

Foresight for Better Regulation in the European Commission

Joint Research Centre | Competence Centre on Foresight

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EPSA event Strategic Foresight

22 September 2022

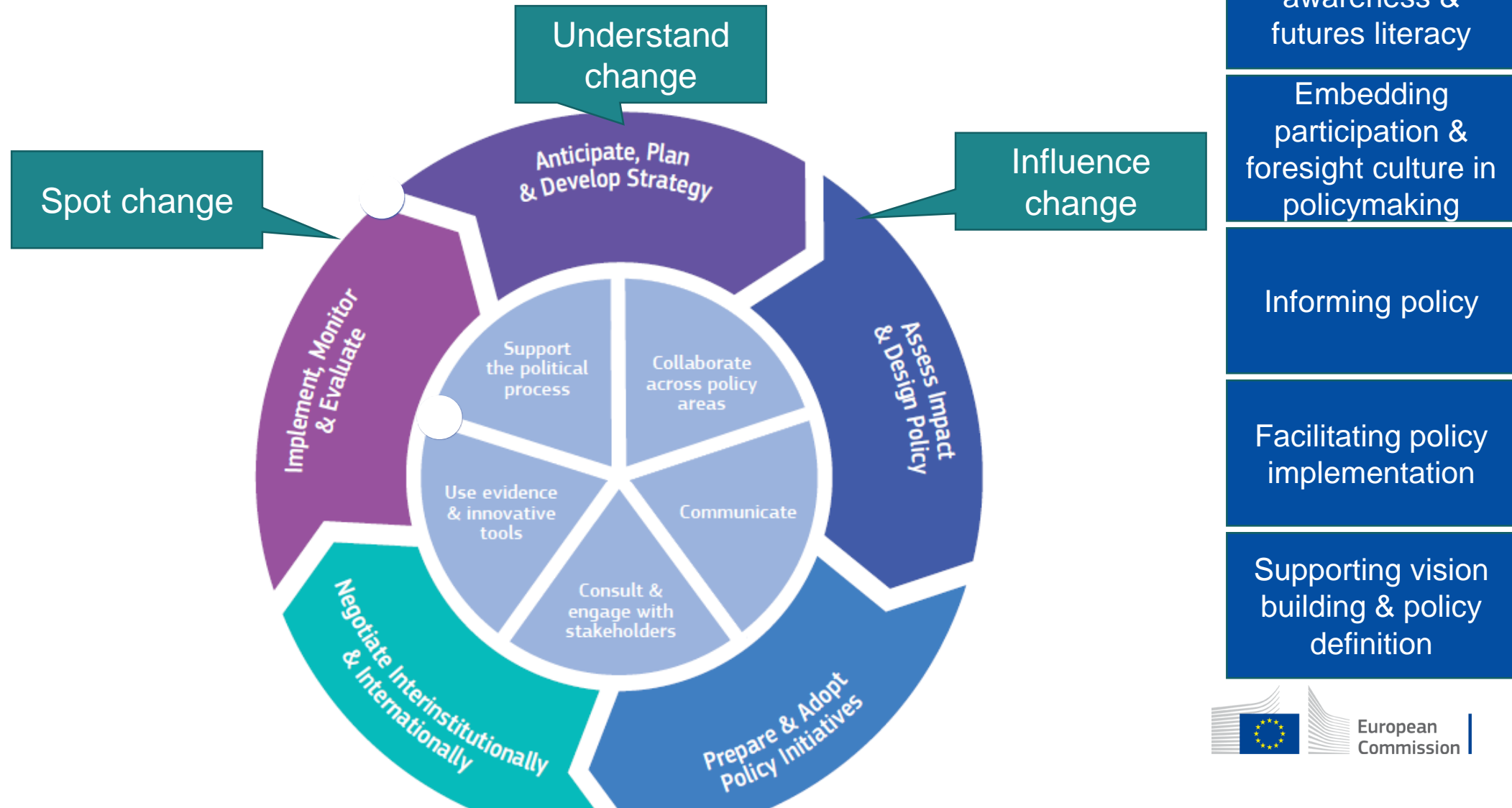
Agenda

- What is Better Regulation in the EC?
- What is the role of Foresight
- Future-proofing and stresstesting of policies in impact assessment

Better Regulation in the European Commission

- Good practice of **planning, preparing and proposing** new EU laws and **policies**.
- **Objectives of the Better Regulation agenda**
 - EU actions based on evidence & assessing expected impact of laws
 - Making simpler and better EU laws
 - Involving citizens, businesses and stakeholders in the decision-making process
- Strategic foresight is a key element in creating **future-proof policies**

