



Peer Review in Social Protection and Social Inclusion and Assessment in Social Inclusion

Slovak Republic 2008

# Social impact assessment

Minutes



On behalf of the  
European Commission DG Employment, Social Affairs and Equal Opportunities



## Peer Review: Social impact assessment Bratislava, 6-7 November 2008

*The Peer Review was hosted by the Ministry of Labour, Social Affairs and Family,  
Slovak Republic*

### Day 1

#### Welcome addresses

**Juraj Dzupa**, Director of the Ministry of Labour, Social Affairs and Family, welcomed all the Peer Review participants to Bratislava. He said the aim of the Peer Review programme is to exchange experiences between Member States of the European Union, and it was a great pleasure for the Slovak Republic that the European Commission had chosen the country to host this meeting of experts looking for ways to resolve problems of poverty and social exclusion. He pointed out that under the French Presidency of the European Union, work was taking place on questions of social cohesion at different levels.

Mr Dzupa expressed confidence that the meeting would generate new knowledge, and improve the basis for the adoption of active measures to counter further escalation of the current global financial crisis. He reminded participants that at the Seventh Round Table on Poverty and Social Exclusion in October 2008, European Employment Commissioner Vladimir Špidla said that Europe must address the impacts of the global crisis in its own way, so as not to face a social crisis in the future.

On behalf of the European Commission, DG Employment, Social Affairs and Equal Opportunities, **Peter Lelie** explained that the current seminar was part of the Peer Review programme in the field of social protection and social inclusion. Each year the Commission organises eight to ten Peer Review meetings on different topics. The Peer Review in Bratislava was the sixth such meeting in 2008.

The Peer Review process is all about mutual learning, said Mr Lelie, and with this in mind the Commission brings together national experts, stakeholders and Commission representatives to discuss specific issues. The threefold aim is:

- to get a better understanding of Member States' policies and their impacts;
- to offer an opportunity to refine these policies and make them more effective and efficient;
- to examine whether it is possible to transfer successful policies from one context to another.

The subject of the meeting was social impact assessment. This term refers to arrangements put in place to examine the social impact of proposed policy measures before they are adopted (known as *ex-ante* evaluation). It is clear that policies in a wide range of areas, for instance economic, environmental and financial policies can have important social impacts, he emphasised. Measuring these impacts in advance should help policy-makers to arrive at better decisions. This procedure should also offer a means of increasing transparency in decision-

making, by consulting and involving stakeholders at an early stage.

Some social impact assessment arrangements are in place in a number of Member States, but in different forms, and Mr Lelie gave the example of Ireland, which introduced measures for 'poverty proofing' in 1998, revised in 2008 to become Poverty Impact Assessment (PIA). In some countries, social impact assessment procedures are integrated into systems of sustainability impact assessment.

Over the past few years, the implementation of social impact assessment has come further to the fore in the context of the EU Social Open Method of Coordination (OMC).

The 2008 *Joint Report on Social Protection and Social Inclusion* concluded that the social dimension of integrated impact assessment needs to be reinforced, and the employment guidelines 2008-2010 (Growth and Jobs strategy) encourage Member States to monitor the social impact of reforms.

In July 2008, the Commission adopted its Renewed Social Agenda, one element of which was a communication on reinforcing the Social OMC. In this communication the Commission proposes to strengthen the shared social impact assessment capacity of the EU and the Member States. To this end it will be investing in a number of activities over the next few years. Among these:

- This Peer Review meeting;
- A new study, just commissioned, on *Social impact assessment as a tool for mainstreaming social protection and social inclusion concerns in public policy in the EU Member States*. The research will be carried out by The Evaluation Partnership (TEP), based in the UK, together with the Centre for European Policy Studies (CEPS) and Mr Lelie pointed out that representatives of the contractor were present at the meeting and would be outlining their plans.

The Commission hopes that investing in all these instruments will lead to progress. However, it is clear that effective social impact arrangements are not just about technical methods, but also about political will. Mr Lelie concluded that everything was in place for a very interesting Peer Review meeting.

**Evaluation of social impact of policies in the Slovak Republic** (see annex 1: Assessment of Social Impacts of Policies in the Slovak Republic)

**Beata Alfoldiova**, from the Ministry of Labour, Social Affairs and Family (MLSAF), introduced the Slovak Republic's current proposal for a new framework for the assessment of selected social impacts within draft policies in the Slovak Republic. This should be governed by a uniform methodology, aimed at enhancing the efficiency of policy-making.

The Slovak Republic does not have extensive experience of social impact assessment, although a framework for assessment has existed for some years. Legislation requires the preparation and submission of information to the government, detailing impacts in five areas:

- public finances and the public budget;
- the population, economy of the business sector and other legal entities;

- environment;
- employment;
- business environment.

Impact on the population should cover living standards and improvement in the quality of life. In practice, the impact on public finances and the budget always receives the most scrutiny.

The Slovak government decided that a more balanced approach to different impacts is required. The roots of the new initiative go back to 2005, when it was first announced by Decree. In 2007 a task force of ministerial representatives was set up, involving the Ministries of Economy, Finance, and Environment, and chaired by the MLSAF. It produced a methodology based on a common strategy and specific procedures, entitled *The uniform methodology for the assessment of selected impacts*. This is now being tested under a pilot project, to be assessed in March 2009. Full implementation is due from July 2009.

The proposal defines many new components, including the areas requiring impact assessment, with closer analysis of the effect on the population. It also identifies the main actors and their roles, including policy proposers, responsible ministries and the people most likely to be influenced by the measure.

It introduces a two-phase procedure, covering initial assessment followed by a more detailed impact analysis, and allowing for consultation with groups of experts and stakeholders. Under the existing 'comment' procedure, reactions are often received too late to influence outcomes, and therefore consultation must be launched as early as possible, when the plans are still under preparation and there is time to make amendments.

Draft policy documents should undergo:

1. Quick test - to identify whether there is a social impact. If this is found to be the case, the measure will be subject to more detailed assessment.
2. Result of the Quick test is submitted to the methodology administrators at least 30 days before the start of the comment procedure.
3. The social impact assessment as such, including detailed analysis in cases where significant impacts have been identified.

In preparing the methodology for social impact assessment, Ms Alfoldiova said the task force drew on a number of sources, including an assessment of regulatory management capacities in the Slovak Republic, the European Commission's Impact Assessment Guidelines (2005), the Presidency conclusions of the European Council (March 2007), the National Reform Programme and National Report on Strategies of Social protection and Social Inclusion (2006-2008), and advice from experts at the University of Manchester in the UK.

The objectives of the new strategy are

- to improve the decision-making process;
- to identify potential socio-economic impacts of policies prior to implementation;
- to restrict adoption of policies that could damage living standards or increase the risk of poverty or social exclusion;
- to contribute to EU and Slovak goals aimed at cutting poverty and social exclusion, and boosting cohesion and equal opportunities.

The MLSAF acts as the evaluation body, as well as advising stakeholders on submission of documents.

The social impact assessment focuses on:

- **Household economies** (budgets, income and expenses). Will the measure be positive/negative? Will it affect the whole population or specific sectors? Impacts may be different within different layers of society. How will it affect vulnerable groups such as low income families and those with three or more children, lone mothers, elderly people living alone? Who are the winners and losers?
- **Access to rights, goods and services** (especially for vulnerable groups). Impacts on social exclusion: will all groups have equal access to resources, rights, goods and services?
- **Equal opportunities and gender equality**. Impacts on discrimination factors – they may be positive, neutral or negative.
- **Employment**. Does the measure affect broad areas of the economy, or individuals? The methodology addresses three questions: What are the impacts on employment? Which groups of employees may be endangered? Is there a danger of mass dismissals?

An annex to the methodology includes short guidelines on how to apply the Quick test and other useful hints. Ms Alfoldiova showed an example of the Quick test form that must be filled out and submitted with documents, indicating the existence of selected impacts. If the answer is yes, the proposer must justify them. The greater the changes likely to arise from the measure, the stronger the need for impact analysis.

In carrying out the social impact assessment itself, the proposer of the policy in question must cover a range of questions including:

- the main goals and activities of the measure;
- the groups who will be influenced;
- the areas that will be affected;
- impacts in the four areas identified above;

- financial balance: costs and contributions;
- identification of tools that might be used to eliminate potential negative social impacts.

