

A photograph of a person standing on the edge of a dark, craggy rock formation that juts out into a vast, blue ocean. The person is small in the frame, looking out over the water. In the background, there are green, hilly islands under a sky with soft, white clouds. The overall mood is contemplative and expansive.

Evidence-informed policymaking

A study of the future-fitness of impact assessments
in the European Union

Imprint

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Acknowledgements

We give a special thanks also to all those who contributed to the knowledge and case studies in this paper through interviews and the roundtable discussion, and to those who reviewed this paper prior to its publication.

Please cite as

Miller, C., Danilaviciute, L., Chevallier, R. and Kormann da Silva, N. (2024). Evidence-informed policymaking. ZOE Institute for Future-fit Economies: Cologne.

Transparency and acknowledgements

The financial support of the Laudes Foundation is greatly appreciated to make this work possible.

Layout and design concept

Drees + Riggers

Cover photo

Iswanto Arif/unsplash.com

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Table of Contents

Executive summary	04
Introduction	05
Research approach	06
Problem definition and research questions	07
Scope	08
Different types of impact assessments	08
Different levels of governance and institutions	09
Impact Assessments in the policy cycle: an overview	10
European Commission	11
A typical process of preparing impact assessments in the European Commission	12
Methodological guidance: The Better Regulation Guidelines and Toolbox	12
Roles and scrutiny	13
European Parliament	13
Specific dimensions of impact assessments in the European Commission: state of play, gaps, and challenges	15
Assessing impacts in standard practice	15
Integration of the long term into decision-making	15
Achieving the right balance between the different impacts: the three pillars	19
Assessing impacts in times of crisis	22
Overarching challenge: capacities and resources	24
Recommendations	25
Challenge 1: Integrating the long term in decision-making	25
Challenge 2: Achieving balance between different impacts	27
Challenge 3: Assessing impacts in times of crisis	29
Challenge 4: Managing capacities and resources	32
Conclusion	33
Annex I: Types of impact assessments	34
Annex II: Strategic foresight in the European Commission	35
Annex III: Example of a foresight assessment using megatrends	36
References	38

Executive summary

The new European Commission for 2024-2029 came into effect on 1 December, 2024. This new institutional cycle provides an opportunity to review the Commission's processes and ways of working, reflecting on how to improve policymaking processes for the best possible outcomes. At the same time, this Commission includes a Commissioner-level role for implementation and simplification, responsible for ensuring that policymaking is done "in the simplest, fastest and most practical way¹."

While the task to try to simplify policymaking and reporting is clear in the new Commission, we are also operating in a time of extreme complexity. The current polycrisis in which policymakers operate accentuates the need for policy solutions which are robust and resilient in the face of multiple crises. Societal polarisation and backlash to the green transition demonstrate the need for solutions which create as few trade-offs as possible or can foresee and mitigate those that will arise through a given policy action. The interlinkages between policy areas are not always negative; synergies can be found as well, allowing mutual benefits through a policy action. Finding these interlinkages will enable the green transition to be just and bring people along in this process, truly leaving no one behind.

Impact assessments, also called ex-ante evaluations, are a key part of better regulation in this context because they collect evidence to help policymakers assess how EU action is justified and how this action can help achieve the EU's policy objectives. The Better Regulation Guidelines and Better Regulation Toolbox set out what they should include and how they should be carried out in the European Commission.

Through desk research, interviews with policymakers and experts, and a roundtable which brought together experts working on different angles of impact assessments and EU policy more broadly, we explored which aspects of impact assessments and the process of their development could be improved to address the challenge of trade-offs. We arrived at four key challenges:

1. Integrating the long-term in decision-making
2. Achieving a balance between different impacts
3. Assessing impacts in times of crisis
4. Managing capacities and resources

This report outlines our research approach in more detail before outlining the process of impact assessments in the EU institutions in theory and in practice, highlighting the gaps and challenges in the four key areas listed above. Focusing on these gaps and challenges, we then propose recommendations to help address these, making impact assessments which account for long-term and cross-cutting effects and can respond quickly in a crisis while also not adding too much capacity strain on EU policymakers.

Introduction

Europe, and the world, face an increasingly complex reality. Over the past four years, we have been confronted with a global health crisis, wars, and the resulting energy and cost-of-living crises. These are further compounded by the pre-existing long-term challenges we continue to face, like climate change. We cannot know all the challenges the future will bring, but we can consider possible scenarios and the policy options that could shape or be shaped by them.

To be well prepared for these different possible futures, it is important to know what impacts the policies we implement today will have. These impacts could come now or in the future; for intergenerational fairness, one of the priorities for the 2024-2029 Commission², it is important that policies consider the needs of people of today and those of future generations.

Policy impacts could also have effects on many dimensions – people and societal wellbeing; the economy, businesses and public finances; or the environment, to name a few. It is also possible that choosing a policy option will have positive effects on one or more objectives within these dimensions while doing harm to another, creating conflicting outcomes called trade-offs. As such, impacts on different dimensions and in different timeframes need to be examined when considering a policy approach to a problem.

Regulatory impact assessments, also called ex-ante policy evaluations, are a tool for policymakers to gather evidence on the impacts various policy options can have on economic, social and environmental dimensions, helping them reach the best decision. Impact assessments are part of the ‘better regulation’ framework which aims to improve the regulatory process to deliver the full benefits of policies at the minimum cost, while upholding the

subsidiarityⁱ and proportionalityⁱⁱ principles. Impact assessments are an important way to protect people and the planet from unforeseen outcomes of policy choices.

Despite this, unforeseen trade-offs sometimes arise, putting our future and the success of the chosen policies at risk. This report investigates the process behind impact assessments in the European Union to find the gaps that lead to trade-offs and offers recommendations for improvement.

The present context makes this particularly important because:

1. Recent years have shown there is a public backlash against green policies when people feel that they are left behind. 2024 saw numerous occasions of farmers driving their tractors into Brussels to protest environmental regulations that they felt would hurt their business and thus their livelihood.
2. We are living in a time of increased crises, with some even referring to the present situation as a permacrisis. We have heard from many policymakers the need to be able to react quickly, but that current tools fall short of meeting this need. Still, impacts need to be considered to understand the long-term implications of addressing a policy challenge.
3. As there are renewed calls for, and political prioritisation of, simplification and reduced regulatory burden, it is an important time to reflect on the policy process and consider when, where and how these processes should and should not be simplified.

This builds on ZOE Institute’s recent report “Enabling the green and just transition”³ which outlines the six enablers that contribute to effective governance in the context of the green and just transi-

i The [subsidiarity principle](#) aims to ensure decisions are taken as close to the level of the citizen as possible and ensures EU action is justified over other levels of government.

ii The [proportionality principle](#) states that EU measures should not create unnecessary burden on individuals and are suitable and necessary to the desired end.

tion. One of these enablers is “evidence-informed”: evidence, which can be qualitative or quantitative and can come from many different sources such as science, academic literature, surveys and more, should be used to inform the design and implementation of policies. Impact assessments are a tool to gather and interpret such evidence.

Following the aforementioned report, ZOE Institute gathered policymakers and stakeholders from the EU and EU Member States in a series of co-creative policy labs to identify where the challenges are in the current policy process and how they can lead to trade-offs. In a further step, participants discussed what the solutions to these challenges could be⁴. From this, we published our proposal for a [Policy Cycle 2.0](#) which further described these suggested solutions. One of these was to investigate the EU’s impact assessment process and how these assessments can better account for different time horizons and resolve trade-offs between policy areas.

This report is an elaboration of that solution. It will first outline the research approach, and then describe different types of impact assessments before discussing the state of play of impact assessments in the EU. Based on an assessment of this state of play, this paper then explores the gaps and challenges in impact assessments and their development process to finally suggest recommendations for improvement.

Research approach

First, as stated in the introduction, the basis of this report comes from discussions with policymakers. In a series of co-creative policy labs held in 2023–2024, investigating and improving the impact assessment process was identified as one of the potential solutions to the challenge of trade-offs arising in policies. Taking those discussions as a starting point, this report has then been developed using theoretical and empirical research.

The theoretical basis is built using the European Commission’s Better Regulation Guidelines and Better Regulation Toolbox as a starting point and is enriched by reports from the European Parliamentary Research Service and the OECD Regulatory Policy Committee, as well as by academic papers. The empirical research was carried out through interviews with policymakers and experts on their own experience conducting impact assessments or assessing impact assessments (as in the case of interservice consultations or regulatory scrutiny). In total, 20 representatives of the European Commission and Parliament services, Member State administrations as well as training bodies delivering support for impact assessment drafting were interviewed.

While we did interview several policymakers from EU Member States, this paper focuses on impact assessments carried out at the EU level on EU policies. This primarily focuses on those by the European Commission but also looks at the impact assessments done in the European Parliament. Learnings from Member States are integrated as examples and suggestions; since every country will have its own way of carrying out impact assessments, comparing practices at the national and EU levels can help better understand the challenges and opportunities for the impact assessment practice.



Figure 1: Research approach

Problem definition and research questions

While policies often contribute to multiple objectives, they can also have unintended positive or negative effects. For instance, improving energy efficiency benefits households and can boost new jobs, but if upfront costs are high, it might leave out lower-income households. Thus, how policymakers deal with potential trade-offs and assess a policy's effects is an important component of policy design.

Based on the discussions in the co-creative policy lab process, this report centres on three main elements for consideration when looking at how impacts of policy options are assessed when mitigating trade-offs in policymaking: time horizons, balancing impacts, and assessing impacts in times of crisis.

Firstly, the **time horizon** in impact assessments is often limited, failing to capture long-term effects.

Longer timeframes, if included in impact assessments, can allow for a more thorough assessment of potential impacts, capturing long-term effects that may not be immediately apparent. Longer time frames also help determine whether legislation is sustainable in the long run, assessing whether or not it will negatively affect future generations or deplete resources. Considering longer timeframes in impact assessments can lead to more informed decision-making and better outcomes.

Strategic foresight is a methodology that can be used to help policymakers consider the long-term impacts under different possible scenarios for the future. These scenarios, and other strategic foresight methodologies, can help them stress test policy options.

Secondly, **balancing economic, environmental, and social impacts** can be challenging due to conflicting objectives between policy areas.

By considering the interaction between the different impacts and factors, policymakers can identify, evaluate and prepare mitigation strategies for arising trade-offs between different and in some cases conflicting objectives. Efficiently addressing negative environmental and social impacts can help increase public support for policy implementation.

Thirdly, **decision-making in a crisis context** requires rapid yet holistic impact assessments.

Keeping a more holistic, long-term view helps to ensure that decisions to solve or alleviate crisis impacts do not come at the expense of creating harmful lock-ins or inequalities. As crises continue to occur increasingly frequently, policymakers need the tools and capacity that allow them to respond quickly while also considering trade-offs and policy impacts that would occur now and in the future.

And lastly, separate from the three concrete challenges described above is the overarching challenge of having adequate capacities and resources. Impact assessments are time-consuming and resource-intensive, requiring a broad range of tools such as strategic foresight, models, and data analysis. The need for comprehensive assessments often strains available capacities and resources, complicating the process of assessing impacts across multiple dimensions. Ensuring that these assessments are robust and timely remains a significant hurdle in policymaking.

