The Environment Test and Policy Integration: a New Dawn or a False Start?

By

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Abstract

Since the late 1980s, the 'environment test' (e-test) has been used by the United Kingdom (UK) and the Netherlands as a key part of their environmental policy integration (EPI)

strategies, and has provided a model for the European Union's (EU) Impact Assessment regime. The aim of the e-test is to integrate environmental considerations into decisions across all sectors at an early stage in the policy process. It does so by assessing different policy options for their respective environmental impacts so that ideally the most benign policy direction can then be pursued. Very few countries actually use e-testing. However, organisations such as the OECD imply that it is needed to achieve EPI and should therefore be more widely adopted. The EPI systems used in both the Netherlands and the UK have been highly acclaimed by the OECD and some academics. However, critics suggest that the performance of e-testing within these two countries is actually very inconsistent. This paper, therefore, aims to compare the UK's and the Netherlands' experiences of employing e-tests. It illustrates that on the surface the Netherlands' use of the e-test has been viewed as a relative success, yet in practice its impact appears to be limited. Similarly, it highlights that the e-test has been sparsely and weakly conducted in the UK and has failed to have a cross-sectoral impact. This contrasting experience suggests that there is no guarantee that the influence of e-testing will necessarily be as widespread as intended or reported by national governments, EU or the OECD. This paper tests the various competing claims about how to pursue EPI and argues that the success of e-testing may well depend on how well policy makers are stimulated rather than forced to conduct them.

1. Introduction

In 1997 the United Nations sponsored Brundtland Report (WCED), which first publicised the term 'sustainable development', observed that:

> "*The integrated and interdependent nature of the new challenges and issues [of sustainable development] contrasts sharply with the nature of the institutions that exist today. These institutions tend to be independent, fragmented, and working to relatively narrow mandates with closed decision processes. Those responsible for managing natural resources and protecting the environment are institutionally separated from those responsible for managing the economy. The real world of interlocked economic and ecological systems will not change; the policies and the institutions concerned must.*" (emphasis added, p.310)

Thus, Brundtland highlights that sustainable development is one of society's 'wicked issues' (Flinders, 2002) which cuts across many sectors. The implementation of sustainable development therefore requires "specific initiatives by government[s] to better integrate economic, environmental and social goals within the mandate of each existing [department]" (OECD, 2002b, p.2). However, the requirement to follow more environmentally friendly, and thus more sustainable, policies presents a challenge to the institutions of government as it necessitates a change in the way in which decisions have previously been made, i.e. from a sectoral to a more cross-governmental and coordinated perspective. One possible approach to coordinate cross-sectoral action on the environment is to integrate it into the everyday policy making activities of the constitute sectors of government in order to minimise contradictions between environmental and sectoral policies (Lafferty and Hovden, 2003: 9). Therefore, environmental policy integration (EPI) has been widely advocated as an institutional strategy that can be used to pursue more coordinated policy on the environment (Jordan and Lenschow, 2000; Lenschow, 2002a; 2002b).

EPI does not in itself constitute sustainable development as it only addresses the environmental pillar, but it is an "indispensable part of the concept of sustainable

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development" (Lafferty and Hovden, 2003, p.2). Crucially, EPI seeks to replace the sectoral 'top down' regulatory strategy of environmental management with an approach which is both horizontally and vertically coordinated (Lenschow, 2002a; Hertin and Berkout, 2003). Lenschow (2002b, p.23) suggests that EPI implementation incorporates two dimensions: an administrative challenge using coordination strategies and mechanisms (e.g. interministerial groups, integration units (see Peters 1997 for a fuller list)); and new forms of state-society relations pursued through encouraging green consumerism, eco-taxation etc (European ECO Forum, 2003). This paper focuses on the administrative implementation of EPI. There are many suggested forms of administrative coordination machinery, ranging from hierarchical (e.g. cabinet committees) to bottom-up (e.g. training initiatives) principles, that can be used to facilitate coordination approaches (see Peters, 1997). This paper though, primarily focuses on one of these, the e-test, which forms a part of the EPI strategies employed in the United Kingdom and the Netherlands. The e-test is essentially a bottom-up coordination or integration tool. It is meant to be a form of *ex-ante* assessment by which different policy options for a specific policy objective are assessed for their respective environmental impacts. Appraisal methodologies such as cost-benefit analysis (CBA), strategic environmental assessment (SEA) and multi-criteria analysis have been advocated as approaches to conduct such an assessment (Hanley, 2001).