Ms Alfoldiova showed an example of the social impact assessment questionnaire. A range of data will be required in order to complete it, and she outlined the main institutions from which such information can be obtained in the Slovak Republic, including the Statistical Office, ministries, research organisations and stakeholders, who are often a useful source of data.

Finally, she pointed to the future challenges linked to the social impact assessment procedure:

- It is currently at the pilot project stage, and greater institutional capacity will be needed if it is not to become merely a paper exercise;
- Better communication must be developed with stakeholders. Early consultation will enhance the quality of policy proposals. The sooner the consultation is available the better.
- The initiative should lead to the constant improvement of monitoring procedures in the Slovak Republic.

### Questions

Participants asked a number of questions: Who carries out the Quick test and how long does it take? How was the pilot set up? What is the duration of the whole procedure? How are results disseminated? Are NGOs in the Slovak Republic well-organised and equipped to take part in consultations? Is the time allowed for stakeholder consultation long enough?

**Ms Alfoldiova** and **Mr Dzupa** explained that the Quick test is carried out by ministries, in consultation with stakeholders if appropriate. There is no time limit, but they are urged to complete it at the earliest opportunity. The overall duration of the social impact assessment will depend on the importance of the measure and the amount of material submitted. For the pilot, the MLSAF selected documents from different ministries and asked for assessments to be prepared in line with the new methodology, but the results have yet to be received.

No decision has been made about dissemination, but the social impact assessment should be included with the policy documentation that goes to the government, and all materials will be placed on the government website. There is no formal list of NGOs, but government departments should be aware of the relevant organisations. Participation of stakeholder representatives will depend on the particular policy area concerned and the results of the Quick test. The methodology recommends that consultation should take place as quickly as possible, and selected ministries and stakeholders should have at least 30 days to react before the policy proposal is made available via the internet for wider debate.

Mr Dzupa emphasised that the Slovak Republic already has this comment procedure, with a website where proposals are posted for general discussion. The ratification of the European Social Charter attracted a very wide-ranging response, and every government department was asked to draw up an impact analysis. Thus, there are procedures already in place, but the government wishes to bring them more into line with European Commission recommendations.

**Introduction by thematic expert Ides Nicaise (see annex 2)**

**Ides Nicaise** said he would concentrate on the political challenge of establishing a culture of social impact assessment across Europe, especially from the point of view of social inclusion.

He offered his own definition of social impact assessment, while emphasising that a great variety of types of impact assessment and social impact assessment exist:

*Legal commitment for systematic ex-ante assessment of the likely social impacts of policy measures in any area, with the participation of all relevant stakeholders.*

He highlighted four crucial elements:

- i. it is a legal requirement, not something to be undertaken occasionally, on an optional basis;
- ii. it is *ex-ante* (before implementation). Ongoing assessment is equally important but different;
- iii. the definition covers all policy areas, aimed at increasing coherence between social policies and other sectors;
- iv. The participation of stakeholders is essential.

He pointed out that social impact assessment is broader than mere poverty-proofing of policies. It must never be just a paperwork exercise carried out by policy-makers, and while scientists may usefully contribute, there are other equally or more important considerations.

Social impact assessment is of specific relevance to the OMC in social protection and social inclusion (OMC SPSI) in that it promotes mainstreaming of policies, raises awareness among policy-makers, and creates greater coherence between social (inclusion) and other policies. Since 2005, the EU's revised Lisbon Strategy sidelined social policy and gave greater weight to economic priorities. Thus, integrating social impact assessment can help strengthen the link between social and economic policies.

Currently, this so-called 'feeding in / feeding out' aspect is monitored by a network of independent experts. However, the procedure was introduced only after revision of the Lisbon Strategy, and is not a systematic analysis but a 'cherry-picking' of selected policies. Time restraints mean that experts have around ten days to submit their analysis. Full social impact assessment should involve a higher level of rigour. Furthermore, the existing system is not participatory. Social impact assessment must, by contrast, be transparent and involve all stakeholders, in order to contribute to higher quality social policies that are more evidence-based, better studied and more democratic.

There is no need to reinvent the wheel, said Mr Nicaise. Impact assessment is already in use in a number of fields. The European Commission has its own integrated assessment toolkit, which offers an impressive framework. The 2008 Joint Report on Social Protection and Social Inclusion recommends that the EU and Member States strengthen social impact assessment as a core element of impact assessment. DG Trade, the International Monetary Fund (IMF), World Bank and International Labour Organization (ILO) are all examples of bodies that apply social impact assessment, while Ireland also introduced poverty-proofing in 1998.

He introduced five types of impact assessment: regulatory, economic, social, sustainability and integrated. While the countries represented at the Peer Review are probably in the forefront of experience in this context, the basis is still very recent and precarious, he said. Even in the Member States where it is a legal requirement, this is often a paper commitment. Solid evidence

of experience is hard to find.

The impact assessment 'roadmap' offers one model, and steps may differ in different countries. But the cross-cutting stakeholder involvement is paramount, since otherwise the social impact assessment risks turning into a technocratic, non-democratic exercise.

On behalf of the European Commission (DG Employment Evaluation and Impact Assessment Unit), **Matteo Sirtori** clarified that DG Trade's impact assessment is on sustainability, not social impact, and focuses largely on third countries.

### **Social impact assessment arrangements in the peer countries**

#### **Ireland** (see annex 3)

**Aongus Horgan** from the Irish Office for Social Inclusion said the government is trying to develop better policies for the most vulnerable in society, and therefore to anticipate questions that may arise. Adding Poverty impact assessments can save money and help improve the quality of a policy proposal. "It's not a silver bullet, but it can help," he affirmed.

The assessment is not just a 'box-ticking' exercise, but should be a dialogue, generating evidence-based decisions leading to better policies. For example, the recent consultation on the Homelessness Strategy 2008-2013 elicited a substantial response from stakeholders. The resulting Poverty Impact Assessment (PIA) report is due to be published in the coming weeks. In Ireland, efforts are made to involve other ministries in different policy areas, in order to raise awareness, and he suggested that in future the MLSAF in the Slovak Republic may need to take actively encourage other departments in order to persuade them to cooperate.

Consultation is very important, and he quoted Barack Obama's exhortation: "Stand in my shoes, and see through my eyes." That is what the system aims to achieve. The department is planning to train trainers to introduce impact assessment in other ministries. "We want to directly involve people who are experiencing poverty, so that they take part in developing policy," he concluded.

#### **Germany**

**Rainer Irlenkaeuser** from the Ministry of Labour and Social Affairs said every new legislative proposal must demonstrate the objective to be achieved and the political solution, alternatives and consequences. This covers the financial impact at regional and local level (in view of Germany's decentralised administrative structure) and on consumers, as well as the gender impact. However, social impact assessment as such does not take place.

The government has published a guide to carrying out impact assessment. There are six steps to be completed, and the outcome of consultation must be made public together with the proposal. Although administrators regard impact assessment as costly and time-consuming, and are therefore not very enthusiastic, nonetheless there is a systematic approach that should guarantee better decision-making.

The limitations exist on the political side, due to a) conflicting ideas on the same proposal emanating sometimes from different ministries, and b) procedures for the introduction of legislation which allow little time for consulting stakeholders. This is especially true when the need arises for rapid decision-making, making it difficult for stakeholder organisations to participate. But before the government can adopt a measure it must go to the *Länder* authorities, to important stakeholders, and to the different groups in parliament.

## Bulgaria

**Dragomir Draganov** from the Ministry of Labour and Social Policy said Bulgaria tends to focus mainly on financial impacts. Social impact assessment is very expensive. Lack of funding, administrative capacity and assessment culture are all obstacles to carrying out such time-consuming procedures.

Bulgaria has two impact assessment procedures, depending on whether the proposal in question makes an impact on state finances or not. Proposals with budget consequences are subject to financial evaluation covering goals, target groups, risks and outcomes. Impact assessment is not obligatory for proposals without any impact on the state budget.

Consultation with stakeholders is important, but this represents a challenge. Consultation procedures need to be improved especially with NGOs, since tripartite consultation with the social partners is already well established.