Policy-cycle in the European Commission and role of Foresight

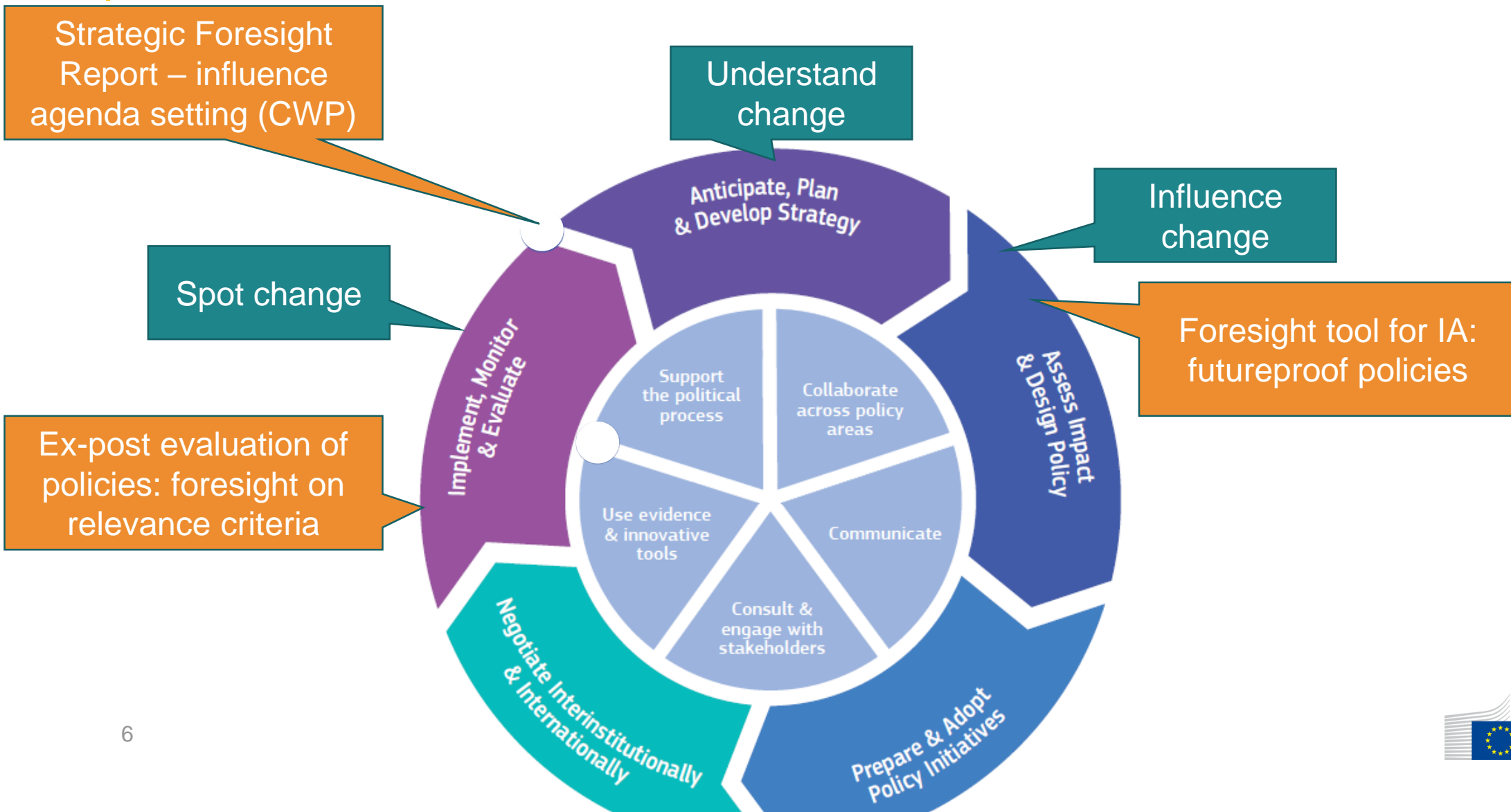


Strategic foresight in the European Commission

- How is the Commission using strategic foresight?
 - Contribute to **major policy initiatives** and strategies;
 - Explore **issues of critical interest** to Europe's future;
 - Foster **coherence** of EU policies;
 - Support the **development of foresight capacity**;
 - Building foresight **cooperation and alliances** with EU and international institutions and partners;



