

# Series on Integrated Impact Assessment (IIA)

## 6-Main Challenges and Issues Tied to IIA

July 2014

This briefing note is the last 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, reflective of 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 the 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 presents an overview of the main issues highlighted in the literature and by key informants interviewed for this study.



## Main challenges and issues

Documentation on IIA is rather sparse and difficult to circumscribe, a fact reflective of the relative newness of the issue and the altogether recent interest shown by governments for integrating their impact analyses. However, it was possible to discern some common views regarding the challenges facing IIA. The main issues can be grouped into three categories:

1. The difficulty of giving equal consideration to different types of impact;
2. The complexity of analysis tools; and
3. The usefulness of IIA within decision-making processes.

### 1. THE DIFFICULTY OF GIVING EQUAL CONSIDERATION TO DIFFERENT TYPES OF IMPACT

The precedence given to the assessment of economic impacts over other types of impact has been widely observed (Bäcklund, 2009; Bond, Curran, Kirkpatrick, Lee, & Francis, 2001; Fritsch, Radaelli, Schrefler, & Renda, 2012; Hertin et al., 2007; Lee & Kirkpatrick, 2006; Watson et al., 2007). This tendency jeopardizes the potential for achieving the basic goal of IIA, which is to give equal consideration to all the effects a government intervention may have on society. This situation also poses difficulties for intersectoral governance because such asymmetry appears to generate feelings of exclusion among sectors whose missions are given less consideration, and these sectors tend to withdraw (Milner, Bailey, Deans, & Pettigrew, 2005).

Several factors are cited to explain this situation: among the most common are the methodology and analysis tools preferred, the underlying vision of the approach taken, external pressures and the context of the political reality.

#### a. Methodology and analysis tools

##### *Monetization as a means of comparison*

In order to compare the impacts assessed and allow for arbitration among them, the most obvious way to convert the results of these assessments into comparable units. Monetization (i.e., ascribing a monetary value to non-economic variables) is the most commonly used, but it is also controversial. It

is preferred for its enabling users to combine the analysis of different types of impacts, thereby making results more readily comprehensible to decision makers (Achnicht et al., 2009). However, using the monetization method to assign values to aspects that are difficult to quantify requires a considerable amount of effort, in terms of time and resources, which are not necessarily available to analysts. Thus, less quantifiable impacts, such as social impacts, or ethical or human rights considerations, for example, ultimately receive less attention (Lee & Kirkpatrick, 2006; von Raggamby, 2008).

##### *The availability of tools*

A corollary of monetization is the preferred use of a certain type of impact analysis tool. The Regulatory Impact Assessment (RIA) tradition has helped further the development of economic analysis tools. However, the models often used, such as cost-benefit analysis and the standard cost method, are considered less appropriate for issues with macroeconomic and multi-generational implications (Rose-Ackerman, 2010). As one informant from the United Kingdom mentioned:

I think there is pressure to quantification or monetization. But the reality is that is not going to be there for many of the policies or projects that you are dealing with. [...] Often, evidence can be limited or missing. So it is very positive to find other evidence [using qualitative methods].

A few analysis tools designed to take better account of unquantifiable aspects are gradually emerging (e.g., multicriteria analysis, analysis of stakeholder views), and the need for these is apparent (Watson et al., 2007; Morgan, 2011). However, as the comment below by a respondent from France makes evident, the current trend is to improve existing economic tools rather than to develop new analysis tools designed to document less tangible impacts:

The greatest challenge is to accurately predict the impacts on businesses, especially small ones [...] The [existing] uncertainties tied to environmental and social assessments suggest that it would be difficult to do better, whereas we know that it would

be possible to do better for businesses [Translation].

Moreover, even if analysis tools and models undeniably contribute to the quality of assessments, their usefulness may be limited by the availability of the required data (Bäcklund, 2009). Studies have revealed that current needs are not so much related to the availability of sophisticated models as to the difficulty of acquiring reliable information. The complexity of tools can increase frustration in situations where there are insufficient data to demonstrate causal links (Hertin et al., 2007).