Scope

This paper will focus on regulatory impact assessments in the European Commission with some examples from European Parliament activities in this field. Member State practices and case studies will illustrate different experiences at the national level and can serve as good practice examples to learn from. We recognise ex-post evaluations as a key pillar of better regulation and encourage respecting the ‘evaluate first’ principleⁱⁱⁱ and making full use of evaluations as an evidence base for impact assessment. However, it is out of the scope of this report to address issues related to evaluation.

Different types of impact assessments

There are numerous different types of impact assessments (see table in [annex I](#)). This report focuses on the regulatory impact assessment – the form of impact assessment used by the EU institutions (mainly the European Commission) as well as Member State governments to design policies and laws. We chose to focus on regulatory impact assessments as they provide a systematic ex-ante appraisal of the potential environmental, social and economic impacts of various policy options to make informed decisions.

ⁱⁱⁱ The ‘evaluate first’ principle states that the Commission should build on lessons learned from past EU actions for any policy decisions, i.e., for any revision of EU legislation.

Different levels of governance and institutions

EU Member States

With regard to EU Member States, each country has a specific regulatory framework and legislative process. As a result, national and local governments tend to follow their own approaches to impact assessments with available support and guidance from the OECD which promotes regulatory reform^{iv}. Member states also assess the impacts of EU legislation on their national environments^v.

European Commission

The mechanisms in the EU and especially in the European Commission to conduct regulatory impact assessments have, already for some time, been among the most developed in the world⁵. The existing institutional set-up in the European Commission that supports ex-ante assessment of policies is established through a clear obligation to assess the impacts of major legislative proposals early in the process. The Better Regulation Guidelines and Toolbox provide guidance and methodological support and scrutiny by the Regulatory Scrutiny Board provides an institutionalised framework and consistency for quality assurance.

European Parliament and Council

As part of the Interinstitutional Agreement on Better Law-Making, revised in 2016, the Council of the European Union, the European Commission, and the European Parliament committed and agreed to make steps towards better law-making. The Parliament and the Council committed to fully taking into account the Commission's impact assessments when considering legislative proposals and to undertake their own impact assessments in the case of substantial amendments when they consider it appropriate and necessary⁶. Additionally, the European Parliament published an impact assessment Handbook with practical guidance on how the Parliament intends to keep up with these commitments. This document sets criteria for assessing Commission impact assessments, analysing the impact of substantial Parliament amendments, and the procedure for undertaking or commissioning the Parliament's own complementary or substitute impact assessment⁷.

Although the Council has built some small capacities⁸ for conducting impact assessments of its own substantial amendments (similar to the European Parliament), it has not made use of them yet⁹. As a result, the rest of this report will not focus on the Council's work in this domain.

^{iv} The OECD has played a leading role in the international community and its member states to promote regulatory reform and the implementation of sound regulatory practices through its advice to governments on how best to design, implement and review regulations and policies.

^v Member States often assess the impacts of EU legislation on their national environments. This assessment can take various forms, including environmental impact assessments (EIAs) and strategic environmental assessments (SEAs). These processes help ensure that the implementation of EU laws considers local environmental conditions and potential impacts, allowing countries to develop strategies that align with both EU objectives and their national priorities.

Impact assessments in the policy cycle: an overview

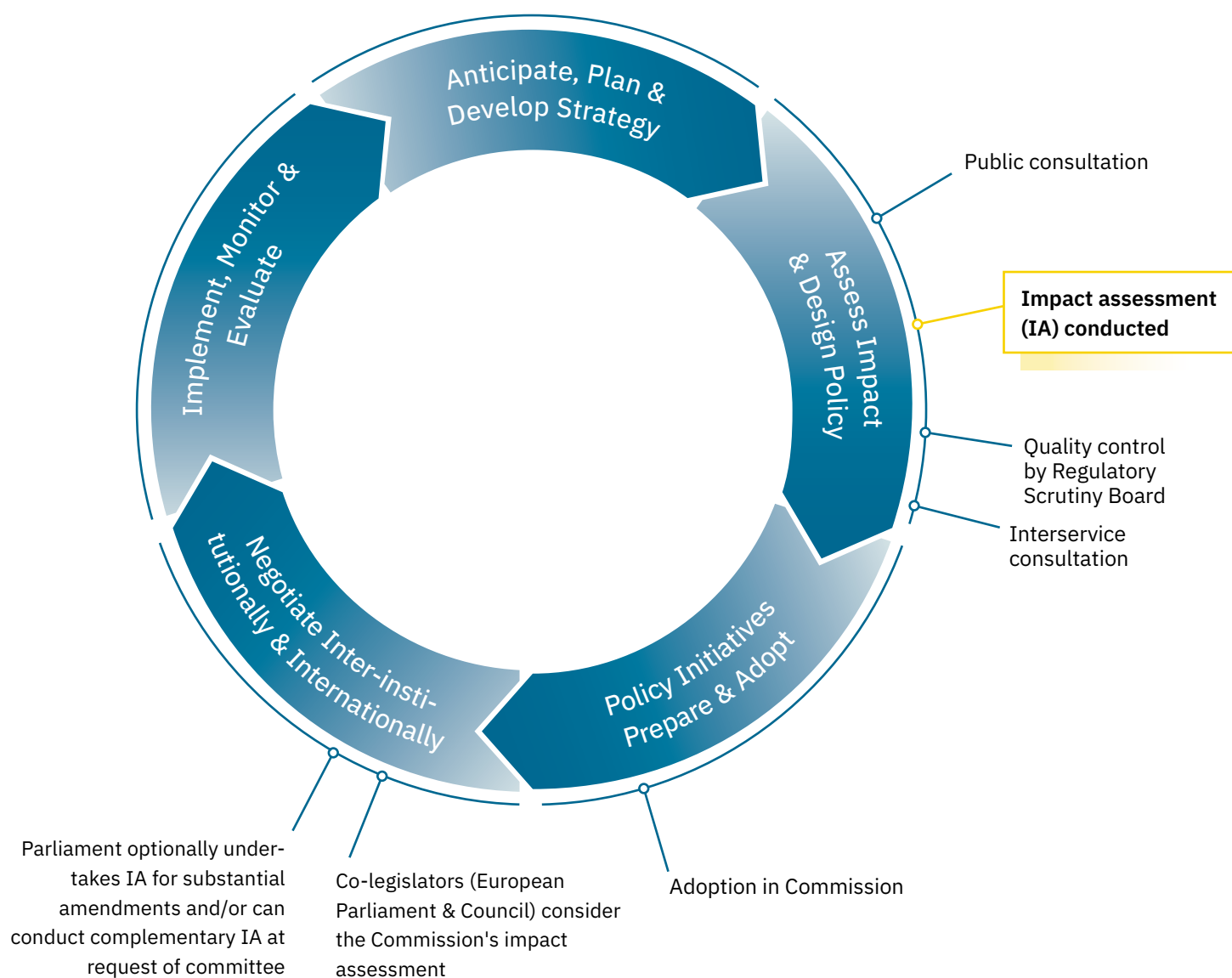


Figure 2: Impact assessments in the policy cycle

Impact assessments are one of the main tools used in the policy design process to choose between policy options and assess their impacts on different people, places, and the environment now and in the future. Together with evaluation reports, it forms a strong basis for evidence-informed policy design. The value added by the impact assessment tool is recognised in all EU institutions, notably in the Commission and the Parliament, which have integrated impact assessments into their regular policy cycle

processes and extended the scope of their application over time. This process has not only been supported by the development of a shared set of rules and principles but also by the creation of dedicated bodies to oversee, implement and scrutinise its execution. In this part of the paper, we provide an overview of how the impact assessment process is organised in the European Commission and European Parliament.

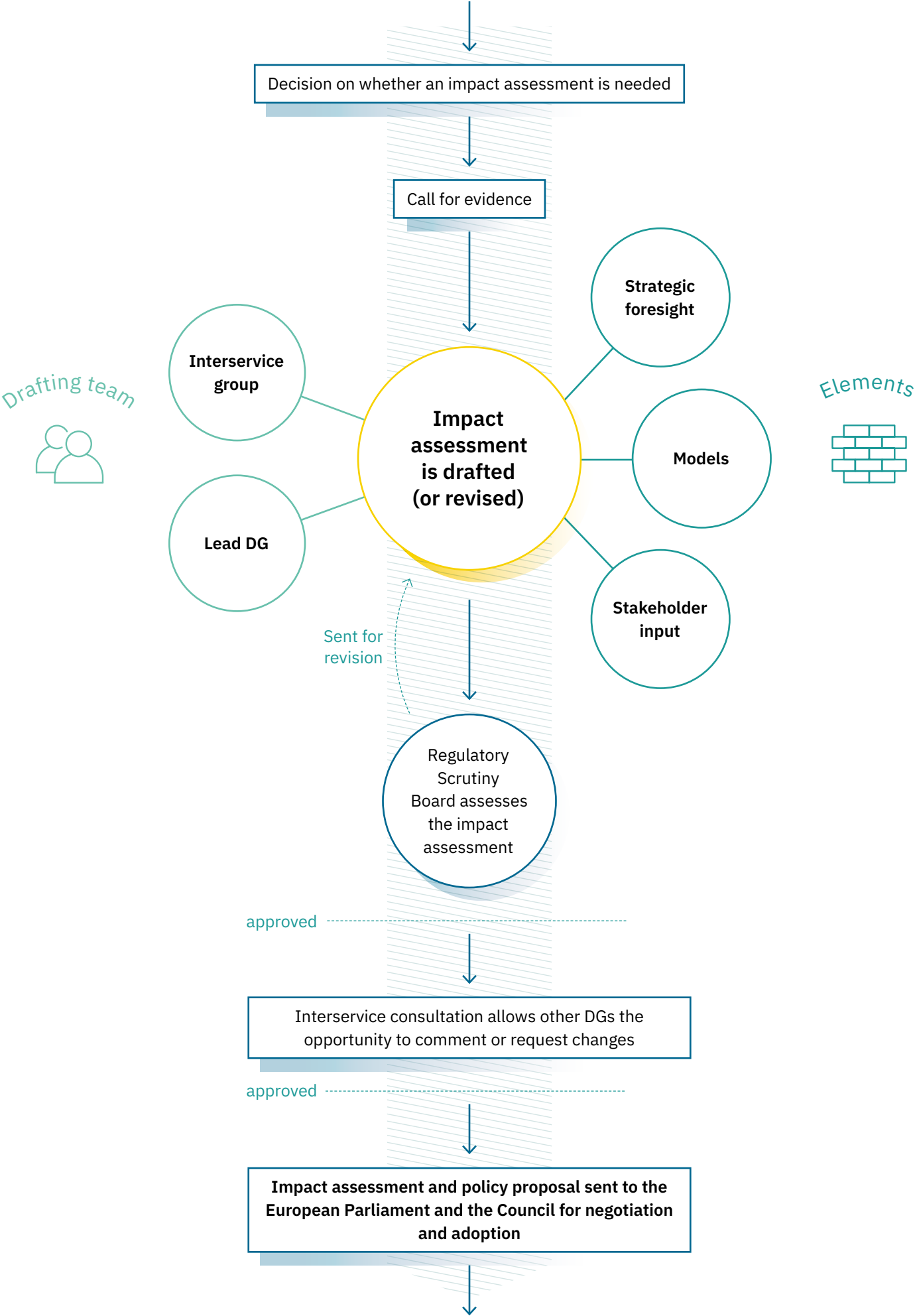


Figure 3: The process of impact assessments in the Commission

Regulatory impact assessments have been used by the European Commission since 2002 after several reports, such as the White Paper on Governance¹⁰ and the Mandelkern report¹¹, called for better regulation at the EU level¹². Although first used only for legislative initiatives, the application of impact assessments was since extended to non-legislative initiatives and delegated and implementing acts.

