

Sustainability Impact Assessment of Trade Agreements and New Approaches to Governance

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International Workshop
CPDR/UCL

Louvain-La-Neuve
27/28 March 2003

Program update and papers:

<http://www.cpd.r.ucl.ac.be>

More info on Sustra Network:

<http://www.agro-montpellier.fr/sustra/>

Workshop Program

- 27 March 2003
 - 11:00 Welcome coffee and registration to the Workshop
 - 12:30 Lunch break
 - 14:00 Introduction
 - *Jacques Lenoble*, CPDR
 - 14:30 Panel 1: Modeling Sustainability Impact Assessment
 - *Olivier Godard*, Ecole polytechnique
 - *René von Schomberg*, DG Research
 - *Marco Janssen*, University of Indiana
 - 16:00 Coffee break
 - 16:30 Panel 2: Communicative Processes and Capacity Building for SIA
Session 1
 - *Oluyemisi Oloruntuyi*, Marine Stewardship Council
 - *Per-Erik Boivie*, TCO Labeling
 - *Markus Knigge*, Ecologic
 - 17:30 Panel 3: Communicative Processes and Capacity Building for SIA
Session 2: example of ACP Countries
 - *Marie-Cécile Thirion*, Solagral
 - *Karin Ulmer*, Aprovev
- 28 March 2003
 - 9:30 Panel 4: The use of SIA in organizations
Session 1
 - *Peter Haas and Zuhre Aksoy*, University of Massachusetts
 - *Eric Peters*, DG Trade
 - 10:45 Coffee break
 - 11:15 Panel 5 : The use of SIA in organizations
Session 2
 - *Sue Milner*, University of Northumbria
 - *Colin Kirkpatrick*, University of Manchester
 - *Keith Tyrell*, WWF
 - *Hugo Cameron*, ICTSD
 - 13:00 Lunch break
 - 14:00 Conclusion: Improving SIA in policy practice: Lessons from the workshop
 - *Tom Dedeurwaerdere*, CPDR
 - *Patrick ten Brink*, IEEP (chair and moderator)
 - 16:00 Coffee break
 - 16:30 Closing Session

Abstracts

Per-Erik Boivie (TCO Labeling, Stockholm)

User-driven certification of computer displays: from visions and innovation to global standard

All across the world today companies, institutions and individual citizens are insisting on having TCO-certified computer displays. The TCO label on a product signifies that it has been designed in accordance with the principles of sustainable design. The requirements have been formulated by taking into account social, economic and ecological factors. User experience along with due respect for the environment, have been the guiding spirit in the design process.

Hugo Cameron (ICTSD, Geneva)

Integrating sustainability assessment in the WTO

The presentation will seek to highlight the question brought up in para. 1.3 of the Workshop Program Document of how the interpretation of SIA by different actors has an effect in turn on the definition of SIA by its main institutional promoters. To what extent -- if at all -- are SIAs moving from error correction (i.e. via flanking measures) to a more 'reflexive process' whereby the assessment procedure (a) addresses the concerns of stakeholders on an ongoing basis; and (b) avoids making assumptions such as not disrupting the trade negotiating process in order to bring as objective an assessment as possible. In so doing, it will look at the experience of impact assessment thus far by WTO Members now that environmental assessment is expressed in both the Doha Ministerial Declaration and the WSSD Plan of Implementation. Responding to the example set out in the Workshop Program Document, it will also, time permitting, attempt to address whether developing countries in particular are looking at a different set of values (i.e. self-sufficiency) in conducting their assessments.

Olivier Godard (Ecole polytechnique, Paris)

Sustainability Impact Assessment and integrated modelling in controversial universes: a background

This paper explores the nature of environmental issues and debates over sustainability as a foundation for developing policy-relevant models of SIA. It takes as its point of departure two questions: How can relevant tests and models be developed in a pluralist society in which competing constructs of legitimacy are claimed by various stakeholders? And what type of assessment is required to address such cross-legitimacy contexts?

In addressing these questions, the paper explores the meaning of sustainability and the role of experts and expertise in environmental decision making. Drawing on examples from the IPCC, it notes that calls to expertise have historically been employed to mitigate social controversy. But expertise should not be used to quiet public consideration of social questions. The purpose of objective data should be to inform public deliberation, not quiet it.

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Peter Haas (University of Massachusetts)

When Does Truth Listen to Power? Sustainability Impact Assessment of Trade Agreements and New Approaches to Governance

While Speaking Truth to Power has long been a major theme in political science and policy studies commentators are increasingly skeptical about whether modelers and scientists are capable of developing truth, and whether power ever listens to them anyhow. This presentation asks when does Power listen to Truth, and what lessons may be drawn from the last 30 years of multilateral environmental governance for improving the prospects for scientific advice for Sustainable Development? It focuses on the a limited notion of truth called ‘usable knowledge’ and elaborates the political and institutional channels by which usable knowledge may be developed and better circulated and applied by policy makers.

