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MID-TERM EVALUATION OF THE INTERACTIVE POLICY-MAKING (IPM) PROGRAMME

Final Report

The European Commission
Directorate-General Internal Market
(DG MARKT)

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1 EXECUTIVE SUMMARY

1.1 INTERACTIVE POLICY MAKING (IPM) BACKGROUND

On April 3rd 2001, the European Commission adopted a Communication on Interactive Policy Making [IPM – C (2001)1014] which was aimed at creating a mechanism to '**obtain continuous access to the opinions and experiences of economic operators and EU citizens'**. This would enhance the Commission's ability to assess the impact of its policies (or the absence of them) on the ground, to evaluate proposals for new actions, to respond rapidly and in a targeted manner to citizen, consumer and business demand and thus make policy-making more inclusive. In order to fulfil these objectives, the IPM initiative was started with a dedicated team in the Directorate-General Internal Market (DG MARKT).

The IPM team collaborated predominantly with the Directorate-General for Informatics (DIGIT) and Directorate-General for Enterprise and Industry (DG ENTR) in developing and implementing two internet-based instruments for Interactive Policy Making, namely the **IPM Feedback Mechanism and the IPM Online Consultation Mechanism**.

The Feedback Mechanism is aimed at collecting spontaneous information from citizens and businesses about their daily problems relating to different European Union (EU) policies.

The Online Consultation Mechanism enables regulators and policy-makers within the Commission to create on-line, structured questionnaires, which are answered by stakeholders on the Internet and from which the Commission can obtain views on a particular policy-related issue.

1.2 IPM EVALUATION

1.2.1 Evaluation Purpose

The IPM initiative requires the investment of significant human and budgetary resources on the part of DG MARKT, DIGIT and several other Commission services. DG MARKT requires an evaluation of the progress made towards achieving the aims set out in the Communication of April 3rd 2001. More specifically, the objectives of the evaluation are to:

- assess the extent to which IPM mechanisms have **contributed to policy-making** in the Commission – in evaluation terminology, this may be thought of as a study of the programme's **relevance**
- examine the **quality of the data** provided by the IPM mechanisms and its **value added** as **compared** to other available sources of information for policy-making – this may be viewed as a study of the programme's **effectiveness**;
- evaluate the **technical quality** of the software (taking account of its continuing evolution) – this may be considered a study of the programme's **usability and future technology opportunities**;

- assess the **cost-effectiveness** of the project and consider the appropriateness of the **organisational** arrangements for the project – this may be thought of as a study of the **efficiency** and **sustainability** of the programme.

The evaluation is expected to provide a sound basis for future decisions both by DG Internal Market and by the Commission as a whole on the future of IPM. It needs to facilitate decisions on:

- **future investment** in the project and organisational arrangements;
- where necessary and feasible, **improving the quality** of the tools and of the data collected;
- **maximising the benefits** to the Commission's policy making process.

1.2.2 Evaluation Approach

The evaluation team has applied a range of methodological tools to gather the necessary qualitative and quantitative evidence for its analysis of these key evaluation issues.

The evaluation began with a **desk research** programme. Documentation obtained from the Commission and other sources was analysed in order to deepen the evaluators understanding of the IPM initiative and to assist in developing the most appropriate methods for investigation. In parallel to this, the evaluation team conducted **interviews** with a number of key Commission staff involved in the IPM Initiative.

Following on from this the focus of research shifted towards stakeholders outside of the IPM team. An interview programme was carried out with Policy Makers, IPM Intermediaries (European Information Centres, European Consumer Centres and Citizens Signpost Service) and other stakeholders who play or have played a part in the development of IPM. Additionally two **online surveys** were developed and published online for 4 weeks. These were promoted to Commission policy makers (Internal Survey) and Intermediaries (External Survey). Encouragingly the Intermediaries survey received 102 responses and the Policy Makers 68 responses. Evidence from the interview programme and surveys has been complemented by several in-depth case studies which investigated the application and results of the two IPM mechanisms 'on the ground'.

1.3 CONCLUSIONS

The following conclusions have been drawn from the analysis of the evaluation findings. The conclusions are presented in two parts. The first part summarises our conclusions for each of the IPM tools. The second part synthesises conclusions by taking a cross-cutting perspective of the IPM initiative.

1.3.1 CONCLUSIONS RELATING TO THE IPM TOOLS

The IPM toolset was originally conceived to deliver the tools currently identified as the Feedback Mechanism. The online stakeholder consultation tool was a later addition. However, in terms of the basic technologies employed in the tools, the

products are nearly identical – the feedback mechanism can be construed as a special formatted instance of the consultation mechanism. Further, the European Business Test Panel facility may also be regarded as a special case of the stakeholder consultation tool.

Nevertheless, it is worth keeping track of the two IPM tools separately as they are quite different in terms of usage within the Commission, the resources that have been deployed for each of them, and the strategic management issues that have to be considered in the future.

1.3.1.1 Conclusions relating to the IPM Feedback Mechanism

Issue	Conclusions
Awareness, Usage & Impact on Policy Making	• Basic levels of awareness of the feedback mechanism are generally quite low across the Commission. Perceptions from interviews are confirmed by the results of the online survey which shows that 56% of respondents had never heard of the Feedback Mechanism. In terms of understanding the purpose of the Feedback Mechanism and how it works, awareness levels are even lower. • There are, however, certain DGs (namely DG MARKT, DG ENTERPRISE and DG SANCO) where awareness is higher. For these DGs, higher awareness can be attributed to greater participation in the IPM mechanisms. • Usage of the feedback mechanism is very low across the Commission. There are no reports to quantify exactly how many people have used the Mechanism; however, estimates indicate that at most between 15 and 20 people have used it over the past year. • More Commission staff have received data from the feedback database than have actually used it. The IPM team has invested time, human resources and funds to extract data and provide relevant DGs with information. However some policy makers in other DGs are not interested in this analysis as it has been carried out by DG MARKT. The DG MARKT branding and “not-invented-here” syndrome has played a role here. • Promotion of the feedback mechanism has been restricted. Since 2003, IPM staff have focused their attention on the use of IPM within DG MARKT rather than promoting IPM outside the DG. This has exacerbated the problem of low awareness levels. • Another aspect that may have influenced usage is the fact that the feedback mechanism represents a new way of working that policy makers are generally not familiar with. Furthermore, there are no guidelines for policy makers instructing them how to consult the Feedback Database, as it is in the case of the IPM Online Consultation Tool. • Many of the cases in the feedback mechanism database are not seen to be relevant by policy-makers. The cases do not contain enough specific information to meet their requirements, do not represent systematic problems and are too specific to be of general applicability. Furthermore, they are currently not linked to ‘hot topics’ which are of particular interest to policy makers (for example, the Better Regulation Initiative or the Growth & Jobs Initiative), and could benefit from being linked with Commission objectives in the areas of transparency and communications. • There are examples of data from the feedback database being used as a source

