

Peer Review social impact assessment

Comment paper

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1. Introduction

There are two screening procedures worth noting at the Belgian federal level: the KAFKA test and the Sustainability Impact Assessment. Both tests are aimed at an ex-ante evaluation of policy measures.

- The **KAFKA test**: was implemented on 1 October 2004. The aim with this test is to avoid the possible administrative burdens which new regulations can entail. The KAFKA test will map out the impact of such rules for citizens, businesses and non-profit organisations.
- The **Sustainability Impact Assessment (SIA)**: Article 4 of the Royal Decree of 22 September 2004 defines Sustainability Impact Assessment as "The full range of methods that are utilized to study the possible social, economic and environmental effects of a proposed policy of one of the governmental services concerned, before taking a final decision in the relevant case".

2. References

All useful information regarding the two tests, the procedure to be followed, and the forms to be used can be found at: www.poddo.be and at www.kafka.be and at www.vereenvoudiging.be.

The three websites mentioned above were the main sources for compiling this document.

3. Procedure

Procedures have been set up for both the KAFKA test and the Sustainability Impact Assessment. A brief summary of the most important phases of these procedures is given below.

3.1. KAFKA test

The Kafka test aims to achieve better regulations. Nevertheless, before the Kafka test could be carried out it was necessary to define precisely what should be understood by "administrative burdens". In the document 'guidelines for the KAFKA test' administrative burdens are defined as: *"all administrative formalities and obligations imposed on citizens, businesses and non-profit organisations, which are, directly or indirectly, related to the execution, observance and/or*

maintenance of a right, prohibition or obligation established by law, decree, order, circular letter or international agreement."

These administrative burdens can be measured by conducting a KAFKA test. The measurement makes use of 4 parameters. The same 'guidelines for the KAFKA test' text sums up these 4 parameters:

- The number of administrative formalities and obligations which the target groups must fulfil;
- The size of this target group;
- The time needed to carry out the administrative formalities / obligations;
- Their periodicity.

In other words it will be investigated whether a new regulation influences one of these 4 parameters. If this is effectively the case, then the extent of the administrative burdens will also be influenced.

The KAFKA test is mandatory for all policy documents submitted to the federal government. Nevertheless 4 exceptions should be mentioned in this context. The KAFKA test must not be carried out in the case of (1) self-regulation, (2) budget legislation, (3) approval of treaties and agreements and (4) legislation without content-related impact or legislation of a purely formal character.

How is the KAFKA test carried out in practice? The KAFKA test involves a question-based procedure. Depending on the answer to each question, the test either is terminated or proceeds to the next question.

Three test questions are summed up in the 'guidelines for the KAFKA test'. The third question consists of 2 parts. The first question investigates whether the proposal has an impact on the administrative burdens for citizens, businesses and-or non-profit organisations. The second question investigates whether administrative burdens for citizens, businesses and / or non-profit organisations are reduced or disappear as a result of the proposal. The first part of the third question investigates whether there are new or additional administrative burdens related to the proposal. Finally, the KAFKA test investigates whether measures have been taken to limit the administrative burden for those involved.

3.2. Sustainability Impact Assessment

This evaluation of sustainable development effect actually investigates the possible impact of an adopted policy. This impact is measured for the present and future generations, both in Belgium and elsewhere in the world. This impact is examined at the social, economic and environmental levels.

The Sustainability Impact Assessment must be applied to every government decision (e.g. bills, drafts of Royal Decrees ...). It is the minister or state secretary who presents the policy decision to the Council of Ministers who is responsible for the content and practical application of the Sustainability Impact Assessment.

Nevertheless it should be noted here that the actual execution of the Sustainability Impact Assessment will not always be necessary. For the impact assessment there are 4 different steps. These steps are clearly explained in the documents 'Sustainability Impact Assessment screening guidelines' and 'scoping guidelines' (www.poddo.be).

- 1) **The screening** is the first step in the Sustainability Impact Assessment. The screening determines whether or not a Sustainability Impact Assessment will be necessary. There are for example different exemptions (e.g. a decision establishing an individual appointment, a decision which must be taken very urgently, decisions with a purely formal character...) whereby it is not necessary to carry out the Sustainability Impact Assessment.

Furthermore, not all policy resolutions have a potential economic, social or environmental impact. In order to determine this point a quick scan is carried out (if there is no exemption). This quick scan consists of 33 key indicators in relevant sub-domains of the focus areas of sustainable development. In each case there are 10 indicators per focus area: that is, 10 economic indicators (e.g. private investments, number of businesses, productivity...), 10 social indicators (e.g. equal opportunities, quality of healthcare, general education level...) and 10 ecological indicators (air quality, energy use, space utilisation...). 3 indicators were set up to measure the effects on the government: namely the government revenue, the change in the administrative costs for the government and the government expenditure. For each of these indicators the quick scan will determine (1) whether there are effects, (2) the time period and (3) the scale.

- 2) **The scoping** will take place if the quick scan identifies effects. Where the quick scan has identified an effect the scoping must measure that impact.

The scoping does not follow a prescribed procedure. The scoping makes use of a questionnaire. This questionnaire is derived from the European Impact Assessment and is adapted to the Belgian context. By answering these questions the impact of the planned policy on the economy, the environment, the social level and the government is measured. The questions assess possible alternative policies, the effects of which must be investigated. Applicable to whom? ...

- 3) In **the assessment** the relevant effects of the planned policy are then mapped out. What problems have been identified? What are the possible alternatives? Where can the policy be improved?
- 4) Finally it is possible to refer to the **accompanying measures**. These measures must reduce the unwanted effects of the chosen policy measures. On the other hand they can strengthen the desired effects.

The **Federal Poverty Reduction Plan** – which falls under the authority of the State Secretary for Poverty Reduction – was approved by the Council of Ministers on 4 July 2008.

Although Belgium is a rich country, 1 in 7 Belgians live below the poverty threshold. Confronted with this problem, the federal government has committed itself in its coalition agreement to pursue an ambitious policy to reduce poverty. The Federal Poverty Reduction Plan consists of 59

specific measures in the area of wages, work, health, housing, access to energy and government services.

One of these proposals – concretely this relates to proposal 3 – consists in the government committing to giving more visibility to the poverty aspect within the Sustainability Impact Assessment. In other words it will be investigated whether there is sufficient emphasis on the social aspect and whether a real 'poverty test' takes place within the scope of the Sustainability Impact Assessment?

In the afore-mentioned context we were pleased to hear how this had been carried out in the other countries taking part in the Peer Review. What are the criteria for a good 'poverty test'?