In 2007 the government amended the Law on Legislative Acts so that each piece of proposed legislation should now include the identification of expected results before it is adopted. Bulgaria is particularly interested in a) how to enforce the obligation to conduct social impact assessment and how to establish sound procedures; b) how to bridge the gap between scientific knowledge and the decision-making process; and c) how to encourage stakeholders to participate in social impact assessment.

## Austria

**Hans Steiner** from the Federal Ministry of Social Affairs and Consumer Protection told participants that Austria has a formal procedure for ex-ante evaluation in the financial, economic, social, environmental and consumer spheres. Each proposed law has to be accompanied by a standardised sheet of findings, but it tends to be superficial and does not carry much weight.

However, there is a lot of discussion of legislative proposals within civil society, with a long tradition of consultation with the social partners, who give their opinions on most proposals before they become formal initiatives, and this process is now widening to NGOs and civil society groups. One problem is that a lot of legislation is now being passed urgently, with the period for consultation becoming shorter and shorter. There used to be more opportunity for discussion.

He drew attention to the German paper by **Dietrich Engels**, which contemplated dividing legislative proposals into three categories:

- policy areas with direct social concerns;
- policy areas with indirect social inclusion concerns;
- policy areas without social inclusion concerns. Examples in this final category included transport and environmental protection policies. He argued that, on the contrary, many such measures *do* affect the social sphere indirectly.

In Austria, laws concerning pensions, unemployment etc are already subject to social impact assessment – it would be in other sectors, where evaluation is currently lacking, that social impact assessment could make a difference.

## Romania

**Irina Badea** from the Ministry of Labour, Family and Equal Opportunities said a brief social impact analysis is required for public policy proposals, and covers also the business environment and legislative framework, plus other relevant considerations. This process ensures consultation with NGOs and civil society. However it requires a large input of financial and human resources, with help from ministries.

The ex-ante impact analysis of policy entails a number of stages and is implemented by the body that launched the proposal, in consultation with social partners and other interest groups. Debates are organised within trade unions, for example, and in the Social Dialogue Commission. Consultation may be outsourced and carried out under the supervision of the ministry concerned.

## Belgium

**Isabelle Martijn** from the federal public planning service social integration, fight against poverty and social economy described the screening processes at federal level.

1. The Kafka test: aimed at avoiding possible administrative burdens for business, citizens and non-profit organisations, and thereby implementing better regulations.
2. Sustainability Impact Assessment (SIA): sets out to measure the impact of new legislation on present and future generations in Belgium and around the world. It looks at social, economic and environmental effects and applies to all government decisions, bar a few exceptions.

The objective is to increase awareness of possible problems and to contribute to a balanced decision-making process. Ms Martijn wondered how more visibility can be given to the issue of poverty within the social impact assessment process, and questioned whether adequate emphasis is placed on the social aspect.

## Norway (see annex 4)

**Dag Holen** from the Ministry of Labour and Social Inclusion said all measures and proposals are subject to analysis of financial, administrative and other significant consequences, and the conclusions should be taken into consideration in decision-making. In practice, however, only the financial and administrative impacts are systematically evaluated. Social impact assessments on social consequences are regarded as less important. Public and private institutions usually have three months to submit their views on proposals, with a minimum of six weeks.

Efforts are underway to make the social impact assessment more systematic, for example through a 2007 Ministry *Guideline for consequences for the equality of persons with an immigrant background, the Sami people and national minorities*. However, Mr Holen admitted that he only

found this document by accident in the course of an internet search, and “you have to know where to look”. It is not widely publicised. In practice, not many administrations in Norway have yet started to work with social impact assessment.

**Bettina Uhrig** from NOVA (Norwegian Social Research) added that the country has had an Action Plan against Poverty since 2002, which was updated in 2008. Stakeholders were involved in drawing it up. However, civil society organisations against poverty (in Norway) are not very strong and receiving some compensation for their work. Norway has a traditional social welfare system with good collaboration between social partners and government. She asked if there are examples of laws that have not been implemented because social impact assessment demonstrated they would have a negative impact.

**Michael Wagner** from Synthesis Forschung in Austria gave the example of a government proposal, some six to eight months ago, to change the means of calculating pension ages and levels. Following a huge outcry from social partners and others, the measure was withdrawn, even though there was a parliamentary consensus in favour. A proactive attitude to laws does exist and can lead to changes.

Irish independent expert **Yvonne Murphy** clarified that Poverty Impact Assessment (PIA) is carried out by the department and relates only to poverty. A more integrated assessment would be valuable in many cases, but time and resources are limited.

NGOs carry out their impact assessments in areas such as equality, but these are not obligatory. Some local authorities have begun to develop local anti-poverty strategies, but it is too soon to measure their impact. Some local authorities have social inclusion units, but not all. Stakeholder consultation is more effective the deeper it goes, and she wondered if the internet could be used to extend the process. **Aongus Horgan** pointed out that regulatory impact assessment is mandatory in Ireland, and suggested that PIA could be “piggy-backed” on this process.

**Katarina Lindahl** from the European Commission, DG Employment, Social Affairs and Equal Opportunities, said that one of the common objectives in the area of social protection and social inclusion is to ensure positive interaction between growth and jobs and the work of the OMC. In the current climate, the Commission is often called upon to demonstrate the usefulness of social spending, and this can be done: for example, healthier workplaces enable people to stay in work longer. Well-designed social policy impacts positively on growth and jobs.

However, despite healthy growth and job creation over recent years, the ‘feeding out’ impact on areas such as in-work poverty, jobless households, regional divergences and poverty risk has been limited. “The benefits of higher growth have not reached the most vulnerable, or increased social cohesion overall,” she pointed out.

The Commission would like to see more examples of Member States applying integrated policy measures. For example, governments that bring more people into the labour market pursue increased economic performance and improved social integration, but it is also important to take account of the obstacles such as lack of childcare and access to housing. Attempting to activate people merely by making it more difficult to access and/or live on benefits will not in itself create a more inclusive labour market, but risks pushing more people to the margins.

She gave another example of pension reforms in Member States. Successfully prolonging working life is not just about eliminating incentives to leave the labour market, but also means

changing the world of work to make it inclusive towards older workers.

**Andrea Renda** from the Centre for European Policy Studies (CEPS) described social impact assessment as an “orphan” methodology. In the United States, for example, impact assessment is restricted to regulatory considerations, in an effort to control agencies and bureaucracies and enforce the government's agenda.

Social impact assessment must be a structured process, designed to make administrations more open and accountable. Most governments would claim they carry out impact assessment, but since 2005 the economic policy pillar has had the highest priority in the EU. Member States should therefore have a supervisory body capable of monitoring the overall process.

He focused on problems encountered in getting NGOs involved in social impact assessment and pointed out that many organisations do not have the capacity to respond fully. A number of options could be considered to address this problem, including training, setting up test cases, outsourcing assessment and funding NGO time.

Indicators are important, and it would be interesting to take social impact assessment out of the political arena, in which different parties have different agendas, by drawing up mutually agreed indicators.

### Discussion

A number of points were raised:

- whereas some existing procedures provide for stakeholder consultation at national/federal level. It is just as important to involve local representatives and organisations in order to understand what is happening 'on the ground'.
- It is risky to assume that policy decisions in other areas, such as transport, do not have social consequences, since research in Ireland and the UK demonstrates that transport policy has a significant impact on social exclusion.
- At a time when financial resources are limited it is impossible to cover every area. Where to draw the line is open to debate.

**Ides Nicaise** felt the threefold distinction proposed in the German paper was interesting but challenging. He agreed that priorities must be established to allow for resource allocation, but major measures should be subject to impact assessment, and this includes Member States' National Action Plans for Social Inclusion (NAPs/Incl). For example, although Belgium's Activation Plan for Unemployment was very controversial, advance information on the social impact was piecemeal. He suggested that each Member States should select five key measures from its own NAP/Incl for evaluation. While other policy areas should be checked for indirect impacts, social legislation itself should not be excluded.

**Sylvia Rybarova** from the Social development fund (SDF) emphasised that in the Slovak Republic all ministries have to assess a proposal's impact in five spheres. In putting forward its own draft policies, MLSAF assumes that they will not have a negative impact, but it could be wrong. That is why early consultation is crucial, enabling those who will be directly influenced to make their voices heard, and helping to identify which measures require social impact assessment. Consultation should take place at the beginning of the legislative process, before a

draft Bill is submitted to the government, so that amendments can be made. If stakeholders have only two weeks to respond, for example, it makes discussion very difficult. Governments must aim for high quality draft legislation.

