

Social Impact Assessment: Introduction and Context

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1. Context

In recent years ex ante social impact assessment (SIA) has increasingly come to the fore in the context of the so called Social Open Method of Coordination, the reference process for EU level cooperation and coordination on social protection and social inclusion.

Ex ante impact assessment can be understood as a tool and process to estimate the likely future impacts of policy proposals.

There is no universally accepted definition of what '**social**' impacts are, but a study (see below¹) has argued that the vast majority of social impacts can be summarized under a relatively limited list of impact types, namely:

- employment (including labour market standards and rights);
- income;
- access to services (including education, social services, etc...);
- respect for fundamental rights (including equality);
- public health and safety².

Exploring the possible social impacts of policy proposals before they have been decided seems a particularly good idea in view of the common objectives of the Social OMC that attach a lot of importance to evidence based policy, mainstreaming of social protection and social inclusion concerns in other policy areas and participation of stakeholders.

The importance of ex ante social impact assessment has repeatedly been stressed in EU policy documents (notably successive joint reports on social protection and social inclusion: the reference documents in which Commission and Council jointly draw the conclusions from reporting cycles) and, in around 2007/08, a process was started in order to clarify what we understand when we refer to SIA and to get a picture of the extent to which social impact assessment is performed throughout the EU.

A Peer Review in Bratislava (Slovakia) in November 2008 was the occasion for a first exchange of views³. At the seminar a study was launched on social impact assessment practice in the

¹ The Evaluation Partnership – CEPS Study on Social Impact Assessment as a tool for mainstreaming social inclusion and social protection concerns in public policy in the EU Member States. June 2010: p. 5.

<http://ec.europa.eu/social/main.jsp?langId=nl&catId=750&newsId=935&furtherNews=yes> .

² In the guidance for the European Commission's integrated impact assessment system 11 types of social impacts are distinguished: (1) employment and labour markets, (2) standards and rights related to job quality, (3) social inclusion and protection of particular groups, (4) equality of treatment and opportunities, non discrimination, (5) private and family life, personal data, (6) governance, participation, good administration, access to justice, media and ethics, (7) public health and safety, (8) crime, terrorism and security, (9) access to and effects on social protection, health and educational systems, (10) culture, (11) Social impacts in third countries. See: European Commission Impact Assessment Guidelines. 15 January 2009. Table 2, page 35-36.

http://ec.europa.eu/governance/impact/commission_guidelines/docs/iag_2009_en.pdf .

³ Peer Review in Social Protection and Social Inclusion on Social Impact Assessment in Bratislava (Slovakia) 6-7 November 2008: <http://www.peer-review-social-inclusion.eu/peer-reviews/2008/social-impact-assessment> .

Member States at national and regional level. The study was finalized in 2010⁴. The Peer Review and the study focused mainly on SIA at national and subnational level.

Around the same time, efforts were undertaken to strengthen the assessment of social impacts within the European Commission's integrated impact assessment system, partly in response to an external evaluation of the system which had found that there was room for improvement in this respect⁵. DG Employment commissioned two studies on ex ante social impact assessment methodology:

- ECORYS – Idea Consult Study Assessing the Employment and Social Impacts of Selected Strategic Commission Policies. The results of this study were published in early 2009⁶;
- ECORYS – IZA Study on Methodologies Applied for the Assessment of Employment and Social Impacts. The results of this study were published in early 2010⁷.

Furthermore, guidance was developed in order to help Commission DGs which are not immediately familiar with social impact assessment to prepare integrated impact assessments. In this respect two documents should be mentioned:

- Guidance for assessing Social Impacts within the Commission Impact Assessment System (17/11/2009)⁸;
- Operational Guidance on taking account of Fundamental Rights in Commission Impact Assessments (6/05/2011)⁹.

It also has to be pointed out that the European Commission has provided an important contribution to the development of indicators, harmonized data sources (e.g. EU-SILC) and tools for policy analysis and impact assessment (e.g. EUROMOD).

Recently interest in SIA has further increased due to several factors:

- The financial and economic crisis since 2008 has increased the challenges for social policy and it is increasingly important to identify the impact of measures on vulnerable groups in society given the efforts to rebalance many countries' public finances.
- The Europe 2020 strategy adopted by the EU in 2010 aims simultaneously for smart, sustainable and inclusive growth. Quantified targets have been agreed at EU level in five areas: employment, innovation, climate change / energy, education, poverty and social exclusion. Member States have agreed to put forward national level targets that together should realise the EU ambition. Strategies should lead to progress in all areas.
- The importance of ex ante social impact assessment has been emphasised in the 2008 Commission Communication 'A Renewed commitment to social Europe: Reinforcing the

⁴ See footnote 1.

⁵ The Evaluation Partnership The Evaluation of the Commission's Impact Assessment System. Final Report. April 2007, p. 45. http://ec.europa.eu/governance/impact/key_docs/docs/tep_eias_final_report.pdf .

⁶ <http://ec.europa.eu/social/BlobServlet?docId=2279&langId=en> .

⁷ <http://ec.europa.eu/social/BlobServlet?docId=5543&langId=en> .

⁸ <http://ec.europa.eu/social/BlobServlet?docId=4215&langId=en> .

⁹ http://ec.europa.eu/governance/impact/key_docs/docs/sec_2011_0567_en.pdf .