### b. The underlying vision

Integrated impact assessment systems which grew out of RIAs, as was the case in the United Kingdom, are more likely to establish economic analysis as the core value of the assessment process. Most of the time, these systems are driven by a vision of the free market as the means of improving business competitiveness internationally. The aim of regulatory relief may be more difficult to align with that of environmental protection, for example, which calls for more policies to protect ecosystems (von Raggamby et al., 2007). A comparison between the British IIA mechanism and that of the European Commission, in fact, demonstrates that the latter's system — aligned with the goals of sustainable development — offers greater potential for integrating social aspects. This is tied, in particular, to the fact that the sectors concerned (the Directorate General [DG] for Employment, Social Affairs and Inclusion,<sup>1</sup> and the DG for Health and Consumers) continually strive to develop coherent and relevant tools that allow their respective areas to be taken into account (Fritsch et al., 2012).

### c. External pressures and political context

Finally, it has been noted that in difficult economic contexts, there is greater pressure on analysts to focus more on economic effects than on dimensions of a social or environmental nature (Bäcklund, 2009). Thus, the subordination of environmental and social aspects to economic imperatives also results from external pressures

and political realities (Abaza, Bisset, & Sadler, 2004).

It seems, therefore, that the cross-use of analysis methods, both qualitative and quantitative, would allow different types of effects to be taken into account more effectively. For example, the European Commission has developed guides to facilitate stakeholder consultation, which ensures the inclusion of information tied to the social (and political) acceptability of proposed measures (see briefing note 2).<sup>2</sup> Northern Ireland, for its part, draws on existing information, reviewing the literature on similar experiences, for example, or consulting experts, without always having recourse to the development of new data (see briefing note 5).<sup>3</sup>

## 2. THE COMPLEXITY OF ANALYSIS TOOLS

Analyzing the impact in a specific area (e.g., health, equity or regions) of a particular government project allows for concentrated focus on an aspect that might otherwise be overlooked. Thus, performing different types of impact assessment involves segmenting a project to better study it. IIA, meanwhile, is aimed at resolving the problems associated with the fragmented vision that results from juxtaposing specific impact assessments. In so doing, it does not reduce the complexity of the government project under study. On the contrary, it tends to reveal more clearly the multitude of potential effects, in the various sectors. Given this context, governments and analysts must select from among the alternatives, or strike a balance between them, when choosing tools for integrated impact assessment: whether to opt for thoroughness or for usability.

To remain realistic, the exercise should not exceed organizational capabilities, and tools should be easy to use, so they can be integrated, as much as possible, into daily work routines (Bäcklund, 2009). Highly complex analysis tools that only external experts can manipulate position policy analysts outside of the analysis process, since they are unable to determine the relevance of such tools or of the results. In addition, there is sometimes a lack of correspondence between scientific data that are highly reliable, but difficult to understand, and data

<sup>1</sup> The guide developed by this directorate can be consulted here: <http://ec.europa.eu/social/main.jsp?catId=760&langId=en>

<sup>2</sup> Available at: [http://www.ncchpp.ca/docs/2014\\_GovInt\\_IIANote2\\_En.pdf](http://www.ncchpp.ca/docs/2014_GovInt_IIANote2_En.pdf)

<sup>3</sup> Available at: [http://www.ncchpp.ca/docs/2014\\_GovInt\\_IIANote5\\_En.pdf](http://www.ncchpp.ca/docs/2014_GovInt_IIANote5_En.pdf)

provided by other sources that may be more superficial, but also more accessible and usable (Bäcklund, 2009). For instance, a respondent from the United Kingdom mentioned that:

A good IIA [...] would include economic, environmental and health [concerns]. But a 'no' side of it is that [by broadening the assessment] you lose some of the depth that you would get from doing a proper specific assessment.