The European Commission is now recognised by the OECD as one of the leading bodies^{vi} for shaping law and regulation with regulatory impact assessments¹³.

A typical process of preparing impact assessments in the European Commission

Taking into account the ‘evaluate first’ principle ([see iii](#)), the impact assessment process starts at the planning of the proposal, when the lead DG gives an expert opinion on the necessity of writing an impact assessment. This decision is taken considering whether the proposal is likely to have significant economic, environmental, or social impacts, involves substantial spending, and presents the Commission with multiple policy options. The Secretariat General gives its opinion on the decision, and the proposal is politically validated. Following this, an inter-service working group (ISG) is created to guide the process and a ‘call for evidence’ is published on the Have Your Say portal outlining the key elements of the impact assessment to collect views from citizens and stakeholders, after which the preparation of the report can start.

Once the report draft is completed, it has to be approved by the Regulatory Scrutiny Board. Then it proceeds to an inter-service consultation (ISC), where other DGs have around two to three weeks to review the impact assessment and approve it or send it back for revision. It is then integrated into the explanatory memorandum, made public and transmitted with the proposal to the European Parliament and the Council for negotiation and adoption.

Methodological guidance: The Better Regulation Guidelines and Toolbox

The Better Regulation Guidelines and the Better Regulation Toolbox¹⁴ set the European Commission’s principles and recommendations for preparing new initiatives and proposals and evaluating existing legislation. Among other policy guidance, they provide instructions on how to carry out impact assessments, which it defines as the tool to “look at the problems to be tackled, the objectives to be achieved, the trade-offs to consider, options for action and their potential impacts”¹⁵ and “collect evidence (including evaluation results) to assess whether future legislative or non-legislative EU action is justified and, if so, how it can best be designed to achieve relevant policy objectives”¹⁶.

In principle, according to the Commission’s guidelines, an impact assessment is a document in which there is a systematic assessment of various policy options for one initiative. This assessment is made based on each policy option’s potential environmental, social and economic impacts. The current impact assessment process contains a commitment that the appraisal of the impacts should be made in an integrated manner and that the assessment of the different options should consider sustainability objectives and alignment with EU strategic goals. This process should be proportional, based on evidence, and integrate stakeholder perspectives.

The final impact assessment report should contain a balanced assessment of economic, social and environmental impacts and their significance, mentioning which groups would be potentially affected and paying particular attention to impacts on SMEs and competitiveness, fundamental rights, and progress towards the Sustainable Development Goals. All impact assessments should also consider and report on the ‘one in, one out’ approach, the ‘do no significant harm’ and the ‘digital by default’ principles and the consistency with the European Climate Law’s targets. Finally, the final report should describe precisely the process and the results of the consultation strategy.

vi Amongst OECD Member States assessed

Roles and scrutiny

The Directorate-General (DG) responsible for a policy file (the lead DG) is also responsible for that file's impact assessment. To carry out the drafting of an impact assessment, many, but not all, DGs in the Commission are equipped with a better regulation and impact assessment unit. These units support policy officers in the impact assessment preparation and quality assurance process.

An **Inter-service steering group (ISG)**, referred to as an “interservice coordination group” in the 2024–2029 Working Methods of the Commission, is set up for all initiatives for which an impact assessment is prepared to contribute to the process with specific knowledge and expertise across Commission services and help prepare the impact assessment¹⁷. For initiatives deemed particularly politically sensitive and/or important, the ISG is chaired by the Secretariat General¹⁸.

The **Secretariat-General (SecGen)** is responsible for developing Better Regulation policy within the Commission. Different units within the Secretariat General are in charge of overseeing specific ISGs and ensuring compliance with the Better Regulation Guidelines, supporting DGs in questions of application or interpretation of these rules¹⁹. The SecGen also serves as secretariat to the Regulatory Scrutiny Board (RSB)²⁰.

The better regulation and policy units preparing impact assessments have opportunities to increase their capacities through the training provided internally by JRC and externally by the European Institute of Public Administration (EIPA).

The **Regulatory Scrutiny Board (RSB)** is an independent oversight body within the Commission whose main function is to scrutinise the quality of draft impact assessments (as well as selected evaluations and fitness checks) against the better regulation rules. The RSB consists of nine members,

bound by the principle of collective responsibility: four high-level officials from the Commission, four external experts, and a Director-General from the Commission who serves as the board chair²¹.

After reviewing an impact assessment, the RSB issues an opinion; it can be ‘positive’, ‘positive with reservations’, or ‘negative’. In the first two cases, an initiative can proceed towards adoption by the Commission, although the ones with reservations should be reviewed to address the comments. A negative opinion requires the impact assessment to be reviewed, revised, and resubmitted. The Commission for Implementation and Simplification can approve the launch of an interservice consultation (ISC) before a potential second negative opinion by the RSB^{22vii}.

While the composition of the RSB has been questioned^{23 24} and some experts are calling for more transparency – notably asking the RSB to make its opinions public before the proposal is adopted by the Commission – the RSB has been recognised as an active and effective watchdog. In analysing 673 written opinions conducted between 2010 and 2017, Senninger & Blom-Hansen found that the Impact Assessment Board, and then the Regulatory Scrutiny Board which replaced it in 2015, efficiently scrutinised draft impact assessments, regularly requesting major changes without distinctions across DGs and policy areas and that the opinions are taken into serious consideration by the responsible DGs (especially if the first opinion is negative)²⁵.

European Parliament

In 2005, the European Commission, the European Parliament and the Council agreed on a common approach to impact assessments²⁶. Since the 2010s, the European Parliament has taken an active role in assessing the Commission's impact assessments and began conducting its own. In 2013, the DG for Parliamentary Research Services (EPRS) was established in the Parliament. Created in 2012, the

vii In the Working Methods of the previous Commission, an initiative with two negative opinions could only move forward if the Vice-President for Inter-institutional Relations and Foresight submits it to the College of Commissioners for a decision on whether or not it should move ahead.

Directorate of impact assessment and European Added Value (later renamed the Directorate for impact assessment and Foresight) was integrated into the EPRS in 2013²⁷.

The Ex-Ante impact assessment unit of the Directorate for impact assessment and Foresight undertakes impact assessments upon request by committees. These can include:

- Substitute impact assessments
- Complementary impact assessments
- Impact assessments on substantial amendments

Substitute impact assessments can be carried out by the unit, at the request of the lead committee, when the latter estimates an impact assessment is necessary and has not been provided by the Commission. When the Commission has conducted an impact assessment, the Ex-Ante impact assessment unit prepares a short initial appraisal of each impact assessment that accompanies the Commission's legislative proposals. In 2023, it produced 41 such appraisals (45 in 2022)²⁸. This short appraisal can then be complemented, at the demand of a committee, by a more detailed appraisal carried out by the ex-ante impact assessment unit or by a meeting of the committee with the Commission to request clarifications.

In the case where the initial or detailed appraisal shows that the Commission's impact assessment does not meet the expected standards, the committee can ask for a revision of the impact assessment by the Commission or the production of a **complementary impact assessment** by the EPRS. Political backing is required for all impact assessment work carried out upon committee request²⁹.

In 2023, the Parliament produced a complementary impact assessment on the regulation laying down rules to prevent and combat child sexual abuse. This process started after the Committee on Civil Liberties, Justice and Home Affairs (LIBE) highlighted shortcomings of the Commission's impact assessment on addressing potential fundamental rights violations, challenges posed by specific technol-

ogies, and insufficiently detailing the cost-benefit analysis of one of the proposed options³⁰.

Finally, under the 2016 Inter-Institutional Agreement of Better-Law Making, the European Parliament will, when it considers it appropriate and necessary for the legislative process, carry out **its own impact assessments on substantial amendments**³¹. Indeed, amendments can significantly modify the impacts of the policy measured in the European Commission's original impact assessment report. This task, delegated to external experts for objectivity reasons, ensures that decision-making remains supported by relevant evidence and facilitates the adoption of these amendments³².

However, as stated in the Letta report (2024)³³, in the past parliamentary term, the way things happen in practice have not lived up to this ideal goal as the pressure to reach an agreement during the first reading of the proposal has not allowed for such processes. Indeed, it takes time for politically diverse committees to reach the decision to request this impact assessment and then for this impact assessment to be carried out. Between July 2012 and December 2018, the European Parliament produced eight impact assessments of substantial amendments, covering a total of 42 amendments³⁴. However, since July 2019 and the start of the ninth legislative term, no new impact assessment on substantial amendments has been conducted³⁵. As a result, it can happen that the original proposal assessed by the European Commission is modified to such an extent that the evidence provided by the regulatory impact assessment ends up only reflecting very loosely what is then adopted and implemented.

Specific dimensions of impact assessments in the European Commission: state of play, gaps, and challenges

Assessing impacts in standard practice

When no exceptional situations, such as crises, require bypassing or expediting the normal procedure, policy options are assessed through the process presented above. This part of the report takes a more detailed look at the specific elements of the standard impact assessment that we have identified, in a co-creative exercise with policymakers, to be of the highest importance when it comes to mitigating trade-offs in policy: the consideration of long-term impacts; the balanced assessment of economic, environmental, and social impacts; and conducting impact assessments in crisis settings; as well as the overarching challenge of resources and capabilities.

Based on desk research and interviews with experts, we identified the state of play of those practices, the gaps between the theory of the Better Regulation Guidelines and what happens in practice, and the challenges which prevent the best possible implementation of impact assessments.

Integration of the long term into decision-making

Time frames

Impact assessments need to assess the economic, environmental, and social impacts over medium (three to ten years) and long-term (over ten years) horizons to ensure future-fit policies. Doing so guarantees that decisions consider possible delayed effects of policies, anticipate future evolutions, and are aligned with long-term goals. For example, implementing a carbon tax can lead to short-term economic costs, such as higher energy prices, but brings long-term benefits such as improved public health, higher energy security, economic activity, and revenues from developing green technologies. It is especially relevant when selecting a policy option that could result in a lock-in – whether positive or negative – in certain practices or technologies, creating long-term path dependencies. The Better Regulation Guidelines recommend assessing “long-term developments, trends and challenges” but do not specify particular time frames for evaluating³⁶.

Box 1: Social Discount Rates in Cost-Benefit Analysis

Cost-benefit analysis is frequently used to compare different policy options and inform decisions. This exercise employs discount rates to assign a present value on costs and benefits that will occur in the future. There is considerable debate about the appropriate value of the discount rate and its implications³⁷, especially in the context of climate change policymaking. The Better Regulation Toolbox recommends the use of social discount rates – i.e. rates that decline over time – for policies with a long time horizon. However, this practice is not consistently applied. For instance, in the Impact Assessment for Soil Monitoring and Resilience Directive, no sensitivity analysis on the social discount rate was conducted, despite the directive having potentially significant long-term effects. Moreover, some experts advocate for a zero-discount rate³⁸, arguing that discounting the future is based on the assumption that economies and wealth will continue to increase and that discount rates might not be the most adequate tool to address existential threats – rather than marginal ones. The debate also includes ethical and philosophical considerations about whether the present should be valued higher than that of future generations. With better integration, social discount rates can play an important role in addressing complex, intergenerational challenges such as climate change.