Issue	Conclusions
	of information for policy makers. It seems in the majority of cases that these examples would not be used alone but in conjunction with other sources of information.
Quality of Data & Comparative Value of Data	• The quality of data in the feedback database is dependent on the quality of encoding by the Intermediaries - European Information Centres (EICs), European Consumer Centres (ECCs) and Citizens Signpost Service (CSS). • Quality assessments carried out by the IPM Team (judged on how well cases have been encoded and how relevant cases are for policy making) indicate that improvements can be made. • The quality of training, the support documentation and the IPM helpdesk play an important role in determining the quality of cases encoded. Evidence presented seems to suggest that IPM Feedback Mechanism training and support documentation seems to be well received and sufficiently adequate. There is always a risk when encoders leave that those that replace them are not trained in the short term. • **European Information Centres (EICs)** o The EICs have a contractual obligation to encode 30 cases annually. Reports show that there is a steep increase in the number of cases encoded just before the end of the contractual year. Although quantitatively unproven, the signs are that this practice adversely affects the quality of encoding and, consequently, the quality of data. For example, in order to meet the contractual obligation, some EICs encode cases that are not relevant to policy making. o One theory, which was confirmed in a couple of interviews, is that EICs geographically situated near Member State borders are more likely to have relevant cases for IPM than those EICs located elsewhere. o AS EICs are not encouraged to repeat the entry of cases that are already featured in the database, it is difficult for policy-makers looking at the database to know whether a particular IPM case relates to one person or ten thousand, for example. This situation will be improved through the inclusion of a modified version of the frequency-question in the updated Feedback form, which asks the encoders to estimate the regularity of problems. • **Citizens Signpost Service (CSS)** o CSS experts are obliged to encode every case into the IPM Feedback Mechanism. Encoders are not given the discretion to decide whether a case is relevant or not and this leads to irrelevant cases being encoded into the database. This is probably why the quality of CSS encoding scored lower than EICs and ECCs in 2003 and 2004. • **European Consumer Centre (ECCs)** o In 2003 the quality of cases encoded by ECCs were rated higher than those of the other Intermediaries, which is a likely consequence of the fact that the cases they encounter are real problems perceived by consumers and therefore mostly relevant to the IPM Initiative. ECCs also encode a fewer number of cases. o From 2004 to the present, ECCs have not been encoding into the Feedback Mechanism. DG SANCO is due to roll out a separate complaint system for ECCs. There are plans for this to be linked into the IPM Feedback Mechanism. The evaluation has not been able to assess the impact of these changes on IPM as they are still taking place. • In general the following issues have been identified as adversely affecting encoding of cases and, therefore, the quality of data: lack of facts, lack of policy making “suggestions”, errors in the ‘first’ level policy field, empty fields in the form, and encoders not following the structure of free text fields.

Issue	Conclusions
	• In some cases Intermediaries seem to be frustrated by the IPM Feedback Mechanism and the way it works. Besides the IPM quality assessment, there seems to be little or no feedback to Intermediaries on the engagement of the Commission in IPM's processes. This may be having adverse affects on the motivation of Intermediaries towards IPM. Another consequence is the fact that the Intermediaries are not able to feedback to the citizens or businesses who have had their problems encoded. In this sense it lowers the impact of any high-quality interaction envisaged in the IPM initative.
Technology	• The design of the feedback mechanism, which was the original IPM mechanism, has meant that it never had the technical means to meet the objectives set for IPM in the April 2001 communication of high-quality interaction between the Commission and its public stakeholders. Currently, the feedback mechanism is simply a repository for recording the interactions between public stakeholders and intermediaries. • As usage levels are low, it is difficult to conclusively determine whether policy-makers find the feedback mechanism difficult to use. The anecdotal evidence is that those users who are not IT-literate find it difficult to use. • The search function is inefficient as it is time-consuming to find cases that might be relevant to the user • The development focus for the past two years has not been on the functionality of the IPM applications as much as it has been on stabilising the application environment and developing an open source software version.
Cost-effectiveness	• The cost per encoded case on the feedback database cannot be justified. It has grown from around €50 in 2001 by a factor of between 2 and 3. However, only half the cases are regarded by the evaluator as passing a quality threshold. This raises the cost per *valid* encoded case. • The overwhelming proportion of costs attributable to the feedback data relate to the feeding of the data by the intermediaries. • The costs relating to the feedback data are not managed by the IPM initiative through the use of cost parameters of the sort used in the evaluation, such as cost per case or cost per valid case • The focus in 2003 and 2004 has been on increasing the quality of data in the database. This has increased the cost associated with getting the data into the system. • The marketing promotion, following budget choices made for IPM, has had very little focus on targeting policy-makers outside MARKT or ENTR.
Organisation	• IPM features long-standing inter-service collaboration between a number of Commission entities – this collaboration however is a partnership of equals and is in need of leadership • The feedback mechanism has neither high-level political support nor association with one of the "hot topics" in the Commission • The "elongated" interaction that the Commission believes is taking place with the IPM mechanism works in one direction: the information passes from stakeholders to the Commission. The stakeholders get no response from the Commission unless there is a change in policy – which cannot be expected to take place in the short-term. The upshot is that most public stakeholders will believe that they got no response from getting in touch with the Commission.

Issue	Conclusions
	• There has been no ongoing management evaluation of the IPM initiative in terms of its performance, and /or its success in meeting the objectives of the initiative. There has also been no assessment of the changing political, social and technological environment in which IPM is operating. No entity or job function currently holds the responsibility for such management leadership • Although feedback data can have Commission-wide application, there is no programme to promote the FM across the Commission. Nor is there a central resource to act as an advocate for IPM data or to provide an accountability organisation to check on the use of such data by policy-makers.

1.3.1.2 Conclusions relating to the IPM Consultation mechanism

Issue	Conclusions
Awareness, Usage & Impact on Policy Making	• There is consensus that basic awareness of the consultation mechanism is significantly higher than the feedback mechanism across the Commission. Perception from interviews and results of the online survey confirm this: 73.9% of respondents had heard of the tool. • The number of people who understand the purpose of the Tool and how it works is at a higher level than the feedback mechanism. Nevertheless there is still plenty of scope to further promote the tool. • There is growing demand for the consultation tool, Commission wide. Usage levels of the consultation mechanism across the Commission grew significantly between 2003 and 2004, and continue to grow in 2005. At this point in time, it appears to be relevant to the needs of policy makers. • The promotion effort for the consultation mechanism, although not substantial, seems to have been effective. Promoting it internally at events and to Information and Communication Units has positively influenced the number of Commission users. “Word of mouth” also seems to have been very influential in the increased usage of the mechanism. Circa 40% of respondents to the online survey initially heard of the Tool via colleagues. • In general the data generated from online consultations enables the gauging of opinion and can have an impact on policy making or programme development. In the majority of cases, information from consultations is effective but will not be used alone. It is usually accompanied by other sources of information, for example, written contributions direct from stakeholders and output from meetings with stakeholders. • The consultation mechanism is seen to be useful in supporting impact assessments and evaluations, both of which are regarded as increasingly important in the context of policy making. • It is appropriate and relevant that the consultation mechanism is used for purposes other than consultation. It can be effectively used to perform any online “form-based” function.
Quality of Data & Comparative Value of Data	• The majority of data generated from the Consultation mechanism is structured in the same format and helps make analysis more efficient, in that it is easier and quicker to sort relevant data. • The quality of data generated from a consultation is dependent on analysis performed on the raw results of the survey. At present a limitation to the

Issue	Conclusions
	information generated from a consultation is that there are only basic analytical tools built-in with which to analyse the data. • The consultation mechanism does not generally provide representative data. On the whole this is a generic problem with any online consultation. This should not deter those conducting consultations to promote it to as representative audience as possible. • Many online consultations do not generate statistically significant data. At present there is no statistical expertise to support those conducting consultations and improve this situation. However the general support function to the Consultation mechanism of DG MARKT seems to be effective and highly rated by users.
Technology	• The on-line consultation tool is easy to use – users can usually do what they want to do in terms of defining questionnaires, viewing the data and creating graphs • The challenging part of the consultation tool for most users is content management – they often need support in devising quality questionnaires. While some support is given in this area, there is need for further expert methodological input for users, both in statistical and domain terms. • The consultation tool does not provide for analytical features that enable good quality, relevant data analysis to be carried out by policy-makers – most data analysis needs to be conducted in Microsoft Excel using a data export function. • The consultation tool's multi-language capability is critical for the Commission in the context for conducting surveys, and for working with Member States.
Cost-effectiveness	• The OLC tool is relatively low-cost – in 2004, it cost around 10% of the feedback mechanism • Over a 125 consultations have so far been carried out, and the number is growing all the time. • The costs per consultation are relatively low (around €3k-10k) but MARKT does bear the biggest share of the costs relating to this tool as the use of the tool is free to other DGs. The fixed costs of the consultation mechanism do outweigh the variable costs in conducting individual consultations.
Organisation	• The consultation mechanism has benefited from the wave currently favouring impact assessment and evaluation in the Commission, which was in part led by the efforts of the MARKT team. The higher rates of awareness and usage compared to the Feedback Mechanism are also a consequence of the distribution of concrete guidelines for policy makers, instructing them in detail how to use the Online Consultation Tool. • Although the consultation tool is DG MARKT in its "branding" (shared with SG), it does not seem to have suffered in terms of take-up among Commission policy-makers, compared to the Feedback Mechanism, as they are largely using the tool to support their own information acquisition. • Just as with the feedback mechanism, the consultation tool features long-standing inter-service collaboration between a number of Commission entities – this collaboration however is a partnership of equals and is in need of leadership. It also needs some clarification as the European Business Test Panel, arguably a subset of the consultation tool, is separately managed by a

Issue	Conclusions
	different unit in DG MARKT.[1] • There has been no ongoing management evaluation of the consultation mechanism in terms of its performance, and /or its success in meeting the objectives of the initiative, apart from some minor follow-up on user satisfaction. There has also been no assessment of the changing political, social and technological environment in which IPM is operating. No entity or job function currently holds the responsibility for such management leadership.