### Further points

- There was some scepticism about applying social impact assessment to NAPs/Incl, since they are formulated by governments with a view to achieving positive outcomes - who would carry out the procedure?
- Different indicators are important to different groups so it is difficult to agree a single list. An alternative view of social impact assessment is of an “exciting”, dynamic process involving countervailing powers with different points of view, e.g. employment and social inclusion experts do not always share the same outlook; economists like to believe that social welfare will be advanced through market forces. It is more interesting to have a lively debate.
- What would happen if social impact assessment were applied to social impact assessment itself? How does it affect different groups in society?
- In some countries, e.g. Austria, social partners have considerable resources for experts. Social partners and NGOs do not necessarily need additional funding.

**Duhomir Minev** from the European Anti-Poverty Network (EAPN) Bulgaria suggested that two types of impact assessment exist. The World Bank and IMF promote the ‘trickle down’ model of social welfare. But how can they reconcile their social impact assessment with the results of their policies? The second model, by contrast, involves active participation. He pointed out that voting is in itself a form of impact assessment, and assistance for stakeholders should go towards building democracy. It is crucial to have a public debate between informed citizens, but will decision-makers take the conclusions into account?

**Peter Lelie** said a number of countries have introduced minimum standards for consultation. These may not be a panacea, and are difficult to live up to, but demonstrate a growing sensitivity to the quality of consultation. People need to have time, information, and the correct circumstances.

**Ides Nicaise** pointed out that there is a traditional alliance between science and power (e.g. scientists who support government policies receive more funding). Therefore there is a danger that impact assessment can be used as a tool to strengthen people in power against people in poverty. However, new alliances can be built. Furthermore, the NGO sector does not have exclusive access to truth, either, and people living in poverty may take on board ideologies that blur the picture. There is a triangular relationship between science, power, and the grass roots, and scientists have to be able to contradict people experiencing poverty, who sometimes express their views in a “primitive” way. Experts need to listen to them but also enlighten them, he suggested.

## European NGO statements

**AGE – the European Older People’s Platform** (see annex 5: Introduction – role of civil society in Peer Reviews)

**Halina Potocka** reminded the meeting that AGE indirectly represents over one-third of the EU population (those over 50). Older people cannot impose policies on governments, but they face complex realities in their daily lives and governments should take them into consideration. Listening to the voice of older people will help policy-makers to deliver better results.

The OMC in the field of social protection and social inclusion should be a framework for promoting best practice in national impact assessment mechanisms. Consultation with civil society should take place at the earliest possible opportunity, and ex-ante social impact assessment should be carried out in good time. She appealed for social impact assessment procedures to allow sufficient time for NGOs to consult their grass roots.

AGE welcomes the difficult task that the Slovak Republic is taking on, and believes that uniformity is the right approach. However, Ms Potocka said the organisation has some concerns about the proposed methodology principles. Social impact assessment should be a tool for achieving a balanced trade-off between macroeconomic objectives and greater social cohesion, and for recognising the regional and local dimensions of policy decisions.

When defining SIA from the perspective of older people, the following elements should be also considered:

- access to quality services;
- a broader definition of active ageing with regard to employment and professional activation;
- a holistic definition of social inclusion;
- the gender dimension;
- the informal caring role fulfilled by many older people.

She congratulated Ides Nicaise for his draft discussion paper, and agreed that the Lisbon Strategy has so far not been successful in mainstreaming social goals. Social impact assessment could offer a more efficient means of making policies that respect the social dimension. The direct involvement of people is crucial to understanding their needs, and thereby promoting social inclusion, and she called for specific support for NGOs to help them represent the interests of their members.

AGE put forward two recommendations:

1. Member States and the Commission should set up a reflection group within the Social Protection Committee (SPC) to develop a cross-border methodology for social impact assessment as part of the OMC framework. The group should be open to other stakeholders, including the social partners and relevant NGOs such as AGE, EAPN, the European Federation of National Organisations Working with the Homeless (FEANTSA), the Youth Forum, etc.

2. This methodology should be able to assess impacts on vulnerable groups (migrants, children, older people, etc.) and in specific areas (pensions, health, employment, poverty, etc.), and to break down target sub-groups within vulnerable populations (older women, single parents, ethnic minorities, unemployed, etc.)

### **European Anti-Poverty Network (EAPN)**

**Maria Jeliaskova** said EAPN is very interested in effective social impact assessment and believes it to be vital to supporting a more social and sustainable society. It should be participative, involving a range of stakeholders. However, it will remain a technical exercise unless it contributes to the mainstreaming of social objectives. At the same time, mainstreaming will not be effective without social impact assessment, but the two concepts should not be confused.

She outlined EAPN's main concerns:

1. Social impact assessment objectives need to be clarified and based on an explicitly stated vision of a sustainable society incorporating fundamental rights.
2. The specific objectives of the OMC SPSI must be at the heart of any impact assessment, focusing on eradicating poverty and social exclusion.
3. There should be a focus on the impact on fundamental rights. The EAPN would expect social impact assessment to make reference to an overarching, multinational human rights framework encompassing the EU Charter of Fundamental Rights and international human rights instruments, the specific aims of EU social inclusion strategy, and the Lisbon Treaty clauses on social objectives, equality, gender, environment and services of general interest. Evaluation should cover short, medium and long-term impacts.
4. Effective social impact assessment must assess not only the impact on poverty, but also on who gains: i.e. the effects in terms of wealth and inequality.
5. Gender must be taken into account, with a specific check-list of impacts on gender and equality.
6. Impact assessment should give priority to the quality of services for all, given that liberalisation and deregulation have had a negative impact on public access to good quality services. The emphasis in future must be on improving affordable access to better services of general interest.
7. Effective consultation and participation of all stakeholders must be at the heart of the process.
8. New databases and research are needed, with qualitative data given equal weight, based as necessary on case studies, focus groups and participative input.
9. Increased transparency and accountability is required. Impact assessment procedures are currently too secretive.
10. Implementation is key. Governments should make use of a social inclusion check-list

when designing and implementing new policies. Social impact assessment must be matched by mainstreaming social objectives and delivering them in all policy areas.

### **Analysis of replies to the questionnaire sent to peer countries and European stakeholders** (see annex 6: Cross-section of country papers)

**Ides Nicaise** presented some of the interesting points raised by participants' response papers. He listed five different types of impact assessment: regulatory, economic, social, sustainability and integrated. Integrated impact assessment is the most widespread at present, found in five of the participating Members States (Austria, Norway, Romania, Slovakia and Belgium), although in three of these it may exist on paper rather than in practice. Nonetheless a trend is discernible over recent years, starting in Ireland in 1998, and arriving in the Slovak Republic in 2008. The measures are new, and in some cases the legislation has just been put in place and is in the process of being implemented.

He drew attention to some specific examples: **Ireland** has already carried out two evaluations of its PIA, drawing lessons from these reviews to revise procedures. For example, it has introduced a preliminary screening phase, since it is impossible to take account of every measure introduced by government. It has upgraded stakeholder involvement, and provided for assessment to be carried out at local (county) level. In **Belgium**, impact assessment passes through four stages: screening, scoping, assessment, and identifying accompanying measures to diminish unwanted effects.

With regard to **Germany**, Mr Nicaise reminded participants of the distinction between three types of policy measures, and said priority is being given to policies that have indirect potential impacts on social inclusion. He agreed that these are the most interesting cases to target. In **Bulgaria**, the alternative approach of 'post-normal science' (going beyond traditional social science research techniques to establish dialogues and obtain additional knowledge from new stakeholders) is very innovative and participatory, involving people at the grass roots.

He drew attention to the minimum duration of phases of legislation in **Norway**, to allow adequate time for stakeholders to have their say. In **Austria**, experts highlighted the need for 'political capital' to achieve successful social impact assessment. This may entail investment in stakeholders, including organisations representing poor people. Mr Nicaise asked whether it is demanding too much from NGOs to expect them to be able to participate in social impact assessment. Could the process become a trap, soaking up NGO resources and expertise? We need to build up NGO capacity to allow them to participate effectively, or it will turn into a fake exercise.

