

Smart Single Market Regulation

Presentation of research for
European Parliament's Committee on the Internal
Market and Consumer Protection

16 July 2015



In cooperation with Policy Department A

Structure of presentation

- Context for smart single market regulation study
- The performance-based policy cycle
- Performance of the single market governance tools
- A consolidated system for smart single market regulation

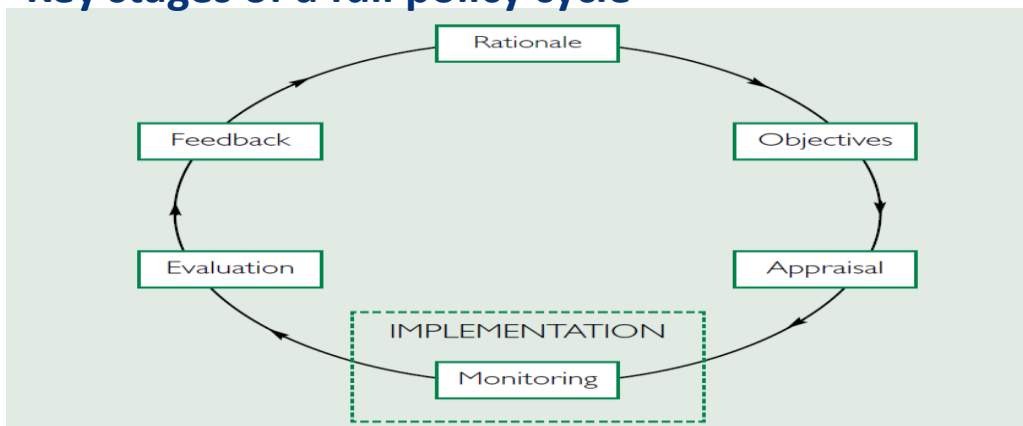


Context

- Study on Performance-based policy cycle for Digital Single Market
 - Need for greater use of ex ante and ex post impact assessment and better data
 - A review of 10 DSM initiatives showed, overall:
 - the information provided with the proposals rates poorly
 - quantitative objectives are only set out for **2 cases**
 - robust quantitative data are provided in only **4 of the 10** cases
 - no detailed **logic model**/map is provided for any of the initiatives
 - in only **5 cases** is a list of quantitative indicators provided
 - **none** of the 10 cases is a detailed evaluation plan provided
- Study on Contribution of Internal Market and Consumer Protection to Growth
 - Need to prioritise Single Market and consumer protection & empowerment, as the drivers of growth
 - Need improvements to way in which Single Market legislation is transposed, implemented and enforced
- European Commission actions
 - Improvements to single market governance tools, especially online scoreboard
 - ‘Better Regulation Package’ of 21 May 2015
- This Study aims to provide background information and advice for the Members of the IMCO Committee on priority measures and actions to be undertaken in this field

Performance-based policy cycles

Key stages of a full policy cycle



Source: UK HMT Green Book (2003)

An outcomes- or performance-based approach to public policy making and public management increases the **accountability** of governments and makes it easier to assess whether the public sector and government departments, programs, laws and regulations are **performing well** and **achieving their objectives**.

Key elements

- Articulation of the policy **rationale**
- Policy **objectives** are defined
- A number of **policy options** for addressing the problem and achieving policy objectives are assessed
- **implementation (or 'execution')** of the policy and **monitoring** of that policy execution process
- **ex post assessment** to assess the efficiency of any spending of public funds, the effectiveness of the policy of achieving the desired objectives and the additionality of the policy
- **lessons learned** in the ex post assessment feed back into either improving the existing policy and /or inform the development of new policies

Introducing a strategic programming phase into the policy cycle I



“Numerous policy studies have convincingly argued that the processes in the **preliminary stages of decision-making strongly influence the final outcome** and very often shape the policy to a larger extent than the final processes within the parliamentary arena “ (Jann and Wegrich, 2007)

- The ‘**Better Regulation Package**’ recognises a **policy preparation (‘planning’) phase** and refers to a new requirement for ‘inception impact assessments’ for major initiatives.
- The guidelines state that the **inception impact assessment** ‘sets out in greater detail the description of the problem, issues related to subsidiarity, the policy objectives and options as well as the likely impacts of each option’.
- However, no clear guidance is given on whether these likely impacts should be **quantified**.
- It appears that no assessment of potential impacts is required in the preparation of the **European Council’s conclusions, EC President’s political guidelines** or the **Commission’s annual work programmes**.

