

Scrutiny of recent Inception Impact Assessments February 2020

Publication date: March 10th, 2020

The Impact Assessment Institute conducts regular analysis on Inception Impact Assessments (IIAs) adopted by the European Commission.

In February 2020, four Inception Impact Assessments were published on the European Commission's website (<https://ec.europa.eu/info/law/better-regulation/initiatives>). They relate to deforestation and forest degradation, EU accession to the 2019 Hague Judgments Convention, cooperation between tax authorities in the digital economy, regulatory regime for financial markets and services. An Inception Impact Assessment titled "EU initiative on fair minimum wages" was published on 12 February, but later removed from the website.

Our scrutiny of the Inception Impact Assessments, evaluating the text according to Better Regulation principles, has identified good practice alongside a number of concerns in the assessment of evidence (see table below). These concerns relate mainly to the identification of policy options, the assessments of expected impacts, which may prejudge the upcoming full Impact Assessments or lack balance in their analysis, and the alignment with Better Regulation-prescribed timeline.

Key: **Xx** = no material issues identified; **Yy** = issues identified; **Zz** = significant issues identified

	<u>Deforestation and forest degradation – reducing the impact of products placed on the EU market</u>	<u>International enforcement of court rulings (Judgments Convention)</u>	<u>Tax fraud and evasion – better cooperation between national tax authorities on exchanging information</u>	<u>Review of the regulatory framework for investment firms and market operators</u>
<i>Context and problem definition</i>	Generally comprehensive but lacking full objectivity in language	Generally balanced and comprehensive	Focus unclear; context and legal base include descriptions relevant to later sections	Generally balanced and comprehensive but discussion of legal basis includes premature estimate of impacts

<i>Objective(s) and policy options</i>	Objectives and policy options not addressed at same level of detail as problem definition	Appears to provide a full overview of the broad objectives and the options under consideration	Includes premature description of plans for Impact Assessment; unclear policy options	Appear to cover full range of measures but options not clearly identified
<i>Assessment of expected impacts</i>	Generally balanced analysis of overall economic and environmental impacts; impacts on developing and third countries not fully addressed	Overall expected impacts appear consistent but distributional effects and impacts on SMEs not addressed	Overall impacts appear to be consistent, but no differentiation between individual and business users of digital platforms; impacts on SMEs not addressed	Impacts not differentiated by policy option; impacts on financial sector not fully addressed environmental impacts not substantiated
<i>Background data and sources</i>	Apparently comprehensive and well-referenced	Apparently comprehensive and well-referenced	Referenced studies appear to represent only a limited proportion of available evidence	Apparently comprehensive and well-referenced
<i>Timeline (respect of Better Regulation rules)</i>	Aligned	Aligned	8-week duration of public consultation not aligned to 12-week standard; planned date of initiative not aligned (June 2020)	Lead time from IIA to legislation less than guideline