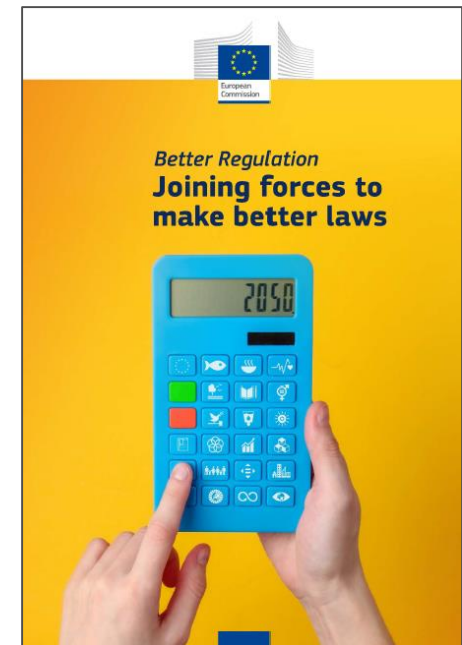
Role of Foresight along the policy-cycle



Key elements of the 2021 BR Communication

1. Improved consultation process to better engage with the public and stakeholders in a regular dialogue
2. The 'one in, one out' approach to alleviate unnecessary costs
3. **Strategic foresight integration in better regulation**
4. Improved analysis of key impacts linked to SDGs, twin transition
5. Increased transparency*
6. Fit for Future Platform supporting the Commission*

** Activities parallel to the BR guidelines and toolbox revision*



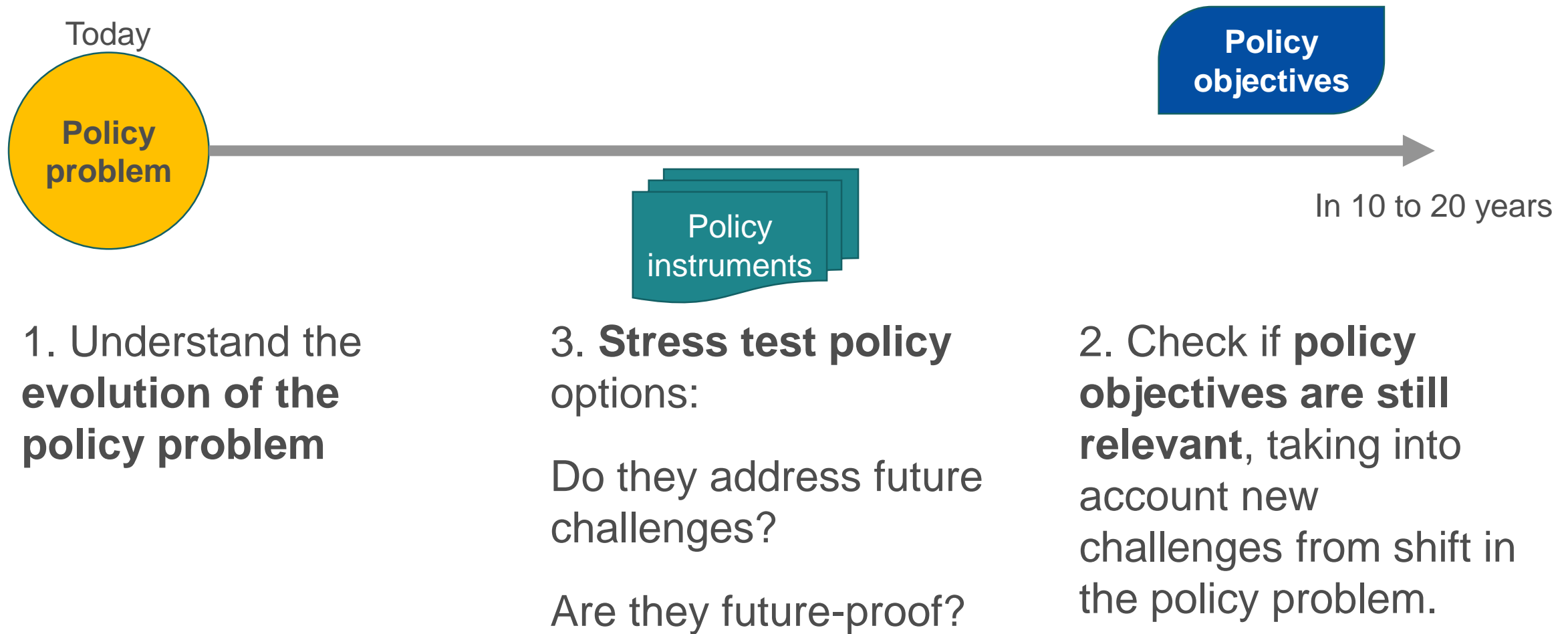
Strategic Foresight in Impact Assessments