Introducing a strategic programming phase into the policy cycle II



- Relevant questions for this phase include the following
- Which are the most important **market failures** and **distributional problems** that need addressing by public authorities?
- What does the **evidence** suggest about which types of policies may be successful in addressing these issues?
- Can **existing strategic programmes** be amended to address these issues, or do new strategies need to be developed?
- Can **interactions** between policies within a strategic programme and between strategic programmes be identified?
 - Are these interactions beneficial (i.e. they involve **synergies**) that need to be recognised so that they can be reinforced?
 - In contrast, are the interactions negative, so that policies and programmes need to be adjusted so that **conflicts** and their negative impacts are reduced or avoided?
- Which policies should be **prioritised** in order to meet efficiency and effectiveness criteria, combined with other politically identified goals (social, environmental, cultural, etc.)

An enhanced performance-based policy cycle

Strategic programming.

- Identifying at a strategic level which areas should be the subject for most policy attention, based on: quantitative and qualitative analysis of the nature and extent of problems that need addressing.
- Development of a comprehensive logic map identifying synergies and conflicts with other policies

Adjustment.

Application of lessons learned to new policies in the same (vertical feedback) or other (horizontal feedback) policy areas.

Ex post evaluation and assessment.

- Evaluation of whether EU law was properly implemented and enforced
- Independent ex post assessment of quantified impacts of the policy
- Identification of success / failure factors; and
- Consultation with stakeholders

Strategic programming

Adjustment

Ex post evaluation & assessment

Stakeholder inputs

Policy choice

Policy execution

Policy identification and choice.

- A clear articulation of the problem to be addressed.
- Identification and ex ante assessment of the main policy options.
- Consultation with stakeholders and coordination with all players in the decision-making process.
- Decision on which policy to choose

Legislation, implementation and enforcement (policy execution).

- Decision-making on details and practicalities of law-making, policy implementation and enforcement and consulting with stakeholders.
- Preparation of an evaluation and data collection plan.

The single market governance tools

Type of SM governance tool	Examples
Assessment mechanisms	Impact assessments and research studies Indicators & scoreboards Eurostat Court of Auditors special reports REFIT
Cooperation mechanisms	Internal Market Information System (IMI) Consumer Protection Cooperation Network
Assistance services	Your Europe Your Europe Advice European Employment Service European Consumer Centre Network Enterprise Europe Network SOLVIT Alternative & online dispute resolution (ADR/ODR)

Awareness & performance of the tools

- There are a range of sources of information about performance of single market governance tools, including:
- Data sources:
 - Single market scoreboard: http://ec.europa.eu/internal_market/scoreboard/index_en.htm
 - Impact Assessment Board statistics: http://ec.europa.eu/smart-regulation/impact/key_docs/docs/iab_stats_2014_en.pdf
 - Various surveys including Eurobarometers 358 and 363.
- Research studies:
 - ‘Contribution of the Internal Market and Consumer Protection to Growth’ Civic Consulting, 2014, Study for IMCO, Policy Department A
 - ‘A European Single Point of Contact’ London Economics, 2013, Study for IMCO
 - ‘External Evaluation of the Consumer Protection Regulation’ Consumer Policy Evaluation Consortium, 2012, Report for European Commission
 - ‘Evaluation of SOLVIT’ Centre for Strategy and Evaluation Services, 2011, Report for European Commission
 - ‘Evaluation of the European Consumer Centres Network (ECC-Net)’, CIVIC Consulting, Van Dijk Management Consultants and GHK, 2011, Report for European Commission

Awareness of the assistance services I

- Range of survey evidence suggesting low levels of **prompted** awareness e.g.
 - Have you heard of Your Europe?
- Level of **spontaneous** knowledge is lower e.g.
 - Which online service at the EU level would you turn to for information/advice on EU legislation?
- For those respondents aware of services, **understanding** of function and target audience of services is often limited

Tool	Level of prompted awareness amongst survey respondents
Your Europe	7% consumers 9% businesses
Your Europe Advice	6% consumers 5% businesses
European Employment Service (EURES)	20% consumers 12% consumers
European Consumer Centre Network (ECC-NET)	22% consumers 16% consumers
Enterprise Europe Network	19% SMEs
SOLVIT	4% consumers 4% businesses

Sources: London Economics (2013), Eurobarometer (2013), Eurobarometer (2010)