Gaps and challenges

In practice, the timeline for modelling the impacts tends to match the one set as a target in the legislation or the policy priority. Usually, this means looking at a period of around 5 to 20 years, with many EU goals currently aimed at 2030 and some looking further, to 2040 or 2050. It means that time frames tend to be very initiative and policy dependent.

Environmental policies typically focus on longer time horizons, assessing various impacts quantitatively up to 2050 and even 2070. For instance, the impact assessment of the Nature Restoration Law sets targets for 2030 and 2050 and provides quantitative estimates of the costs and benefits of the regulation until 2070³⁹. Impact assessments of economic policies generally look at medium-term impacts (2030). Meanwhile, social policies often lack specific time frames altogether, complicating the anticipation of when benefits will materialise. For example, in the impact assessment of the directive to improve the working conditions in platform work in the EU⁴⁰ and of the recommendation for a quality framework for traineeships⁴¹, some medium- to long-term impacts are implied by the types of changes described. Still, no time horizons are mentioned explicitly in the texts. Those reports evaluate impacts as annual costs and benefits, which are assumed constant over the years. Considering the content of the initiatives, it could, however, be that the costs and benefits do not materialise immediately, linearly or at the same time.

While these differences can be explained by the nature of policies, variations of data availability, modelling methods, or time for the impacts to materialise, they can ultimately result in significant gaps in understanding. This inconsistency may harm the ability to fully understand the implications of all EU policies and lead to a lack of coherence across different policy areas that are, in practice, interrelated. In the long term, this can lead to missed opportunities for creating synergies among policy areas and reinforcing trade-offs. A less fragmented approach could better ensure that the anticipated benefits are realised over time, ensure better resource allocation, and increase the overall effectiveness of all EU poli-

cies. Moreover, in the case of social policies, vague or unspecified time horizons for expected impacts can create accountability issues.

Strategic foresight

Assessing impacts in the long term can still fall short in reality as the future becomes increasingly unpredictable. As a result, using new tools such as strategic foresight to complement traditional assessments has gained traction in the last few years. Strategic foresight was integrated into the EU policymaking in 2021 with the revised Better Regulation Guidelines.

Strategic foresight is a discipline which uses a set of methods for anticipating different plausible futures to better prepare for potential new developments. It helps policymakers identify and consider possible future challenges, opportunities and shocks to guide decisions towards more effectiveness and resilience^{42,43}. The most common foresight methods are analyses of megatrends⁴⁴ and scenarios⁴⁵ and – to a lesser extent – stress-testing⁴⁶ and horizon scanning⁴⁷.

When preparing impact assessments, strategic foresight can be used to stress-test policy options in possible future situations and encourage conversations on alternative options^{viii}. Although the Better Regulation Toolbox calls for a “more systematic use of foresight analysis to inform the analysis of major policy initiatives, DGs are free to decide whether to use strategic foresight without justifying their choice⁴⁸. Still, this practice has been spreading since 2021. Of the 122 impact assessments conducted in 2022 and 2023 by the Commission, 44 of them made reference to “foresight” at least once. Moreover, both the EPRS and the RSB reported substantial improvement since 2023. While between 2020 and 2022, about a quarter of impact assessments each year mentioned foresight, in 2023, it rose to nearly half⁴⁹. Among them, nine impact assessments adopted a systematic approach by considering foresight across several parts of the report, notably in the problem definition and the policy options, reinforcing the logical progression between the two sections. The EPRS argues that this systematic approach is key to bridg-

viii See Annex II for more history of strategic foresight in the European Commission

ing exploratory work with policy options and, hence, the futureproofing of policies, and as such, this practice should continue.

Gaps and challenges

Although strategic foresight in impact assessment has improved in quantity and quality since 2021, gaps remain. Firstly, in 2023, of all the impact assessments for which a foresight analysis was relevant, 55% contained such an analysis at the first submission to the RSB. This number went up to 67% at the stage of submission for interservice consultation after integrating recommendations from the Board⁵⁰. While this proves the effectiveness of feedback mechanisms, it also suggests there may be an initial oversight in adequately considering the use of foresight where it is pertinent to do so. This could highlight a potential gap in initial training or understanding of foresight analysis among those preparing the assessments.

One key challenge to bridge this gap, as revealed by our interviews with impact assessment experts, is a perceived lack of capabilities in doing foresight in some DGs. The usefulness of strategic foresight is now widely recognised across the European Commission. Still, this exercise requires some specific technical know-how to be conducted meaningfully and help extract actionable inputs. As for now, this expertise remains unevenly spread across the Commission as some DGs lack experts trained for applying strategic foresight tools and leading collective exercises in their respective fields. Moreover, this type of exercise requires significant time and resources, which may not always be available.

This challenge is not just about capacities but also creating a space for experimentation and avoiding the perception that these exercises need to be done perfectly to provide valuable insights, which ultimately limits their broad adoption. Additionally, our analysis and that of the EPRS show that although an increasing number of impact assessments mention strategic foresight in their analysis, a majority integrate it almost more as a box-ticking exercise. The reports remain rather vague on how this perspective was integrated, what type of foresight exercise was used, by whom, and what was the added value for the conclusions of the impact assessment.

Often, no specific strategic foresight was conducted on the particular area of relevance of the policy and the use of foresight is limited to citing findings from annual foresight reports, using their inputs in one specific section of the impact assessment⁵¹. While these reports are insightful, their inputs remain general and are unlikely to directly address the trends and disruptions that could affect the policy in the future and their effects on this policy. This is where more policy-specific foresight exercises, even if not fully fledged, could facilitate valuable collective reflection to enhance the impact assessment process.

Box 2: Example of good practice – “The Critical Raw Materials for Strategic Technologies and Sectors in the EU - A Foresight Study”⁵².

The Joint Research Centre’s foresight report on critical raw materials is a valuable example of how a foresight study can provide useful insights for impact assessments when it addresses a politically relevant topic. This study, focused on a key policy issue, has supported several impact assessment reports dealing with critical raw materials. In this good practice example, we analyse in closer detail the benefits of conducting and better integrating specific in-depth foresight studies on critical issues for the impact assessment process to complement broad analysis such as the annual foresight reports.

The study “The Critical Raw Materials for Strategic Technologies and Sectors in the EU”, published in 2020, anticipates future supply and demand for critical raw materials in strategic EU sectors. The foresight method builds on a scenario analysis using long-term decarbonisation scenarios to project future demand based on different assumptions on deployment ambitions of those technologies. The study also identifies future supply risks by assessing potential bottlenecks along the supply chain for each technology.

In the impact assessment for “a framework for ensuring a secure and sustainable supply of critical raw materials” (led by DG GROW)⁵³, the foresight study feeds into:

- **The political context:** it defines critical raw materials based on the anticipation of supply and demand in strategic sectors, given the current state of technology and the requirements for achieving the EU targets for the roll-out of renewable technologies, and by identifying significant dependencies for the EU.
- **The problem definition:** the foresight study, as part of the Raw Materials Information System, is one of the tools of the EU framework for monitoring and risk preparedness. The impact assessment report highlights its limitations in anticipating and mitigating supply risks.
- **The policy options:** the first pillar proposes to improve the foresight perspective to give a legal definition of critical and strategic materials based on this first foresight analysis and another study in preparation.

In the impact assessment for “Circularity requirements for vehicle design and on management of end-of-life vehicles” (co-led by DG ENV and DG GROW)⁵⁴, the same foresight study was cited:

- **In the problem definition:** to link the need for circularity requirements to the consumption of critical raw materials by vehicle
- **In the baseline definition:** to estimate further reliance of vehicle designs on critical raw materials in the future.

This good practice example shows several positive outcomes of conducting specific foresight studies.

First, this exercise **allowed for a nuanced understanding of the future needs** of the EU in terms of critical raw materials and enabled more targeted and informed policymaking.

Second, the fact that the study does not only feed into the policy formulation but is part of the policy proposal itself **demonstrates the multiple usages of strategic foresight** both as an evidence base and as a policy tool. Third, even if the studies are specific, if done in a very strategic policy area, **the evidence will likely be valuable for the impact assessment of other future policies**. This benefit is especially relevant considering the time costs and capacity requirements that can be associated with conducting comprehensive strategic foresight studies, especially based on scenario analysis.

Achieving the right balance between the different impacts: the three pillars

In addition to considering both the short, medium and long term, impact assessments need to balance the coverage of economic, environmental and social impacts, as these dimensions interact and can produce trade-offs.

Since 2021, achieving this balance across the three pillars has been formally integrated as a principle in the Better Regulation Guidelines: “Impact assessments should follow an integrated approach that considers impacts across environmental, social and economic dimensions”. This has also been part of the Interinstitutional Agreement since 2016⁵⁵. However, as assessing every impact in all impact assessments would create an excessive burden for sometimes predictably insignificant results, the guidelines recommend an initial screening at the start of the process to make a first estimation of required evidence and data. This exercise helps define the focus and depth of the impact assessment and supports the lead DG in applying a more robust assessment of economic, social and environmental impacts.

Since its 2020 annual report, the Regulatory Scrutiny Board has reported on the share of impact assessments which assess the impacts on each of the pillars. The following analysis is based on the RSB’s annual reports from 2020 to 2023. Since 2020, progress towards achieving an integrated approach has been slow, and economic impacts remain assessed much more often than other impacts. Still, although the overall percentage of impact assessments addressing social and environmental impacts has only increased by a small margin, those that do have addressed a broader range of social and environmental issues in the past years.

Almost all impact assessments released since 2020 have considered the **economic** impacts, ranging from 85% in 2022 to 100% in 2020 and 2023. Looking closer at the specific topics covered under the economic pillar (based on the RSB classification) shows that competitiveness was and remains the most frequently addressed impact. However, other issues – such as impacts on SMEs, economic innovation or territorial impacts – were significantly less covered in 2020. For comparison, in 2023, coverage of SMEs increased substantially (from 54 to 70% of all impact assessments) and four other economic topics are now covered by more than 20% of all impact assessments, showing a broader focus on economic considerations.

Looking into **social** aspects, the share of impact assessments covering this pillar increased by nine percentage points (from 73 to 82%) between 2020 and 2023. The largest progress by topic is observed in assessing impacts on work (from 27% to 46%) and, to a smaller extent, on fundamental rights (from 24% to 34%).

Finally, **environmental** impacts remain the least covered pillar at 58% in 2023 (compared to 49% in 2020). However, under this pillar, the coverage of some topics – such as the effects on the circular economy or waste management – has more than doubled over the period. Interestingly, some impacts are less covered now than in 2020, such as environmental innovation (and societal impacts under the social pillar).