- Foresight *should* be included in IAs when designing **policies** that are **facing challenges on a longer time horizon**.
- Aim is to make sure that policies are **future proof** (new tool #20).
- **Change in IA:**
 - Section 2 – «**problem definition**» - check for links with Strategic Foresight;
 - Section 4 – «**objectives**»- check whether objectives are in line with megatrends;
 - Section 6 – «**impacts**»- Analyse how megatrends affect the impacts;

Strategic Foresight in Public Consultations and Evaluations

- **Public Consultations** should include foresight-relevant questions in order to capture stakeholders' perspective in the given policy area.
- **Evaluations** have 5 evaluation criteria.
- Strategic foresight corresponds with '**relevance**'
 - Tool #47 - Evaluation criteria and questions and Tool #49 format of the evaluation report

Foresight analysis of future developments

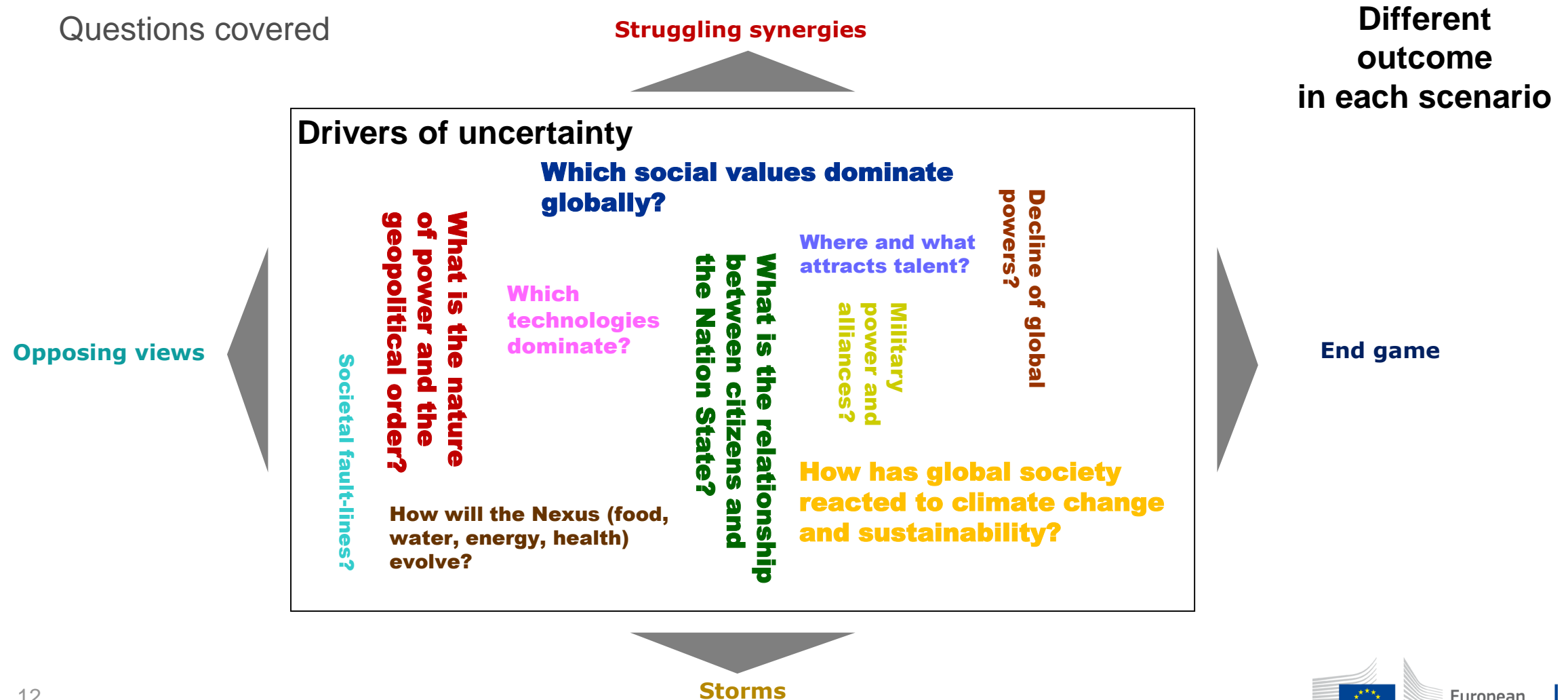