Awareness of the assistance services II



- Awareness of the assistance services also seems to be low amongst national consumer organisations
- When we interviewed a very small number of these organisations we found:
 - Of six consumer organisation representatives interviewed none knew of Your Europe Advice, EURES, SOLVIT, or the IMI.
 - Only one consumer representative had heard of each of the Consumer Protection Network and Your Europe
 - Consumer organisations were much more familiar with the ADR/ODR mechanism

NB This is a very small sample and other staff within these organisations may have been familiar with these tools

Performance of the tools

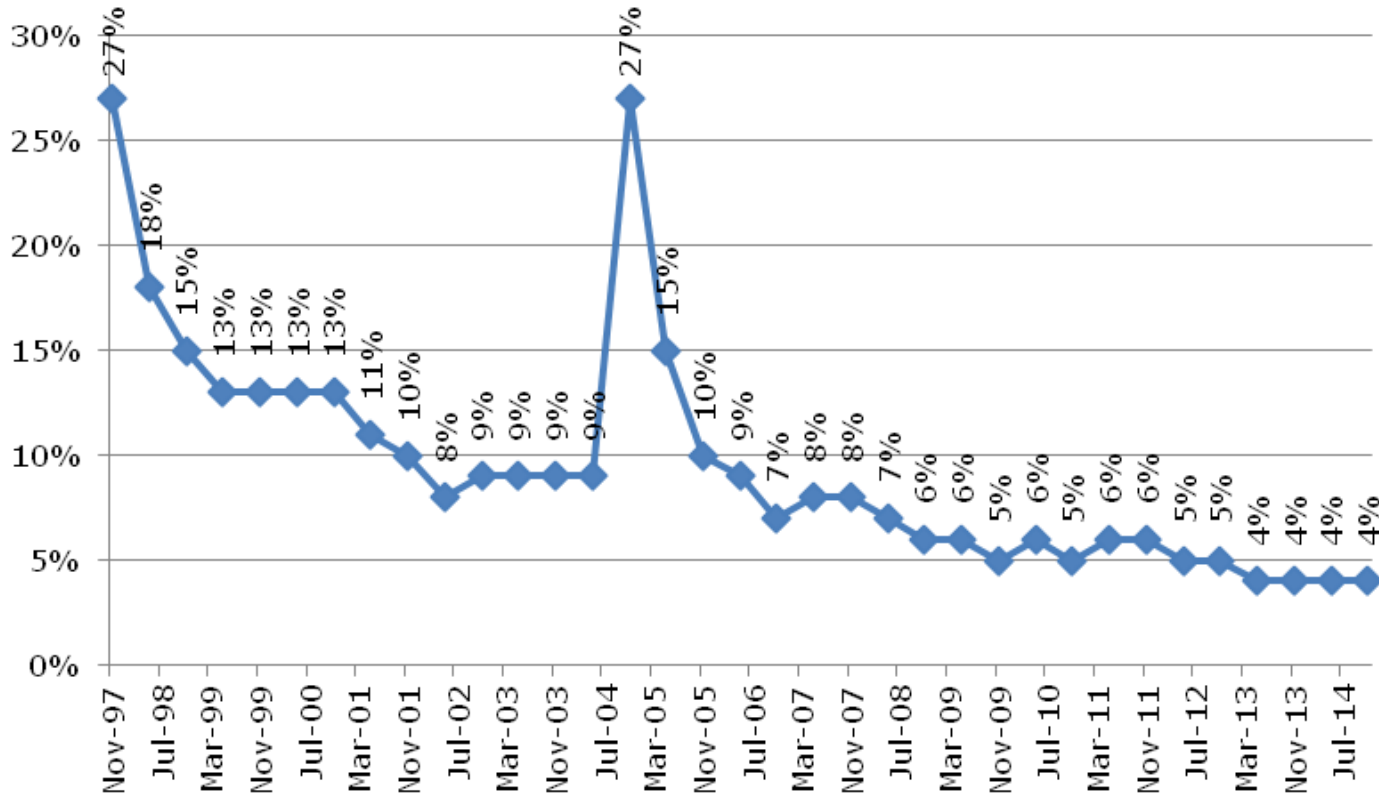
- There are many tools, so difficult to generalise, but
- Performance is mixed with some tools performing well and others not so well
- There are both positive and negative aspects to the performance of most tools
- In general performance appears to be improving over time, though in some cases these improvements appear to have slowed down recently
- The European Commission has taken many actions to improve performance, but there needs to be continuing pressure to further improve performance
- Need to consider performance from the consumer perspective
- Some examples of performance in next slides, more in the Study