Organisations such as the OECD (2001), together with some academics (e.g. Jacob and Volkery, 2003), imply that the e-test is a necessary requirement for a successful EPI strategy. Moreover, the EU's impact assessment regime (European Commission 2003b, p.7) has recently been rolled out to assess the commissions policy proposals for their sustainable development impacts (European Commission 2003a). While the EU's impact assessment is more integrated and holistic than the e-test, it is arguably founded on similar principles. After its first year of operation (2003), Wilkinson *et al* (2004, p.3) conducted a study which claimed that the quality of impact assessments had been uneven, with many providing very poor coverage of sustainable development issues. However, the EU regarded the first year of the regime as an opportunity to 'learn by doing' (Wilkinson, et al., 2004, p.3). This implies that the EU believes that the implementation of impact assessments will improve by virtue of time as policy makers become more accustomed to process. How tenable, though, are such aspirations? To answer this question and to examine the various claims made about the virtues of the e-test (OECD, 2001; 2002a), it is useful to examine how the e-test is actually performing in states with a history of using it. Therefore, this paper focuses on and compares the experiences of both the UK and the Netherlands as they have both had over ten years experience of e-testing at policy level. Moreover, both of these countries have highly acclaimed EPI strategies and are therefore regarded to be at the vanguard of EPI within the EU (Lafferty and Meadowcroft, 2000; OECD, 2001). To conduct this comparative study, this paper draws on the use of empirical data generated from twenty-seven interviews with UK government officials and other experts, coupled with primary and secondary documentary analysis.

The remainder of this paper unfolds as follows. Part 2 outlines the EPI strategies of the UK and the Netherlands. Part 3 looks at the Metcalfe (1994) coordination scale to provide insights into the nature of coordination and the relationship between the coordination mechanisms that feature in the Dutch and British strategies. Part 4 discusses some the implementation difficulties that both countries have encountered with their e-testing strategies. Part 5 looks more specifically at coordination problems associated with both e-testing regimes. Part 6 concludes by drawing on the UK and Dutch experiences to discuss how well the e-test is currently assisting the pursuit of EPI and the lessons that can be learnt for the EU's impact assessment regime.

EPI Implementation Strategies
EPI in the UK

The UK has a reputation for having a 'Rolls-Royce' coordination system which ensures that the constituent parts of government speak with one voice on foreign policy and EU affairs (Metcalfe, 1994, p.285; Bulmer and Burch, 1998; Jordan, 2002b, p. 48). It also has a tendency to deal with environmental policy problems by making changes to the policy process or the machinery of government (Weale *et al* 2000, p.176). Therefore, when the Conservative government introduced the UK's EPI strategy in the 1990 White Paper on the Environment (HMG, 1990), it represented a modification of existing government coordination machinery. Through the White Paper process a cabinet committee was set up to resolve inter-departmental conflicts on the environment, and a Green Ministers committee, consisting of representatives from each department, was established to encourage the sharing of good practice. One of the primary vehicles of the UK's EPI programme introduced in the 1990 White Paper (HMG, 1990) is an *ex-ante* e-test on policy proposals (i.e. CBA or multi-criteria analysis), which was supported by the publication of guidance (see: DoE, 1991; DoE, 1994).

Shortly after the change in government in 1997, the new Labour Prime Minister Tony Blair (1997) pledged at a high-profile UN conference (Rio+5) to "make the process of government green". He added that:

> *"The environment must be integrated into all our decisions, regardless of sector. [It] must be in at the start, not bolted on later."*

Labour, therefore, sought to build upon this injection of Prime Ministerial political support by strengthening the UK's EPI machinery. They established a Parliamentary Environmental Audit Committee (the EAC) to scrutinise the governments' performance on sustainable development (Jordan and Lenschow, 2000, p.112; Jordan, 2002a, p.46) and a new cross-departmental Sustainable Development Unit (SDU) within the Department of the Environment to carry forward the government's sustainable development agenda (Young, 2000, p.254; Jordan, 2002a, p.46). Also, the use of existing e-testing guidance was reviewed and new best practice supplementary guidance (DETR, 1998) was issued. Crucially, the responsibility for conducting the e-test lies with the department responsible for the policy (Russel, 2004, Ch.3), as it did under the Conservatives.

EPI in the Netherlands

The Netherlands has long been regarded to be at the vanguard of environmental protection and has a long history of EPI (Lafferty and Meadowcroft, 2000; OECD, 2001; Lenschow, 2002a). The Dutch see the environment as a societal problem, and therefore their EPI focuses on sectoral strategies with stake-holder input (Jordan and Lenschow, 2000, p.115). Due to high profile environmental degradation in the 1980s (e.g. the depletion of the ozone layer), the Dutch government started to recognise the need for more integrated pollution and environmental control (de Graeff, 1998, p.14.; Van Muijen, 2000, p144), i.e. it realised that the environment was a cross-cutting issue and not one that could be managed sectorally. Following the Brundtland Report (WCED, 1987), the Dutch published their first National Environmental Policy Plan (NEPP) in 1989, which aimed at reaching sustainability by 2010 (Van Muijen, 2000, p.146). Integration was pursued through the clustering of environmental

issues into seven areas with separate cause-effect chains (e.g. climate change, acidification, etc), creating a series of stakeholder-centred decision making networks. Subsequent NEPPs led to the integration of both environmental taxation and environmental licensing, as well as attempts at developing area projects to match land use planning with environmental goals (de Jongh, 1996; de Graeff, 1998).