Tools to analyse future developments



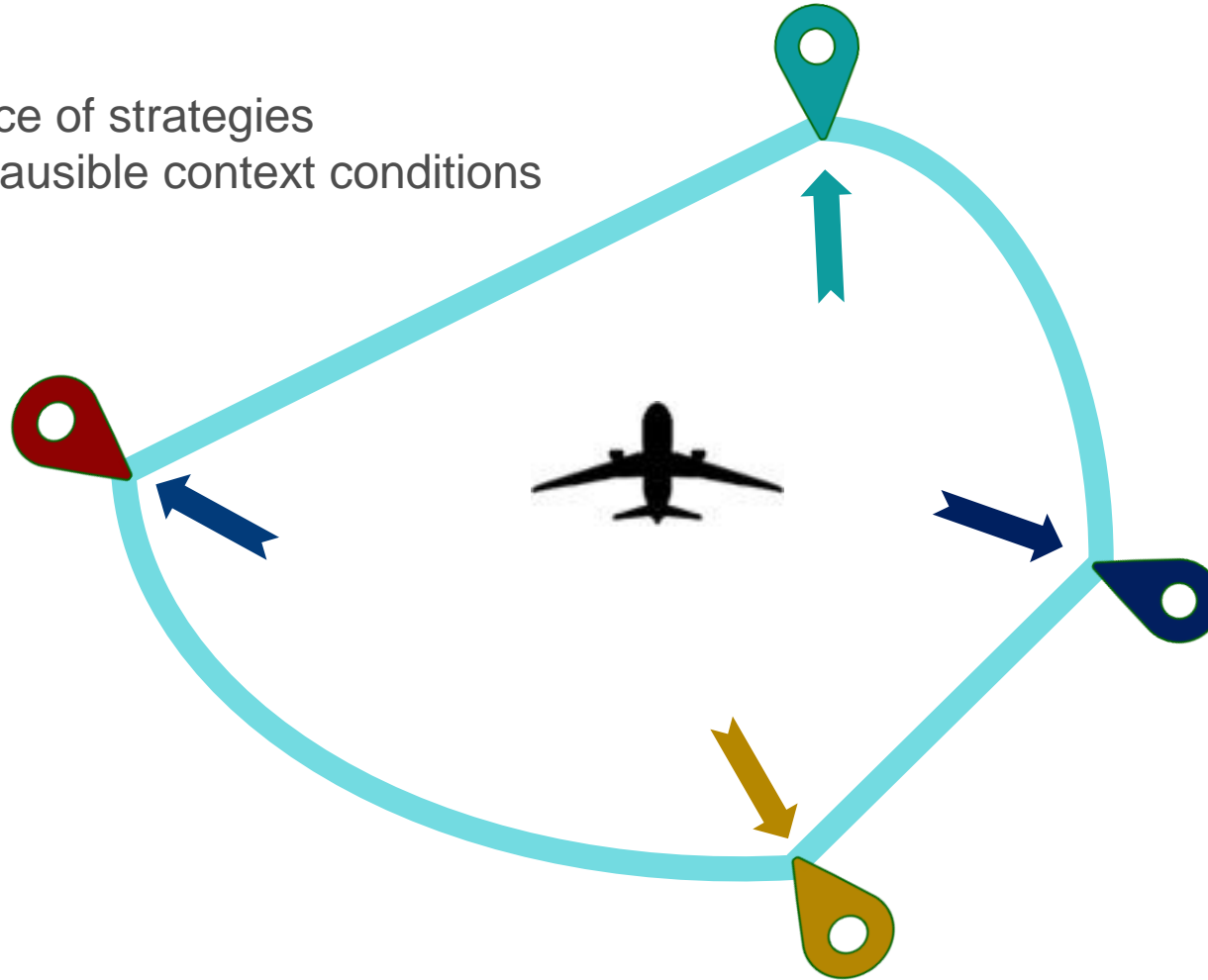
- **Scenarios** take up uncertainties of future developments, allow thinking in alternative futures to **stress-test policies**
- **Megatrends tool** can be used to take 360 degree perspective on the issue and its long-term development
- **Dynamic baseline** provides insights on long-term development without policy intervention / “no policy change” (Tool #60)

Tool “Foresight reference scenarios” to think ahead and be prepared for uncertainties



Use of scenarios: Stress-testing strategies/policies

Testing performance of strategies
against different plausible context conditions
“Wind tunnelling”



IA foresight workshop

Foresight scenarios tool - overview

Preparation

- Make yourself acquainted with the set of four scenarios
- Define policy issue and policy options to be stress-tested

Analysis

Understand policy issue

What are the **key challenges** for this policy issue in scenario?