Impact assessments

- Around 40% of draft impact assessments examined by the EC Impact Assessment Board 2010-2014 were considered to be of insufficient quality and sent back for improvement
- The IA Board recommended that DGs should:
 - define the problem at hand more clearly;
 - develop the analysis of impacts; and
 - better present the different options.
- Previous research (London Economics, 2013):
 - IA framework is robust but quality of actual IAs should be improved
 - EC IAs make very limited use of quantified analysis
 - Less than half of Digital Single Market IAs examined used ‘any type of hard data’

Transposition

Is the Single Market a reality? The Incompleteness rate



In November 2014, 45 of 1246 directives (4%) were not implemented by one or more Member States

Main problem areas identified by the European Commission are employment and social policy, financial services and energy and energy efficiency.

Internal Market Information System (IMI)



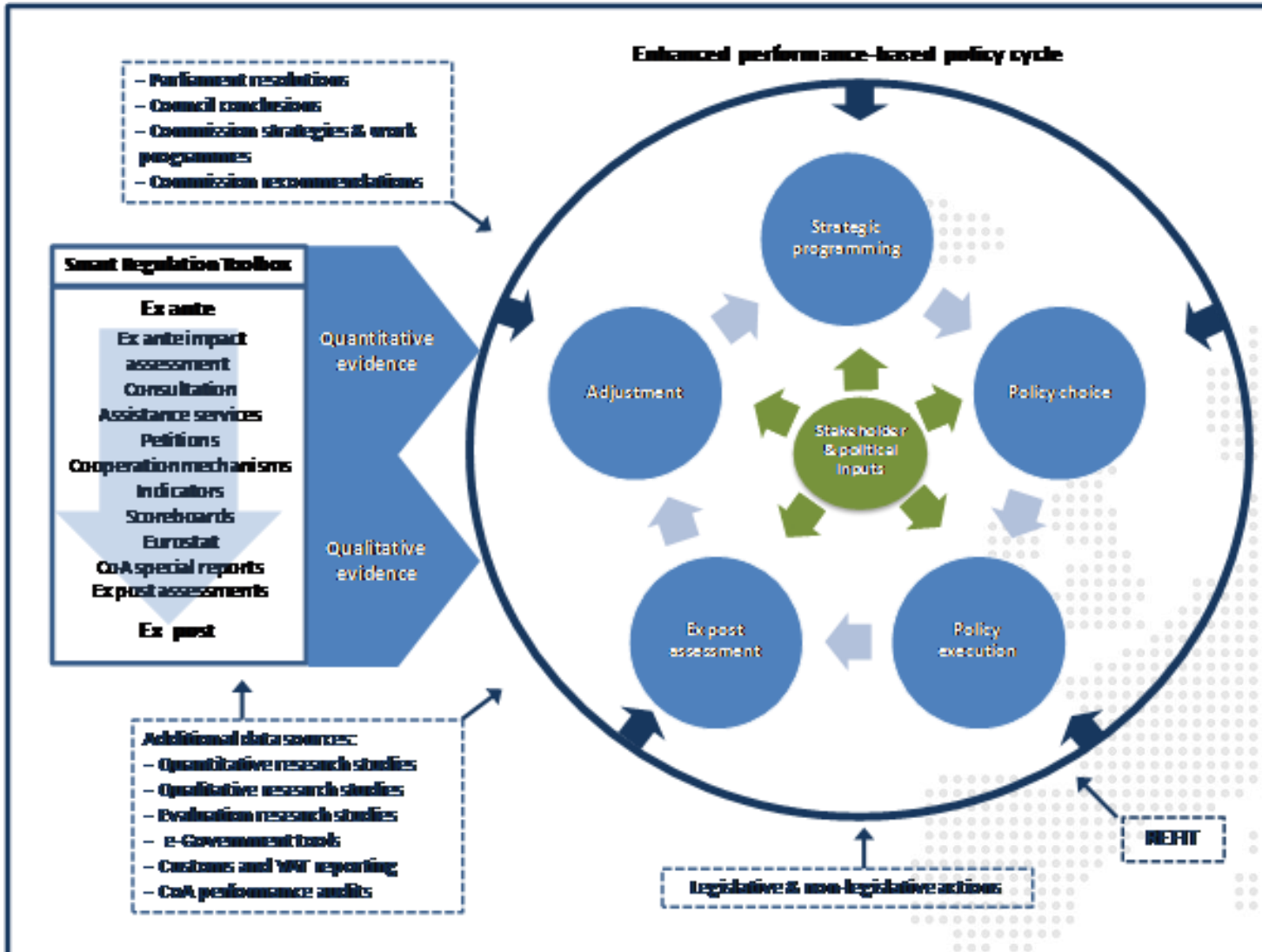
- Provides an IT-based information network that connects national, regional and local authorities across borders, facilitating communication between authorities
- Currently used for administrative cooperation in many areas, among others in:
 - the Single Market for services
 - recognition of professional qualifications
 - the posting of workers
 - Euro-cash transportation
 - train driver certification
 - patient's rights
 - e-commerce (on a pilot basis).
- 60% of requests were answered within a fortnight
- 88% of IMI counterparts satisfied with the timeliness of replies
- Across the Member States, satisfaction with 'efforts made' is in the range 60% to 100%. For most countries 80% to 90%.

