessons to be drawn from quality reviews, undertaken by those engaged in the assessment process, may be more easily digested.

## **ANNEX: EXTENDED IMPACT ASSESSMENT REVIEW PACKAGE**

### **A.1 Introduction**

The purpose of this Review Package is to assist in a systematic analysis of the quality of EC Ex IA reports and of the processes by which these are prepared and used. In the present context, it is being applied as part of an external, independent review. However, it could also be used by those involved in carrying out an Ex IA, either in monitoring its preparation, or in internally auditing its quality, once completed but not finalised. The Review Package contains two main components – a List of Review Topics and a Review Procedure – which are first outlined below. More details are provided in A.2 List of Review Topics, A.3 Collation Sheet and Endnotes below.

#### List of Review Topics

The List of Review Topics is organised, within a hierarchical structure, into four Areas, each divided into several Categories and Sub-Categories (see Section A.2 below). Areas 1-3 relate to the quality of the Ex IA report and Area 4 relates to the Ex IA process. Each Review Topic contains an assessment task (or group of tasks) which should be satisfactorily undertaken and where the outcome from the completion of the task should be clearly reported and sufficiently substantiated (eg. by reference to supporting information and analysis in the Ex IA report).

The sub-category topics are the most narrowly defined and are expressed in the form of questions. Reviews of a given Ex IA study should first answer these questions on the basis of information contained in the Ex IA report (in the case of Areas 1-3), supplemented by information in the Policy Proposal document and/or its Explanatory Memorandum, and from information provided by those involved in the preparation of the Ex IA report and consultations relating to this (in the case of Area 4). The reviewer should consider how satisfactorily the Ex IA report (supplemented by the other information sources, where relevant) describes and substantiates the answers to each of these questions. Each Category combines a number of Sub-Categories and covers the group of assessment tasks which they collectively contain. In turn, each Area combines several Categories and covers a greater grouping of assessment tasks.

In formulating each Review Topic, and the assessment tasks it covers, account has been taken of the provisions contained within the Commission's Communication on Impact Assessment (COM (2002) 276 Final) and its supporting Guidelines, the Commission's Communication on the Action Plan 'Simplifying and Improving the Regulatory Environment' (COM (2002) 278 Final) and the Commission's Communication on General Principles and Minimum Standards for Consultation (COM (2002) 704 Final). Consideration has also been given to other integrated impact assessment experience (see, for example, the literature cited in endnotes 7 and 11) and earlier experience in the use of assessment review packages (Lee et al, 1999).

Endnotes are attached to assist in the clarification and interpretation of individual topics.

### Review Procedure

This procedure explains how reviewers might undertake the review, initially of the Ex IA report (Areas 1-3) and then of the Ex IA process (Area 4). It is recommended that two reviewers should be involved, initially working independently of each other. It is assumed they are familiar with the Commission's new impact assessment requirements and they have a sound basic understanding of integrated assessment methods, process and good practice, without claiming specialist technical expertise in all aspects of these.

Starting with the Ex IA report, each reviewer should work systematically through the hierarchy of review topics in Areas 1 – 3, in turn, starting in each case at the lowest (sub-category ) level, which contains the most specific tasks. Then, drawing upon these findings, the reviewer should proceed successively through the category, area and overall assessment levels. The list of quality assessment symbols, to be used throughout the review and to summarise the review findings on the Collation Sheet, is shown in Section A.3. 'Letters' rather than 'numbers' are used as symbols to discourage reviewers from crude aggregation to obtain higher-level assessments.

When making a quality assessment at category level, a reviewer should take account of the assessment scores already assigned to each of its constituent sub-categories.

However, the reviewer should not use a simple mean value where he/she considers the sub-categories are of significantly different relative importance (a weighted average is more appropriate in these cases). The same conclusion applies where making an assessment at the area level, based on the scores of the constituent categories, or at overall level based on the scores for the individual areas. Similarly, where one category contains a greater number of sub-categories than another (or one area contains more categories than another), the former is not necessarily more important than the latter or merits a greater weighting in the assessment.

Judgements on the relative importance of individual sub-categories and areas are to be made by the individual reviewer, in the first instance, as part of his/her initial review. After each of the two reviewers has completed the initial, independent review they should meet to discuss their joint findings (i.e. covering both individual scores and weightings) with a view to producing a jointly agreed quality assessment. In addition to recording these on a joint Collation Sheet, they should also briefly record the main strengths and weaknesses of the Ex IA report, indicating any specific weaknesses that might need correction to bring its overall quality up to a satisfactory (i.e. 'C' or above) standard.