Which **stakeholders** are more **affected** by the change?

Policy problem

Policy objectives

Stress-test policy options

| | Scenario A | Scenario B | Scenario C | Scenario D |
|----------|------------|------------|------------|------------|
| Policy 1 | + | | - | -- |
| Policy 2 | | | | |
| Policy 3 | - | | ++ | + |
| Policy 4 | --- | -- | | +++ |

Policy instruments

Discuss implications

How policy options **perform** in these scenarios?

What policy options are (not) **robust** enough across (almost) all scenarios?

Reassess or **revisit** options?

New policy options?

Adapt policy options to be robust across possible futures

Establish action plan

- Do now
- Reject
- Monitor future developments
- Contingency planning

Exemplary results of a scenario stresstesting of policy options

Overall policy options' assessment across four scenarios from 2040 perspective

Summary of stresstesting of policy options across future scenarios

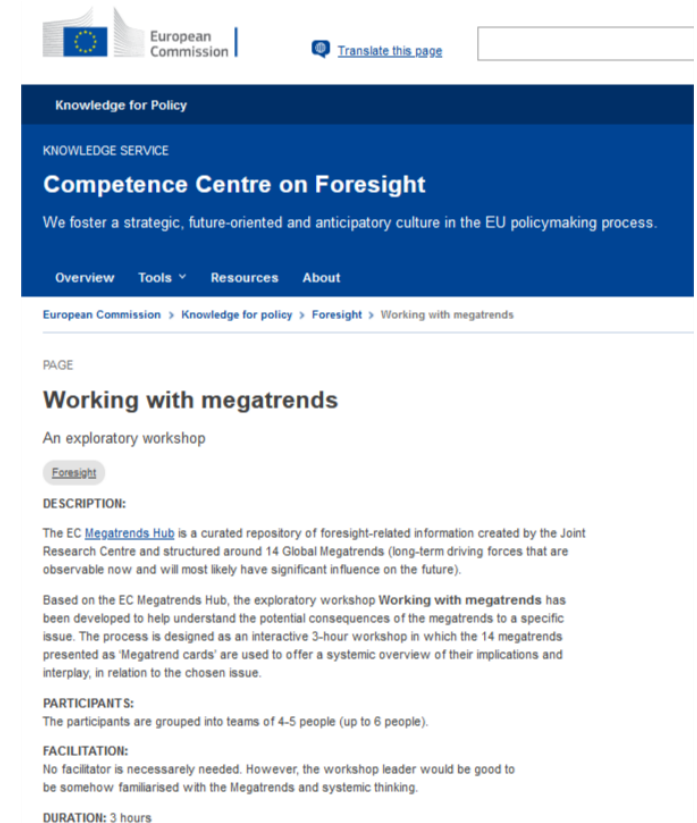
| World in 2040 | Option 0 Baseline | Option 1 | Option 2 | Option 3 | Option 4 | Option 5 |
|---------------------------|-----------------------------|-----------------------------|--------------------|-----------------------------|------------------------|-----------------|
| Retreat Inwards | neutral / slightly positive | neutral / slightly positive | slightly positive | positive | positive | negative |
| Economic Growth Above All | rather negative | positive | neutral / positive | negative & positive | very negative | very negative |
| Complex Prosperity | neutral / slightly negative | positive | positive | neutral / slightly positive | negative / but diverse | rather negative |
| Green Leadership | neutral | positive | positive | neutral / slightly positive | negative | negative |

Megatrends tool – The tool & how to apply it

- **EC Megatrends Hub**
(information base on 14 Megatrends curated by and for Commission)
- **Working with Megatrends:**
Step by step description to apply, downloadable material, Miro link with templates for online version