In addition to the NEPP initiatives, the Netherlands has a history of using assessment techniques to measure environmental impacts. Environmental impact assessment was introduced into its planning process in 1987 in response to the EU's EIA directive (85/377/EEC). The ground was laid for the introduction of the e-test in the NEPP2 (Jacob, et al., 2004, p.18) which led, in 1994, to a more comprehensive e-testing strategy to be applied on various forms of draft legislation (Verheem and Tonk, 2000, p.180). The procedure was developed by a ministerial committee (chaired by the Prime Minister) (*ibid*). Alongside the e-test, a specialist centre or 'help desk', the Joint Support Centre for Draft Regulations, was founded by both the economic and environment ministries to provide support and guidance to ministries who were conducting the actual e-test on their policies (*ibid*).

Until recently the e-testing regime consisted of the following steps. First, with the assistance of the Support Centre and the legal sections of the key ministries the council of ministers was required to draw up a list of policies (Van Ruiten, 2002, p.1; Jordan, et al., 2005, Ch.5). Next, an inter-ministerial group screened this list to identify the most environmentally significant policies. Finally, the council of ministers decided which of these remaining pieces of legislation the e-test should be applied to (Van Ruiten, 2002, p.1). However, following recent changes to the system, the responsibility now rests primarily with the departments responsible for the legislation (Jacob, et al., 2004, p.18). The results of the test are then sent to the Department for Economics, the Department of the Environment and the Department of Justice, with the Justice Department having responsibility for producing a report on whether the legislation should be implemented *(ibid)*. If the test is not approved by the Justice Ministry, a legislative report has to be included in the submission to Cabinet (ibid, p.19).

Having outlined the EPI approaches of the UK and the Netherlands, how can we differentiate between the different coordination machinery of the respective strategies, especially with regard to their relationship to the e-test? Metcalfe's scale of coordination can potentially offer us clues.

The Measurement of Coordination: the Metcalfe Scale

The Metcalfe scale (1994) of policy coordination scale (see Box 1) is a tool which can be used to measure coordination and rationalise coordination strategies with regard to the relationships between different mechanisms. In order to overcome the problem of choosing one specific definition, Metcalfe's scale incorporates the various descriptions and mechanisms of coordination. Furthermore, the scale ranges from very loose coordination for simple issues to highly integrated coordination for more complex matters. Metcalfe's scale is a Guttman scale and thus has the following properties: it is uni-dimensional, ordinal and cumulative (Metcalfe, 1994p. 281). Its uni-dimensional aspect means that it can be considered as a "flight of steps in which qualitatively different components of coordination are added from the bottom up" (*ibid*) (see Figure 1). According to Metcalfe (2000, p. 830-831) the more awkward coordination issues require the "activation of higher level capacities" whereas, if the lower levels function effectively "they filter out simpler and uncontroversial coordination problems". Crucially, therefore the cumulative nature of the scale implies that

the mechanisms for higher levels of coordination require the existence and reliability of the lower ones.

As figure 1 demonstrates, in theory the UK's EPI strategy broadly has the potential mechanisms to fulfil most of Metcalfe's coordination levels (cf Box 1). Levels 1 to 2 can generally be associated with the e-test; level 3 by the SDU; levels 4 to 5 by the cross-departmental Green Minister's Committee; and levels 6 to 7 by the Environment Cabinet Committee. Thus, in theory, the UK is well equipped to coordinate on the environment across the range of levels.

As Figure 1 also demonstrates, in terms of its support for the e-test, the Netherlands also theoretically fulfils most of Metcalfe's steps. As with the UK, levels 1-2 can be arguably represented by the e-test.; levels 3-4 by the help desk; level 6 by the implantation report written by the Department of Justice; and levels 7-8 by the Dutch Cabinet system. However, in contrast to the UK where the e-test is an integral part of the whole EPI strategy, the Netherlands e-test does not appear to directly feed into its other EPI mechanisms, as defined by the various NEPPs (e.g. its stakeholder decision making networks).

The Metcalfe scale is also claimed to be a diagnostic tool on how well coordination strategies are performing, as it allows for:

> *"...[the] provision [of] <u>a means of locating the underlying sources of coordination problems</u> instead of responding to the symptoms of interministerial conflict and jumping to the conclusion that a centralising solution such as an arbitration authority or supervisory body is always appropriate.*" (emphasis added) (Metcalfe, 1994, p.287)

Therefore, when a department's level has been established, the coordination weaknesses can be ascertained. Hence, the scale will be used later in this paper to examine potential coordination bottlenecks in the EPI strategies of the UK and the Netherlands.