1.3.2 CONCLUSIONS RELATING TO THE IPM INITIATIVE AS A WHOLE

Although this section of the conclusions is looking across the IPM initiative as a whole, the ideas are presented keeping in mind the fact that these cross-cutting issues have had a differential impact on the two IPM tools. On that basis, the following text still maintains some differentiation of the issues in terms of their application to the IPM tools.

1.3.2.1 Strategic Leadership

The April 2001 communication that launched IPM identified the need for high quality interaction between citizens and enterprises, on the one hand, and the Commission, on the other. DG MARKT was seen to be providing a lead in this area, presumably because of its successes in establishing communications services such as Citizens First and the Business Feedback Mechanism.

The evaluator's main conclusions with regard to strategic leadership are as follows:

- Although high quality interaction with citizens and enterprises is a Commission-wide need, there is **nobody the evaluator can identify as owning the strategic role** of ensuring that this high quality interaction is taking place, that goals are being set for programmes such as IPM to deliver this interaction, or that measures are being put in place to ensure that the objectives are being met.
- Since 2003, due to budgetary pressures, DG MARKT personnel have **not been encouraged to use their time, budgets or other IPM resources to support activities outside MARKT**. One consequence is that IPM's feedback mechanism is virtually unknown outside MARKT and ENTR and is therefore not providing an active platform for the quality interaction that was the basis of its constitution. However, we have noted the increasing success that the stakeholder consultation tool is acquiring across the Commission. Interestingly, we found that among those who had heard of IPM in the

[1] The European Business Test panel pre-dated the IPM initiative. Once IPM technologies had emerged, a version of its capabilities was used to provide technical support to the EBTP team. However, all other aspects of the EBTP, including establishing the representative panels, contacts with Member States, and selection of subjects for the panel to consider, remained with the unit that originated the EBTP concept. However, the separation of the EBTP organisation from the IPM unit has affected the development of its technical capability, and the ongoing timetabling of the IPM product development.

Commission, just under half (47%) had been made aware of it through colleagues and 21% through internal Commission information via MARKT.

- Impact assessment and evaluation is gaining in emphasis across the Commission – it is in this context that the **need for quality tools**, that support interaction between citizens, enterprises and the Commission, is accentuated. The IPM stakeholder consultation mechanism is growing in popularity in providing an additional channel for policy-makers to take soundings among stakeholders. However, there is no alternative channel to the Feedback Mechanism when it comes to capturing spontaneous input from stakeholders. IPM's basic processes were put in place around 1996 with the Citizens First pilot. When the initiative actually started its own pilot in 2001, there was **no modification of the processes to take account of the opportunities that the Internet could have provided** in creating direct interaction between the Commission and its public stakeholders. Even today, there is a need for a rethink of the basic processes of IPM with a view to exploiting the ubiquity of mature interactive technologies.
- IPM does not have **high-level political support** that would encourage its use, or an **adequate promotional budget** that would ensure its popularity. The feedback mechanism suffers from being a Commission-wide service in intention, but from being a MARKT service in the perception of those in other DGs.
- IPM, in particular the feedback mechanism, suffers from the perception **that it comes from MARKT** rather than a central oversight unit.

1.3.2.2 Functional Management

The technology industry uses the label Product Manager to describe a role that manages product development, technology architecture, end-user marketing, product support, applicability to business problems, quality of data, etc. In effect, the product manager is the product's champion and has the **responsibility to make the product succeed**. This person usually also has the **authority to make the decisions** that are needed in order to create, support and enhance the product.

Conclusions with regard to functional management are as follows:

- IPM does **not have a product manager**. The closest to playing this role was the original project leader of IPM, but he was not replaced on his departure. As such, there is no champion for IPM who has management responsibilities in the areas of product development, systems architecture, product support, data content, relevance to policy-making, interaction with stakeholders, or promotion of the initiative. Some of these roles, but not all, are played by different individuals but in a project such as this, the co-operation that does take place between the different players cannot compensate for the absence of a product manager.
- The **lack of product and functional management is accentuated by the inter-service spread** of responsibilities, across MARKT, ENTR and DIGIT, as well as SANCO. Although these organisations have regular interactions with each other on IPM issues, each makes its decisions in its own interests. We have seen that these interests do not always coincide. Also, there is no management of the interests of the Commission as a whole, which may be different from those of the individual DGs.

- No individual has the **authority or responsibility to make decisions across the services** that are in the interest of IPM, or that enable IPM to deliver on its objectives. This point is impacted by the sharing of responsibilities inherent in the IPM structure, which is described in the point above.

1.3.2.3 Technology Delivery

The IPM tools were conceived in an era where the Internet was not the ubiquitous business tool that it has become. It is definitely possible that a ground-up review of the technology base conducted today would generate a different system architecture from what has been used in the IPM products. This is the price that an innovator pays in trying to do things that are not supported by the extant technologies.

A number of technology issues impact IPM in the judgement of the evaluator:

- The IPM tools are regarded by end-users (particularly policy-makers who do not benefit from the product training that encoders receive) as difficult to use. This experience was not shared by the evaluation team who used the IPM tools to conduct surveys collecting data to support this evaluation. However, the evaluator team is IT-literate, which may not always be the case with the target end-users of the IPM tools. The development team in DIGIT has never tested the product with its target end-users, either for functionality or usability.
- There are no facilities in the tools providing policy-makers with analytical tools – any analysis that needs to be done has to be carried out in a third party tool such as Microsoft Excel
- Despite important functionality short-comings, some of which have been identified by MARKT, DIGIT put significant effort into re-architecting the product so that it can be available in an open source environment. Currently the open source version is behind schedule, and a future version (Version 2.1) is under development which addresses current functionality short-comings.
- The technology direction of the IPM product has been substantially modified by the need of ENTR's IDA (which provided the development funding) to have open source products that can be used by member states. No systematic study has been done on the demand for this application among member states, how it would be supported among them, or how it would be managed.
- The technology of the internet, and its ubiquity, offers new opportunities to create direct linkages between the Commission and its stakeholders and vice versa. These direct linkages would get closer to delivering the high-quality interaction between the Commission and its public stakeholders. Currently, whatever interaction is taking place is a one-way street: all the information flows to the Commission with no feedback loop incorporating the information requirements of the stakeholders, except that in the long-term there is a possibility that policies may change, as requested by stakeholders. Although the internet is in use in some parts of the IPM initative (for example, consultations are posted on-line), the internet is only being used to automate what would previously have been manual activities. The opportunity exists to rethink IPM's fundamental business processes using the technology opportunities now available, as well as the business lessons learned elsewhere in the initiative.

1.3.2.4 Resource Management

Resource management cuts across the previous three strands of conclusions. After all, for example, the lack of a product manager could be seen as caused by a resource crunch. So could the low awareness levels of the IPM intiative among policy-makers in the Commission. In this sense, it is important to keep in mind the previous conclusions when considering this particular strand of conclusions.

