

Inter-Institutional Common Approach to Impact Assessment (IA)

General principles

1. The European Parliament, the Council and the Commission recall their agreement on Impact Assessment in the Inter-Institutional Agreement on Better Lawmaking (IIA) and the positive contribution that impact assessment can play in improving the quality of EU legislation in the forthcoming years. They underline its important role as a tool to help achieve both the Lisbon objectives and balanced and sustainable development. In line, therefore, with the commitments made in the Interinstitutional Agreement on Better Lawmaking to assess their respective experiences and to consider the possibility of establishing a common methodology, the three Institutions have agreed this Common Approach on how to assess the potential impacts of the legislation that they process and adopt, so that decisions are made after giving careful consideration to the available evidence.
2. This is made without prejudice to the decision-making role and autonomy of each Institution and in line with their respective institutional roles and responsibilities.
3. In this respect, each Institution should be responsible for assessing its own proposals/modifications, and for choosing the means to be used for their impact assessment, including the internal organisational resources. The Commission will, as a general rule, carry out impact assessments on major items of draft legislation, notably those included in its Annual Legislative and Work Programme, and the European Parliament and the Council will examine the Commission's impact assessment alongside the Commission's initiative and be responsible for assessing the impacts of their own substantive amendments. The definition of what constitutes a 'substantive' amendment should be for the respective Institution to determine. This decision, however, should reflect the shared and balanced commitment to impact assessment and to Better Lawmaking in general.
4. The three Institutions consider that impact assessment of initiatives and substantive amendments should map out their potential impacts in an integrated and balanced way across their social, economic and environmental dimensions, and where possible, their potential short and long-

term costs and benefits, including regulatory and budgetary implications. The Commission's impact assessment should strive to explore a range of legislative and non-legislative options which could potentially meet the set objectives. Full respect should also be given to principles of subsidiarity and proportionality, and the way in which the policy would be monitored and evaluated in order to assess progress in meeting its objectives.

5. The three Institutions consider it essential that the assessment of the impacts of initiatives and substantive amendments is rigorous and comprehensive, and is based on accurate, objective and complete information. It is also important to ensure that the analysis is proportionate and focuses on the proposal's aims and objectives. It must not lead to undue delays in the legislative process, nor be abused as an instrument for opposing undesired legislation or prejudice the legislator's capacity to propose amendments. The rigour, objectivity and comprehensive nature of the analysis should mean that the impact assessment is not a simple justification of the initiative or the substantive amendment.
6. Careful consideration of the evidence presented in the impact assessment should allow the relevant institution to decide on whether to proceed with the proposal or amendment and/or to shape the proposal or amendment in the light of its potential impacts. Impact assessment is an aid to help the three Institutions to reach a properly considered decision. It is in no sense a substitute for political decision in the democratic decision-making process.
7. The three Institutions agree that the impact assessment process should be transparent. The three Institutions agree with the principle of publishing their impact assessments through single portals for each Institution on the Europa website. The three Institutions also agree that there should be, where reasonably possible and without causing undue delay in the legislative process, appropriate consultation for impact assessments.

8. The three Institutions also recall the common commitment in the Interinstitutional Agreement on Better Lawmaking to take the necessary steps to ensure that their staff have the means and resources required for the proper implementation of that agreement.

Commission

9. For each impact assessment study it produces, the Commission intends to follow the key steps set out in the Impact Assessment Communication of 2002, in the Commission Services Working Document of October 2004¹ and in its internal Impact Assessment Guidelines².
10. It also undertakes that its own impact assessments will allow for stakeholder consultation in line with the minimum standards for consultation³.
11. The proposals submitted in its Annual Legislative and Work Programme will, as a general rule, be accompanied by an impact assessment. It will also indicate in the explanatory memorandum to its proposals the manner in which the impact assessments have influenced them.
12. In duly justified cases, the Commission, on its own initiative or at the invitation of the European Parliament and/or the Council, may decide to complement its original impact assessment.

European Parliament and Council

13. The European Parliament and the Council will take the impact assessment of the Commission into full account when examining the Commission's legislative and non-legislative proposals.

¹ COM (2002) 276 final and SEC (2004) 1377: the key steps foreseen are the following:

1. First of all the **problem** needs to be identified and defined in terms of its extent and those most affected.
2. On the basis of the problem definition, a set of **objectives** designed to tackle the problem should be established.
3. Once the objectives are set, there should be a systematic screening of **options** – including non-regulatory approaches – to assess their potential in meeting the set objectives. This results in the selection of a smaller number of options to be examined in greater detail for their potential impact.
4. Each of the selected options is then examined for its potential **impacts**, in an integrated and balanced manner, across the *economic, social and environmental dimensions*.

² SEC(2005) 791

³ COM 2002 704

14. Moreover, in line with the Interinstitutional Agreement on Better Lawmaking, they undertake to carry out impact assessments, when they consider this to be appropriate and necessary for the legislative process, prior to the adoption of any substantive amendment.

15. When the European Parliament and the Council carry out impact assessments, they will, as a general rule, take the Commission's impact assessment as the starting point for further work. Moreover, they undertake to organise and present, to the greatest possible extent, their impact assessments in a way that will ensure comparability with the Commission's impact assessment, without duplicating the Commission's work.

Inter-institutional collaboration

16. To assist the Council and European Parliament in their subsequent impact assessment work, the Commission agrees to share any particular methodology used to prepare an impact assessment (e.g. economic modelling, cost-benefit and/or cost-effectiveness analysis, multi-criteria analysis).

17. It further undertakes to assist the Council and the European Parliament in their impact assessment work by explaining its assessment and sharing the data used. Such assistance will also be determined in the light of available Commission resources.

18. To enhance co-ordination of impact assessment activity across the three Institutions and to avoid unnecessary duplication of work, each Institution will endeavour to inform the other Institutions in a timely and regular manner of ongoing impact assessment work. The High Level Technical Group, established under the IIA on Better Lawmaking, will monitor the implementation of this Common Approach and act as an ongoing forum for the exchange of impact assessment information and good practices. It may also act as a forum to discuss disputes arising from the implementation of this approach.

Review clause

19. The three Institutions agree to carry out a review of their respective experiences in two years time at the latest, in order to take stock of progress and, where necessary, up-date this Common Approach for Impact Assessment, with a view to moving further in developing a common methodology for use across all three Institutions. In this context, the scope of this common approach could be reviewed. This could consider, as appropriate, Council Impact Assessment on specific initiatives presented by one or more Member States concerning their economic, environmental and social aspects.
