



Analysis of Distributional Impacts of Environmental Policies

Linking Impact Assessment Instruments with Sustainability Expertise

TIAS Webinar 14.5.2014



Distributional Impacts of Environmental Policies

- 1. Developing new environmental policies is challenged by suspected distributional impacts:**
 - ⇒ Rising prices for energy / energy poverty**
 - ⇒ Prices for environmental friendly goods and services**
 - 2. The absence of (effective) environmental policies has distributional impacts:**
 - ⇒ Poor people are more often affected by emissions**
 - ⇒ Access to natural resources unevenly distributed**
- ⇒ Distributional impacts are a cross cutting issue: all policy domains are potentially affected**



Distributional Impacts – Different Concepts

- 1) **Normative concept: Environmental justice**
 - 2) **Analytical concept: Assessment of the distribution of costs and benefits**
- ⇒) **Integrating assessment of distributional impacts in policy impact assessment (IA)**

Policy IA:

-) **A process to evaluate ex ante the impacts of policies**
 -) **Widely applied in OECD countries**
 -) **Varies with regard to focus, institutional setup and implementation**
- ⇒) **Why applying IA for distributional impacts?**
- ⇒) **How can distributional impacts be assessed in the context of IA?**



Scoping of Distributional Impacts

Causal chain analysis:

Policies => activities/behavioural changes => impacts (=> indirect impacts)

Distributional impacts:

Impacts vary across different groups

⇒ What type of impacts?

⇒ What type of groups?



Impact Areas and Affected Groups

Impact Areas:

- **Economic impacts**
- **Employment**
- **Health**
- **Societal participation**
- **Social cohesion**
- **Quality of life**
- **Gender impacts**

Affected groups:

- Socio-economic properties
- Regional properties
- Types of households
 - Preferences
- Cultural groups
 - Gender
 - Generations
 - Ownership



Processes of change as link between output and impact:

Environmental

Economic

Spatial

Demographic

Institutional

Emancipatory



Three Steps to Analyse Distributional Impacts

**1) Scoping: Causal Chain Analysis: possible causal chains
Based on common sense and literature review**

Identification of policies, potential processes, impacts and affected groups

=> Potentially large number of causal chains

**2) Stakeholder review: relevant causal chains
Consultation with affected stakeholders**

Identification of knowledge gaps

=> Risk of overlooking relevant but unorganised groups

**3) In depth analysis: unknown causal chains
=> Need for data and/or modelling capacities**



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**Representation of households (employment and income)
and legal framework (taxation and transfers)**

**Data based on socio economic panel, income and
consumption sample**

To explore

- ⇒ Fiscal effects**
- ⇒ Distributional effects**
- ⇒ Labor supply**
- ⇒ Employment effects**



Lessons for Policy Impact Assessment

- ⇒ **Integration of distributional impacts in policy impact assessment is possible and needed**
- ⇒ **Analysis is useful for:**
 - ⇒ **Demonstrating positive distributional impacts**
 - ⇒ **Exploring counter measures**
 - ⇒ **Avoiding distributional impacts on societal groups with little access to political participation**
- ⇒ **Not all social / economic / environmental impacts are unevenly distributed and hence require the analysis of distributional impacts**
- ⇒ **Need to combine policy analysis, consultation, in depth analysis including modelling**



- **EU funded Network of Excellence (2009-2014)**
- **In transition to a community of practice**
- **Ambition: To develop excellent scientific knowledge relevant for societal decision making**
- **Focus on models and their use in policy impact assessment for sustainable development**
- **www.liaise-kit.eu**