Once the above review has been completed, the review of the quality of the Ex IA process (using Area 4 Review Topics) should be undertaken by the same two reviewers. The procedure to be followed is essentially the same as for the Ex IA report except that the review should not only be based on information contained in the Ex IA report, but should also consider information contained in the policy proposal document/explanatory memorandum and information obtained through consultations with those engaged in the Ex IA process. In this pilot study, the review of process quality has been undertaken in two stages: the documentation review and the consultation review. In the future, the process review may be streamlined, if the consultation review findings can be satisfactorily incorporated into the Ex IA report and the policy proposal document/explanatory memorandum.

## A.2 List of Review Topics

### 1. Description of the Problem, Policy Objectives and Policy Options

- 1.1 Description of the problem. – The nature, causes, extent and distributive<sup>1</sup> incidence of the problem, to be addressed by the proposed policy, should be satisfactorily described and substantiated.
  - 1.1.1 What is the nature of the problem, expressed in terms of its current economic, environmental and social effects and its overall impact on sustainable development<sup>2</sup> and better regulation?<sup>3</sup>
  - 1.1.2 What are the underlying drivers/root causes of this problem?
  - 1.1.3 What are likely to be the future economic, environmental and social effects, and overall impact on sustainable development<sup>2</sup> and better regulation<sup>3</sup>, under the ‘no new policy’ scenario?
  - 1.1.4 Who is likely to be adversely affected, in what ways and to what degree, under the ‘no new policy’ scenario<sup>1</sup>?
- 1.2 Description of policy objectives and targets. – The main objectives, which the policy is expected to serve, and any targets it is expected to reach, should be satisfactorily described and substantiated.
  - 1.2.1 What are the overall higher-level objectives, relating to sustainable development<sup>2</sup> and better regulation<sup>3</sup>, which the proposed policy is expected to serve?
  - 1.2.2 What are the more specific, lower-level objectives, which the proposed policy is expected to serve?
  - 1.2.3 What steps have been taken, within the assessment, to secure consistency between different levels of objectives and targets?
  - 1.2.4 To what extent have qualitative and quantitative indicators<sup>4</sup> been identified for use in assessing the likely attainment of policy objectives and targets?

- 1.3 Description of policy options. – The main policy options, which have been investigated during the assessment, should be satisfactorily described and their selection should be substantiated.
- 1.3.1 Which policy options (type and specific form of instrument) have been investigated during the assessment?
- 1.3.2 What criteria and procedures have been used in selecting the policy options to be investigated.<sup>5</sup>

2. **Description of Options Analysis Methodology and Findings**

- 2.1 Description of options analysis methodology. – The scope of the options analysis, and the methodology, data sources and consultations used in its implementation, should be satisfactorily described and substantiated.
- 2.1.1 What is the scope of the types of impacts, which have been investigated in the options analysis?<sup>6</sup>
- 2.1.2 What methodology has been used in carrying out the options analysis and by what criteria has the choice of methodology been justified? How has the data and other information required by the methodology been acquired and used?<sup>7</sup>
- 2.1.3 What approach has been adopted towards a) the quantification and monetisation of impacts and b) the use of qualitative impact measures?
- 2.1.4 What approach has been adopted towards the handling of risk and uncertainty in the options analysis?
- 2.1.5 What approach has been adopted towards the modification of options (e.g. through mitigatory and enhancing measures)?
- 2.1.6 What approach has been adopted to consultation in the options analysis (eg. who has been involved, at what stages, in what ways and to what extent, in the assessment process?<sup>8</sup>

2.1.7 How have key assessment tasks – such as the identification and prediction of impacts, the determination of their significance and the overall comparison of options – been approached and with what degree of success?

2.2 Description of options analysis findings. – The findings relating to the preferred option, and the alternatives with which it has been compared, should be satisfactorily described and substantiated in an appropriate form for consideration by decision-makers and other stakeholders.

2.2.1 What is the likely overall magnitude and significance of the impacts attributed to the options investigated?

2.2.2 Are there significant differences in the magnitude and significance of different types of impacts (economic, environmental and social) between the options?

2.2.3 Are there significant differences in the distribution of impacts between the options?

2.2.4 Are there significant differences in the impacts on candidate countries (e.g. CITs) and external countries (e.g. developing countries) between the options?