This data provides a picture of the pillars and topics covered – or not covered – in impact assessments. Nevertheless, it is difficult to assess to what extent the fact that some impact assessments do not analyse impacts on a specific topic is due to a gap in the analysis or to adopting a proportionate approach. Following the proportionality principle, impacts are to be assessed when a significant impact is expected. For example, the EU Quality Framework for Traineeships’ impact assessment report states that: “No environmental or climate impacts are expected”⁵⁶. Indeed, considering that the proposal focuses on improving working conditions for trainees and combating disguised employment relationships, only focusing on economic and social impacts appears reasonable. Thus, the lack of focus in one area does not necessarily imply that this issue is being left behind.

At the same time, the private sector is calling for the EU to reduce regulatory burden and simplify EU law, something the Commission has been working on doing since the Juncker Commission⁵⁷. A 2023 survey by the European Investment Bank found that 63% of SMEs and 60% of large businesses found business regulation to be a long-term barrier to investment⁵⁸. It is worth noting also that both groups found ‘uncertainty about the future’ to be a bigger barrier (80% and 77%, respectively). What is particularly interesting is also to contrast this with the prominence of the narrative about business impacts being too high, but this same story about environmental or social impacts isn’t as loud, even though it is objectively ignored more often. So, while impacts on business and especially on SMEs should be taken into account while assessing economic impacts, understanding the challenges and possibilities that the future holds is still important, as well as balancing these other dimensions.

President von der Leyen has now created a designated Commissioner role for “Economy and Productivity; Implementation and Simplification,” tasked with exactly this question. In his Parliamentary hearing, Commissioner-designate (and now confirmed Commissioner) Valdis Dombrovskis highlighted the need to reduce red tape and simplify rules for businesses, but also emphasised that “we will not compromise

our policy goals or our high social and environmental standards.”⁵⁹

Gaps and challenges

As the data above shows, while economic impacts are systematically assessed, that is less the case for social and environmental impacts. Given that the choice of what to analyse depends on each specific case, it can be hard to generalise the reasons behind this pattern. However, from the interviews conducted for this study, two key challenges appear to be commonly faced when it comes to balancing the three pillars. One relates to capacity and will be addressed in the section below; the other relates to the quantification of social and environmental impacts.

The Better Regulation Guidelines highlight that, when possible, the impact assessment process should be guided by qualitative and quantitative analysis. However, both the Better Regulation Guidelines and the Better Regulation Toolbox put a strong emphasis on the need to quantify costs and benefits. The Better Regulation Guidelines state that the final reports of impact assessments must contain “a clear indication of who will be affected by the initiative and how, with special attention to the quantification of costs and benefits (in particular, in the light of the ‘one in, one out’ approach)”⁶⁰.

One aspect that makes it challenging to quantify social, and particularly environmental, impacts is the nature of those impacts. Economic impacts are in general easier to quantify and often already expressed in monetary terms (although even making a granular assessment of these costs can sometimes come with issues due to a lack of access to individual data for data privacy reasons). On the other hand, social and environmental impacts often relate to less tangible and more complex issues. Social impacts may include, for example, physical and mental well-being, and equity. Measuring these impacts is not so straightforward. Similarly, environmental impacts might involve effects on ecosystem services and climate change, which can make it hard to define their geographical scope, the extent of impacts caused by the policy, and their associated price or cost. Moreover, from a technical side, this complexity makes it difficult to define accurate baseline scenarios⁶¹.

While a quantitative (and monetisation) approach can help policymakers assess policy options by reducing complexity and standardising results, it can also lead to a biased focus towards economic impacts⁶². Although new methods are emerging – for example to give value to natural assets – monetary approaches often fail to capture the full extent of the social and environmental impacts of policies as they do not have a direct financial equivalent. This may lead to underestimating social and environmental costs or overlooking their benefits.

Data availability, or perception of such, is another limitation to quantifying social and environmental benefits⁶³. Robust and reliable data sources and indicators are essential to successfully account for these benefits, but they are not always available. Moreover, while methods and models for measuring impacts have been improving over time, there is still room for enhancement. For instance, the interconnections between the economy, society, and the environment could be further refined to include feedback loops and non-linear dynamics more effectively⁶⁴. While a more in-depth exploration of the technical infrastructure needed falls outside of the scope of this report, adopting more pluralistic approaches to data and models supporting the impact assessment process can help overcome this challenge. In that regard, WISE metrics can help tackle this challenge as they cover dimensions in the areas of well-being, inclusion, and sustainability, providing the necessary cross-cutting lens to measuring progress⁶⁵.

Finding better ways to assess environmental and social impacts can help avoid unsustainable policies that could potentially harm future generations^{ix}. The lack of attention to these areas, and the overseen negative consequences this would create, can undermine public trust in EU policies.

Box 3: Data availability

The perceived lack of environmental and social data stems from the challenges policymakers encounter in accessing, understanding, or utilising high-quality information about environmental and social factors for decision-making. Environmental and social data may exist in separate, uncoordinated databases, making integration difficult. For example, deforestation data from satellite imagery is not always linked to socioeconomic data on affected communities. Other challenges such as incomplete data coverage, limited data granularity, data fragmentation, technological and resource constraints add to the issues related to the perceived and real data availability.

ix The College of Commissioners 2024-2029 includes a [Commissioner for Intergenerational Fairness, Youth, Culture and Sport](#) (Commissioner Glenn Micallef). Part of this role will be “to ensure that decisions today do no harm to future generations”.

Assessing impacts in times of crisis

Ensuring good regulatory processes is complex and challenging⁶⁶, even in stable times, and the EU has achieved some of the highest standards in the world through its Better Regulation agenda⁶⁷. Global crises such as the recent COVID-19 pandemic and energy crisis, however, make better regulation challenging as they require policymakers to be able to make decisions quickly, often in a context of high uncertainty. At the same time, these decisions are still likely to have long-term impacts and future implications.

The Better Regulation Toolbox allows for flexibility of the impact assessment process when faced with special circumstances: “better regulation practices should be applied flexibly and in a proportionate manner that reflects the circumstances of each individual initiative”, there can be “occasions where certain procedural steps or processes cannot be done or need to be shortened or simplified for good reasons (e.g. political urgency, the need to respect confidentiality and security concerns etc.)”. The decision to derogate must be validated by the Commissioner for Implementation and Simplification⁶⁸. In addition, all such exceptions should be published in the call for evidence as well as in the explanatory memorandum accompanying the European Commission’s regulatory proposal⁶⁹. Furthermore, an analytical document presenting the evidence and cost assessment in the form of a Commission Staff Working Document needs to be prepared within three months when the impact assessment is required but due to exceptional circumstances could not be prepared⁷⁰. The Better Regulation Guidelines allow for such flexibility and do not make recommendations on how procedures could and should be shortened in practice, giving leeway for the services.

In practice, on average, the regular process of preparation and scrutiny of the impact assessment takes around a year and a half to complete⁷¹, whereas the window to make a decision in a crisis situation is short (typically a few months) and the consequences of no action are vast. This does not leave a lot of time for a comprehensive impact assessment.

We researched several cases of such derogation from a dedicated impact assessment process. This was the case, for example during the COVID-19 pandemic when the REPowerEU initiative was adopted to combat the resulting energy crisis. REPowerEU was not subject to a dedicated impact assessment nor stakeholder consultation⁷².

Some Member States have developed shortened administrative procedures for crisis situations. This has impacted also the different regulatory management tools and the requirement to conduct an impact assessment. Additionally, the Letta report strongly advocates a new mechanism, a Dynamic Impact Assessment (DIA) – a practical and simple tool that would allow lawmakers to evaluate the effects of amendments on short notice, using estimates and informed guesses⁷³.

During the pandemic, some countries such as Italy and the Netherlands allowed for simplified impact assessments while other countries such as Czechia and Italy followed a similar approach to the EU exempting some measures related to the handling of the pandemic from having impact assessments⁷⁴. Additional safeguards were also often added by countries to ensure these exceptionally simplified procedures would not have long-term effects. Nine EU countries adopted sunset clauses to ensure that the legislation passed during the pandemic was only temporary. This is the case in Austria, Denmark, Finland, France, Germany, Ireland, Luxembourg, the Netherlands, and Sweden. Another less common strategy was to integrate a review clause into the legislation to evaluate the impacts of the policy after a certain time. In the EU, this was put in place by Denmark⁷⁵.

Still, it is important to note that even rapidly-taken decisions follow evidence which is collected on an ad-hoc basis from existing monitoring and data as well as by consulting with experts and affected parties directly or through their representatives.

Box 4: Mini impact assessments in Czechia

Czechia's system for regulatory impact assessments (RIA) includes a simplified or "mini" impact assessment process for certain legislative proposals.

When mini RIA are used

- As a preliminary assessment to determine if a full RIA is necessary

Process for mini RIA

- A shorter assessment
- Preliminary calculations and measurements of potential impacts
- A brief description (1-2 pages) of the intent of the new or amended regulation

The impact overviews are prepared by the respective ministries responsible for the given legislative proposal, at two points:

1. During the preparation of the Government's Legislative Work Plan (overviews are submitted to the Government Office, and together with the RIA Board, assess based on the overview whether an RIA will or will not be conducted for the proposal; the final decision is made by the government)
2. When requesting an exemption from the RIA if the proposal is submitted outside the Government's Legislative Work Plan (the Government's office assesses the impact overview again, and the final decision is made by the Chairman of the Government's Legislative Council, currently the Minister for Justice who is also a chairman of the Government legislative Council).

Gaps and challenges

The two main challenges for conducting impact assessments in crisis are time constraints and high uncertainty. A good quality impact assessment is challenging to conduct when the process typically takes an average of 1.5 years under normal circumstances, and crisis situations demand that the timeline be shortened to just a few months or even weeks.

A trade-off between time and quality of impact assessments is evident. Selecting the best policy options becomes even more difficult when experts disagree, and the available evidence is marked by significant uncertainty⁷⁶.

When the decision is made to skip the impact assessment (derogation), policymakers make decisions on the implementation of policies, and even engage investments, without the full picture of the consequences of this action. This is especially con-

cerning for policies which can create path dependencies going in the wrong direction. Although this does not mean decision-making is not evidence-informed through analytical studies or stakeholder consultation, in a previous report '*By disaster or by design*', we highlighted how emergencies requiring fast action can clash with practices of effective governance by focusing on the case of REPowerEU⁷⁷.

The REPowerEU package was prepared in just a few months – between February and May 2022 – to combat the energy crisis following Russia's invasion of Ukraine. The Commission did not undertake a full impact assessment process, relying instead on existing limited data. This decision raised concerns from civil society^{78 79} about the lack of assessments of the social and environmental trade-offs of the package, even though it contained decisions likely to have harmful impacts (such as the exemption from the do no significant harm principle). In the case of REPowerEU, this especially raised questions about

the extent to which new or additional path dependencies were created with coal-power use.

This is not a shortcoming that only affects the EU but is also observed in many OECD countries, even those with highly recognised impact assessment methodologies. In many cases, national governments also choose to skip impact assessments, preferring instead to add safeguards such as sunset clauses, setting an expiry date on the law voted without a proper impact assessment or to mandate revisiting the legislation after a few years⁸⁰⁸¹.

Overarching challenge: capacities and resources

Those carrying out impact assessments, be it for business as usual or in times of crisis, are confronted with several common overarching challenges: having sufficient skills, knowledge, time and resources to thoroughly carry out an impact assessment effectively. As explored above, the preparation of an impact assessment entails knowledge of the Better Regulation process, using different methods and navigating available quantitative and qualitative data.