| | | |
|---|---|--|
| Accelerating technological change and hyperconnectivity Technologies are changing how we live. They are also changing the nature and speed of new scientific discoveries and transforming systems of production, management and governance. | Aggravating resource scarcity Demand for water, food, energy, land and minerals is rising substantially, making natural resources increasingly scarce and more expensive. | Changing nature of work New generations entering the workforce and older generations working longer are changing employment, career models, and organisational structures. |
| Changing security paradigm The diversification of threats, and the people behind them, are generating new challenges for the defence and security communities, as well as to society as a whole. | Climate change and environmental degradation Continued unabated, anthropogenic pollution and greenhouse gas emissions will further increase changing climate patterns. | Continuing urbanisation By 2050, the urban population could reach 9 billion. Cities are increasingly functioning autonomously, setting new social and economic standards. |
| Diversification of education and learning New generations and hyperconnectivity are rapidly changing both educational needs and modes of delivery. | Widening inequalities Absolute number of people living in extreme poverty has been declining. The gaps between the wealthiest and poorest of the population are widening. | Expanding influence of East and South The shift of economic power from the established Western economies and Japan towards the emerging economies in the East and South is set to continue. |
| Growing consumption By 2030, the consumer class is expected to reach 5 billion people. This means 2 billion more people with increased purchasing power than today. | Increasing demographic imbalances World population will reach 9.7 billion by 2050, with rapid growth mainly in Sub-Saharan Africa and stagnating numbers of residents in a majority of developed countries. | Increasing influence of new governing systems Non-state actors, global conscientiousness, social media and internationalisation of decision-making are forming new, multi-layered governing systems. |
| Increasing significance of migration The social and political significance of migration has increased. Migration flows and dynamics have become more mixed in an interconnected world. | Shifting health challenges Science and better living standards reduced infectious diseases. Unhealthy lifestyles, pollution and other anthropogenic causes are turning into health burdens. | Megatrends Engagement Tools Understand the interplay of the various megatrends and assessing their implications to domains or issues of your choice. |

https://knowledge4policy.ec.europa.eu/foresight/tool/megatrends-hub_en



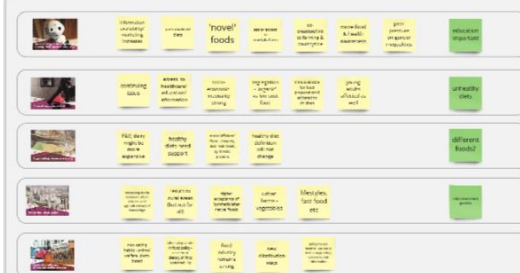
The screenshot shows the European Commission's Knowledge for Policy website. The header includes the European Commission logo and a 'Translate this page' button. The main navigation bar features 'Overview', 'Tools', 'Resources', and 'About'. The page title is 'Working with megatrends', described as an exploratory workshop. The 'DESCRIPTION' section explains that the EC Megatrends Hub is a curated repository of foresight-related information. It details the workshop's purpose: to help understand the potential consequences of megatrends on a specific issue through an interactive 3-hour session using 'Megatrend cards'. The 'PARTICIPANTS' section states that groups of 4-5 people (up to 6) are ideal. The 'FACILITATION' section notes that no facilitator is necessary, but the workshop leader should be familiar with the tool. The 'DURATION' is listed as 3 hours.

https://knowledge4policy.ec.europa.eu/foresight/working-megatrends_en

Preparation

- # Analysis

Consequences for eating habits of children



What aspects of the policy problem may change? (more significant, irrelevant, different – how?)
What effect will it have on stakeholders? (more significant/irrelevant/new?)



Policy problem

How will it affect policy objectives and options?



Policy objectives

Policy instruments

Analysis in 3 h workshop with ISG members,
also desk analysis is possible

Stresstesting of policies with wild cards

- EPRS approach

- Using High Impact Low Probability (HILP) events to stresstest policy initiatives