The evaluator considers the following resource management issues as important in the IPM context:

- The highest proportion of IPM's budget has been used on **inconsistent data encoding arrangements with different intermediaries** who have delivered highly variable quality data – the lack of data, either relevant (in terms of a specific policy making issue) or representative (in terms of the frequency of a specific problem), is one of the biggest reasons why policy-makers who have been exposed to the feedback mechanism do not use it. The feedback database would need to be systematically assessed in terms of the quality of data that is available.
- The **management team is not big enough**, nor are the current level of resources adequate, to carry out the job of delivering the wider objective of high quality interaction between the Commission and its stakeholders, via the feedback mechanism. The consultation mechanism seems to be functioning adequately as a survey mechanism, though it lacks the unique spontaneity of the feedback mechanism
- Getting **IDA funding for this project has been inappropriate** in terms of allowing IPM to control the direction of its software toolset.
- IDA funding for the IPM project has created new opportunities for the IPM toolset to be used in a wider context among member states. However, unless the **release of the product to member states** is planned, managed and resourced, this initiative has the potential to create a new problem in terms of genuine product, user and support management of the new version among member states.

1.4 RECOMMENDATIONS FROM THE EVALUATOR

Using the evaluation findings and conclusions, a number of recommendations have been made. These have been categorised into separate recommendations for the feedback and consultation mechanisms, though certain recommendations could apply to both. The final category of recommendation applies to the open source software currently being prepared for use in Member States.

1.4.1 Recommendations relating to the IPM Feedback Mechanism

Regarding the IPM Feedback Mechanism it is recommended that:

A. The Feedback Mechanism should not continue in its present form.

Awareness of the Feedback Mechanism is low, its usage in the Commission is low, the impact of its data on Commission policy-making is minor, and the cost base

needed to sustain the present iteration of the Mechanism is very large. As a result, it is the evaluator's view that the Feedback Mechanism should not continue in its present form.

B. The Commission should not lose the Feedback Mechanism's listening channel.

The feedback mechanism is a pioneering initiative, in terms of capturing spontaneous input from public stakeholders, which partly explains the currently low levels of awareness, usage and impact. However, significant improvements could be made to the functioning and operational processes of the current mechanism. There is potential for such a mechanism to be transformed, if changes are made to its current operating framework. The Commission should capitalise on the originality of the mechanism and transform it into an effective regulatory tool.

C. In the future the Feedback Mechanism should be developed taking into account lessons learned from the current mechanism. It would also benefit from a study to further analyse the needs of policy-makers and to better define the operational and technical processes behind such a mechanism.

The Commission should conduct a study aimed at creating and configuring an interactive tool that would better serve the Commission's needs in having access to spontaneous feedback from public stakeholders. In determining the shape of the new Feedback Mechanism, consideration should be given to the following lessons from the current initiative:

- The Feedback Mechanism requires **political support** at the highest level to obtain and sustain a credible profile across the Commission and to encourage policy-makers to make use of it. The Feedback Mechanism also needs to be allied and associated with a key Commission issue, e.g. Lisbon or Better Regulation.

- The Feedback Mechanism needs to be "owned" by a **central oversight unit**. This unit should be responsible for formalising the process through which IPM cases are distributed to policy-makers across the Commission (for example, through regular interservice meetings). This unit should perform an advocacy function for the issues raised within the IPM cases, but also for the general principle that the Commission supports high-quality interaction with its public stakeholders. It should ensure that IPM cases are presented in an "easy-to-digest" format (concise and informative) and be willing to assist policy-makers if further information is required. Direct access to the IPM Mechanism should also be available for policy-makers that request it.

- The Feedback Mechanism should employ appropriate technologies and functionality to ensure that the application is user-friendly and reflects the skill level of a typical user: a policy-maker without expert IT skills.

- Policy-makers should be **accountable** to the central oversight unit and their own Directorates on their use of feedback data in the development of public policy and regulations.

- There needs to be an appropriate **promotional budget** to ensure that the Feedback Mechanism reaches its intended audiences; internally, to policy-makers across the Commission and externally, to citizens and business. It may be beneficial for any promotion strategy to be developed, managed and implemented by a marketing professional.

- It is not evident that the intermediary model, as presently constructed for IPM data collection, has worked. The study needs to establish if there are more suitable "direct" models of interaction (as, for example, the recently launched direct feedback opportunities for enterprises, in the framework of the Online Consultations), particularly given the state of maturity of interactive ICT technologies. In this context, the role of the Intermediaries in filtering, analysing and editing the cases and the added value of this role in the current reporting process should be analysed further, as should the possibilities of linking other networks to the IPM Feedback Mechanism.

- If the current intermediary model is to be persisted with, then a number of changes need to be made to its way of working.

    i. The contract between the Commission and European Information Centres needs to be further defined:

        - To ensure that cases are encoded on a more consistent basis so that the number of cases encoded does not increase dramatically towards the end of the contractual year.
        - To ensure that cases are encoded as soon as possible after being recorded by the Intermediaries so that there is minimum risk that information is lost or forgotten.
        - To make the contract more flexible taking into account the fact that some Intermediaries are exposed to more relevant cases than others (for example, due to geographical location).

    ii. The contract between the Commission and the Citizens Signpost Service needs to be further defined:

        - To ensure that CSS experts are not obliged to encode all cases in order to reduce the number of irrelevant cases encoded into the Feedback database.

    iii. The Commission should provide more feedback to Intermediaries on the impact of cases encoded into the Feedback Database. This will illustrate the importance the Commission places on IPM. Consequently, it may motivate Intermediaries, show that their encoding is valued and in the case of EICs, enable them to update their clients.

- The feedback data needs to be of **high quality**[2], though it does not have to be representative. In this context, a comprehensive assessment of the quality of data available needs to carried out as this is currently lacking. To ensure quality in the future, the team collecting the data should have **experts in a number of different domains**: law, statistical methodologies, and policy sectors. It may be most effective if this work is done by an entity or organisation that sits outside the Commission but has strong political support within the Commission.[3]

D. The Commission should not lose the experiences and knowledge capital in the present IPM team.

The team has gained valuable experience and knowledge capital in the IPM area, which should not be lost to the Commission. Every effort should be made to migrate this human capital into a future iteration of IPM, ensuring it has the strategic, technological and functional leadership that such an initiative needs.

1.4.2 Recommendations relating to the IPM Online Consultation Tool

Regarding the IPM Online Consultation (OLC) Tool it is recommended that:

E. The OLC tool is promoted across the Commission as a cost-effective consultation tool.

The Commission-wide promotion of the tool needs to be carried out, particularly to impact assessment and evaluation units in each DG, but also more generally to reach policy-makers across the Commission. This promotional activity needs a plan, a specific budget and a managed implementation of the promotional plan. Furthermore, the fact that the OLC Tool can also be used for other purposes than consultations (for example, as a tool for conference registrations) should also be promoted.

F. The OLC tool has a proper product management plan.

The OLC tool is a typical software product: it needs a product plan to deliver, maintain and enhance the software so that it provides lasting value to its intended customers. DG MARKT needs to be responsible for the product in terms of functional leadership, with DIGIT providing technical services under DG MARKT's management. It is not effective to split product and technical responsibilities across more than one DG, such as is the case today.

[2] Further work should be carried out on defining quality of data, particularly with regard to the relevance of cases. For example, cases that highlight a legislative problem are obviously significant but so are those cases that highlight areas where there is an information gap or where information/legislation is found to be easily misinterpreted. The database should also provide a measure of the frequency of problems, that is, whether the problem is a 'one off' or represents a 'systematic' problem.

[3] An interesting model in this context is the Better Regulation Task Force in the United Kingdom, which provides an independent but credible listening channel on regulatory issues to the British government.

G. Investment is made in sound methodological development and training for Online Consultation.

An investment needs to be made to develop a sound methodological approach to Online Consultation, in order to assist policy-makers in dealing with methodological issues in questionnaire design as well as interpretation of results. Examples of the kind of investment in methodology and training necessary include expertise in social science, statistics and survey design, as well as promotion, which should be employed to assist policy-makers in developing questionnaires, promoting consultations and analysing results.

H. The OLC tool is functionally enhanced to meet the needs of policy-makers.

Suitable software needs to be developed or acquired to enhance the analytical capabilities of the IPM Online Consultation Tool. In terms of the quality of data generated by a consultation, it would be beneficial to policy-makers to improve the reporting and statistical analysis functionality of the software.

1.4.3 Recommendation relating to the open source IPM software for Member States

Regarding the IPM software for use by Member State administrations, it is recommended that:

I. A clear plan with budgets, responsibilities and goals should be developed for the roll-out of the IPM software tools to Member States.