Social OMC.’ and in the 2010 Commission Communication on the Platform against Poverty and Social Exclusion.

- In the new Lisbon treaty there is a so-called ‘horizontal social clause’ (Article 9 of the Treaty on the Functioning of the European Union) which states that "*In defining and implementing its policies and activities, the Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health.*"

2. Some key results of the process so far

The study on social impact assessment in the Member States has shown that Member States have been increasingly developing - often integrated - ex ante impact assessment systems within their policy processes. However, the extent to which these are assessing social impacts is not very promising.

‘Social IA is still in its infancy in most systems. Where it takes place at all the assessment of social impacts is often less well developed than the assessment of the budgetary, economic impact. Examples of IAs that contain an in depth analysis of social impacts are few and far between; where they do exist, they are most often conducted on policies with specific social objectives. [...] Nonetheless, this study has found that effective social IA is possible. There are pockets and / or isolated examples of good practice [...].’¹⁰

The study found that SIA is carried out in two main ways: (1) as one of the dimensions of integrated IA (usually next to economic and environmental impacts), and (2) in the form of specific impact tests that focus on one specific kind of social impact (such as equality, poverty, gender etc...). Sometimes both approaches are combined. Member States obviously have widely differing concepts of what constitutes a social impact. In some countries assessment of social impacts is mandatory, in others it is voluntary.

In implementing an ex ante impact assessment in general, and social impact assessment in particular, plenty of things can go wrong. Among the most important challenges identified in the study were:

- A lack of acceptance of impact assessment as a tool that adds value to the policy process (buy in) and hence limited use of impact assessments;
- IA seen as a formal requirement, and a report delivered late in the policy process, rather than as a process that runs alongside and informs the entire policy-making process;
- A lack of commitment to consider social impacts;
- A lack of a clear definition of what social impacts are;
- A lack of criteria to ensure a proportionate level of analysis;
- A lack of quality control and system oversight.

¹⁰ The Evaluation Partnership – CEPS Study on Social Impact Assessment... June 2010. p. 96.

With regard to **methodologies, tools and data sources** – the subject of this 2011 Peer Review - the following challenges have been identified:

- A tension between the quantitative ambitions and the qualitative reality. Impact assessment systems are often excessively quantitatively oriented: the pressure is high to quantify, otherwise there is a lack of visibility.
- A lack of appropriate tools, models and data sources to assess social impact quantitatively;
- Even where the analysis can only be based on qualitative methods: social impacts are often merely mentioned in passing;
- Social impact assessment is often performed by civil servants not used to dealing with social policy. There is often a lack of written guidance, training, and ad hoc support;
- Limited resources often do not allow civil servants to bring in external expertise;
- Non-existent or ineffective use of stakeholder consultation. Stakeholder consultation can be an effective quality control mechanism and it can be an important source of data and information.

One of the studies on methodology¹¹ identified a lack of political commitment to the importance of social impact assessment among commissioning authorities (mostly government departments) and, associated with this, the limited budgets and time made available to undertake detailed analysis of the issues at stake. This generally weak demand will clearly hold back the development of more sophisticated methods and models. Furthermore, there is no well-established tradition of "impact assessment" in the social research community – on the supply side. Methods and models are therefore not always readily available to meet the requirements of real-world social impact assessment in a policy-making environment.

Both studies encourage the Commission and the Social OMC to support the efforts of Member States to facilitate a better understanding, identification and analysis of social impacts by :

- Holding regular workshops, training and / or benchmarking exercises on current SIA practice with a view to developing a learning network;
- Developing dedicated online tools for SIA, including a library of examples of SIA;
- Exploring linkages and learning opportunities between IA and the indicator targets set within the Europe 2020 strategy, and/or the assessment of EU structural policies;
- Pooling resources at the EU level to support the development of datasets and sophisticated statistical and modeling instruments in SIA.

This Peer Review is intended to – at least in part - take up this recommendation.

¹¹ ECORYS – IZA Study on Methodologies Applied... January 2010. p. ii.

3. The aim of the Peer Review and the questionnaire

It is important to be precise about the focus of the seminar. As indicated before, many challenges or obstacles to effective social impact assessment have been identified, among which not the least important is the (lack of) political will or commitment to assess social impacts. It is not possible or desirable to focus on all these issues in the upcoming Peer Review as the seminar is limited to one and a half days, and many of the issues were discussed at the Peer Review in Bratislava in 2008. This seminar will specifically focus on **methodologies, tools and data sources needed to do quality ex ante social impact assessment.**¹²

Rather than focusing on any one specific tool, the idea is to look at the range of methods, tools, and data sources available, and to discuss their use (both the possibilities and the limitations) with concrete examples presented by Peer Review participants.

Although the focus is on ex ante social impact assessment embedded in the policymaking process, rather than on purely academic research, examples of policy relevant academic research can also be presented to illustrate the use of methods, tools, databases.

The questionnaire below is meant to gather some basic information on the situation regarding the ex ante assessment of social impact in participants' countries and to gather practical examples for discussion.

On the basis of the input received from participants, a decision will be taken on how the working sessions at the seminar will be structured (possibly in thematic working groups). Participants will be alerted in time if their cases have been selected for presentation.

¹² One could say that we are assuming that the political will to measure social impacts is a given: if countries are committed, what can we learn from each other with regard to the effective development and use of methodologies, tools and databases?