The E-Test in Practice
The UK's Experience

The initial output of e-tests under the Conservatives government (1990-1997), appears limited. Answers to parliamentary questions revealed that no department could give evidence of having conducted any (Young, 2000, p. 252). Later, the Department of the Environment commissioned a report into the overall quality of appraisals, which concluded that the practice of e-testing "does vary greatly" across Whitehall (DETR, 1997, p.22). It continued that, "departments remain averse to [valuation techniques], and they are rarely used" (DETR, 1997, p.2).

Following Prime Minister Tony Blair's commitment to the environment (see above), it looks as if EPA output has been better under the Labour administration (1997 – present). As Table 1 demonstrates, 61 e-tests were conducted between 1997 and 2002. However, the vast majority of these were produced within the Department of the Environment, with most departments having failed to publish any between 1997 and 2002. Interviewing revealed that the departments who had not published e-tests were unlikely to have conducted any at all. This low level of output by non-environmental departments is indicative that the e-test is failing in its aim to integrate environmental considerations across policy sectors, i.e. it is

highly sectorized. When compared with the number of regulatory impact assessment, another of the UK's assessment tests, the production of e-tests is low.[1] Between January 1990 until Dec 2002, 541 Regulatory Impact Assessments were submitted to the Regulatory Impact Unit, which is the body is responsible for its management (Cabinet Office, online: accessed March 2003). Thus there is a nine-fold disparity in output between the two tests.

The following analysis was carried out on 46 out of 61 e-tests in Table 2 (Russel and Jordan, 2004). Figure 1 presents the frequency with which the individual UK e-testing best practice criteria are met (DETR, 1998). As Figure 1 demonstrates, the criteria which are the easiest to fulfil, such as, 'outlining the policy issue' and 'stating the aims and objectives', are the most frequently met. The other criteria are infrequently achieved, indicating that the sampled e-tests are failing to meet best practice requirements. Many of the assessments were limited to solely identifying costs <u>or</u> benefits, providing a very limited range of costs and benefits or not including any costs and benefits at all beyond very vague statements. For example, one e-test's identification of costs and benefits was limited to the statement that "there will be environmental benefits from the control of a wider range of environmental impacts, compared with control of only air emissions…" (DETR, 2000, para. 11).

Furthermore, given that the ultimate purpose of the e-test is to act as an *ex-ante* assessment of policy options, the fact that the majority of e-tests analysed assessed only one option is indicative that many were conducted in a perfunctory manner. The parliamentary EAC also noted this shortcoming, commenting that "the Government is blurring the distinction between 'options appraisal' and 'impact assessment' (which is likely to be much more about defending decisions)" (HC 341, session 1999-2000, para. 32). Moreover, the vast majority of the assessments analysed were undertaken in the later stages of the policy cycle (Russel and Jordan, 2004, Fig. 2). Thus it can be argued that the current trend among the majority of departments is to use the e-test as a 'green proofing' *ex-post* justification of an already framed decision, which chimes with similar claims made by the EAC (HC 426-I session 1998-1999 para. 54).

How does this British experience of poor e-testing practice compare to that of Dutch?

The Dutch Experience

As with the UK, the output of Dutch e-tests also appears to be limited, with only about 5% of policy proposals being tested (Jordan, et al., 2005, Ch.5). Moreover, while the e-test was intended to be applied to all policies, to date it has only been used on legal initiatives (Dalal-Clayton and Sadler, 2004, Ch.4), which leaves a whole swathe of potentially environmentally damaging policies that are not subjected to an e-test.

Furthermore, like the UK's experience, reports suggest that the Dutch success with the e-test has been partial (VROM, 1999; Van Ruiten, 2002; Dalal-Clayton and Sadler, 2004, Ch.4; Jordan, et al., 2005, Ch.5). After five year's experience of e-testing, the Dutch Environment Ministry commissioned a report on how well the initiative had been implemented (VROM, 1999). Based on the report's findings, Van Ruiten (2002, p.1) has claimed that, while the Dutch e-test generally fulfils the required assessment criteria demanded by the independent support desk, there is no check on the actual quality of the information provided. In fact, it appears that the actual data provided in the assessments is so limited that the results are

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[1] Regulatory Impact Assessment is a centrally sponsored requirement, which is intended to assess the costs, benefits and risks a policy proposal imposes on business, charity or the voluntary sector (Cabinet Office, 2003a, para.1.1).

summarised in not much more than 1-2 paragraphs in an explanatory memorandum which accompany all new legal texts (de Vries, 2000, 7, quoted in Jordan 2005). Thus, they are said to have not been used for an objectives-led evaluation, i.e. they are *ex-post* assessments of already framed legislation. Thus, they appear to have been conducted late in the policy making process. As a result, "no rules or regulations have changed significantly due to the results of the e-test" (Van Ruiten, 2002, p.1). Overall, therefore, "the environment test has limited effects on the decision making process or the quality of the cooperation between the environment ministry and other departments" (Van Ruiten, 2002, p.1).