Currently, the open source initiative to deliver IPM tools to Member States seems supply-driven. The software tools could provide a welcome resource in developing high quality consultations between Member States and their public stakeholders, but this will not happen without a plan that takes the following into account:

- **Quantitative demand analysis** needs to be carried out to establish that the software is actually wanted / needed, and that it has the features and functionality that would solve the problems currently faced by its target users in the Member States.

- Clear **identification of budgets, objectives, roles and responsibilities** for the roll-out of the tools to the Member States – without a clearly defined plan, it is unlikely that the software will get adequate take-up, which would be a waste of the resources that have been expended in developing the software.

- Establishment of a **support structure** for technical and functional support, as well as product enhancement – creating open source software does not automatically generate a community of interest around the product for its support, maintenance and enhancement.

2 INTERACTIVE POLICY MAKING EVALUATION OVERVIEW

2.1 INTRODUCTION

This **Final Report** is the fourth of four deliverables to be presented by The Evaluation Partnership Limited (TEP), as authorised representative of The European Evaluation Consortium (TEEC), during the Intermediate Evaluation of the Interactive Policy-Making programme (IPM) for Directorate-General Internal Market (DG MARKT).

This main evaluation report document consists of seven main chapters:
<<TEEC-IPM- Final Report >>

- **Chapter 1 – Executive Summary**
- **Chapter 2 – IPM Evaluation Overview**
- **Chapter 3 – IPM History and Political Context**
- **Chapter 4 – IPM Evaluation Methodological Approach**
- **Chapter 5 – IPM Evaluation Methodological Findings**
- **Chapter 6 – Conclusions**
- **Chapter 7 – Recommendations**

The main evaluation report is supported by an Appendix document which contains:
<<TEEC-IPM- Final Report-Appendices>>

- The Evaluation Fieldwork Programme
- IPM Team Interview Guide
- Policy Makers Interview Guide
- Methodological Note on Cost-Effectiveness
- IPM Case Studies
- Summary of P&G In-Depth Case Studies
- External and Internal Online Surveys
- Intermediaries Interviews - Summary
- Evaluation Bibliography
- Glossary of key evaluation terms
- Task Specifications

Submitted to:

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The Directorate-General for the Internal Market (DG MARKT)

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2.2 IPM BACKGROUND

This section provides the reader with an overview of the policy context in which the IPM Programme operates, by reviewing its history, the objectives, the policy context and its activities.

2.2.1 IPM Policy Context and Objectives

The Commission's Reform White Paper identified the "e-Commission" as playing a fundamental role in achieving the Reform, a key element being interactivity between the European Commission's policy-makers and stakeholders of the Internal Market through appropriate **consultation and feedback mechanisms using the Internet**. This task was defined under the Action 8b of the Reform White Paper as the Interactive Policy Making (IPM) initiative. It thus forms part of the "e-Commission" initiative and is strongly linked to the "Governance" and "Better Regulation" initiatives.

On 3 April 2001, the European Commission thus adopted a Communication on Interactive Policy Making [IPM – C (2001)1014] launched by Commissioners Bolkestein, Liikanen and Kinnock. The communication states that the IPM aims at enabling the Commission, as a modern administration, to **obtain continuous access to the opinions and experiences of economic operators and the EU citizens'**. This would enhance the Commission's ability to assess the impact of its policies (or the absence of them) on the ground, to evaluate proposals for new actions, to respond rapidly and in a targeted manner to citizen, consumer and business demand and thus make policy-making more inclusive.

2.2.2 IPM Team Activities

In order to fulfil these objectives, an IPM team was set up in DG MARKT. The team collaborated with various Commission services and programmes such as DIGIT and IDABC in order to create two software products, the **IPM Feedback mechanism and the IPM Consultation mechanism**.

The two products aimed at different targets. The feedback mechanism creates original ad hoc information from citizens and enterprises regarding complaints they have about the working of the Internal Market. The Consultation mechanism enables regulators and policy-makers within the Commission to elicit responses to specific questions they want responses to from stakeholders.

2.2.3 Evaluation of IPM

The IPM initiative requires the investment of significant human and budgetary resources on the part of DG MARKT, DIGIT and several other Commission services and DG MARKT requires an evaluation of the progress made towards achieving the

aims set out in the Communication of 3 April 2001. More specifically, the objectives of the evaluation are to:

- assess the extent to which IPM mechanisms have **contributed to policy-making** in the Commission – in evaluation terminology, this may be thought of as a study of the programme's **relevance**
- examine the **quality of the data** provided by the IPM mechanisms and its **value added** as **compared** to other available sources of information for policy-making – this may be viewed as a study of the programme's **effectiveness**;
- evaluate the **technical quality** of the software (taking account of its continuing evolution) – this may be considered a study of the programme's **usability and future technology opportunities**;
- assess the **cost-effectiveness** of the project and consider the appropriateness of the organisational arrangements for the project – this may be thought of as a study of the **efficiency** and **sustainability** of the programme.

The evaluation is expected to provide a sound basis for future decisions both by DG Internal Market and by the Commission as a whole on the future of IPM. It needs to facilitate decisions on:

- **future investment** in the project and organisational arrangements;
- where necessary and feasible, **improving the quality** of the tools and of the data collected;
- **maximising the benefits** to the Commission's policy making process.

Being a Commission wide initiative, services other than DG MARKT, especially DG ENTERPRISE, DG SANCO and DIGIT, will indirectly benefit from the evaluation as stakeholders of the IPM initiative

3 IPM – history and political context

Before examining the IPM initiative, it is worth laying out the political context into which IPM came into existence. This section of the report covers a brief introduction to public participation in government activities as well as a summary of the changes that have taken place in the way policy-makers are reforming their regulatory processes. This background material prefaces an introduction to the IPM initiative.

3.1 Policy context: Public participation in government

Having seen that IPM has been in development over a period of time, it is worth taking a step back to understand the **political context** in which IPM has been operating.

For nearly a decade, governments have been seeking to improve their regulatory reform processes. One important way to **deliver improved regulation** is to include citizens and business in the processes of policy-making. Such an approach delivers benefits from any different perspectives:

- Governments get to tap into wider, better sources of information, and potential solutions
- The quality of policy decision-making can be significantly enhanced
- Trust in government, which seems to be falling across the EU as well as in OECD countries, according to OECD studies, can be addressed through the inclusion of stakeholders in important policy-making issues
- Public interaction improves the quality of democracy and strengthens civic capacity

Public participation in governmental processes received **a sharp boost** with the arrival of the Internet as a ubiquitous, low-cost communications infrastructure. E-democracy was seen as a way to offer the public real opportunities to participate in and influence policy processes in government, as well as service delivery.

In the European context, the ideas on participation of the public were developing rapidly. The initial communication on Interactive Policy Making of April 2001 from Commissioners Liikanen, Bolkestein and Kinnock fit into the emerging e-democracy environment of its day but primarily connected public interaction to the **better regulation initiatives** that were developing within the Commission. DG MARKT was given the role to lead the Commission in this matter as it was one of the DGs linked to the bette regulation initiative in 1994-95 and has been actively promoting ex-ante and ex-post assessment within the Commission for a number of years.

The IPM initiative that developed within DG MARKT focused on capturing in a single database the feedback that the Commission was receiving through the many channels it had for listening to the public. The initiative built on existing applications that DG MARKT had constructed to capture input from citizens (Citizens First) and businesses. These programmes had their early genesis in the pre-internet era and, as a result, rather than starting afresh, the IPM Initiative progressed developments that were already underway.

However, it should be noted that IPM introduced a **different dimension** to the Commission. Rather than the Commission telling the public what it was going to do, it demonstrated "a new humility," according to Sir John Mogg, Director-General of DG MARKT during the inception of IPM, "that the Commission wanted to know what the public was thinking." According to the IPM Communication, such an approach would enable the Commission "to evaluate proposals for new actions, to respond rapidly and in a targeted manner to citizen, consumer and business demand, and thus make policy-making more inclusive"

IPM does not provide, and was not designed to provide, full interaction between the Commission and its public stakeholders. However, by not providing a communications vehicle back to the public, the Commission leaves itself open to the charge of not listening to its stakeholders: if the stakeholders cannot perceive that their voices are being listened to, then a significant part of the exercise seems incomplete.