**AGE** referred to the danger of neglecting sub-groups, and the problems caused by last-minute stakeholder consultation. And finally **EAPN** underlined that social impact assessment needs agreed criteria. Reference frameworks are never neutral. EAPN believes that fundamental rights form the correct framework for conducting such assessment.

### **Discussion**

A wide-ranging discussion picked up on many of the points raised, including the part played by lack of knowledge in the current economic crisis in Europe. Have emergency measures at EU and national level been subject to social impact assessment?

In response to a question about how **Belgium** identifies "accompanying measures" to reduce the

unwanted effects of a chosen policy, Isabelle Martijn explained that the screening period can reveal problems, and so needs to start as early as possible in the policy process. The quick scan uses 33 indicators: 10 social, 10 economic, 10 ecological, and three to measure the impact on government. However it is the ministry responsible for the policy that carries out the scan, and not an independent expert.

**Norway** was asked about the problem of maintaining consultation time frames, especially in the case of laws that have to be passed quickly, which are often the ones that deserve most scrutiny. Dag Holen said the timetables are normally adhered to, since deviations have to be justified and agreed by the ministry. However there are exceptions and “corners are cut” in special circumstances – for example in the case of the recent financial package.

**Maciej Kucharczyk** from **AGE** referred to the shortcomings of the so-called 'feeding out' – how Lisbon Strategy delivers on the Social OMC objectives. For example, job activation at all ages is a positive policy measure per se, but it is important to assess whether the proposed jobs are decent ones and respond to people's personal needs. Enabling older workers to stay or return to the labour market is a good thing, but they must be offered specific working conditions, as their requirements are different to 25 or 40-year-olds.

Referring to Ireland, he agreed that income-related indicators provide a concrete measurement tool for social inclusion policy, but assessing the so-called “quality-of-life” aspects should be equally important. Does housing policy bring positive change to social inclusion and cohesion across all the society, for example? More specifically, does it contribute to older people's safety and every day life comfort? What about the impact a good social network, access to quality health facilities, proximate shops, accessible transport or clean air can all have in strengthening older people's quality of life and, therefore, their effective social inclusion? How best can these non income-related factors be assessed?

Aongus Horgan said **Ireland** is not Utopia and still has lot to do at the level of implementation and monitoring. Asked whether Ireland's role as pioneer in poverty-proofing was a result of political support, he thought it arose from the partnership process. In the 1980s, Ireland's economic problems brought government and trade unions together round the table to work out solutions. The first anti-poverty programme emerged at this time.

**Michael Wagner** insisted that EU policies can have a big influence on how national politicians think. For example, some 10 years ago the initial resistance from Member States to the EU Employment Strategy, on the grounds that it was outside the EU's competence, was overcome when leaders realised that goal-setting, monitoring, managing and revising policies is necessary. The mind-set of those who take action is crucial, and when it come to social impact assessment, the political will, strength of participation and level of resources are more important than legal rules.

**George Poede**, from Romania's Universitatea Alexandru Ioan Cuza, wondered who would be capable of carrying out social impact assessment in **Romania**. Does it require independent, politically-unbiased units at different levels of administration? Debate has been going on for four years about the need for a national social observatory to validate social indicators, make analyses and create methodologies. The 1995 law aimed at combating poverty underwent no impact assessment. The Commission toolkit is interesting but too complicated, and Romania needs a simpler instrument.

Discussion ensued around two different visions of social impact assessment: as an independent watchdog, or an instrument for promoting political responsibility. There was some disagreement as to how far the political dimension can be removed from the process. Good social impact assessment needs institutional back-up, scientific capacity, methodology, and micro-simulation in the case of ex-ante assessment. Not all countries have sufficient independent expertise. In the Slovak Republic, for example, there are more bank analysts than social affairs analysts, and the Ministry of Education could play a useful role in providing training.

Some sort of independent quality control may be needed, and if consultation is timely and well-managed, stakeholders could play a role in evaluating outcomes and improving decision-making where institutional capacity is lacking.

**Katarina Lindahl** doubted whether financial rescue plans have undergone social impact assessment at EU or national level. The contradiction is especially stark when decisions have to be taken quickly. One of the key issues at the October Round Table was the impact of the financial crisis. A task force has been set up and independent experts asked to assess the potential impact on the poorest in every country. The Commission has also requested feedback from Member States.

**Matteo Sirtori** said the issue of independence is problematic. Quality control needs to be improved, but must be coupled with accountability. The questions to be asked include: who would be on external bodies? What would their mandate be? Could they block policy-making? How could appropriate expertise be ensured? "We need to think about it very carefully," he concluded.

### **Assessment of Social Impacts at the European Commission** (see annex 7)

**Matteo Sirtori** outlined European Commission policy in the assessment of social impacts. Impact assessment is becoming more and more important, he emphasised, with strong demand for evaluation relating to social issues especially.

He defined impact assessment as *a set of logical steps to support the development of policies. It is a process that prepares evidence for decision-makers on the pros and cons of different policy options by assessing their potential economic, social and environmental impacts.* It is important to realise that it is not a substitute for the policy-making process. It can take a long time, involving many actors and requiring many resources. The Commission operates an integrated impact assessment system with three pillars having the same value: economic, social and environmental.

Impact assessment should contribute to better policy decisions. It is designed to be as scientific as possible, and should strengthen coordination between different policies emanating from different DGs, and increase stakeholder participation. Impact assessment is also intended to assess the added value of EU interventions, taking into consideration subsidiarity issues.

Responsibility for carrying-out impact assessment lies with the services which are also responsible for the development of the policy proposal. Impact assessment evaluation / Impact assessment units, as well as other DGs, are also involved. Setting up a steering group helps to make optimal use of expertise. External experts are invited to supply data, mainly during the preliminary phases. An Impact Assessment Board (IAB) was established in 2006, made up of five Directors covering the three pillars, who sit in a personal capacity. The Board is involved in the

screening of initiatives, upstream advice, and quality control.

The Secretariat General, the IAB and the lead service decide when to carry out an impact assessment. The general rule is that an impact assessment is needed for the most important Commission initiatives. The number has been rising since 2005. There were 75 in 2006, 100 in 2007 and about 150 so far in 2008. Some of the main challenges at the current time are the need to avoid "impact assessment fatigue", obtaining more resources, and training and internal support.

Once an initiative is selected, what level of analysis is required? The main criteria relate to the significance of the impacts, the political importance of the measure, and the stage of development. When the EU action is developed in steps, the Impact assessment is only applied to "new elements" of policies. The Commission is obliged to consult all relevant parties and publish its results. "Minimum standard for consultation" apply for open consultations, the minimum time scale being eight weeks.

Social impacts cover a very broad spectrum of effects, and there needs to be a balanced approach to defining the areas where implementation of policies may have potential social impacts, and to evaluating them. In this context, he stressed the importance of developing tools and methods to facilitate the process. The impact assessment guidelines identify a list of areas, five of which fall within DG Employment's responsibility:

- Employment and labour market
- Standards and rights related to job quality
- Social inclusion and protection of particular groups
- Equality of treatment and opportunities, non discrimination
- Access to and effect on social protection, health and educational systems

Concern exists in various quarters about shortcomings in the social impact assessment process, including among MEPs. The European Parliament wrote to Commission President José Manuel Barroso in 2006 calling for assessments to be taken into account in a more systematic way. An external evaluation confirmed that impact assessment is more effective in the economic than the social sphere.

In response to these challenges, DG Employment produced as first response a **Toolkit to Assess Social Impacts**, providing specific guidance on sources of information and potential effects, and helping to identify gaps requiring action. The toolkit represents a work in progress: the revised version of the impact assessment guidelines will make reference to it. DG Employment has also commissioned four studies. Two of them are at an advanced stage, including development of a Labour Market Model for evaluating the impact of labour market reforms. The other two are about to be launched: (a) study on the review of methodologies applied for the assessment of regional employment impacts and redistributive effects, and (b) Social impact assessment as a tool for mainstreaming social protection and social inclusion concerns in public policy in the EU Member States (see presentation of this second study).

