

COUNCIL FOR SUSTAINABLE DEVELOPMENT

Information Note Sustainability Assessment Systems in Other Administrations

Introduction

At the Council meeting on 2 June 2003, Members asked for information on the sustainability assessment (SA) systems of other administrations.

Sustainability Assessment Systems

2. We have identified a few SA systems. In defining a SA system, taking the arrangement adopted by the Government as an example, we are looking for a system established with the specific purpose to assess or evaluate the impact of a proposal on the economic, environmental and social sustainability of a country or defined territory, and to make reference to the assessment findings in the decision-making process. These include the integrated policy appraisal (IPA) and impact assessment (IA) systems being piloted by the UK Government and the European Commission (EC) respectively, as well as the sustainability impact assessment (SIA) system used by the Directorate-General of Trade of the EC for evaluating its trade policy. Details of these systems are outlined in **Annexes A - C** for reference. Members may also note a brief comparison between our SA system and these examples at **Annex D**.

3. It is commonly accepted that the application of an SA system as an integral element of the policy or decision-making process is still in its infancy. As in our case, the systems being adopted by the UK Government or the EC are either at the pilot stage or have been implemented for one year or so only. These systems generally resort to the use of a set of “checklist questions” and (or) prescribed indicators in the assessment process. Some see the application of SA as rudimentary and an evaluation of its long-term effectiveness in terms of facilitating the delivery of sustainability goals or objectives as premature. That being the case, there is an international commitment to continuing to refine the methodologies and processes of SA

and to promoting its wider application. For our part, we will keep in view the progress and experience of the international use of SA in helping to ensure the sustainability of public policies and programmes, in order to ensure that we are keeping pace with international standards.

Sustainable Development Unit
Chief Secretary for Administration's Office
September 2003

Annex A

Integrated Policy Appraisal in the United Kingdom

The Integrated Policy Appraisal (IPA) tool provides a framework to assess mainly the *economic, social and environmental impacts* of policy proposals and their *distributional effects* in relation to different groups of people (e.g., the elderly, the lower income group, etc). It contributes to the UK Government's goal of sustainable development by ensuring that such impacts and effects are identified and addressed at the same time.

Background

2. The IPA was developed by the Department for Transport, Local Government and the Regions (DTLR) following the commitment in the UK Government White Paper on *Modernising Government* of 1999 to: “produce and deliver an integrated system of impact assessment and appraisal tools in support of sustainable development covering impacts on business, the environment, health and the needs of particular groups in society”.

3. The IPA aims to draw together appraisal requirements (including public expenditure and economic impacts, regulatory impact assessment, rural proofing, health impact assessment, environmental appraisal, policy appraisal for equal treatment, climate change) for aggregate assessment of proposals. Separate and specific requirements will still need to be met, but working through the IPA provides a coherent framework and helps streamline the process.

Operation of the IPA

4. The IPA is non-mandatory and its application is still at the pilot stage. The appraisal should be applicable to policies on major issues or where significant, conflicting potential impacts are identified. It is to be used as early as possible in the policy-making process – when a range of options may still be possible. The resulting appraisal could be included in consultation papers or other published documents to facilitate public discussions.

5. The IPA consists of two stages, as follows: -

- (a) *Screening*: to answer a checklist of questions in order to map out the potentially significant impacts of the proposal or options, and identifying and proceeding with the necessary detailed appraisals or impact assessments. The proponents may invite other teams affected by the policy

to go through the process to ensure relevant issues are brought up as early as possible; and

- (b) *Assessment of Impact*: to summarise the results of the specific appraisals and/or impact assessments as a basis for informed decision-making. Quantitative analysis should be carried out where possible, but where appropriate a qualitative assessment is acceptable. The checklist questions cover economic, social, environmental, distributional and cross-cutting issues.

Progress of Pilot Projects

6. The DTLR and Department for Environment, Food and Rural Affairs (Defra) piloted the IPA for assessing the sustainability of their bids for funding under the Government Spending Review 2002. A revised version of the IPA is currently being piloted across seven departments.

Annex B

Impact Assessment of the European Commission

The Impact Assessment (IA) provides a framework to identify the likely impacts of proposed policy actions on the economic, environmental and social dimensions of sustainable development, enabling trade-offs and synergies to be identified and informed decisions to be made. It helps ensure consistency amongst European Commission (EC) policies and contributes to a more coherent implementation of the European Union Strategy for Sustainable Development.

Background

2. As set out in the EU Strategy for Sustainable Development, to achieve sustainable development, “policy makers must identify likely spillovers – good and bad – onto other policy areas and take them into account. Careful assessment of the full effects of a policy proposal must include estimates of its economic, environmental and social impacts inside and outside the EU”. The IA is developed to help structure the process of policy-making. It is used as an aid to decision, not a substitute for it.