Within the Commission, it remains true that interaction with the public is largely restricted to information to the public via websites and more traditional means, and the listening means offered by IPM and its related entities, the Euro Info Centres, the Euro Consumer Centres and the Citizens Signpost Service. By bringing the fruits of this listening service to the policy-makers, IPM fulfils a unique role in the Commission.

Finally, it is worth asking the question whether the **imperative for greater engagement with citizens and enterprises** has gained or lost momentum during the time the IPM initiative has been in play. Although e-democracy seems to have lost its way in most countries of the EU, other political developments seem to favour greater rather than lesser engagement:

- Greater focus on Better Regulation, including the use of evaluation, impact assessments and consultations – plus Better Regulation is now seen to be a core Lisbon process.
- The new Constitution requires measures to decrease the democratic deficit.
- The Commission has appointed a Vice President to ensure that communication with stakeholders – including listening to them – is being carried out.

If anything, the political momentum favours the unique listening capabilities offered by the IPM initiative.

3.2 Policy Context - Workflow for policy-making

Although the political environment is moving in the direction of greater listening to public stakeholders, we need to ask if **policy-makers are open** to the fruits of such listening. While IPM supplies data and tools to policy-makers and regulators that are potentially useful to them in the context of the work they do, it is not entirely certain that policy-makers have workflows that facilitate the **usage of feedback, consultation and impact assessment tools**.

Currently, there is a lot of encouragement within the Commission for policy-makers to use evaluation and impact assessment tools in the course of their work. Interviews with policy-makers during this evaluation indicated a near-universal understanding that this sort of reform is taking place within the Commission. The sort of tools and data sources that are being used by policy-makers, to get input from public stakeholders, include (among others):

- Consultation via research and consulting
- ECC / CSS / EIC / SOLVIT information
- Commission communications
- Green and White Papers
- Infringement cases
- Lobbying by interest groups
- Impact assessment
- Evaluation

It is interesting that the clearest regulatory policy endorsed at political level in the Commission currently relates to **impact assessment**. As a result, there is tremendous focus on any tools that can support the impact assessment process. This benefits the stakeholder consultation tool provided within the IPM context which provides a controlled mechanism for collecting public feedback using structured survey techniques. However, as there is **no particular political support** for the sort of spontaneous data provided by the feedback mechanism, that part of the IPM toolset does not fit into the present armoury of regulatory weapons deployed by policy-makers.

The concepts of feedback and reform are particularly of interest when it comes to existing legislation. From discussions with policy-makers, the evaluators can distinguish between a number of elements in the refinement and reform of existing legislation:

- Policy-makers want feedback from public stakeholders to be broadly **representative** (not isolated instances) and **relevant** to their particular policy area
- They prefer **scrutiny of legislation** to either be done by themselves, or by an independent source
- Reforming regulatory processes requires **political advocacy** – otherwise the reform agenda can fall by the wayside
- Without **accountability in the political centre**, policy-makers can find it easy to ignore feedback from stakeholders

For IPM to succeed, it needs to find a way to build these elements into its “product offering.” The first issue relates to the quality of data available within the IPM database but the other three are structural issues that relate to the way the IPM initiative is organised within the Commission, the quality of personnel it employs, the political support it enjoys, and the way it relates to regulatory oversight units in the Commission.

One task in the evaluation will be to assess how well the IPM initiative meets these challenges and requirements that are currently emanating from within the policy-maker community in the Commission.

3.3 IPM History and Timeline

IPM started in 2001 with one of the two products proposed in the April 2001 Communication: a feedback mechanism that captured original ad hoc spontaneously-provided information from citizens and enterprises regarding complaints they have about the working of the Internal Market. By 2002, it had been complemented with the second product: the Consultation mechanism which enables regulators and policy-makers within the Commission to elicit responses to specific questions they want responses to from stakeholders. Later, the consultation mechanism spawned a custom version dubbed the European Business Test Panel.

IPM's history can be divided into three main parts:

Period	Phase
Pre April 2001:	Initial steps
2001-02:	Pilot study
Since 2003:	Implementation

While the current evaluation will put its emphasis into the implementation phase of the programme, it is still appropriate to understand IPM's evolution by examining its previous phases. What the evaluators have found is that there are many different timelines by which we can study IPM. These timelines are examined below.

3.3.1 Technology timeline

For example, there is a timeline that can be drawn to account for the various stages of **development of the IPM software tools**, from its earliest incarnation through to Version 2 is expected to go to full release mid-2005. During the course of the version releases, the software is changing from a completely proprietary product built on an Oracle database employing ColdFusion and WebLogic tools into a product that is based on Java and XML standards, and which has a version available for an open source environment.

The table below outlines the migration and development path of key technologies and applications in the IPM toolset, during the time period of this evaluation:

	IPM technology timeline				
Version	1.2	1.3	1.3 EBTP	1.4	2.0
Delivery date	Mid 2002	Early 2003	March-June 2003	Sept 2004	May 2005
Notes	Std product in ColdFusion and Oracle / Feedback mechanism and Online consultations operational	Use of Java/JSP/XML for Form Runner module; additional functionalities (multi-dependencies/save search); Form Generator and Form Viewer still in	Enhancement incorporating European Business Test Panel: registration form, co-ordinators' interfaces, consultation	Form Viewer in Java/JSP/XML technology. New functionalities (advanced search, export, dynamic search, layout re-design, etc).	Form Generator in Java/JSP/XML technology. Complete redesign of the administration of users. New database model. New functionality added.

		ColdFusion.	mode adapted.	Form Generator still in ColdFusion.	Open source version certified for implementation of IPM software among Member States

3.3.2 Human resource timeline

Another way of looking at the IPM programme is to consider the **human resources** that have been available to carry out the inner workings of the programme. In co-operation with the IPM team, a timeline has been drawn up that helps track the availability of human resources to the IPM initiative, whether from within DG MARKT, or from the other contributing DGs, in particular ADMIN / DIGIT, ENTR and SANCO.

What is clear from the timeline is that human resources available to the project increased substantially during the pilot phase but has steadily dropped away since 2003. This timeline may be illustrated by the following table:

Year	1999	2000	2001	2002	2003	2004	2005
MARKT	5	5	9	9	7	5	4
ADMIN / DIGIT		7	10	10	8	7	6
ENTR			1	1	1	1	1
SANCO			1	1	1		
Total	**5**	**12**	**21**	**21**	**17**	**13**	**11**