2.2.5 Are there significant differences in the temporal distribution of impacts between the options?

2.2.6 Do the results of scenario, risk or sensitivity analyses indicate any need to change the option analysis findings?

2.2.7 Are there any mitigation/enhancement measures, either for the preferred option or the principal alternatives, which are likely to change the option findings?

- 2.3 Choice of preferred option. – The overall choice of the preferred option should be sufficiently justified and arrangements for monitoring its implementation presented.
- 2.3.1 Is the choice of the preferred option sufficiently justified, based on the options analysis findings in 2.2?
- 2.3.2 Are there any further mitigating/enhancing measures that would reduce the potential costs and/or increase the potential benefits, which should be incorporated into the preferred option?
- 2.3.3 Are sufficient proposals made relating to arrangements for the implementation of the policy, its monitoring and ex-post evaluation?

### **3. Presentation of Report Findings**

- 3.1 Scope of the report. – The extended IA report should be a self-contained document.
- 3.1.1 Does the report contain all of the significant information and analysis, at the appropriate level of detail, which is needed to evaluate the choice of the proposed policy?
- 3.1.2 Are the sources of information and analysis contained in the report adequately referenced and publicly accessible?
- 3.1.3 Is the process, including consultations etc, by which the assessment has been undertaken, satisfactorily summarised within the report? (See 4 below for further details)
- 3.2 Structure and clarity of the report. – The extended IA report should be clearly structured and written.
- 3.2.1 Does the extended IA report have a clear and logical structure, which readers can easily follow?
- 3.2.2 Is the information and analysis presented in a form, which can be understood by non-specialists?

- 3.3 Objectivity of the report. – The extended IA report should avoid bias and unsubstantiated advocacy or criticism of particular options.
- 3.3.1 Are the information, analysis and findings contained in the report free from bias?
  - 3.3.2 Are any information, analysis and findings of importance omitted from the report or given insufficient prominence?
  - 3.3.3 Is the report written in an objective style or in a more advocatory manner?
- 3.4 Inclusion of a non-technical summary. – The extended IA report should include a non-technical summary which, inter alia, briefly answers the following types of questions.
- 3.4.1 What have been the main elements of the assessment process and assessment methodology, which have been followed, including the part played by consultations?
  - 3.4.2 What is the final policy choice and why (in comparison with other options)?
  - 3.4.3 What trade-offs (i.e. losses offset by gains elsewhere) are associated with the chosen option?
  - 3.4.4 In the case of assessment problems due to poor data or knowledge, why is a decision to be taken now rather than be put off until better information is available?
  - 3.4.5 Are any accompanying measures proposed to enhance positive, and reduce negative, impacts?
  - 3.4.6 Are any measures proposed relating to policy implementation, monitoring and ex post evaluation?

#### **4. Description of the Assessment Process**

- 4.1 Relationship between the policy assessment process and the SPP/ABM programming cycle.<sup>9</sup> – The key stages in the policy assessment process should be timed to satisfactorily integrate their findings into the corresponding stages of the programming cycle.
- 4.1.1 To date, have the timings of the main stages in the assessment process corresponded to those of the relevant stages in the programming cycle? (see 4.2 for further details)

- 4.1.2 To date, has effective use been made of the policy assessment findings within the programming cycle?
- 4.2 Time available to complete each stage in the assessment process. – The time available should be sufficient to satisfactorily complete each assessment stage.
  - 4.2.1 When did the overall assessment process commence?
  - 4.2.2 When did the preliminary impact assessment stage<sup>10</sup> commence and when was the preliminary assessment report made available to the Commission for consideration when adopting its annual Work Programme?
  - 4.2.3 When did the extended impact assessment stage commence and when was the ExIA report completed for inclusion in the inter-service consultation package?
  - 4.2.4 Was adequate time available for the completion of these two assessments?
- 4.3 Usefulness of the Preliminary IA.<sup>10</sup> – The Preliminary IA should be useful in its own right and in relation to preparations for an Extended IA.
  - 4.3.1 How useful has the Preliminary IA been in its own right?
  - 4.3.2 How useful has the Preliminary IA been in clarifying the need for an Extended IA and in providing initial guidance and information for its preparation?
- 4.4 Inputs to the Extended IA. – The resource inputs should be sufficient for a satisfactory and timely completion of the Extended IA.
  - 4.4.1 What use was made of personnel in the lead DG, other DGs, the Inter-Directorate Working Group, consultancies and other external consultations? (Also see 4.6)
  - 4.4.2 What was the extent and timing of each of these types of input?
  - 4.4.3 How effective and useful were each of these in the satisfactory and timely completion of the Extended IA?
- 4.5 Transparency of the assessment process. – The key assessment reports should be made available, in a timely fashion, for consultation purposes.
  - 4.5.1 To what extent has the preliminary assessment report, the extended impact assessment report, and any key intermediate/draft reports been made available for consultation and comment to a) all DGs/most

