IAIA
International Association for Impact Assessment

Impact assessment is an essential part of governance—but its success depends on its compatibility with the style of governance.

AUTHOR

Louis Meuleman
With input from
Maria Rosário Partidário
Charlotte Bingham
Richard Fuggle
Sukhad Keshkamat

FASTIPS
No. 4 | March 2013

Governance

Impact Assessment (IA) is a forward-looking instrument that seeks to proactively advise decision-makers on the potential advantages and disadvantages of a proposed action. IA is an important tool for improving governance in a regulatory framework, and governance promotes the IA process. Furthermore, one must consider governance of IA in relation to how decisions are made by public and private organizations.

Governance is at the heart of decision-making. It is about how decisions are made and encompasses more than the need to exhibit transparency, efficiency, and public participation in decision-making. Governance determines also if and when there are opportunities for proponents, regulatory authorities and the public to interact in a balanced and respectful way. Broadly speaking, governance covers the way problems are tackled and opportunities created: it is about *how*, not *what* or *why*. Governance addresses crosscutting issues like the choice of institutions, instruments and processes, as well as decisions about the roles of those who will be affected. There is no pre-set governance approach for any particular problem: every case must be tailored to the statutory framework in which it occurs.

Some political-administrative traditions tend towards a legislative approach, while others favor efficiency as the key driver; still others believe in a consensual approach. These three approaches represent the three main *styles of governance*: **hierarchical**, **market-driven**, and **network-oriented**; **these usually occur in various combinations**.

Governance of IA is about managing the IA process, including who has responsibility for what, what are linkages and collaborative approaches; the choice of assessment methods and models (including their assumptions); and who to involve and in which ways. At the same time, **IA is part of the overall governance approach** because it is a formalized procedure to make decision-making more knowledge-driven and, often, to encourage a role for public comment and substantive participation in decision-making. Success or failure of IA **depends** to a large extent **on** its compatibility with the dominant **governance** style of the decision-makers.

TYPICAL PROBLEMS IN THE RELATION BETWEEN IA AND GOVERNANCE

- **Destruction of trust.** A strong *hierarchical* bias may cause decision-makers to act—though not always consciously—in ways that destroy the trust of stakeholders and the general public in the decision process. Examples are inadequate publicity, short consultation deadlines, hearings organized as only information meetings, or discrediting evidence from stakeholders as "not authoritative."
- **Disregarding complexity.** Proponents of *hierarchical* governance prefer clear rules, formal procedures, and clear problem definitions. Faced with an IA for a plan or project that has fuzzy, "intangible," or complex outcomes, they may attempt to invoke urgency ("no time for dialogue"), or fragment a project as a means of neglecting highly-relevant cumulative effects (for example, ecosystem interactions or social subsistence).
- **Bias for economic efficiency.** Decision-making in a market governance context can lead to overestimating the relevance of price and techno-commercial efficiency. Tangible and non-tangible effects may become monetized to the detriment of a more qualitative/narrative approach that would make the IA process much richer, and with more options available.
- **Never-ending talks.** When the governance context is overly network-oriented, the IA process may lose focus ("we should talk to everybody"), becoming a consensus-building process in its own right. Consensus-building may well be justified, but the first priority of IA is to enable informed decision-making.

FIVE IMPORTANT THINGS TO KNOW

1. **Knowledge disputes:** Different governance styles imply different views on what is "usable knowledge," which can cause tensions. *Hierarchical* governance values authoritative, undisputed knowledge; *market* governance focuses on costs and cost-benefit analyses; *network* governance prefers consensus on knowledge.
2. **Value-based differences:** Different value systems give rise to different styles of governance. This is a frequent cause of conflict. For example, proponents of hierarchical or market governance often favor "evidence-based decision-making," which—if taken too literally—risks ignoring complexity, unpredictability and uncertainty.
3. **Relational differences:** Governance styles include different "relational values" (how we relate to the values of other people). A project initiator might be domineering (hierarchical governance), indifferent (market governance) or tolerant (network governance). This influences how the IA process is conducted.
4. **Differences due to incompatibility:** Hierarchical and market-type mechanisms may be unsuitable when the IA subject is contested and complex. Network governance may be too slow for routine issues and too indecisive for disaster prevention projects.
5. **Differences caused by a fixation with numbers:** Hierarchical and market governance typically have strong confidence in numbers and weak appreciation of unpredictability, which can lead to IAs focusing on performance indices and cost-benefit analysis, rather than on multi-criteria analysis and cost-effectiveness.

FIVE IMPORTANT THINGS TO DO

1. **Strive for compatibility:** Reduce conflicts by making the governance of IA compatible with the governance context of the plan/project.
2. **Analyze the governance environment:** Match the knowledge produced in the IA process to the type of knowledge that will be important to decision makers. This will enhance IA quality and increase its acceptability.
3. **Manage expectations:** Be straightforward about the objective of consultation activities during the IA process, because trust in the sincerity of consultations influences the appreciation of the eventual decision.
4. **Complement styles:** Consider including tools typical for the other styles if one governance style dominates in the design of the IA process, as this can bring about a more rounded approach. For example, dialogues need some sort of structure, and authority erodes without trust.
5. **Participation:** If the IA involves a complex and contested issue, use a negotiation approach that offers mutual gains to the contestants, and offer an opportunity for joint fact-finding to broaden the scope of the IA.

Want to know more?
www.iaia.org/publications-resources
Downloadable Publications > FasTips

Do you have a suggestion or a request for a FasTip on a different topic?
Contact Maria Partidário (mpartidario@gmail.com), FasTips Series Editor.

FURTHER READING, EXAMPLES, ETC.

Meuleman, L. (2012) "Cultural diversity and sustainability metagovernance" in Meuleman, L. (Ed.) (2012) *Transgovernance: Advancing Sustainability Governance*. Heidelberg: Springer Verlag, pp 37-81. www.ps4sd.eu.

Meuleman, L. (2012) "Cognitive dissonance and evidence-based sustainability policy-making." Paper presented at the 2012 Berlin Conference on Evidence for Sustainable Development, 5-6 October 2012.

Niestroy, I. (2008) "Sustainability Impact Assessment and Regulatory Impact Assessment" in OECD (Ed.) *Conducting Sustainability Assessments*, p. 67-88. OECD Sustainable Development Studies.

Partidário, M. and W. Sheate (2012) "Knowledge brokerage - potential for increased capacities and shared power in impact assessment" in *Environmental Impact Assessment Review* 2013, Vol. 39, pp 26-36.

Sánchez-Triana, K. (2008) Strategic *Environmental Assessment for Policies: An Instrument for Good Governance*. Washington, DC: World Bank.