Marco Janssen (University of Indiana, USA)

Predicting Change or Assessing Resilience of Social-Ecological Systems? Challenges and Opportunities for Sustainability Impact Assessment

Modeling Sustainability Impact Assessment assumes that we know, or at least, can estimate causal relationships between rule changes and impacts. The prediction of impacts of certain rule changes might be problematic and an alternative approach is to phrase the question into an analysis of the resilience of the system. If we are able to understand what type of disturbances make a social-ecological system more vulnerable for undesirable impacts, we may analyze how proposed policies may affect the resilience of the social-ecological system and have possible undesirable impacts. To address questions of institutional rules and resilience we need to utilize new methods. In this paper I will first discuss a broader framework of institutions and the concepts of complex adaptive systems and resilience. Then I will discuss a few relevant examples of agent-based models. I conclude with possible implications of a complex adaptive system perspective on Sustainability Impact Assessment.

Colin Kirkpatrick (Inst. for Development Policy and Management, Manchester)

Consultation and Participation in European Governance, Reform: The Role of Sustainability Impact Assessment

The provision of effective public institutions is often referred to as good governance. This paper is concerned with good governance issues in the restricted sense of public institutions, and with the role of participation within them. The focus is on participatory processes in the use of impact assessment techniques as an instrument for achieving ‘better’ governance, in the context of the current debate on European governance matters.

Impact assessment can be defined simply as a method for identifying the anticipated or actual effects of development activity. The aim of impact assessment is to improve the evidence base on which decisions are made, and thereby improve the quality of decision-making. In the public sector, impact assessment can be used by policymakers as a means of informing public policy and rule setting choices. Public regulation, whether in the form of

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policy or rules, can produce ‘goods’ or ‘bads’, and it is unlikely therefore, that the case for or against a regulatory measure can be convincingly made from first principles or on an *a priori* basis. An underlying rationale for impact assessment, therefore, is that public interventions need to be assessed on a case by case basis.

This paper outlines the process which led to the European Commission adopting, in July 2002, an integrated approach to impact assessment which is intended to replace previous impact assessment methodologies used by the Commission. The paper also reviews the Commission’s statements on impact assessment and consultation, particularly in regard to the role of impact assessment in the policymaking process, the part played by qualitative analysis and the value of multi-stakeholder fora.

The paper briefly describes, as an example of an integrated impact assessment methodology, the programme of Sustainability Impact Assessments of Trade Policy currently being used to inform WTO discussions and negotiations on the Doha Agenda. Consultation and stakeholder participation has been given a high profile in this process and the paper outlines the consultation methods employed.

Markus Knigge (Ecologic, Berlin)

The Role of Public Participation in SIAs

Public participation has become an important element of the European Union's policy making in general. More specifically, consultation of stakeholders has been a key component of the European Commission's Sustainability Impact Assessments (SIA) from the beginning, and the practice of consultation has since been refined and developed. Yet there remain a range of potential or actual problems associated with public participation in SIAs. One issue is how a balanced representation of civil society can be ensured and which procedures for an appropriate selection of stakeholders can stem from this. Another question is how efficiency and quality of the participation process could be enhanced, e.g. by structuring according the subsequent stages of the SIA process or by decentralising the SIA process itself. Finally, the issue arises as to whether trading partners and third parties should be involved in the European SIAs.

Susan J Milner (Northumbria University, UK)

Mainstreaming integrated impact assessment into practice: Lessons from national and local government case studies in the UK

The paper will discuss the practicalities of attempting to introduce impact assessment methods into the everyday work of planners and policy makers in both local and national government departments in the UK. The author will share her experiences of trying to do this, based on work she has undertaken for the Department of Health (England) and the Scottish Executive (national government level) and North Tyneside Council (local government level).

Though the author’s work is not primarily about Sustainability Impact Assessment (SIA), there are obvious connections to be made between the use of SIA tools in mainstream

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originally setting out to develop health impact assessment (HIA) tools, the author quickly realised that HIA overlapped substantially with other forms of impact assessment, such as SIA. Policy makers and planners were, in fact being bombarded with requests, or demands, to undertake many forms of impact assessment during the development of their policies and programmes. This was causing confusion and resentment within these organisations.

As a result of this, the author has spent the last 3 years developing forms of integrated impact assessment (IIA) for use at national and local level and it is this experience she will drawing on in her short conference presentation.

Oluyemisi Oloruntuji (Marine Stewardship Council, London)

The Marine Stewardship Council (MSC): A Multi-Stakeholder Assessment Process for Sustainable Fisheries

There are significant differences in the contextual nature of the specific objectives and means of SIA methodology and the MSC's fishery assessment process. Both approaches however face similar challenges because both are associated with the link between sustainability and economic interests of participating parties.