- concerned DGs; b) those organisations with special consultative status and c) the public at large and their representatives?
- 4.5.2 To what extent are those within each of these three consultation categories satisfied with the arrangements relating to the timely availability of key assessment reports and with their quality?
- 4.6 Consultation and its effectiveness. – Adequate provision should be made for consultation during the impact assessment process to ensure its practical effectiveness<sup>8</sup>.
- 4.6.1 Has sufficient provision been made to meet or exceed the minimum requirements specified in the Commission’s Communication (COM(2002) 704 final) on General Principles and Minimum Standards for Consultation of Interested Parties by the Commission?
- 4.6.2 How effective have these consultations been in practice? To date, have they had a material influence (positive or negative) on policy proposals?
- 4.6.3 What are the main benefits and costs, to date, associated with these consultations?
- 4.7 Integration of Ex IA Findings into policy programming documentation. The Ex IA findings should be summarised in the Policy Programming documentation and the Ex IA report should be annexed to that documentation.
- 4.7.1 Were the main results of the Ex IA study summarised in the Policy Proposal documentation?
- 4.7.2 Was the Ex IA report annexed to the Policy Proposal documentation?
- 4.8 Overall effect of the assessment process. – The assessment process, in conjunction with the extended impact assessment report, should contribute to the formulation of a policy proposal which promotes the attainment of higher-order objectives as well as more specific lower-order objectives.
- 4.8.1 To what extent, to date, has the assessment contributed to the formulation of a policy proposal, which is more conducive to the promotion of sustainable development<sup>2</sup> and better regulation?<sup>3</sup>
- 4.8.2 To what extent, has it contributed to a policy proposal, which is more conducive to the promotion of more specific, lower-order objectives?

- 4.8.3 To what extent, has it contributed to the likely approval and satisfactory implementation of the policy proposal?
- 4.8.4 What additional costs and difficulties have resulted, in this particular case, from the adoption of these new assessment requirements?

### A.3 Collation Sheet

Assessment Symbols: Use the following symbols when completing the collation sheet below\*:

Symbol	Explanation
A	Generally well performed, no important tasks left incomplete
B	Generally satisfactory and complete, only minor omissions and inadequacies
C	Can be considered just satisfactory, despite omissions and/or inadequacies
D	Parts are well attempted but must, as a whole, be considered just unsatisfactory because of omissions and inadequacies
E	Not satisfactory, significant omissions and inadequacies
F	Very unsatisfactory, important task (s) poorly done or not attempted
NA	Not applicable. The Review Topic is not applicable or it is irrelevant in the context of this Ex IA.

\* A refinement of this scoring system may be used by recording two adjacent symbols eg. B/C (lower B), E/D (higher E) etc.

## Collation Sheet

### Overall Assessment

Report (1+2+3).....			Process (4)...
1	2	3	4
<b>1.1</b>	<b>2.1</b>	<b>3.1</b>	<b>4.1</b>
1.1.1	2.1.1	3.1.1	4.1.1
1.1.2	2.1.2	3.1.2	4.1.2
1.1.3	2.1.3	3.1.3	
1.1.4	2.1.4		<b>4.2</b>
	2.1.5	<b>3.2</b>	4.2.1
<b>1.2</b>	2.1.6	3.2.1	4.2.2
1.2.1	2.1.7	3.2.2	4.2.3
1.2.2			4.2.4
1.2.3	<b>2.2</b>	<b>3.3</b>	
1.2.4	2.2.1	3.3.1	<b>4.3</b>
	2.2.2	3.3.2	4.3.1
<b>1.3</b>	2.2.3	3.3.3	4.3.2
1.3.1	2.2.4		
1.3.2	2.2.5	<b>3.4</b>	<b>4.4</b>
	2.2.6	3.4.1	4.4.1
	2.2.7	3.4.2	4.4.2
		3.4.3	4.4.3
	<b>2.3</b>	3.4.4	
	2.3.1	3.4.5	<b>4.5</b>
	2.3.2	3.4.6	4.5.1
	2.3.3		4.5.2
			<b>4.6</b>
			4.6.1
			4.6.2
			4.6.3
			<b>4.7</b>
			4.7.1
			4.7.2
			<b>4.8</b>
			4.8.1
			4.8.2
			4.8.3
			4.8.4

## Overall Quality

After assigning an assessment symbol (A,B,C,D,E or F) to the Ex IA Report (Areas 1+2+3) and to the Ex IA Process (Area 4) summarise, in one or two paragraphs, for each, the main strengths and weaknesses, indicating deficiencies which may need correction to bring the report or process up to a satisfactory ('C' or above) standard.