### Questions

Participants asked how hard it is to combine the interests of different Commission services on the IAB, about the role of regulatory impact assessment, and what data sources have been used to compile the Labour Market Model. One Peer Review member warned that a model could be used to demonstrate anything, depending on the format selected. For example, a minimum wage policy could be shown to be detrimental to young people's employment, or to be the opposite. The European Central Bank (ECB) is not going to change its fundamental model despite the events of recent months, and there is a danger of such models being experience-resistant rather than

experience-based.

**Mr Sirtori** explained that the Commission does not carry out sectoral impact assessment. Impact assessment existed in specific areas such as gender until 2002, when it was integrated. The IAB is a technical, not a political body. Its role is to collect comments and send them to the lead service.

**European Commission study on *Social impact assessment as a tool for mainstreaming social protection and social inclusion concerns in public policy in the EU Member States*** (see annex 8)

**Kelly Long** from **The Evaluation Partnership (TEP)** introduced the outline of the study just commissioned. She emphasised how useful it was for the researchers to be taking part in the meeting. The methodology is new and will be further developed over the coming month. Phase one involves mapping existing social impact assessment arrangements at EU and Member State level, and the peer group discussion had helped to illuminate numerous new aspects to consider. 'Areas for discussion' include examples of good practice, and Ireland is the obvious case for examination. She said TEP welcomes input and promised to work closely with participants in the evolution of the study.

### Questions

Peer Review members wanted to know how the study would take account of the impact of different political points of view, whether it would consider the results of social impact assessments, including good and bad examples, and assess the effect of social impact assessment on decision-making. Since the project aims to compare 50 social impact assessment case studies, what steps will be taken to ensure they are representative and take account of different national contexts particularly in the newer EU Member States?

**Peter Lelie** and **Katarina Lindahl** said the study would need to look at capacity building, with regard to NGOs and stakeholders, and how practices have been modified and improved on.

**Kelly Long** said the methodology is still being perfected, including further analysis of what the case studies will be used for. The issue of political viewpoints will be part and parcel of the mapping exercise. **John Watson (TEP)** warned that the social sphere covers a very wide range of diverse potential impacts creating lack of clarity and making the results difficult to handle. It is particularly hard to put a monetary value on impacts. Initial statistics appear to be unrealistic, in that 87% of impact assessments already looked at claim to have taken account of social considerations, but on closer scrutiny these details are very hard to find.

## Day 2

### Introduction to key issues for social impact assessment development

**Ides Nicaise** presented his analysis of key issues. He had the impression the review was talking about the Loch Ness monster: something people have heard about but never seen – with the exception of Matteo Sirtori who has seen it many times. Mr Nicaise confessed that in 30 years of work he has never seen a fully-fledged social impact assessment, although he has read a World Bank version. Maybe, therefore, it is necessary to be more flexible and think in terms of assessments, feasibility studies etc, of which most people can recall examples. It is important to

have concrete cases from different countries, in order to be able to carry the discussion forward.

### **Issue 1: Political capital**

“A legal framework is neither a necessary, nor a sufficient condition for political commitment”  
(Michael Wagner)

- what explains the gap between legal principles and practice?
- How can political support for social impact assessment be raised?

Many countries have legal frameworks, but more needs to be done. The challenge is to build up the necessary political support on all sides. What should be done to bridge the gap between reality and ideal?

### **Issue 2: Shared vision of social inclusion**

- Which reference framework should define the policy objectives for social impact assessment? Income redistribution/ active inclusion/ capability approach/ fundamental rights ...
- Do you think that this reference framework would be shared by other stakeholders?
- If not, what could be done to foster consensus?

There are good reasons for confining key objectives to more measurable parameters. For example, the employment rate can comprise an entire reference framework. But more multidimensional frameworks exist also. The capability framework draws on the work of Amartya Sen, who generated a revolution in welfare economics. He suggested that people's welfare should not be measured merely in terms of income, but in capabilities: i.e. Their freedom to raise their own standards in terms of being healthy, well-fed, having friends, decent housing, participating in cultural life etc. Welfare is thus equivalent to the maximum level of functioning that a person can achieve in different dimensions.

Currently, 'activation' tends to be defined in terms of forcing people into work because it increases their income. However, if the job does not suit them, this can diminish their level of wellbeing.

### **Issue 3: Stakeholder relationships**

“I don't think that outsourcing to so-called independent experts is a guarantee of neutrality.”  
(Matteo Sirtori)

- How would you define the confidence between policy-makers, experts and citizens in your country?
- Is transparent, genuinely participative social impact assessment possible? What are the conditions for effective participation of excluded groups?

Potential tensions exist between different groups. A minimum degree of confidence between them is a prerequisite. Yet conflict need not necessarily be avoided at all costs since it can be dynamic, and make collaboration between stakeholders more mature.

#### Issue 4: Producing quality

What are the conditions for successful implementation of social impact assessment?

- procedural arrangements (initiative/ outsourcing/ partnerships/ timing/ publicity...)
- stakeholder involvement (how to ensure genuine participation of the poor?)
- statistical tools/ Laeken indicators on poverty and social exclusion
- evaluation culture
- scientific capacity (methodologies...)

What are the main risks for failure and how can this be avoided? The Laeken indicators are currently used to monitor social inclusion strategies in different countries. Do we need more? What can we *learn* from past failures?

#### Issue 5: Keeping the process manageable

- Looking at recent major policies, what would be priority issues for fully-fledged social impact assessment in each country?
- Where to draw the line between full social impact assessment and the Quick test? Is an intermediate procedure feasible?

#### Issue 6: Role of the European Commission

- What kind of support can the Commission offer to promote social impact assessment at national level (training, exchange, recommendations).
- What can the Commission do to foster implementation/ dissemination of social impact assessment?

For example, should the Commission suggest that countries carry out social impact assessment of some of the measures in their National Reform Programmes (NRPs)?

#### Discussion

**Issue 1 - political capital:** Network expert **Zuzana Kusá** from the Slovak Academy of Science Institute for Sociology said that in Slovakia there is interrelationship between small size of social research (on social exclusion, etc.), weakness of NGOs and insufficient solidarity of a wider public with the most vulnerable in Slovak society. Both NGOs and social research are underfunded, understaffed and lacking capability to set social agenda to the public debate and influence public opinion concerning people on social benefits. EU-wide activities by NGOs such as the EAPN play an important role in supporting national organisations and raising awareness.

**Rastislav Bednarik** from the Slovak Institute for Labour and Family Research (ILFR) suggested feedback on policy proposals will depend on developments in society itself, and on people's hopes and wishes. Excluded populations in the Slovak Republic are currently living in very difficult conditions, and they deserve speedy support and assistance. Action is required for groups like the Roma, and disabled people. There is a sense of injustice, and this is a key factor.

The Slovak Republic does have some past experience of ex-ante impact assessment: for example an evaluation of rising energy costs, which affected the whole population. Analysis focused on areas such as industry and the labour market. A panel of NGOs was consulted, but it nonetheless remains difficult to assess accurately the specific impacts on the majority population and on excluded groups.

**Other points raised:** A legal framework should serve to empower social actors in formulating claims for social impact assessment. Some sort of ex-ante analysis of policy measures should be obligatory and it is necessary to show that impact assessment will be useful. If deadlines are too tight, no realistic assessment is possible and policy-makers are bound to be unenthusiastic. Awareness-raising is crucial and policy-makers and NGOs should cooperate to this end.

Which political actors should best be addressed in order to promote social impact assessment? These could include governments, ministries, or members of parliament (MPs). MPs often depend on administrations for information, and might therefore be ready to support social impact assessment from the perspective of enhancing their *right* to information, and improving evidence-based decision-making. The best way to increase interest among policy-makers is to demonstrate that impact assessment can generate better acceptance of their policies among people themselves. This is the greatest incentive for policy-makers to undertake such a time-consuming process: it has a cost, but it is worth it.

**Sylvia Rybarova** was concerned that social impacts would receive less attention within the Slovak Republic's uniform methodology. The deadline for testing the pilot project is tight (June 2009). She questioned whether the government is fully prepared for the introduction of integrated impact assessment, and warned of problems due to lack of capacity, especially in the social field. Since the Commission is actively pressing Member States to carry out assessment, she had hoped the Peer Review would offer concrete examples of how it works, which could be adapted to different national circumstances. "We need inspiration and exchange of experience," she insisted.