Summary

In both countries the number of e-tests produced appears to have been limited. Moreover when they are conducted the quality of their assessments seems to be low. Fore instance, in both countries though, the e-test generally appears to be performed late in the policy process, limiting its impact on the final outputs of policies. Unlike the UK however, the e-tests conducted in the Netherlands appear to, superficially at least, fulfil the required assessment steps. Having discussed the implementation difficulties of the e-test in the UK and the Netherlands, it is necessary to discuss some of the factors that are possibly related to these problems.

Potential Factors Related to the Poor Implementation of the E-Test
The UK's Experience

Table 2 outlines seven barriers to the e-test in the UK as identified by interviewees. First, low awareness of the e-test and lack of expertise in the assessment procedures were indicated by twelve out of the twenty seven UK interviewees as factors that potentially impede the implementation of the e-test. Second, there is evidence that official 'e-testing' guidance (e.g. DoE, 1991; DETR, 1998; HMT, 2002; Bateman, et al., 2003, etc) inadequately addresses policy makers' needs (see Table 7.2). In spite of the guidance being heavily slanted in favour of quantification, though, only 2% of the analysed e-tests used full quantification. Moreover, seven of the interviewees suggested that there was a widespread suspicion of quantification in departments (also reported by Pearce (1998)). Therefore, it appears that there is a mismatch between what the guidance prescribes and what policy makers require. Third, fifteen of the interviewees believed that the uptake of e-testing was stuttering because of a lack of high-level leadership. This concept consisted of two themes: poor leadership from central figures and departments (EAC HC 426-I, session 1998-1999, para. 12; EAC HC 341, session 1999-2000, para. 21); and a paucity of leadership by senior departmental officials. Fourth, eight interviewees indicated that a lack of resources has hampered their attempts to foster e-testing. This issue was also highlighted by the EAC (HC 961, session 2002-2003, pp. 13-14), which noted that, while there are 137 Whitehall staff involved in sustainable development, 93 of these are concentrated in just three departments.[2] Fifth, ten interviewees believed that the e-test was being sidelined because it is not deemed to be core departmental work (see Table 7.2). Sixth, five interviewees claimed that e-testing was being hampered because it had to compete with ten other central government appraisal requirements.[3] Therefore, because of

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[2] The Department for International Development, the Foreign and Commonwealth Office and the Department for the Environment.
[3] The Policy Maker's Checklist (Cabinet Office, 1999) lists the following assessment requirements: scientific accuracy, risk, human rights, EU impacts, regulatory impacts, environmental appraisal, rural proofing, equal

limited time and resources, policy makers tend to choose only those appraisal requirements that fit most closely with their core work. For example, the Department of Health is possibly more likely to conduct a health impact assessment than an e-test. Seventh, the way the e-test is advocated in the UK (see DETR, 1998) suggests that it should run alongside and develop policy in a rational cycle. However, five of the interviewees suggested that the reality of policy making is more complex because of the existence of pre-defined agendas, manifesto commitments, tradeoffs with other departments, pressure from outside groups, bright ideas from ministers, and policy being demanded by the EU.

The Dutch Experience

Table 2 also shows five possible factors associated with the Netherlands's e-testing implantation difficulties, as reported in existing literature. First, lead ministries regard the e-test as an administrative hurdle that has to be overcome for legislation to be finally implemented (de Jongh, 2002, reported in Jordan 2005). Second, there are a plethora of 30 other policy tests that could crowd out the e-test, such as Business Impact Assessment and Practicability and Enforcement Assessment (Nootebottom, 2002). Third, Van Ruiten (2002, p.1) claims that there is generally a low awareness of the environment test, even within the environment ministry. Fourth, parliamentarians and pressure groups, who are often involved in the policy making process, are not even included in the e-testing procedure, even in cases where they have supplied information on environmental impacts of legislation where the test has been applied (*ibid*). Fifth, there are potential problems with the guidance connected with how well it meets policy makers' needs. For instance, Van Ruiten (ibid 2002, p.2) reports that the value of detailed quantitative analysis is often questioned. However, while acknowledging that it is not always possible to quantify all impacts, the latest guidance for the Dutch e-test (Proposed Legislation Desk, 2003, pp.24-25) advises that "quantification of the answers is extremely important because it avoids differences in opinion." Thus, there arguably appears to be a mismatch between the guidance and the needs and views of e-test practitioners.