3.3.3 Intermediary contract timeline

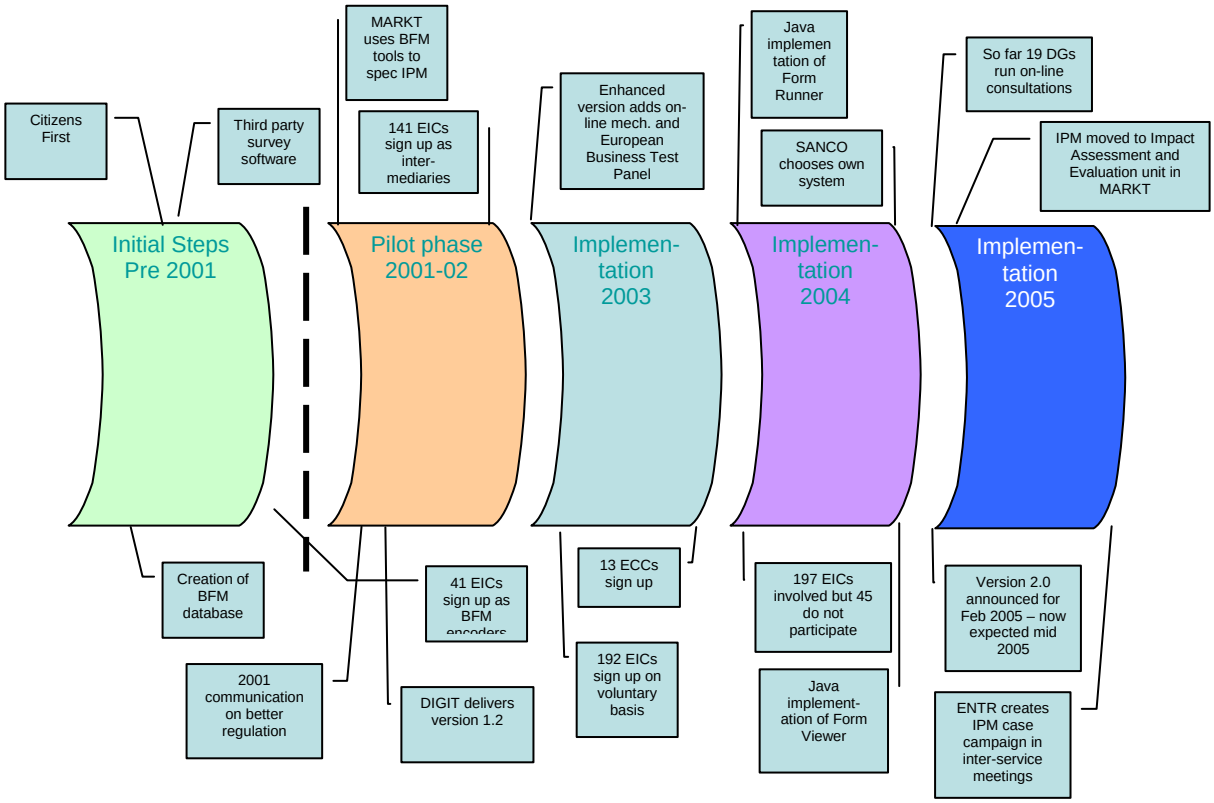
Yet another timeline that is useful to follow in the context of the IPM programme is the history of its **contractual relationships with DGs and intermediaries** that were responsible for the creation of the data employed in the feedback mechanism. The nature of these contractual relationships is important to understand when evaluating the quantity and quality of data available in the feedback database. The evaluation team has access to a detailed information base on the contracts but it is possible to extract a summary view as below.

Date	IPM Phase
17/04/2000 – 31/12/2002 (Initial End Date 16/06/2002)	BFM Pilot project (41 EICs) / DG MARKT - BFM grant agreement (following restricted call for proposals)
01/10/2001 – 31/12/2002 (Initial End Date 30/09/2002)	IPM project (141 EICs) / DG ENTR - Amendment n. 2 to EC/EIC contract with DG ENTR - on voluntary basis
01/01/2003 – 31/12/2003	"Feedback Action 2003" grant agreement / DG ENTR (192 EICs) - on voluntary basis "Feedback Action 2003" grant agreement / DG SANCO (13 ECCs) - on voluntary basis
01/01/2004 – 31/12/2004	"Feedback Action 2004" grant agreement / DG ENTR (197 EICs) - on voluntary basis

3.3.4 Consolidated timeline

The intention in drawing attention to the different views of the IPM timeline is to point out that a useful understanding of IPM can be obtained if selected issues in the

different timelines are harmonised together to create single composite timeline of the IPM programme.



4 IPM EVALUATION METHODOLOGICAL APPROACH

4.1 Stage 1: Preparation and Design

This section provides the reader with a description of the methodological approach that has been applied throughout the evaluation services, which includes key deliverables, such as the log frame and IPM intervention logic, key evaluation issues addressed, refined evaluation questions and judgment criteria.

The IPM evaluation has been an intermediate evaluation and therefore has focused on the short-term effects of the intervention on policy-making, drawing primarily on both quantitative and qualitative data collected.

4.1.1 Log Frame Overview

For the purpose of evaluating IPM, it has been useful to view the programme within the context of a project management cycle. This has was helpful in relating the different programme elements to each other and in linking them to stakeholder participation.

The diverse elements that are part of the IPM programme have been linked together systematically in a logical framework, or **logframe**, which is an analytical tool for planning, designing and managing programmes. The logframe, which is increasingly being used across the European Commission, is a systematic way of identifying the elements of a programme and the links between them to provide an objective analysis of the programme's design.

As one of the initial steps in the evaluation, a logframe was developed to map the IPM programme. The result has been a matrix that is useful for assessing the design elements of the programme (see Figure 1).

The output of this analysis has been a **matrix of five rows and four columns** which summarises the project design. In effect, the logframe captures the project components, outlines how the project may be monitored, describes the risks and constraints, and suggests how these are linked through a process of vertical and horizontal logic. As a result, this approach also offers a method by which the programme's components may be managed.

4.1.2 IPM Intervention Logic

	Intervention Logic	*Objective Verifiable Indicators*	*Sources of Verification*	*Assumptions and risks*
Global impacts	❑ High level of quality interaction between stakeholders, such as European citizens and enterprises, with regulators and policy-makers in the Commission ❑ IPM enhances e-commission and better regulation initiatives in the Commission	❑ Changes in policy as a result of feedback and consultation	❑ Interviews with stakeholder representatives ❑ Commission reports and communications on e-democracy maturity and e-service delivery ❑ Third party reports on e-democracy in the EU and in the Member States ❑ Desk research	❑ E-democracy is regarded as a key driver for involving citizen and business stakeholders in the creation of an effective, sustainable and competitive Single Market ❑ Leadership of the IPM programme is focused on addressing the needs of those who need to take part in such interactions
Intermediate Impacts	❑ Integration of IPM into normal mechanisms and workflow employed by regulators and policy-makers for capturing stakeholder views on impact assessment and consultation	❑ Usage levels by policy-makers in policy directorates ❑ Usage of intermediaries by stakeholders	❑ Interviews with stakeholder representatives ❑ Commission reports and communications on e-democracy maturity and e-service delivery ❑ Desk research	❑ Impact assessments and consultations become standard procedures for law-makers and policy-makers ❑ Commission policy-makers want to incorporate on-line consultation and feedback mechanisms into their normal workflow
Results	❑ Growing use of IPM feedback and consultation data by policy-makers and law-makers in the context of their work ❑ Growing use of IPM tools and methods by stakeholders external to the Commission	❑ Awareness levels of IPM feedback and consultation tools among policy-makers and stakeholders	❑ Interviews with stakeholder representatives ❑ Interviews with Commission staff: policy-makers / facilitators / IPM unit ❑ Commission reports and communications on e-democracy maturity and e-service delivery ❑ Desk research	❑ Commission policy-makers and public stakeholders are aware of the IPM tools ❑ Commission policy-makers trust the quality of the data contained in the IPM databases ❑ The software tools enable easy and high quality access to the IPM programme ❑ The IPM tools deliver genuine value-adding and capabilities relative to traditional feedback and consultation mechanisms ❑ IPM tools are effective in delivering engagement between stakeholders and policy-makers
Actions	❑ Successful development and completion of feedback mechanism for capturing ad hoc commentary from citizens and enterprises ❑ Successful development and completion of consultation mechanism	**Inputs: Means** ❑ IPM Unit ❑ DIGIT resources for IT development ❑ Inter-services steering group ❑ Contractual agreements with intermediaries such as EICs, ECCs, CSS and/or DGs ❑ IPM facilitators and support resources in other DGs such as ENTR ❑ Interaction with YourVoice and YourEurope portal resources	**Inputs: Costs** ❑ Annual IPM budget ❑ IDA funded software development budget ❑ IPM support in DGs such as MARKT, ENTR and SANCO	❑ The chosen actions (feedback and consultation mechanisms) enable the broad programme objectives to be delivered ❑ The IPM software tools are developed to meet the needs of stakeholders and policy-makers ❑ The allocation of the resources across the programme, including software development, training, management and marketing, enables the overall objectives of the programme to be met ❑ The organisation of the IPM unit supports the necessary interactions with intermediaries and other DGs
Pre-Conditions				❑ April 2001 communication regarding interaction between Internal Market stakeholders ❑ Annual budget commitment to IPM programme from DG MARKT ❑ IDA funding of development of IPM software tools

Figure 1 : IPM programme draft logframe

4.1.3 Understanding the Logframe in the Evaluation

The logframe of the IPM programme has certain elements:

Column 1 (Intervention logic) - records the hierarchy of objectives, impacts, results, and actions – the why, what and how of the IPM programme

Column 2 (Objective Verifiable Indicators) - states what indicators can be used to measure the achievement of the objectives, impacts, results and actions.