**Matteo Sirtori** agreed the role of the Commission is a key issue, and it is happy to give support. However, to provide a template it is necessary to understand the precise context in each Member State. The Commission can, in the meantime, provide web links to all stakeholder consultations since 2005, as well as guidance documents and IAB reports. [This information was circulated to all participants after the meeting]

**Peter Lelie** invited Peer Review members to send in examples of good practice in their own countries. This would help to formulate criteria. **Yvonne Murphy** offered to provide copies of the PIA guidelines, which are quite specific. **Monika Natter** from ÖSB pointed out it is also important to learn from failed experiments.

**John Watson** said the Joint Research Centre (JRC) has developed a range of tools for impact assessment, which can be found on its website.

**IA TOOLS** [<http://iatools.jrc.ec.europa.eu/bin/view/IQTool/WebHome.html>] is an online platform that aims to provide Commission policy actors and impact assessment practitioners throughout Europe with a repository of guidance, information and best practices for the impact assessment of new policies and legislative measures. The website is tailored to provide both experts and non-experts with guidance on the main steps to be followed to perform an impact assessment. It contains an inventory of social, economic and environmental impact indicators. It also offers a

picture of the qualitative and quantitative tools available for the analysis of policy impacts as well as access to databases.

With reference to social impact assessment tools, he drew attention to [the page http://iatools.jrc.ec.europa.eu/bin/view/IQTool/SocialImpactsTree.html](http://iatools.jrc.ec.europa.eu/bin/view/IQTool/SocialImpactsTree.html) which specifies impact areas in terms of key questions, to guide the user towards ensuring that social impacts and issues that have particular policy relevance are considered during the impact analysis. The questions listed in the inventory are neither exhaustive nor definitive. In addition, the site of [best practice examples](http://iatools.jrc.ec.europa.eu/bin/view/IQTool/GoodPractices.html) [http://iatools.jrc.ec.europa.eu/bin/view/IQTool/GoodPractices.html] offers some cases with a social impact strand, although it adopts an integrated impact assessment approach.

**Issue 2 – the vision underpinning social impact assessment:** There was support for the capability approach since it includes a wide range of elements. In Germany, a reference group was set up – this is a good approach but difficult to manage. With regard to fundamental rights, debate focused on the balance between rights and obligations. What must people do to 'earn' their rights? This can be defined in many different ways. An exercise aimed at identifying minimum welfare requirements took place in Austria, through a questionnaire sent to a representative sample of households on a range of possible 'rights'. Those which two-thirds of respondents voted for were considered to form the threshold, including items such as holidays for children. This gives a concrete idea of people's demands.

**Ides Nicaise** judged this to be a challenging question. There is nothing wrong with duties, but it is often assumed that people must fulfil duties first in order to obtain rights: a kind of contract between the citizen and the state. He was convinced that people wish to take up their responsibilities, but are unable to do so if they are broken down by poverty or exclusion. Thus the order should be reversed so that people's rights are guaranteed as a first step. "We should empower people to take up their responsibilities," he explained.

**Dietrich Engels** from the German Institut für Sozialforschung und Sozialpolitik regarded a multidimensional approach as crucial, covering not just income but also education, health, work etc. However, dealing with all these aspects is a heavy task, so he suggested that the European Commission could help in producing a short guide that would break down the overall framework into small pieces.

**George Poede** said there is some participative impact assessment in Romania, and gave the example of consultation on a proposal to open a gold mine in a mountain area. A range of experts and stakeholders identified negative consequences, and as a result the government withheld permission. This was a very good exercise.

**Issue 3 – stakeholders: Maciej Kucharczyk** said that a genuine and active involvement of grass-roots organisations is a precondition of good social impact assessment. Participatory governance means a broad consultative approach to decision-making at both local, national and EU level. NGOs aim to strengthen people's capacity to take part in this dialogue. He gave the example of the methodology AGE developed in 2005-7, providing a guide to planning, organising and running participatory workshops of older people experiencing poverty or exclusion.. Although excluded people do not want to describe themselves as such, it is possible and necessary to involve them in discussions on how shape best social inclusion policy i.e. it will not succeed without their active support. The [AGE project on social inclusion](http://www.age-platform.org/EN/article.php3?id_article=3531) is described in detail on the website [http://www.age-platform.org/EN/article.php3?id\_article=3531], including the toolkit methodology and the final publication '*Give a voice to Older People in Poverty and Social*

*Exclusion!* The toolkit is available in 20 languages. Good quality social impact assessment must comprise an honest and effective dialogue, and the rules must be clear on both sides from the beginning, he concluded.

**Halina Potocka** added that in her native **Poland**, dialogue exists with the social partners but not with NGOs. The process is just starting now thanks to a more open approach inside the Ministry of Social Affairs recognising the principle of transparent and collective governance within the Social OMC framework. However, active and permanent involvement of NGOs in policy decision-making in Poland is still a delicate issue. The new democracies have a special need for trainings in this field. European exchange of best examples and good practices with regard to the inclusive policy governance is also crucial.

In **Romania**, relations between people and policy-makers are generally good, said **George Poede**. This has been achieved with help from the Commission, the World Bank, the British Government and UNICEF, who involved local experts in projects.

**Dragomir Draganov** gave two examples of cooperation in **Bulgaria**.

1. A consultative committee set up by the Ministry of Labour and Social Policy to look into working conditions for older people introduced reforms based on the recommendations of pensioners' groups.
2. In preparing the NAP/Incl, a draft was sent to many stakeholders in order to obtain their contribution.

The social partners are consulted through the National Tripartite Council and the Economic and Social Council. In short, positive examples can be found in unexpected countries.

**Other points raised:** Who are the stakeholders and how do they represent citizens? Do the European partner organisations such as EAPN succeed in representing the whole range of civil society? Should organisations receive payment and training?

Stakeholder participation is key, but assessments should show how their views have impacted on final results. This is an important element of the process.

The dialogue should be widened to include not only the poor. Other citizens also influence policy-makers, for example through the press, and their support for social inclusion policies is important.

**Ides Nicaise** concluded by describing the **Belgian** experience. A mature and long-standing dialogue exists at all levels of government. It has evolved from a collaborative agreement concluded 10 years ago, and is backed by a legal framework. Dialogue is thus embedded in concrete and cannot be abolished. This is the result of a long process of political lobbying by grass-roots organisations which existed within the poorest neighbourhoods, made up of people who shared the same conditions.

Dialogue must be organised in a systematic way, and give priority to the poorest people, who need to be prepared and supported materially and psychologically, in the knowledge that their participation in the process is conditioned by the everyday problems they continue to face. They must be taken seriously right through to the end of the process, with help in preparing conclusions and information about results. If people have bad experiences of being ignored they are more likely to reject the whole political process and turn to extremism or dangerous behaviour. It is important to cultivate a climate of confidence between the poor and governments,

which must be coherent in their own behaviour. Consultation must be a common thread. Funding of organisations is a major issue since their work represents a human investment that requires support.

He concluded that participating in dialogue is not easy for people experiencing social exclusion. NGOs of all sorts should be consulted as appropriate (poor people, elderly, youth etc). The newer EU Member States have a younger tradition of NGO dialogue and, as in Norway, the definition of stakeholders may be less clear. Therefore the transfer of knowledge is useful.

**Issue 4 – producing quality:** good social impact assessment needs four ingredients: strict rules; structures to carry out the work; enough qualified staff; good quality data. The overwhelming requirement is for consultation with all stakeholders. Capacity can be expanded through practice. The definition of 'quality' should be agreed in advance by consensus. Social impact assessment should be ex-ante, ongoing *and* ex-post.

The stakeholder representatives highlighted the contrast between quality social impact assessment and *distorted* social impact assessment. In the past, financial institutions have carried out many assessments, which seemed beneficial at the time, but we now know were not. This makes it so important to have a reference framework pointing in the right direction. EAPN believes fundamental rights are important and go hand-in-hand with the capability approach. At present, many reforms are going in the wrong direction and worsening the lot of disadvantaged people. Consultation should include 'interested' as well as 'relevant' groups, since the latter tend to be defined by someone else. Disadvantaged stakeholders must be heard, to avoid the risk of the strongest lobbying groups defining the laws.