Figure 3 – The legislative cycle from a stress testing perspective

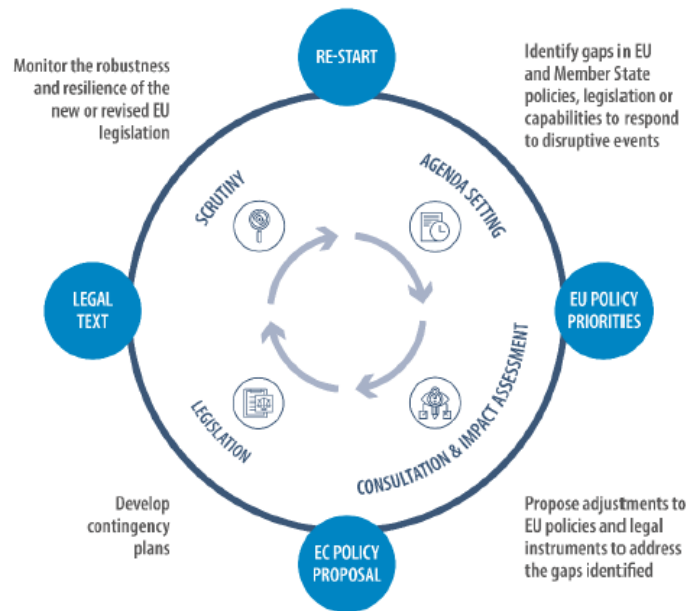
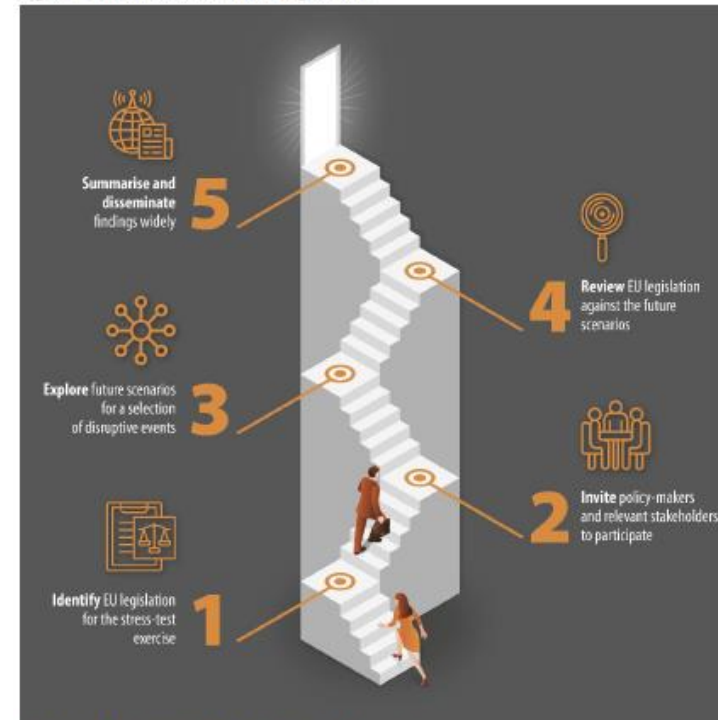


Figure 1 – How to stress-test EU legislation



Source: Authors' elaboration, graphics: Samy Chahri, EPRS.
Note: These steps draw on the research presented in Annex – DTI Study.

Conclusion

- Policies are long-term initiatives – future proofing is necessary
- We live in disruptive times – thinking ahead
- Foresight tools in Impact Assessment are crucial
- Foresight shall start at the agenda setting phase
- Foresight culture is needed

Which experiences do you have with foresight for policy making?
Where do you think it could be applied in your organisation?

Further reading

Foresight for policymaking

- **Foresight – Using Science and Evidence to Anticipate and Shape the Future:** DOI: [10.1016/b978-0-12-822596-7.00012-7](https://doi.org/10.1016/b978-0-12-822596-7.00012-7)

European Commission Better Regulation

- **Communication:** https://ec.europa.eu/info/law/law-making-process/planning-and-proposing-law/better-regulation-why-and-how_en
- **Guidelines and toolbox** (see tool 20) https://ec.europa.eu/info/law/law-making-process/planning-and-proposing-law/better-regulation-why-and-how/better-regulation-guidelines-and-toolbox_en

EPRS policy stress testing

- **'Future proofing' EU policies-The why, what and how of stress testing**
[https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI\(2021\)694209](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2021)694209)
- **How to stress-test EU policies - Building a more resilient Europe for tomorrow**
[https://www.europarl.europa.eu/thinktank/en/document/EPRS_STU\(2022\)699474](https://www.europarl.europa.eu/thinktank/en/document/EPRS_STU(2022)699474)

Thank you

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JRC Competence Centre on Foresight: https://knowledge4policy.ec.europa.eu/foresight_en

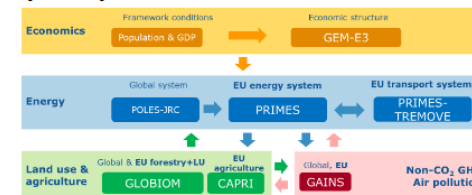
Related tool: Baseline (tool # 60)

- Idea: benchmark policy options against “no policy change”
- Used to assess the environmental, economic and societal effects of policy initiatives
- Include expected socio-economic developments as well as technological societal developments
- Baselines should be quantified, but also have qualitative part

Examples of detailed quantified baselines



Figure 1: Modelling suite for the EU Reference Scenario 2020



[Link](#)



EU AGRICULTURAL OUTLOOK
FOR MARKETS, INCOME AND ENVIRONMENT
2020 - 2030

[Link](#)