There are dedicated resources and capabilities for supporting the drafting and reviewing of impact assessments within the better regulation units of some DGs, and the Commission has some training offers for policy officials drafting impact assessments.

However, while the Better Regulation Guidelines and Toolbox serve as useful and comprehensive resources and policymakers have available opportunities to improve capacities, the increasingly expanding scope and focus of the impact assessments (competitiveness test, SME test, foresight methods, youth check, etc.) creates challenges to be able to conduct impact assessments effectively within the limits of the allocated resources and capacities.

To mitigate the capacity gap, some support studies for the impact assessments are externalised. Between 2020 and August 2024, the Commission closed 27 calls for tender which aimed to contract external services to support the Commission to conduct impact assessments. While it is reasonable to contract support for such extensive pieces of work, this creates a follow-up challenge. While most of these tenders were for framework service contracts which give the winning bidder the mandate to contribute to many technical support activities, they have limited timelines. One interviewee mentioned that often contracts have ended after a policy and its impact assessment move to the interinstitutional negotiation phase of the policy cycle. The knowledge of the impact assessment is then not held within the Commission for negotiations or if the policy needs to be revised.

Although this issue is not specific to conducting impact assessments, additionally, even when impact assessments are carried out in-house, building up the expertise over time is difficult due to the staff turnover of Commission professionals. Many of the European Commission's units employ either contract agents or temporary agents with a maximum six-year work contract. Once the contract of professionals with expertise in impact assessment ends, their knowledge and experience are gone with them, harming learning continuity.

Box 5: Training courses for public servants in the field of regulatory evaluations in Lithuania

In Lithuania, the Government Strategic Analysis Centre (STRATA), the advisory body of the Government, is involved in several activities related to evaluations in the regulatory field, including the organisation of training courses for civil servants. The primary target group is civil servants from the ministries involved in the preparation of regulatory impact assessments and regulatory ex-post evaluations. The staff of the Seimas (Parliament) Committees, participants from the Government Office, and other state institutions are also eligible to participate.

There are two sets of training courses, one is in the field of regulatory impact assessments (16 hours in total) and another is on regulatory ex-post evaluations (8 hours in total). The practitioners from STRATA, foreign experts and academia representatives comprise a strong and diverse team of trainers.

Curricula include presentations of methodologies used, design, structure and the main elements of evaluations, examples of the best practices, explanation of the most common shortcomings, collection of necessary data and relevant sources, analysis methods, etc. Also, many real-life examples from Lithuania and other countries are presented along with some practical exercises.

More than 400 civil servants have been trained since the beginning of the training program in 2020.
Source: STRATA

Recommendations

Based on discussions with EU policymakers and experts on EU governance, as well as from talking to national-level policymakers, we have understood the key challenges in developing future-fit impact assessments. For each of these challenges, we propose recommendations that can help to address them, building on available literature and examples of practice. These recommendations aim to clarify standards and guidelines set in the Better Regulation Guidelines as well as to propose ways to improve the implementation of the Guidelines and Toolbox. By improving the assessment of the impacts of EU initiatives, we hope this report helps, if not drastically change the choice of policy options which can be limited especially in crisis, identify as early as possible risks of trade-offs and ensure the robustness of proposals by mitigating these issues in the policy design.

Challenge 1: Integrating the long term in decision-making

Recommendation: Minimum time frames for assessment

Different policies come with different reasonable timelines of impact that should be considered. It is not feasible or necessary to suggest that every policy's impacts should be assessed according to the same timeline. However, a minimum amount of time to be considered for an impact assessment would ensure that every policy's future impacts are taken into account, whether that be 10 years, 20 years, or even 50 years from its adoption, depending on the topic and context. For example, the impact assessment of the proposal for a Directive on promoting the repair of goods considers a timeline of 15 years⁸², whereas the impact assessment of the proposal for a Regulation establishing a framework for ensuring a secure and sustainable supply of critical raw materials assesses impacts until 2050 (27 years from the time of the assessment). Some impact assess-

ments look even further, as mentioned before with the impact assessment of the Nature Restoration Law estimating the costs and benefits of the regulation until 2070⁸³. Foresight activities and models are also tools that can help ensure an impact assessment considers long-term impacts without fully centring the impact assessment on this longer timeline.

Better defining what “long term” means in real terms within the Better Regulation Guidelines and Toolbox is an important first step. This can require some amount of flexibility to be relevant to the policy and to adhere to the proportionality principle. Our recommendation is that there be a standard minimum of 10 years of impact for every policy and that the actual timeframe for a policy’s impact assessment is determined with stakeholder input during the feedback period on inception impact assessments. Many DGs are already using timelines longer than this, often to suit the timeline of the targets of a policy. However, interviews with some DGs demonstrated that “long term” in some cases is only three to four years ahead. A minimum time frame would ensure that all policies are looking far enough ahead to consider how the policy could evolve with time.

Recommendation: Better integration of foresight into impact assessment practice by building capacity and encouraging flexible integration

To ensure policy options’ preparedness for different possible futures, we recommend encouraging the use of foresight methods in a flexible and proportionate manner for initiatives that meet specific criteria.

Participatory foresight exercises can bring together diverse perspectives, whether the group is composed of policymakers working on different policy topics or different types of stakeholders working on the same or similar topics. It is a space for thinking out of the box. Looking at different possible futures from different perspectives can help to uncover new ideas and solutions to policy challenges. Indeed, greater integration of foresight was highlighted by the RSB as an innovative method to fill recurring gaps in impact assessments receiving negative first opinions. The RSB notably noted the need to investigate future needs to assess the continued relevance of the initiatives. Moreover, foresight could also

help address the recurrent limited range of feasible options typically included in impact assessments and the insufficient anticipation of alternative combinations of options likely to emerge in the decision-making process⁸⁴. Currently, foresight exercises focus on “probable” futures, but addressing “possible” futures can help to think more creatively and prepare better for unexpected eventualities.

However, this exercise remains poorly understood and seen as something that requires specific expertise. We suggest fostering an environment that encourages flexible and agile experimentation with foresight tools to increase their accessibility and demonstrate their added value. Successful pilot experiments in some DGs have already taken place with half-day participatory workshops doing megatrend overviews or more in-depth full-day workshops working on scenario development. On the latter, we suggest building on the reference scenarios developed by the Joint Research Centre, which are already aligned with EU priorities, to reduce resource intensity.

Trainings to build capacity in working with strategic foresight methods can also help policymakers become more comfortable using and applying them, making them less daunting and time-consuming to take on. Many such trainings exist already, internally within the Commission and also externally. Trainings should be tailored to address practical needs, focusing on aligning foresight exercises with reference scenarios developed by DGs.

Impact assessments on policies that are most likely to have impacts going further into the future and that cut across many policy topics could especially benefit from more in-depth strategic foresight exercises. The Better Regulation Toolbox could be updated to include guidance on when and how to use different strategic foresight methodologies in line with proportionality. To guide this decision, the Toolbox could establish criteria for deciding when this type of analysis is the most useful. These criteria could include:

1. **The duration of the impact.** For example, transitioning to renewable energy sources has impacts that stretch decades into the future

and need to be evaluated in that context. In this example, the costs are short-term, while the benefits are long-term.

2. **The potential magnitude and range of the possible outcomes.** For example, a policy regulating artificial intelligence is likely to have high stakes both in terms of positive and negative potential impacts and both best and worst-case scenarios should be examined.
3. **The reversibility of the impact in terms of cost and time.** For example, any policy that leads to nuclear energy development should consider that reversing this decision once the nuclear plants are operational is difficult and costly as decommissioning and handling of waste involve long-term costs and challenges.

In the future, once the use of foresight has become more consistent, we could imagine setting minimum standards for its application in every policy which requires an impact assessment. [The Policy Cycle 2.0](#) report outlines an example of what a megatrends assessment could look like as an example of this minimum standard assessment. This can be found in [Annex III](#). Eventually, accountability for assessment of the long term could be within the remit of the RSB by having the Board assess the quality and pertinence of the strategic foresight methods used in the impact assessment as part of their opinions.

Challenge 2: Achieving balance between different impacts

Recommendation: Consult other DGs earlier in the process through ISG to be more aware of potential impacts and investigate these questions more closely in the modelling and expert consultation processes.

The 2024-2029 Working Methods of the Commission state that “close cooperation from the very early stages of preparation ensures that proposals bene-

fit from the collective knowledge and expertise of different services across the Commission,” and that politically sensitive and/or important initiatives should be prepared as upstream as possible⁸⁵.

Many policies have objectives and impacts that cut across a broad range of policy areas. The lead DG responsible for composing the impact assessment will be an expert in the field of its policy area, but not all of the policy areas where the policy option(s) assessed will have impacts. Other DGs which are experts on those topics have the chance to give their input in the inter-service steering group (ISG) when the policy is being designed, and during the interservice consultation (ISC) to comment on the impact assessment. However, the ISG comes early in the process and is assembled before it is fully understood what policy areas may be impacted, and not all DGs invited to join the ISG choose to participate. The ISC only take place after the RSB has given a positive opinion on an impact assessment, and the DGs have only two to three weeks to comment and give their approval or not^{86 x}.

In line with the Working Methods, we recommend that a broader group of DGs is able to give their input and insights earlier in the process.

First, prior to the establishment of an ISG, we recommend that a co-creative foresight exercise, such as the EU Policy Lab, led by the European Commission’s Joint Research Centre, brings together a diverse group of DGs to use foresight and look at cross-cutting elements of a policy challenge at the start of the discussion to design a policy as a solution to a challenge. This would use foresight methodologies to draw out potential ways the approaches can touch on other policy areas. From this exercise, the ISG can be established with the group of DGs where potential impacts were identified⁸⁷.

Next, we recommend that DGs beyond the lead DG developing the impact assessment are able to con-

x This statement is based on the Better Regulation Guidelines. However, the new Working Methods of the European Commission outline in more detail the rules for an ISC. Namely, the Methods state that an ISC must be carried out before the adoption procedure can be launched, and that Cabinets must first be consulted before an ISC is launched in their policy area. Additionally, an ISC for an act that is politically sensitive and/or important can only be launched with political validation of the Director-General or responsible Commissioner/[Executive] Vice-President in consultation with the President.

tribute to the impact assessment before or during its drafting, even those outside of the ISG, such as during the call for evidence phase. Some policymakers have indicated that the ISC period is too short to give meaningful and thorough feedback and input to the impact assessment. Also, though they could send it back to the lead DG for revision, they often choose to only leave comments but still let the impact assessment proceed. By having this input earlier on, the lead DG will have more information to help develop the impact assessment and the DGs contributing to the ISC will have a more streamlined feedback process as theoretically their earlier inputs would mean less feedback to contribute later on, making the impact assessment itself more complete at an earlier stage.

Recommendation: promote multi-criteria decision analysis – and notably social multicriteria evaluation – for a holistic assessment of policy options

To better compare costs and benefits of economic, social and environmental impacts across policy options and avoid bias towards economic impacts with monetised data, we recommend a more frequent use of integrated decision-making tools in impact assessments. More specifically, generalising the Multi-Criteria Decision Analysis (MCDA) would allow policymakers to account for multiple criteria when deciding between several policies and thus better balance qualitative and quantitative assessments across various dimensions and conflicting inputs from stakeholders.