Summary

As demonstrated in Table 2, there appear to be parallels between the possible factors connected to the implementation problems of the e-test in the UK and the Netherlands. In particular, both cases hint at the existence of low awareness of the e-test, which does not bode well for the EU's desire for 'learning by doing' within its impact assessment regime (Wilkinson, et al., 2004, p.3). Thus, it appears that the e-test has not had the desired intention of greening departments and ministries from the bottom up. The practice of quantification, as advised by guidance in both countries, appears to be incompatible with the views of e-test practitioners, who appear to be generally suspicious of quantifying the environment. It is, therefore, arguably difficult to see how they can be stimulated to produced assessments. Both examples also reveal the problem posed by the existence of too many appraisal requirements. However, this difficulty many now be less of a problem in the UK, as its policy assessment requirements have been rationalised and collapsed into a more integrated form of regulatory impact assessment (Russel, 2004), akin to the EU's impact assessment. There are also issues that appear to be specific to the UK or the Netherlands (e.g. the e-test being viewed as a chore in the Netherlands and its poor 'fit' with core departmental values in the UK). However,

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treatment appraisal, health impact assessment, health and safety impact assessment and consumer impact assessment.

given that this account of the Netherlands draws on secondary data, it would be useful to conduct more detailed empirical work on its e-testing regime, so that a more comprehensive comparison can be made. It should then be possible to explore any parallels and differences in further detail and to ascertain if, in fact, there are other common features in both countries' experiences. Moreover, there are likely to be deeper underlying causes relating to factors that potentially lead to the prevalence of sectoral thinking over a more cross-sectoral outlook. Tapping the detail of such causes would require a more comprehensive exploration of the e-testing experiences of both the British and the Dutch.

Coordination Bottlenecks

As discussed above, Metcalfe's (1994) coordination scale is a potentially useful tool to measure coordination and to identify coordination breakdown. For instance, the cumulative nature of the scale suggests that, without adequate reporting through low level tools such as e-test, interdepartmental conflicts of interest on the environmental spillovers of a policy are less likely to be uncovered. Thus the higher level EPI mechanisms (e.g. the UK's Green Ministers Committee, or the Netherlands's Department of Justice) have little information to work with (see Chapter Two), i.e. potential conflicts of interest are not revealed and are therefore not fed into the higher level machinery to resolve. The logic behind this argument is that open disagreement between departments, resulting from the assessment of a policy's impacts, aids the integration of cross-governmental initiatives as it allows for conflicts to be addressed and balanced coherently through the use of higher level coordination mechanisms. What, though, can the Metcalfe scale actually say about EPI and the e-test in the UK and the Netherlands?

In spite of the existence of higher level EPI mechanisms in both countries, their poor implementation of the e-test appears to suggest that coordination is at Levels 1-3 (independence, communication, consultation) (see Box 1). Specifically, both the UK and the Netherlands are trying to reach high coordination levels (e.g. the UK's Cabinet Committee system and the Dutch Cabinet) without ensuring that the low level, bottom-up e-test is effectively implemented. Crucially, with the recent changes made to the Dutch e-testing regime, responsibility for conducting the e-test in both countries resides with departments. However, both cases show that there is a low awareness of the e-test amongst policy makers which possibly indicates that policy makers are not being stimulated to produce them. This situation arguably implies that policy makers in both countries have insufficient capacity to produce e-tests of good enough quality to reveal information regarding policy spillovers for the higher levels to work on. Moreover, with the Dutch system there appears to be little scope for conciliation and/or conflict resolution. For instance, as the Ministry of Justice's role appears to be that of an arbitrator. Thus, the jump from the e-test help desk to the Ministry of Justice's report on whether to proceed with the legislation appears to impose coordination hierarchically from the top-down, without first giving sectors enough room to solve the problem between themselves through, for example, interministerial committees etc. It is possible that the intention is for the Cabinet to be involved in these issues. However, the Cabinet is arguably more concerned with strategic issues and would have limited time and to intervene in regular conflicts of interest in every-day policy making (Peters 1997). Also, as opposed to the UK's strategy, the Dutch e-testing regime appears to be working in isolation from the rest of its EPI strategy (e.g. the stakeholder decision-making networks), as indicated by the reported low awareness among parliamentarians and other stakeholders of e-tests being conducted (Van Ruiten, 2002, p.1). Thus, opportunities for parties involved in

environmental decision-making to have an input into the e-testing process at Levels 3-6 are being lost.