## **Endnotes**

<sup>1</sup> The distributive analysis identifies significant impacts on particular social groups, economic sectors, sizes of enterprises, geographic areas (within and outside the European Union) and different generations.

<sup>2</sup> The Commission's Communication on Impact Assessment (pp15-16) indicates that the Ex IA should assess all relevant and significant positive and negative impacts, notably those relevant under the EU Sustainable Development Strategy (EC, 2001a), both in its internal and external dimensions. It also indicates that, as far as possible, impacts should be expressed in economic, social and environmental terms and their distributive effects, both within and outside the Union, should be presented separately. Additionally, the time dimension to impacts (i.e. distinguishing between short, medium and long-term impacts) should be examined and reported. In effect, the Communication is adopting a concept of sustainable development which is broadly in line with that contained in the Brundtland Commission's report. This is elaborated in the Commission's Impact Assessment Guidelines (EC,2002b) which provides additional guidance on SD objectives and indicators.

<sup>3</sup> In addition to promoting the overall objective of sustainable development, the new form of impact assessment is expected to contribute to better regulation by helping to improve the choice and quality of legislative and other policy proposals, monitoring/evaluating their implementation and co-ordinating/streamlining the assessment process (see Communication on Action Plan for Simplifying and Improving the Regulatory Environment).

<sup>4</sup> The Commission's Communication on Impact Assessment, and its supporting Guidelines, recognise that indicators and measures of impacts may be expressed in qualitative or quantitative (physical and monetary) terms. It notes that quantitative measures may make comparisons easier but notes that such measures (particularly monetary measures) should only be used where they are feasible and appropriate. It adds that impacts expressed in qualitative terms, should not be considered as less important because of this. This approach is broadly in line with internationally accepted good practice.

<sup>5</sup> If some options have been discarded at an early stage, leaving others to be subsequently examined in greater detail at a later stage, this should also be taken into consideration.

<sup>6</sup> According to the Commission's Communication on Impact Assessment, the range of impacts to be considered, includes economic, environmental and social impacts; positive and negative impacts; short and long term impacts, and the distribution of impacts (see 1 and 2 above).

<sup>7</sup> There is, potentially, a very large number of different assessment methods and data sources, which might be included within an integrated impact assessment methodology (see the Commission's IA Guidelines for some examples of these, as well as Endnote 11). Selecting the most appropriate practical methodology is likely to involve a tasks-methods analysis in which assessment tasks are defined, alternative assessment methods to perform these tasks are identified and a choice is then made between them according to such criteria as time, resources, technical skills and data availability. In many cases, the resulting choice may be for simpler assessment methods which are less demanding in their data and technical requirements, but with greater emphasis on the quality of their application. Similar considerations apply in several of the other sub-categories, relating to the options analysis methodology (see Lee, 2004 for further details).

<sup>8</sup> When evaluating the role of consultation in the Ex IA process, and the summary of consultation findings in the Ex IA report, reference should be made to the minimum standards for consultation contained in the Commission's Communication on Consultation (COM (2002) 704 Final) pp 19-21).

<sup>9</sup> The arrangements for integrating the policy assessment process into the Strategic Policy and Programming/Activity Based Management programming cycle are outlined in the Commission's Communication on Impact Assessment and established in the Commission's Communication of 25 July 2001 (SEC (2001) 1197).

<sup>10</sup> If, during the transitional phase of introducing the new impact assessment arrangements, preliminary impact assessment statements were not required, 4.2.2 and 4.3 should be scored 'not applicable'.

<sup>11</sup> The literature on integrated/sustainability impact assessment experience is already quite extensive and includes several reviews of assessment methods and practice. See, as examples, Bond et al (2001), De Bruijn and ten Heuvelhof (2002), European Commission (2002d), George and Kirkpatrick (2003), Harrington and Morgenstern (2003), Kirkpatrick and Lee (2002), Lee (2004), Lee and Kirkpatrick (2001), Radaelli (2004), Rayner and Malone (1998), Rotmans (1998), Tamborra (2002), Vibert, 2004, Wilkinson et al, 2004, World Bank (2003).

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