The SOCRATES model, a software tool developed by the Joint Research Centre, has been designed to enable such MCDA for public policy using social multicriteria evaluation (SMCE). The SMCE can accommodate different types of knowledge and available information, and the participation of social actors⁸⁸. It has the benefit of allowing for the comparison of a wide range of impacts (such as impact on SMEs or protection of fundamental rights) even if they have different units of measurement. This is particularly important for sustainability issues for which conflicts of values and interests are common, economic optimisation cannot be the sole criterion of decision and “ethical concerns about future generations have to be considered”⁸⁹. Since its creation, SOCRATES has been used in two impact assessments (although prior

impact assessments adopted MCDA methods using different software)⁹⁰. Drawing lessons learned from those two examples to further improve its methodology and associated guidance could encourage the use of this promising tool.

In the most recent case, the impact assessment of the eco-design requirements for local space heaters and separate related controls, the tools enabled the comparison of four policy options by their environmental impacts (in energy savings, GHG savings, and acidification), economic impacts (business turnover, consumption expenditure, administrative costs) and impacts on harmonisation with other EU legislation and reduction of legal loopholes and regulatory confusion. The impact assessment report received a positive opinion from the RSB on its first draft⁹¹.

Additionally, building on our recommendation to better integrate foresight, SMCE and strategic foresight could be used together as those approaches allow for thinking across multiple dimensions and integrating the point of view of multiple actors. This recommendation can go in two directions: either using the SMCE method to evaluate and choose between different policy options identified in strategic foresight exercises or using strategic foresight to foster collective intelligence between the stakeholders that will then inform the SMCE’s parameters, such as weights and objectives.

Recommendation: promote more diverse models and modelling practices

Connected with the recommendation above, we suggest the use of more diverse modelling approaches to address complex challenges and more effectively account for social and environmental data that can feed into MCDAs and decision-making. One example is Integrated Assessment models (IAMs), the relevance of which has been increasingly growing, especially in the field of climate policy. For example, it is used as the basis for the Intergovernmental Panel on Climate Change’s analyses of transformation pathways and future climate change impacts. System Dynamics models also provide a tool for examining the behaviour and interaction of complex (socio-economic) systems over time. They were used as the basis for the historical analysis in [The Limits to Growth report](#) and have since been further devel-

oped into the [Earth4All models](#), which show how various policies are likely to affect well-being, societies, and ecosystems. Other examples include Stock-Flow Consistency models, Input-Output analysis, and Agent-Based Modelling.

The EU has already done extensive work on modelling, including a platform that explores the models that are used to support evidence-informed policymaking (MIDAS)⁹². We suggest continuing working to further integrate alternative, diverse modelling approaches and identify pathways for continued development. This should include the improvement of existing models that are used in the EU Commission, such as GEM-E3, FIDELIO, GINFORS, or QUEST, to better integrate social and environmental impacts as well as the interrelations between these two dimensions and with the economic dimension. In particular, this exercise should consider the feedback loops and linkages between these dimensions, e.g., the impacts of environmental damage (caused by economic activity) back on the economy.

Models in general also still need to be developed to better address uncertainty and trade-offs related to long-term issues. Developing new models that build on the different strengths of the various methods mentioned above and beyond can support this endeavour. The development of specific guidance and further connecting policy efforts with academic knowledge and stakeholders can support with addressing related challenges, such as technical knowledge and capacity. Participants at the roundtable event suggested that DGs are siloed in their models and that models are not transparent, with no peer review. Strategic foresight exercises across policy topics could help inspire creative, out-of-the-box thinking to inform reference models.

Recommendation: Addressing the perceived lack of environmental and social data availability when assessing impacts through integrating new emerging data sources

While data exists, its perceived inadequacy can stem from various gaps and barriers such as its availability, relevance, quality, or accessibility. Utilising emerging data sources can help to overcome this challenge.

The landscape of data is continuously evolving as more and more data are constantly being created and analytical solutions professionalise in many ways. Emerging data sources, such as sensor data, anonymised geolocation data from phones, and new databases can potentially provide actionable insights by offering real-time, granular, and location-specific information. If combined with tools and methodologies, the emerging data sources can be tailored for specific types of policy impact assessments. Such data integration can enable more dynamic policy and impact evaluations across environmental, economic and social policy domains.

Challenge 3: Assessing impacts in times of crisis

Recommendation: Minimum standard rapid impact assessment

In times of crisis, policymakers need to act quickly in order to respond to immediate needs. At the same time, these policy responses will have impacts for years or even generations to come. While there may not be time to conduct a standard impact assessment, which can last more than a year, there needs to be an understanding of what these impacts will be: what cross-cutting areas will be affected and what effects will we see over time.

Since April 2021, the Commission has taken steps to address this issue by introducing a new procedure which ensures that, in case of a derogation, a staff working document (SWD) is published within three months of the initiative's adoption, to set out "how and when the act will subsequently be evaluated"⁹³. Still, past examples of explanatory memoranda where impact assessments were not carried out due to the urgency of the proposal (such as the REPowerEU directive) show that while policymaking, and notably the rationale and design of the policy option, is still informed by the analytical activities of the DGs such as previous stakeholder consultations on similar files or previous studies by DGs in crisis, these documents do not report on the potential impacts of the policy option(s)⁹⁴. Additionally, if an SWD is published only after the adoption of an initiative, then it is being adopted without due consideration of its impacts.

Box 6

In Italy, the Department of Legislative Affairs, which encompasses the regulatory oversight office, has provided continued support to the Government's response to COVID-19. A first set of urgent legislative measures was dedicated to health-related responses and exempted from an impact assessment. Nonetheless, government departments were required to provide qualitative assessment of effects in their explanatory notes. In the second stage of the crisis, the Department required urgent legislative measures (decree-laws) to apply the existing simplified impact assessment for those types of acts. Truncated forms of impact assessment have been produced as well. Where non-COVID-19 regulations are still being produced, the usual scrutiny approach is generally followed.

If the lengthy impact assessment preparation procedures cannot be followed in a crisis situation, a simplified assessment with minimum requirements could still support the decision-making process. Such a simplified assessment could have less quality control and be less systematic but still have some elements of a reflection on different interests and different impacts.

On this, learning through example is difficult as no strong example exists for conducting high-quality impact assessments on very short notice in a crisis setting. Instead, the EU would need to innovate and lead by example on this issue, as these types of crisis situations are bound to repeat and even intensify in the future. By experimenting today with flexible impact assessments, the Commission could get ahead on building robust better regulation processes under time constraints and prevent a cycle of neglect and panic⁹⁵ in which insufficient preparedness investments in normal times lead to a need for immediate ill-prepared responses when the crisis arises.

A rapid-response impact assessment can ensure a minimum standard of assessment is conducted to ensure a baseline understanding of impacts and potential trade-offs. This would come when the impact assessment is derogated due to the urgency of the present circumstances. Learnings for the EU with regard to what such an assessment should contain can be taken from the national level (see box 6). More simplified, descriptive forms of regulatory impact assessment analysis are performed for proposals with low expected impacts, in Austria, Italy,

Denmark or Spain; or in crisis settings such as the pandemic in Canada and Denmark⁹⁶.

European Parliament amendments that are introduced in a short timeframe during the co-decision procedure and require an assessment of the impacts can also be a good example of an assessment made rapidly. When the European Parliament proposes substantial amendments to the proposed legislation it needs to assess the potential economic, social and environmental consequences and impacts of such proposed changes. The timeframe of such assessment is usually very short. The committee responsible for the legislation may request a specific impact assessment on major amendments⁹⁷ from the impact assessment unit in the Parliament's research service. However, in practice, such assessments haven't been conducted in the last Parliament's mandate (2019-2024) as committees have not requested any impact assessments of substantial amendments in that time and because impact assessments should not delay the legislative procedure.

A potential to develop such impact assessments at short notice shouldn't be underestimated. A suggestion, outlined in the Letta report⁹⁸, of a new Dynamic Impact Assessment (DIA), can be considered as a tool that would allow to evaluate the effects of amendments on short notice and contribute to the quality of the impact assessment process in the European Parliament which needs to be adaptable and responsive to the legislative cycle and committee needs.

Recommendation: Transparency in the decision of derogation

The decision to derogate from an impact assessment and conduct a rapid assessment in its place needs clear and transparent guidelines to ensure that policymakers do not resort to the rapid assessment when a full assessment could and should be conducted. As decisions need to be taken quickly in a crisis, we recommend transparent and clear-cut criteria, agreed in advance by the RSB, which outline the circumstances in which the decision can be made to derogate.

For example, the *OECD Best Practice Principles on Regulatory Impact Assessment (2020)*⁹⁹ calls for the application of thresholds – which includes exceptions to regulatory impact assessments – to be publicly shared and call for the involvement of regulatory oversight. The EU publishes in the explanatory memorandum the reasoning for the absence of an impact assessment and, no more than three months later, the analysis and supporting evidence for the proposal. However, the basis of this decision is based on a discretionary decision and not a threshold mechanism that would enable full transparency and coherence of the criteria for such a decision now and in future emergencies. We recommend formally establishing a list of criteria to decrease the uncertainty of this decision¹⁰⁰.

Moreover, the OECD recommends involving regulatory oversight bodies in the decision to not conduct an impact assessment in particular circumstances and publishing said decision. We recommend associating the Regulatory Scrutiny Board to the decision of the Commissioner for Implementation and Simplification.

These recommendations would have two main benefits: improving transparency and trust in policymaking and ensuring that exceptions are correctly and appropriately utilised¹⁰¹.

Recommendation: Develop a crisis consultation mechanism that allows for targeted, rapid stakeholder input.

Stakeholder consultations, such as those done through online questionnaires or interviews, can provide valuable insights to impact assessments but can be expensive and lead to significant self-selection of respondents. As outlined in our [Policy Cycle 2.0 report](#), we recommend that the Commission implement Standing Citizen Panels (SCP) as a mechanism for regular public input into and feedback on policy files that are of particular political importance¹⁰². The selection of its members should ensure representativeness of the population. While the European Citizen Panels are a step in the right direction, they are much broader and focused on high-level topics rather than specific initiatives. These SCPs would allow the public to give non-technical input into impact assessments in standard practice, but their existence would also allow for public inputs to be included in the crisis context. To ensure that these panels are actionable in crises, they should be designed to be agile and responsive. A pre-established standing group can avoid recruitment delays and creating a framework explaining their role in crisis and the simplified procedures for gathering their input can ensure their quick mobilisation. Moreover, in times of crisis, the SCPs would only give inputs on specific, high-priority questions. By having this mechanism already in place, the Commission could use these panels as a rapid-response resource when setting up a traditional public consultation is not feasible due to time constraints.

Challenge 4: Managing capacities and resources

Recommendation: Building the muscle to use the tools, methods and resources mentioned above

To do impact assessments that are cross-cutting and long-term, especially in the shorter reaction time necessary for a crisis, requires significant capacities that can only be acquired with time and resource capacity.