Social impact assessment should focus on different target groups within specific areas. For example, whereas at the outset there was concern that recent pension reforms would have a more negative impact on women, in the current financial crisis men are also being hit, with pensioners' future investment income under threat.

How can social policies be assessed effectively? **Peter Lelie** said the common indicators agreed in the context of the Social OMC are meant to measure progress towards the EU common objectives. They can be helpful when measuring social impact but when it comes to assessing the impact of specific proposed measures at the national level, they often will need to be supplemented with specific national level indicators. People should look at the indicators to see what they can take from them.

Belgium, said **Ides Nicaise**, is trying to develop a dynamic model which could be useful in the field of social inclusion policy. Germany and the UK already have solid models. The Commission could support similar micro-simulation models in other countries. The meeting proposed that the Commission could help to develop micro-simulation models within the next Framework Programme for Research and Development, which would also foster standardisation. **Katarina Lindahl** said this was the Commission's intention, and she hoped further ideas would emerge from the TEP study.

**Peter Lelie** also asked for examples of assessments that went wrong. **Yvonne Murphy** referred to the impact assessment of Ireland's latest budget measures to meet the financial crisis. Many people, especially those in poverty, disputed the favourable findings. She pointed out that even though the budget was put together very quickly, it should still be subject to thorough social impact assessment.

**Dag Holen** was concerned that impact assessments might be biased or positive impacts made up. He pointed out that policy-makers define every new proposal as positive. **Ides Nicaise** was more optimistic. He gave the example of a success story he was “very proud” of - blocking a proposed move from student grants to student loans in Belgium.

**Issue 5 – staying manageable:** Where do you draw the line? Asking the right questions is a vital part of social impact assessment. For example, employment activation policies may be well intentioned, but beyond lowering unemployment, it is important to ask what sort of jobs people take, what happens to those who “disappear”, etc. Many such questions are not addressed by research.

**Dragomir Draganov** was not sure if Bulgaria could set up a comprehensive social impact assessment system. In September 2008 it launched a new interdisciplinary working group to carry out pilot impact assessments in the field of labour and social policies, education, health care, etc. The Ministry of Labour and Social Policy is also assessing the impact of the financial crisis on the lowest paid.

**Michael Wagner** noted the impact of new policies not only on individuals but also on services and organisations. For example, the European Employment Strategy had a big effect in Austria, where at one time employment services regarded a degree of unemployment as a “given”, leaving the most vulnerable people without support. Performances improved in Belgium and Austria not so much because services used a “bigger stick” to drive people into work, but because they developed new instruments and invested more in individual counselling and action plans.

**Issue 6 – what can the Commission do?** There were a number of suggestions:

- disseminating results, templates, models which could be used for multiple purposes, rather than expecting a single model to govern all Member States.
- strengthening the notion of good governance, involving consultation with stakeholders, openness, transparency.

**Juraj Dzupa** reminded participants that all Member States are different, with independent rights. The Commission should play the role of initiator and provider of opportunities, and Member States should be able to choose from available resources. They must also launch their own research and policy initiatives.

**Peter Lelie** said all Member States have subscribed to the common objectives of the OMC, which include good governance and stakeholder involvement. Now they need to go a step further in focusing on *quality* of stakeholder participation. The Commission's July 2008 Communication on reinforcing the OMC for Social Protection and Social Inclusion called for voluntary guidelines on the involvement of stakeholders. Some Member States have established minimum standards which can be built on. The Commission is committed to good governance.

**Other points raised:** Belgium is due to take the EU Presidency in the second half of 2010. Initiatives could include a proposal for a guaranteed minimum income across Europe. This would be a good topic for social impact assessment. Does the Commission work with forthcoming presidencies on impact assessment?

2010 will be the European Year of Combating Poverty and Social Exclusion. The [impact assessment](http://ec.europa.eu/employment_social/news/2007/dec/antipoverty_2_en.pdf) [http://ec.europa.eu/employment\_social/news/2007/dec/antipoverty\_2\_en.pdf] of this initiative is available on the DG Employment website.

Will the Commission take up AGE's recommendation to set up a reflection group within the SPC?

**Katarina Lindahl** said the Commission has an established requirement for impact assessment. In the area of social inclusion recently an impact assessment had been drawn up to accompany the proposal for the 2010 European year for combating poverty and social exclusion, for the October 2008 Recommendation on active inclusion, and for the July 2008 Communication on strengthening the Social OMC. The Commission is attempting to develop an appropriate 'light' assessment format to apply for broader policy-defining initiatives. Clearly, the exercise of preparing an impact assessment is useful, also for this kind of initiatives, not least because it ensures stakeholder involvement.

**Matteo Sirtori** itemised some possible Commission contributions:

- guidance on how to apply tools and methodologies;
- advice on areas that need to be looked at, depending on the context in different Member States;
- opportunities to exchange views and experience.

### **Relevance and key learning elements for peer countries and stakeholder representatives**

**Ides Nicaise** outlined the essential messages from the meeting:

- Although social impact assessment looks like a sophisticated procedure, it is not merely an analytical but rather a political tool. Its aim is to mainstream social inclusion and strengthen coherence between social policy and other areas of policy-making.
- Social impact assessment can in itself be a way of fostering social inclusion if it achieves a good partnership between governments, experts, civil society and people experiencing poverty. Getting these different interest groups round the table is already a step towards mutual understanding.
- A gap exists between the dream and the reality. Although legal frameworks are in place in many countries, little is being done in practice. Methodologies can be very demanding, but it is better to carry out a more modest evaluation than nothing at all. Even a 'light' assessment is worthwhile, as long as it is not merely confined to ticking boxes on paper, but promotes a critical reflection on the objectives and risks of the policy in question. Quality of stakeholder involvement is crucial, and a 'fake' evaluation is worse than nothing at all.
- Thanks to a very practical discussion, the meeting identified six ways for the Commission to support Member States in carrying out social impact assessment:
  - Fund and disseminate research, like the TEP study about to get underway. Participants looked forward to seeing the results in 15 months' time.

- Disseminate existing methodologies and tools, some available online.
- Foster the quality of stakeholder involvement (e.g. through training, funding, capacity building) This will be one of the issues addressed in the Commission's next review of the Social OMC.
- Recommend to Member States that they should apply social impact assessment to specific reforms proposed in their National Reform Programmes for Growth and Jobs.
- Apply social impact assessment internally to its own policy initiatives, as in the case of the 2010 Year for Combating Poverty and Social Exclusion.
- Disseminate micro-models and step up research in this field through the EU Framework Programme for Research and Development.

## Closing remarks

**Katarina Lindahl** said that from the Commission's point of view the meeting was intensive and useful. A shared view exists that there is capacity to develop and tools to be perfected. There are lessons to be learnt from the pioneers (Ireland, Commission) even though these pioneers are still learning themselves. impact assessment is a recent trend, and together Member States can avoid traps and speed up the development of good practice. The Commission can support the process, and will keep this in mind when taking decisions on the use of financial resources.

She referred to the Commission's immediate "homework":

- to identify and disseminate recent examples of impact assessment, not necessarily in the social field;
- to bring together guidance and tools at European level.

The participants also have homework, she added: to supply information about good examples of impact assessment, as well as examples of bad practices which have constituted learning experience and the basis for reviewing the organisation of the impact assessment exercise.

In conclusion, she felt the meeting had put a lot of information on the table, even if it did not necessarily reach all the solutions. She thanked all the Peer Review members, particularly thematic expert Ides Nicaise, and the meeting's Slovak hosts.

**Juraj Dzupa** thanked the Commission and the meeting organisers – Monika Natter and ÖSB. The Slovak Republic is starting social impact assessment in 2009. It is likely to be a lengthy process, with mistakes to learn from, and the country will look for inspiration from EU partners. However, he did not share the view that small countries have small capacity, and referred to new techniques to facilitate information exchange. Given that the Slovak Republic has already achieved EU membership, and will join the euro-zone in 2009, he hoped that in the future he would be able to tell of how the country launched the social impact assessment process.

The Slovak Republic has a large number of NGOs – 6,000 are registered with the Interior Ministry – but it is difficult to find common points between NGOs and government. The aim is to reinforce

dialogue not only with social partners, but also with the non-governmental sector, and anchor this in the legislative process. To this end, he described the meeting as very fruitful, generating many new ideas.