3. The IA integrates all separate assessments, although the detail and extent of an IA to be carried out would vary according to the nature or content of the proposal.

Operation of the IA

4. The IA procedures are integrated into the EC Strategic Planning and Programming Cycle. It is applicable to all major initiatives, i.e. those listed in the Annual Policy Strategy or later in the Working Programme, with flexibility as appropriate. The EC seeks to implement the IA gradually over a period of two years, with a view to having it in full operation in 2004/05.

5. The lead Directorate-General (DG) is responsible for carrying out the IA. There are two stages, as follows: -

- (a) *Filtering exercise based on a preliminary assessment of proposal:* to prepare a short statement of the problems to be tackled, the objectives of the proposal, the policy options and their possible social, environmental and economic impacts (including unintended impacts). Qualitative assessment is acceptable. The lead DG should also identify what further analysis is necessary to fill any knowledge gaps and recommend to the EC whether a

detailed IA is required. All preliminary IA results should be made available to other DGs concerned for comments; and

- (b) *Extended assessment of selected proposal*: to answer a checklist of 29 questions categorised into seven areas (including problems, objectives of proposals, policy options, prediction of impacts, future monitoring and evaluation of results, stakeholder consultation and draft proposal with justification). The form, contents, volume and degree of detail of the extended assessment will vary according to the nature of the proposal and its expected significance. The lead DG is free to organize the assessment exercise, but will be held accountable for the overall quality of assessment and coordination with other DGs and consultation with interested parties.

Finally, a report should be prepared to summarise the assessment findings and justify the proposal made. After adoption by the EC, the report will be sent to the other institutions along with the proposal and made available on the web to increase transparency, communication and information.

Progress of Pilot Projects

6. As a pilot, the EC has, starting from its Work Programme for 2003, identified certain proposals where an extended IA should be carried out. In addition, preliminary IA has been required for all proposals submitted in the Annual Policy Strategy for 2004 (adopted by the EC in early 2003), and certain proposals would be selected for conducting extended IA.

Annex C

Sustainability Impact Assessment of Trade Policy Directorate-General of Trade, European Commission

The Sustainability Impact Assessment (SIA) examines the potential effects of the European Commission (EC) trade proposals on sustainable development. These studies are carried out by external consultants with the aim of identifying the economic, environmental and social impacts of the trade agreements under negotiation. They also propose flanking measures to mitigate the adverse effects and amplify the benefits of any agreements. The overall aim is to promote the consistency of international trade rules with sustainability objectives.

Background

2. As part of EC's effort to integrate sustainability into its policies, the Directorate-General of Trade (DG Trade) decided in 1999 to implement SIA in its trade policy-making process. They hired a renowned university to develop a SIA methodology in 2002 and carry out a preliminary assessment of the WTO negotiations proposed in Seattle. Subsequently, the methodology has been developed further and applied to negotiations agreed at the World Trade Organisation (WTO) Ministerial Conference at Doha.

Operation of the SIA

3. The SIA is applied to WTO negotiations and other bilateral trade initiatives, and should start as soon as the negotiating mandate is defined.

4. There are four main stages, each of which places emphasis on consultation with outside experts and the public -

- (a) *Screening*: to determine which trade measures require a SIA, having regard to their likely impacts;
- (b) *Scoping*: to establish the appropriate coverage of each SIA, having regard to the measures identified in the screening exercise;
- (c) *Assessment of impact*: Preliminary SIA to identify potential significant impacts, positive and negative, of the entire trade negotiation agenda on sustainable development. There is no "one-size-fits-all" approach to SIA, and a range of quantitative and qualitative assessment tools could be

used as appropriate. Detailed SIA are carried out for individual trade measures where necessary.

For the preliminary assessment, there are eleven core indicators to help assess the impacts that changes in trade rules may have on the sustainability of four country groups (namely the European Union, developing countries, least developed countries and non-EU developed countries). These indicators are balanced between economic, environmental and social indicators (including real income, fixed capital formation, employment, poverty, health and education, equity, biodiversity, environmental quality and natural resources stocks) and involve process indicators (i.e., consistency with principles of sustainable development and institutional capacities to implement sustainable development strategies);

- (d) *Mitigation and enhancement analysis*: to suggest types of improvement or “flanking measure”^(Note) that may enhance the overall impact of the proposal on sustainable development.

It has also been suggested that monitoring and *ex post* evaluation of the sustainability impacts of the trade agreements should be included in the methodology, and this should be the subject of a separate follow-up study.

Progress of Implementation

5. Since 2002, the methodology has been used by EC consultants for other SIA, either completed or underway, of other negotiations.

(Note) Flanking measures are important in relation to developing countries and least developed countries. Such measures may include, amongst others, measures by national governments to remedy market imperfection, regulatory failures, social inequalities, which are harmful to sustainable development; and international and regional initiatives to promote technical cooperation and capacity building in developing countries.