Conclusions

This paper has highlighted that the implementation of the e-test in both the UK and the Netherlands appears to be weak. Crucially, despite the fact that both countries have over 10 years experience of e-testing, their poor practice and reports of low awareness suggest that policy makers in both countries are not 'learning by doing'. This situation presents an ominous picture for the EU's hopes that the quality and implementation of impact assessments will improve as policy makers gain more experience in the procedure (Wilkinson, et al., 2004, p.3). What lessons, therefore, can the EU and its member states learn from the Dutch and British experiences?

The Metcalfe scale has the potential to offers suggestions to ease the implementation of e-testing regimes. For instance, Metcalfe (2000, p. 831-832) argues that:

> "*Following the developmental logic of the policy coordination scale, a capacity-building programme would first strengthen the lower-level capacities for communication, consultation etc…*"

The logic of this approach is demonstrated in both the UK and Netherlands, as many of the coordination problems relating to the e-tests seem to be associated with the limited capacity within policy sectors and departments to actually implement the e-test, coupled with a low awareness of its existence. In other words, establishing an e-testing regime will not *ipso facto* achieve coordination as the success of the scheme depends on ability and willingness of policy makers to conduct high quality assessments. Thus, coordination appears to be breaking down at the lower ends of the scale (see Box 1). Therefore, rather than relying on 'learning by doing' to improve the quality of its Impact Assessments, it would possibly more useful if the EU initiated comprehensive training programmes and capacity building strategies on the e-test. Given that it is better to stimulate officials to e-test rather than force them to, one strategy to make the e-test more relevant to policy makers would be to incorporate it into their employment terms. For instance, attending training courses, and partaking in EPI-related initiatives could be used as one of many possible sets of criteria for officials to get promoted or to achieve pay rises etc. Also, considering that some of the prescriptions in the e-testing guidance (e.g. quantification) in both the Netherlands and the UK appears to be antithetical to policy maker's needs, it is important that the EU develops guidance which is based on heavy consultations with policy-makers and takes account of their views. Such a strategy would arguably create a sense of ownership of the guidance amongst officials and give them more incentive to use it.

The Metcalfe scale also suggests that while e-testing should come from the bottom, the success of the coordination system requires there to be mechanisms (e.g. interministerial groups, cabinet committees) at all the levels to create demand, so that spillovers can be filtered in order to be addressed with the most appropriate mechanisms. However, as with the Netherlands's case, the EU's Impact Assessment regime appears to be working in isolation from the rest of its EPI strategy, such as the Cardiff Process of sectoral reporting. As the EU's EPI strategy is arguably very disjointed, opportunities for impact assessment to actually feed into the wider decision-making arena and integration processes are being lost. Moreover, unlike the e-test in the UK and the Netherlands, the EU is devoid of mechanisms

directly associated with its impact assessments at levels 3-6 on the Metcalfe scale (Wilkinson, et al., 2004, pp.3-4). Therefore, the opportunities to create demand for the e-test and to filter through any arising spillovers before they reach the college of commissioners are limited Based on the cumulative logic of the Metcalfe scale, this situation means that the potential for communication breakdown is high.

There are also questions about the relationship between national e-testing in countries such as the UK and the Netherlands and the EU's impact assessment. Jordan *et al* (2003, p.120) suggest that presently there is little coordination between the EU's and its member state's assessment regimes. Thus, there is a high "risk of confusion and overlap if large numbers of assessments are undertaken under various EU and member states initiatives" (ibid).

Overall, the experience of the UK and the Netherlands raises questions over whether the e-test, as it is currently practised, is necessarily the 'new dawn' for EPI and more sustainable policy making that many have suggested or hoped for (Pearce, 1998; OECD, 2001; 2002a; European Commission 2003a; Jacob and Volkery, 2003). However, the e-test is not necessarily a 'false start' as there are lessons that can be drawn from its implementation in the UK and the Netherlands, which could arguably help to make the e-test and the EU's Impact Assessment a more effective integration tool. Crucially, though, the e-test is not a model that should be uncritically copied particularly by the EU, which potentially not only has horizontal coordination problems but also vertical ones between the different layers of government (e.g. local, national and EU).

Acknowledgements

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Table 1: Number of Published E-Tests identified, under the Labour Government: May 1997 - Dec 2002*

Department	Number of e-tests
The Environment Department and the Department for Transport	47
Department of Trade and Industry	6
The Treasury	3
Inland Revenue	3
Joint Environment Department, Treasury and Customs and Excise	1
Ministry of Defence	1
Total	61

*This is not a necessarily complete list, as it merely represents those that were uncovered during this research.

