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**Euro-Med Workshop on
Better Regulation**

Regulatory Impact Assessment: Its
Role in the Development of Policies
– A European Union Perspective



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Impact Assessment – why?


- Impact assessments (IAs) are an important tool to improve the quality of policy making
- IAs aim to provide an evidence base allowing decision makers to base their decision on facts and analysis
- They increase transparency of policy making, involving stakeholders in the preparation and allowing them to understand the outcome


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Impact assessment – what is it?

- An IA is the final outcome of a process that can easily take more than a year.
- It is a document summarising the process, the key information obtained (especially from consulting stakeholders) and the analysis carried out
- It compares different possible solutions and describes their advantages and disadvantages (costs and benefits) to help taking an informed decision
- It does not replace political decision making


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IA in the EU – some history

- 2002 - System established.
- It integrates and replaces previously used single-sector type assessments.
- 2005 – Publication of IA guidelines
- 2006 – Establishment of Impact Assessment Board (quality control and support function)
- By 2012 – about 700 IAs produced


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What are the key elements of an IA?

- Identify the **problem**
- Assess **need** for intervention
- Define the **objectives**
- Develop policy **options**
- Analyse the **impacts** of the options
- **Compare** the options
- Outline policy **monitoring and evaluation**

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What is the problem?

- Present the scope/magnitude of the problem to different actors/stakeholders
- Identify who is affected and how
- Show the underlying drivers (market failure, regulatory failure)
- Indicate how the problem is expected to develop without further action (baseline scenario)
- Justify why public intervention is required
- Why EU action and not national action?

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What are the objectives?

- What is it that a public intervention should try to achieve?
- This should be linked to the problems and drivers
- Are the objectives consistent with other existing policy objectives?
- Are they specific, measurable and realistic?
- They will be used when comparing alternative solutions

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What could be done? - Options

- A sufficiently large range of options should be looked at, including solutions suggested by stakeholders
- In a first step, options that have obvious drawbacks are eliminated in order to retain only feasible and realistic options for analysis
- Options should be true alternatives on substance, rather than only technical variations of the same thing (e.g. different legal instruments)
- About 3-5 alternative solutions should be analysed

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Analysing the impacts

- For all retained options, all relevant **economic**, **social** and **environmental** impacts need to be described
- Ideally the analysis should be monetised (costs and benefits)
- If that is not possible, thorough qualitative analysis using all available quantified data
- Attention needs to be paid to the effects on small and medium-sized businesses ("SME test")

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Comparing the options

- Two approaches to comparing options:
- Choose option with the largest quantified net benefit (full Cost Benefit Approach)
- Rate and rank options qualitatively on key criteria, to show trade-offs and inform choices. Recommended criteria:
 - effectiveness: will the option achieve the objectives?
 - efficiency: are results achieved at least cost?
 - consistency with other policies

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Monitoring and evaluation

- In order to check whether the expected impacts materialise and to prepare a future evaluation, arrangements need to be made in the IA
- This includes gathering data: monitoring and performance indicators
- It also includes setting out when in the future the policy will be evaluated

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How does it work in practice? Part 1

- IAs are prepared by the responsible Directorate General (DG) of the Commission (equivalent to a department or ministry).
- The author DG prepares a roadmap that is published on the internet and sets out the main elements of the IA that will be undertaken
- The author DG organises the consultation of stakeholders (public open consultation or targeted consultations)
- Often external consultants are hired to produce a study that supports the IA with additional data/analysis
- The author DG involves other interested Services in the preparation of the IA in order to pool expertise that is available internally
- The author DG prepares the draft IA and an executive summary
- The Director General needs to sign off the IA

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How does it work in practice? Part 2

- The IA needs to be submitted to the Impact Assessment Board (IAB)
- The Board analyses the quality of the IA, discusses it with the author DG and adopts an opinion with recommendations for improvement
- The author DG improves the IA and in case of a negative opinion resubmits it to the Board
- An Inter-service consultation is launched on the proposal and the Impact Assessment
- The file is presented to the College of Commissioners for adoption
- If the proposal is adopted, it goes together with the IA to the co-legislators (European Parliament and Council). At this point the proposal and the IA are also published on the internet
- The Commission presents the IA to Parliament and Council
- The co-legislators scrutinise the IA and carry out an IA on amendments

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Where to find more information?

- EC Better Regulation website
http://ec.europa.eu/governance/better_regulation/index_en.htm
- Impact Assessment guidelines
http://ec.europa.eu/governance/impact/commission_guidelines/commission_guidelines_en.htm
- Commission work programme
http://ec.europa.eu/atwork/programmes/index_en.htm
- Detailed information about forthcoming initiatives – roadmaps
http://ec.europa.eu/governance/impact/planned_ia/planned_ia_en.htm
- Past IA reports and IAB opinions
http://ec.europa.eu/governance/impact/ia_carried_out/ia_carried_out_en.htm

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