There is no internationally agreed protocol for involving stakeholders in ecolabelling programmes. Despite this, the development and implementation of the MSC programme followed some basic principles in establishing the MSC Standard and in operationalising its programme. This involved the implementation of specific measures designed to ensure accountability, transparency, non-discrimination and accessibility in the mainstream programme. These measures have contributed significantly to the ongoing development of the MSC. Increasing levels of participation continue to highlight further issues for consideration and experiences with the implementation of these measures offer valuable insight into the challenges and opportunities associated with any attempt to employ a multi-stakeholder approach to sustainability.

Eric Peters (DG Trade, Brussels)

When does power listen to truth? Sustainability impact assessment of trade agreement and new approaches to governance

This paper explores the reflexive development of the methodology employed by the European Union in its Sustainability Impact Assessment. Through extensive consultations with stakeholders, the EU has been able to expand and improve its use of SIA in practice. The paper explores the internal policy evolution by which such improvements took place.

Marie-Cécile Thirion (Solagral, Nogent-sur-Marne)

Sustainability Impact Assessment and Trade Liberalization in the Developing World: The case of the ACP countries

This presentation will be based on the inception report of the sustainability impact assessment of trade negotiation of the EU-ACP economic partnership agreements

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Keith Tyrell (WWF, Brussels)

Improving sustainability assessment: political will, institutional inertia and transparency

WWF has campaigned for the greater use of Sustainability Assessments for half a decade. In 2001 WWF launched a three-year project to reform trade policy and trade policy-making through the use of sustainability assessments and this presentation will outline the aims of this project and our progress to date. I will explain why WWF is so interested in the tool and what we think SA has the potential to deliver before going on to identify what we see as being the main obstacles and problems facing SA practitioners and policy-makers using the tool. The presentation will touch on subjects such as political will, institutional inertia and transparency.

Karin Ulmer (Aprodev, Brussels)

EPAs-What's in it for Women? Gender impact assessment of trade liberalization in Zimbabwe

Women form a major group of the stakeholders as they present over 70% of the poor in ACP countries. Without their effective participation in impact assessments, without identifying the issues of importance to them, without building their capacity to effectively address these issues in the negotiations, outcomes of the SIA will not be effective nor relevant to poverty reduction.

The EU is a signatory to the MDG. Hence, effective outcomes of SIA will have to be measured against the objective of making future trade regimes work for the poor.

Effective participation of women and other stakeholders can only be achieved if SIA become a tool for advocacy and lobbying to achieve particular policy outcomes. For example, the APRODEV commissioned study in Zimbabwe on "EPAs-What's in it for Women?" identifies a set of effective outcomes, such as addressing physical and policy constraints that currently inhibit the ability of women to produce and trade competitively; protecting expenditures of greatest importance to poor women from budget cuts; build capacity of women to exploit economic space and to protect products of importance to them.

René von Schomberg (DG Research, Brussels)

From the 'pursuit of happiness' to the 'pursuit of sustainability'

This paper deals with the problem of an existing contradiction between long-term planning and democratic decision-making. It is namely not plausible that a much needed long-term sustainable development policy can get off the ground, if we are for the achievement of consensus on such a policy, fully dependent on the usual arenas of societal conflict resolution, e. g the arenas of the "market" and of "(Party) politics". In this paper I will first shortly outline the advantages and limits of those two conventional regulatory mechanisms. I will subsequently make the case for a third international arena of long-term planning

Theoretical background to the Workshop

Both at the theoretical and the practical level, several studies show the insufficiency of the rational choice models that still dominate the standard approaches of Sustainability Impact Assessment. The subject of this workshop is to contribute to the reflection on the insufficiencies and the ongoing improvements of SIA in confronting current practice to hypotheses developed by promising research trends in social sciences that show the necessity of institutional innovations. In this respect one can identify in the ongoing research three sequential ameliorations of the rational choice approach. Each will be the subject of a separate panel.

1. The limits of current SIA and 3 sequential ameliorations

1.1. Uncertainty in modelisation, pluralisation of interpretative frames of the future and participatory decision making (cf. the EU and multilateral organisation's approach)

The objective of Sustainable Development, which is nowadays recognized in the EU treaty, UN Organisations and under the WTO entails also a future perspective. The problem is how to cope within SIA with competing different future scenarios, developed by different societies at world scale and the actual problem to make "our future" scenario of trying to maintain a particular level of wealth, compatible with the development scenarios of the countries in the southern region.