We recommend making full use of available trainings. Training sessions can help policymakers acquire the skills needed to be prepared for the complexity of drafting comprehensive impact assessments and to effectively integrate new innovative methods, such as strategic foresight. These sessions could have hands-on exercises allowing professionals to apply their knowledge and get feedback. Moreover, advanced modules targeted towards experienced professionals could focus on more complex areas such as integrating quantitative and qualitative analysis, addressing data challenges using new emerging data sources or introducing new tools. The content of those sessions could also build from professionals' inputs on the main issues they experience in their day-to-day work.

Moreover, we recommend mainstreaming the use of available resources such as the SOCRATES model, which can help policymakers take cross-cutting impacts into account; the JRC's [Competence Centre on Foresight](#), which can help policymakers use strategic foresight practices to integrate the long-term perspective; and the JRC's EU Policy Lab, which can do both.

However, in addition to using these resources comes 'building the muscle' by making a habit of using these resources and building these skills with experience and practice. This can 'build the muscle' to be able to use these resources more efficiently, making them less resource-intensive from the habit. This is especially important in a crisis context, where responses can then happen more quickly.

Making these resources and practices into habit entails embedding and mainstreaming them in standard practice, but also by first building the knowledge and skills of how to use them. The Commission is in the process of developing a training programme on future-oriented policymaking; trainings such as this can help more policymakers build the skills necessary to apply strategic foresight to their work. Skill and experience sharing can also be very useful for learning more and developing these skills. The Strategic Foresight Network in the Commission is a good resource to build on, as well as the Better Regulation Network. These networks could cooperate more with each other as strategic foresight is a part of better regulation, for example through regular meetings with each other to share insights and identify possibilities of synergies. The networks could also come together to build capacity among members on how to use strategic foresight to improve regulatory quality.

Conclusion

Impact assessments are a robust decision-making tool which gathers evidence to help policymakers make the best choice to respond to a policy challenge. Understanding the potential impacts a policy can have on different dimensions (i.e., the impacts on the economy, the impacts on people, the impacts on the environment) and in different time periods (i.e., the immediate impacts, the impacts that will take effect in five years, the impacts that will begin to appear only after a longer period of time) can help policymakers make a decision that will cause the least harm possible to prepare for the future. In this respect, there is a lot the European Commission is already doing and recommending through its Better Regulation Guidelines and Toolbox.

At the same time, while these guidelines are comprehensive, their insights and recommendations are not always used in practice. Policymakers are busy and do not always have the time to implement these practices, or do not have the know-how to use tools and approaches like strategic foresight.

In the midst of these capacity and resource constraints, calls for simplification and the appointment of a Commissioner responsible for simplification demonstrate that it is not always feasible to add to their workload through additional guidelines and checks to add to the impact assessment process even if these tools and process additions could make impact assessments more robust. However, decreasing their scope also risks creating weaker impact assessments which allow more unexpected trade-offs to arise for impacts that were not foreseen.

In this context, it is important to maintain space for flexibility; adding more obligations risks overburdening already busy policymakers where these tools and checks are not always needed. Building the muscle to use approaches like strategic foresight and cross-DG collaboration can make them less daunting and resource-intensive when the habit and culture of using them become more mainstreamed, but this can be done more gradually over time as these skills are developed by using the resources available such as training programmes.

The EU already has extensive rules and guidelines for better regulation; what is needed now is to implement them through a cultural shift in ways of working.

Annex I: Types of impact assessments

Type of impact assessment	Objectives	What is assessed?	Focus areas	Tools and methods
Regulatory Impact Assessment	Systematically evaluate the potential environmental, social and economic impacts of various policy options to make informed decisions	Policy, strategy or program	Economic, social and environmental impacts	Cost-benefit analyses, multi-criteria analyses, cost-effectiveness analysis, compliance cost analysis, risk assessments
Environmental Impact Assessment (EIA)	Protection of the environment is considered in project development	Under EU directive: major building or development projects	Population and human health, biodiversity, land, soil, water, air, climate, landscape, material assets, cultural heritage	Risk assessments, life-cycle assessments
Strategic Environmental Assessment (SEA)	Protection of the environment	Policy, plans and programmes	Usually broader range of environmental consequences than EIA and on longer time frames + linkages and trade-offs with economic and environmental used	Scenario development, comparative risk assessment, vulnerability matrix, policy impact matrix, predictive and simulation models, cost-benefit analysis, multi-criteria analysis ¹⁰³
Social Impact Assessment (SIA)	Ensure affected people's needs are considered, mitigate negative social impacts, maximise benefits for impacted groups	Policies, programs, plans, projects	Employment, labour conditions, income, access to public services, respect for fundamental rights, public health and safety, social inclusion, community impacts, gender equality etc.	Distributional statistical analyses
Economic Impact Assessment (EcIA)	Understand potential benefits and costs of initiatives	At the firm level: investment projects, business decisions At the public authority level: policies, programs	Production, business activity, supply chains impacts, economic growth, job creation, investments, government revenues	
Health Impact Assessment	Judge the potential effects of a policy, programme or project on a population, especially on vulnerable and disadvantaged groups	Policy, strategy, program, plan or project, especially in transport, agriculture and housing ¹⁰⁴	Exposure to environment-based health risks (communicable diseases, accidents, exposure to hazardous materials, soil and water sanitation related diseases, food and nutrition related issues), cultural health practices, health services infrastructures and capacities ¹⁰⁵	Risk assessments, cost-benefit analysis
Territorial impact assessment	Assess the potential asymmetric territorial impact of a project or legislation ¹⁰⁶	In the EU: mainly EU policy and legislation proposals	Economic, social, environmental, and governance impacts	
Distributional impact assessment	Assessing how different groups of the population are affected by the same policy, going beyond average treatment effects	Budgetary plans, policy measures		Statistical analysis: poverty line, inequality index, quantile treatment effects, distributional impacts and conditional analyses ¹⁰⁷

Annex II: Strategic foresight in the European Commission

Although the European Commission has employed foresight methods since the 1990s¹⁰⁸, the growing complexity and unpredictability of the challenges faced by the European Union has strongly increased interest in the discipline in the past decade. The European Commission started to increase its foresight capacities by developing a Megatrend Hub in 2016 and a Competence Centre on Foresight in 2018, both within the Joint Research Centre (JRC). Then in 2019 Commission President von der Leyen appointed Maroš Šefčovič as Vice-President for Interinstitutional Relations and Foresight to “lead the Commission’s work on interinstitutional relations, better policymaking and strategic foresight” and “strengthen evidence-based policymaking and identify long-term trends on which we need to act and about which we need to know more”¹⁰⁹.

Strategic foresight was then integrated officially into better regulation, first through the expansion of the mandate of the Regulatory Scrutiny Board in 2020 and then through in the revised Better Regulation Guidelines and the Tool 20 ‘Strategic foresight for impact assessments and evaluation’ of the Better Regulation Toolbox at the end of 2021.

The rationale behind using foresight when preparing impact assessments is that it can help “place the problem in a broad and forward-looking perspective”¹¹⁰. More specifically, it addresses uncertainties by anticipating future trends, issues, and disruptions, leading to better policy design and a greater coherence between EU goals in the long term¹¹¹. The Better Regulation Toolbox gives several recommendations on when to use strategic foresight in the impact assessments:

- During the problem analysis, and especially for identifying the underlying drivers of the problem and their long-term developments, and when assessing the likelihood of problem persistence.
- When setting policy objectives, for major policy initiatives, strategic foresight can be used to ensure that objectives consider long-term challenges and opportunities.
- At the baseline definition, strategic foresight can be used to set the appropriate time horizon and estimate possible trend developments and evolutions.

As the 2024-2029 Commission comes into effect, strategic foresight will be the responsibility of the Commissioner for Intergenerational fairness, youth, culture and sport, Glenn Micallef. It will be his responsibility to continue the Commission’s legacy on strategic foresight, using it as an approach to look at challenges facing the solidarity between generations and to strengthen the Commission’s culture of anticipation and future-orientation.

Annex III: Example of a foresight assessment using megatrends

A.

Questions for assessment	Megatrends ^{xi}
Identify the relevant megatrends/scenario that should be used To assure a systematic, future-oriented analysis of the problem drivers and their future evolution.	
A.1 Relevance axis	In the figure below, map the megatrend on the horizontal axis of a matrix for how relevant this megatrend is for the policy issue. Placement should be based on the guiding questions: → How relevant or important is this megatrend for your issue? → How large will its effects be?
A.2 Awareness and knowledge axis	In the same matrix below, map the megatrend on the vertical axis for how relevant this megatrend is for the policy issue. Placement should be based on the guiding questions: → What is the level of understanding of different aspects of the issue among decision makers (EU or national)? → What is the level of understanding of different aspects of the issue among the general public? → Is there enough attention paid to the issue in the media? Is there enough scientific knowledge on the issue?
<div style="display: flex; align-items: center;"> <div style="margin-right: 20px;"> <p>Awareness & knowledge ↑</p> <p>Relevance →</p> </div> <div> <p>Megatrends</p> <ul style="list-style-type: none"> 1 2 3 </div> </div>	

B.

Analyse the impact of the relevant megatrends/scenario and define policy objectives To understand the effect of the relevant megatrends/scenarios on the policy problem and adapt policy objectives accordingly.	
B.1 Consequences	<p>What are the most relevant trends? Use the matrix to guide assessment of most relevant trends, especially looking at megatrends placed high on the horizontal relevance axis and low or medium on the vertical awareness and knowledge axis. Make a list of trends and focus on them for the answers below.</p> <p>What could happen if this trend is ignored or underestimated in future decisions? Once most relevant megatrends are identified, analyse what are their potential impacts and who will be affected. This assessment should inform policymakers to what extent this trend can influence policy impacts and policy objectives.</p> <p>What could be achieved if this trend is carefully assessed and integrated into future decisions? The analysis should then assess how can this trend be better integrated into policymaking and what benefits this brings.</p> <p>What are the linkages between the trends in the context of the policy? Identify linkages between the megatrends in the context of the policy issue and based on the analysis above. List the connections between trends and, if feasible, how the development of one trend impacts another trend.</p>

^{xi} Axes and guiding questions taken from the Working with Megatrends materials from the [JRC Competence Centre on Foresight](#)

C.

Questions for assessment		Megatrends
B.2	Wild cards	What would it take for this trend to become highly or cause major disruption? For megatrends not explored in the exercise above, especially those placed low on the horizontal relevance axis and low on the vertical awareness and knowledge axis, analyse what situations could move them along the axis from less to highly relevant.
B.3	Summary	Summarise the key findings into key challenges that need to be addressed by the policy options.
Design policy options to achieve future-proof policy objectives To future-proof the policy options to be resilient to changing boundary conditions.		
C.1	Conclusions	Develop policy options that address the key challenges from the summary in B.3 which can be resilient to the evolution of the problem over time.
C.2	Conclusions	What are the main impacts of trends and their relation to policy objectives? What are the weak points? Based on the assessment above, consider the potential short- and long-term consequences of the various megatrends on the policy options to support decision-making. Reflect on how the policy option holds up to the trends. Similarly, identify the weak points of the policy that should be improved. Where appropriate, suggest what next steps should be.
C.3	Conclusions	How can the policy options impact the megatrends? Conversely, consider how the policy options could impact the megatrend and whether this could influence reaching policy objectives.

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