Table 2: Possible factors related to the poor implementation of the e-test

The UK*	The Netherlands†
• Low awareness and expertise • Inappropriate guidance prescriptions • Too many policy assessment requirements • Lack of leadership • Lack of resources • Clashes with core work • Complexities of policy making	• Low awareness • Inappropriate guidance prescriptions • Too many policy assessment requirements • Bureaucratic hurdle • Exclusion of parliament and pressure groups

*Based on interview data
†Based on secondary accounts (de Jongh, 2002; Nootebottom, 2002; Van Ruiten, 2002; Jordan, et al., 2005)
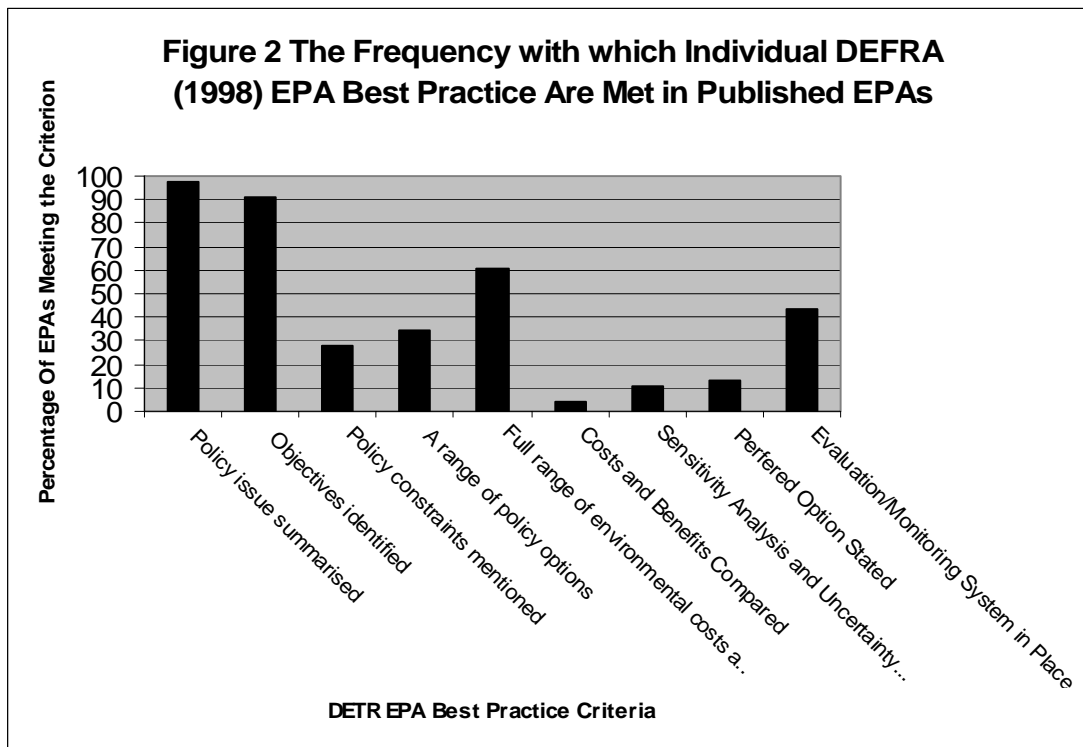
Figure 1: Metcalfe Coordination steps and the United Kingdom's and the Netherlands's Environmental Policy Integration

The United Kingdom

<div align="center">

Level 8: *Cabinet*

Level 7: *Environment Cabinet Committee*

Level 6: *Environment Cabinet Committee*

Level 5: *The Green Ministers Committee*

Level 4: *The Green Ministers Committee*

Level 3: *SDU*

Level 2: *e-test*

</div>

Level 1: *e-test*

The Netherlands

<div align="center">

Level 8: *Cabinet*

Level 7: *Cabinet*

Level 6: *Ministry of Justice*

Level 5:

Level 4: **help desk**

Level 3: *help desk*

Level 2: *e-test*

</div>

Level 1**:** *e-test*

Figure 2 The Frequency with which Individual DEFRA (1998) EPA Best Practice Are Met in Published EPAs

Box 1: The Metcalfe Scale of Coordination

Level 1
Independence: each department retains autonomy within its own policy area irrespective of spillover effect on associated departments/areas.

Level 2
Communication: departments inform one another of activities in their areas via accepted channels of communication.

Level 3
Consultation: departments consult one another in the process of formulating their own policies to avoid overlaps and inconsistencies.

Level 4
Avoiding divergence in policy: departments actively seek to ensure their policies converge.

Level 5
Seeking consensus: departments move beyond simply hiding differences and avoiding overlaps/spillovers to work together constructively through joint committees and teams.

Level 6
Conciliation- mediation: central bodies are called in by, or are imposed upon, departments to settle irresolvable disputes.

Level 7
Limiting autonomy: parameters are predefined which demarcate what departments can and cannot do in their own policy making areas.

Level 8
Establishing and achieving common priorities: the core executive (Cabinet/Prime Minister/Cabinet Committee) sets down and secures at the early stage of the decision cycle, though co-ordinated action, the main lines of policy.

Source: (Jordan 2002b, Box 3.1)