On the other hand, generic tools, while useful for providing an overview, may be insufficient, as a participant from Northern Ireland explains:

The guide [used in Northern Ireland] is up to date, [...] but could be better adapted and developed further, because it is very generic. We found in the past that it is better to develop [a guide] that is easier for each department to use and to understand.

Thus, choosing between a highly sophisticated and very complex tool, which allows for an in-depth analysis of each sectoral impact, and a more generic tool, which reduces the depth of the analysis of sectoral impacts (Morgan, 2011), remains an ongoing challenge. Without questioning the need for governments to make policy choices based on a global vision driven by common goals, some authors question whether it is realistic to assume a single methodology can take into account all direct and indirect impacts in an integrated manner. These authors recommend instead establishing relationships between the different sectoral impact studies and comparing their effects, with regard to overarching government objectives (Jacob et al., 2008).

Since it seems more difficult to integrate several issues in an analysis when these are considered late in the process (Jacob & Hertin, 2007), another proposed solution focuses on the value of engaging in multisectoral work very early in the process of developing government mechanisms (Bäcklund, 2009; Hertin et al., 2007; von Raggamby et al., 2007).

### 3. THE USEFULNESS OF IIA WITHIN DECISION-MAKING PROCESSES

Some authors have cautioned against possible conflicts between the rational view of the decision-making process that underlies IIA (decisions are based on evidence) and the reality of political processes (decisions are the result of negotiation) (Hertin et al., 2007; Bäcklund, 2009; Achtnicht et al., 2009). While the first perspective may lead to unrealistic expectations for IIA and the establishment of an overly meticulous practice (aimed at being exhaustive), the second perspective leads to a view of IIA as a means of developing arguments to support negotiations, at the risk of introducing bias into the search for information. Some have found evidence that this makes analysts less likely to consult external experts (Hertin et al., 2007).

According to those interviewed, choosing cannot be based exclusively on scientific knowledge. Firstly, the latter is often incomplete or inconclusive. Secondly, the choices made also reflect the values of the government in power. Although the results of an IIA may answer various questions and provide reliable information to policy makers, they do not, however, relieve policy makers of their decision-making responsibilities (von Raggamby et al., 2007). In France, for example, the impact assessment process is intended to be iterative and its aim is to build both intersectoral and political consensus (see briefing note 3).<sup>4</sup>

Ultimately, the usefulness of IIA to the decision-making process will vary according to the context and nature of the intervention, as the following comment by an informant from the United Kingdom illustrates:

Sometimes politicians will store the document in a drawer. The document is always useful, but in varying degrees. When an intervention is political, the recommendations of the assessment document are taken into account, but are diluted by other political considerations

<sup>4</sup> Available at: [http://www.ncchpp.ca/docs/2014\\_GovInt\\_IIANote3\\_En.pdf](http://www.ncchpp.ca/docs/2014_GovInt_IIANote3_En.pdf)

One participant, both a practitioner and administrator within a central government body in Northern Ireland, is nevertheless optimistic: “It is a very useful tool for decision making and [to] make people aware of anticipated impacts.”

Thus, the best system is one that recognizes that knowledge is limited, that the perspectives of stakeholders are varied and that IIA has more to do with creating consensus than with collecting data (Achtnicht et al., 2009).

## Conclusion

To ensure the success of this encounter between science and policy development, it is preferable to consider IIA as a policy tool and not only as a knowledge tool (Bäcklund, 2009; Hertin et al., 2007). In fact, IIA can fulfill its promise of improving the quality of decision making if it is viewed not only as a mechanism for promoting rational decision making, but also as a process enabling the creation of new knowledge that enriches discussions and promotes the achievement of a common understanding (Achtnicht et al., 2009; Hertin et al., 2007).

Moreover, a general finding clearly emerges: the effect of systematizing the decision-making process through the practice of IIA leads to a strengthening of analytical rigour, greater transparency and, depending on the mode of practice, a social dialogue. In this manner, IIA helps to improve the policy-making process (Hertin et al., 2007; Watson et al., 2007; von Raggamby et al., 2007).

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