Proposed ameliorations:

- capacity building for trade impact assessment ; help national countries to undertake their own impact assessment of trade policies and agreements (UNEP, *Reference Manuel for the Integrated Assessment of Trade Related Policies*, p. 23).
URL: http://www.unep.ch/etu/etp/acts/manpols/refmania_final.pdf
- capacity building for participating in the multilateral trading process (WTO, Doha declaration ; OECD *Guidelines on Capacity Development for Trade in the New Global Context*).
- considering expanding the number of scenarios assessed and to consult with stakeholders how to construct these scenarios.

1.2. Organisation of the communication process leading to the construction of the frames (cf. the approach of the *Global Environmental Assessment Project* of Harvard University)

The interpretative frames mobilised by the different actors implicated in the assessment process cannot be anticipated *a priori*, as it still seems the case in the first proposed amelioration. As it stands, this amelioration still conceives of the interpretive frames as being an « input » giving rise to a product or « output » in terms of an assessment report, rather than to consider the process of social communication through with the frames are constructed. The problem is not so much a problem of constructing an adequate representation of the different worldviews, as a problem of selection of information, timing of the assessment process and agenda setting.

(cf.: WWF & Oxfam, *Response to the final report by Manchester University*,

URL: <http://www.balancedtrade.panda.org/pdf/OxfamwwfjointresponseforManchester.doc>)

Theoretical background to the Workshop

Proposed ameliorations :

- Network building: multiple connections between researchers and decision makers which cut across various political and organizational levels in order to identify the most salient information ; cf. *From science to Policy: Assessing the Assessment Process*.
URL: <http://ksgnotes1.harvard.edu/BCSIA/sust.nsf/pubs/pub55>.
- Assessment of the “quality” of the information : role of boundary organisations in qualifying what counts as legitimate and credible information.
- Accountability : formal and informal contractual arrangements in which accountability to parties on both sides of the science and policy boundary is clarified.

1.3. The use of SIA in organisations : from error-correction towards reflexive learning processes between multiple frames

The massive introduction of assessment tools and their amelioration does not imply automatically a learning process which allows integrating the objectives of sustainable development in the operational activities of an organisation. Indeed, both the amelioration of the governance structures through capacity building (section 1.1) and adjustment process between science and policy within a polycentric network (section 1.2) are based on an error-correction mechanism which is oriented to maintaining the stability of the main operational programs (implementing trade liberalisation) and not towards the transformation of the basic (economic, social) beliefs of the actors and institutions. The theoretical issue is here one of the organisation of a reflexive learning process : in which way the interpretation of SIA by different actors has an effect in turn on the definition of SIA by its main institutional promoters ? How does this reflexive feedback process cause changes in the normative orientation which guide the local actors and global institutions ? As an example one can think of the different normative representations / basic values of the policy actors advocating the use of SIA ; EU might value a balance between economic, social and environmental values, but another country might find self-sufficiency an equally important value it seeks to realize through its participation in trade agreements.

Proposed ameliorations :

- Elaboration of innovative technical knowledge in organisation : develop concepts and paradigms within economics, political sciences, etc. which can translate sustainable development in an organisational mandate ; instead of relying on current neo-classical approaches when it comes down to implementation of flanking measures to trade liberalisation.
- Elaboration of value consensus in emergent coalitions in order to create an appropriate environment of common organisational learning.

Theoretical background to the Workshop

2. Panel discussion : evaluation of the new approaches to governance in the assessment of the EU-ACP trade agreement

The current hypothesis of our collective research at the Centre for Philosophy of law is that the last amelioration, in terms of reflexive learning, even though it can give an answer to some of the remaining problems of the first two propositions, still is insufficient. In this last panel we want to evaluate this insufficiency both from a theoretical and practical point of view.

From the theoretical point of view, we want to verify if the hypothesis of extended reflexivity developed in our current research (cf. for example the research report *Theory of the Norm and Democratic regulation* (http://www.cpd.r.ucl.ac.be/en/e_rapports.html) can provide new insights with practical relevance for SIA. The core idea from the point of view of extended reflexivity is the need to organize an assessment process which does not consider only complementary capacities for learning in a formal way, as in the three proposed ameliorations, but also organizes the means to create the conditions which would allow for the emergence of these capacities which are called for by more sustainable trade policies.

From the practical point of view, we want to evaluate the contribution of the three ameliorations to the ongoing assessment of the EU-ACP trade agreement (cf. *Revised Inception Report*, WaterhouseCoopers, 31 January 2003). This evaluation should allow showing some of the advantages of these approaches, but also identifying harmful consequences of liberalisation which are or could be obliterated by these formal ameliorations. Finally we would like to evaluate the concrete gains of a conception of the evaluation process in terms of extended reflexivity.

3. Practical organisation

For each sequential amelioration a panel session will be organised to:

- Gather practical and theoretical input of the insufficiencies it tries to highlight.
- Evaluate the proposed ameliorations.