A consolidated system for smart single market regulation



- Apply the enhanced performance-based policy cycle across the Single Market
- Improve the performance of the individual Single Market governance tools
- Improve the information flows across the system so that full use can be made of the available information in order to improve the working of the Single Market. Innovative ICT is a key factor.
- Information flows should be improved:
 - between governance tools
 - between the stages of the policy cycle
 - Between stakeholders and policy makers
- ‘Better Regulation Package’ is a move in the right direction, but its success is very dependant on the way it is applied

A consolidated system for smart single market regulation



Recommendations and Actions

1. **The enhanced performance-based policy cycle should be applied to Single Market regulation.**
 - i. Introduce a **distinct strategic programming phase** into the Better Regulation Guidelines, applicable to European Parliament resolutions, European Council conclusions, European Commission strategies and workplans, and European Commission recommendations (as a part of economic governance process). The European Parliament should have an overview of this process as the institution contributing legitimacy and democratic representativeness.
 - ii. Provide more complete and transparent **quantification** of anticipated impacts alongside strategic plans such as the Commission Work Programme.

Recommendations and Actions

2. **Information flows to policymakers and between Single Market instruments should be improved**
 - i. Assess the scope for using **cloud computing, business analytics and big data techniques** to extract useful information from the myriad of potential sources at the regional, national and EU levels.
 - ii. Explore the scope for integrating the different Single Market governance tools via a **central information hub**, either using the existing IMI platform as a basis for that hub, or through other means.
 - iii. Implement the recommendations of the London Economics (2013) report on **improving the quality of the analysis that underpins impact assessments** across the Single Market.
 - iv. Explore alternative methods for **disseminating information and best practice** about impact assessment, such as expert networks and conferences. This should seek to confirm whether or not Single Market regulation could benefit from improved dissemination practices and, if so, which dissemination practices would be most beneficial.
 - v. Develop a **'What Works' approach** to Single Market regulation, drawing on experiences of the UK 'What Works Network' and/or of the use of **systematic evidence reviews** in policy development elsewhere.

Recommendations and Actions

3. Awareness of the assistance services for consumers and businesses needs to be improved.

- i. Explore the scope for **capacity building**, such as EC workshops on assistance services, in order to raise awareness of the assistance services amongst national and EU level consumer and business representative organisations.
- ii. Assess the scope for **additional signposting** between national and EU assistance services and including the possibility of a **single portal** for access to all assistance services, drawing on previous evaluations of these services.

Recommendations and Actions

4. **Improve the performance of cooperation mechanisms and assistance services.**
 - i. European Commission to report to the IMCO Committee on current implementation status of recommendations of **previous evaluations of assistance services**.
 - ii. Develop proposals for **strengthening coordination** between the EU-level networks and national authorities, particularly for SOLVIT and EURES, as part of the development of the ‘Single Digital Gateway’ for the e-Government Action Plan 2016-2020.
 - iii. Reassess the **role of ECC-Net** in the light of the introduction of the enhanced ADR/ODR framework.

Recommendations and Actions

5. Make better use of ex post impact assessments.

- i. Ensure that the **data needs** of an ex post assessment are **anticipated** and planned for at the policy development stage in order to achieve **higher quality** ex post assessments. Introduce this requirement into the Better Regulation Guidelines
- ii. Use the information from relevant ex post assessments in **all ex ante impact assessments** and implement the recommendations on this point of London Economics (2013).

6. Strengthen the role of the Single Market in the European Semester process.

- i. Introduce the Single Market as a **separate pillar** of the European Semester process.
- ii. Ensure the **European Parliament** has an active role in this process and scrutinises it.

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