Column 3 (Sources of Verification) - states how these are to be measured

Column 4 (Risks and Assumptions) - identifies the risks and constraints under which the project will be operating, and also lists the pre-conditions that have to be met for the programme to succeed.

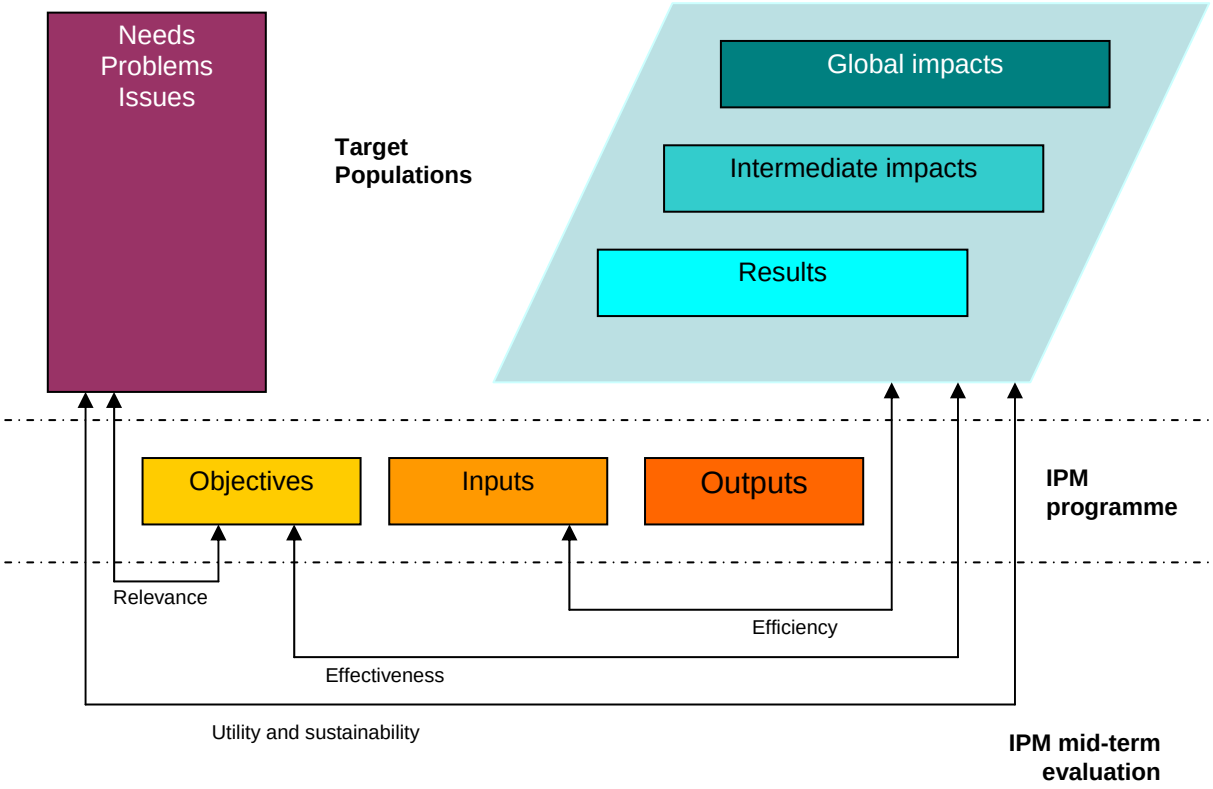
The vertical structure of the logframe methodology is based on cause and effect - if the means are provided, then the ends will be achieved. Each level provides the rationale for the next level down: the objective helps define the impacts, which help define the results, etc. The successful completion of each level of the hierarchy is a prerequisite for achieving the next higher level. Thus programme actions (the intervention logic of the programme) produce results; these outputs are expected to achieve certain impacts; achieving the impacts contributes to the attainment of the programme objective.

4.1.4 Using the logframe

While carrying out the evaluation of the IPM programme, there were a number of criteria that needed to be covered as part of the assessment: **relevance** of the programme, its **efficiency**, its **effectiveness**, the **utility** it provides, and the **sustainability** of the benefits of the programme, possibly even after the programme is no longer in existence.

The logframe was married to the main evaluation issues so that the focus of the evaluation was on the intervention logic of the programme, and the success it had in implementing its design.

The following chart defines how a number of the elements of the IPM programme logframe were tied into the key concepts employed in this evaluation.



A logframe-driven view of programme evaluation

The key concepts defined in the terms of reference of this evaluation, and the relation between them, include the following items illustrated in the table above:

Relevance: this concept explores how well the objectives of the programme are matched to the needs and issues experienced by the target population. If the programme's objectives are not appropriate to the needs of the target population, then the programme may be deemed to be not relevant.

Effectiveness: if the objectives of the programme are reflected in the impacts the programme makes and the results that are achieved, then it may be considered to be effective. If the impacts and results are not the sort envisaged in the objectives, then the programme should be considered ineffective.

Efficiency: this is a measure assessing how well the inputs of the programme have been utilised to produce the desired impacts. If a programme is efficient in terms of resource utilisation and costs, then its inputs will have been used efficiently to produce the impacts of the programme.

Utility: stakeholders derive utility from a programme if its impacts cater to their needs and requirements. If a programme is not meeting their needs, it is simply not providing utility.

Sustainability: this evaluation measure judges how well the impacts of the programme's actions meet the needs of the target population over a sustained period of time.

In order to ground this generic analysis in the particular situation relating to the IPM programme, the following evaluation questions have been posed, based on the logframe analysis of the preceding chapter:

- To what extent is the intervention of the IPM programme **relevant** to the needs, problems and issues faced by the targets of the programme?
- How **effective** is the IPM programme in inducing impacts and results that correspond with the objectives outlined in the April 2001 Communication?
- How **efficiently** have the resources and inputs of the IPM programme been converted into effects and impacts?
- What **utility** is available to the target populations (policy-makers and external stakeholders) from the impacts of the IPM programme's interventions?
- How **sustainable** are any positive changes resulting from the IPM interventions?

4.1.5 Key Evaluation Issues to be Addressed

The evaluation's terms of reference draw attention to some specific questions that have to be answered in the context of this evaluation. These issues relate to the past performance of the IPM programme as well as future decisions that can be made about it.

- IPM Past performance

The objectives of the evaluation have been to:

- o assess the extent to which IPM mechanisms have **contributed to policy-making** in the Commission
- o examine the **quality of the data** provided by the IPM mechanisms and its **value added** as **compared** to other available sources of information for policy-making
- o evaluate the **technical quality** of the software (taking account of its continuing evolution)
- o assess the **cost-effectiveness** of the project and consider the appropriateness of the **organisational** arrangements for the project

- Future decision-making on IPM

The evaluation also seeked to provide a sound basis for future decisions both by DG Internal Market and by the Commission as a whole on the future of IPM. It needed to facilitate decisions on:

- o **future investment** in the project and organisational arrangements;
- o where necessary and feasible, **improving the quality** of the tools and of the data collected;
- o **maximising the benefits** to the Commission's policy making process.

4.2 Stage 2: Data Collection

4.2.1 Desk Research

Documentation obtained from the Commission as well as those identified on the Europa and IPM websites were screened and logged. This allowed the evaluation team to get an indication of the usefulness of the different documents in view of this evaluation service. These documents were collected and analysed in order to deepen the evaluators understanding of the IPM Programme. The desk research also allowed the evaluation team to become better acquainted with IPM and to begin the work of developing a log-frame. The output of the desk research programme has been a bibliography which can be viewed in Appendix 9, a log-frame, and a series of interview guides which can be viewed in Appendices 2 and 3.

The purpose of the desk research programme was to:

- Research relevant documentation
- In conjunction with the interview programme:
    - identify **key contacts** of relevant organisations, including key stakeholders;
    - reformulate the **evaluation questions** and criteria, if necessary;
    - conduct an initial identification of **case studies**;
    - develop a **log-frame**;
    - develop a series of **interview guides**.

4.2.2 EC Stakeholder Interviews

The evaluation team made contact with a number of **key Commission staff** involved in the IPM Programme. All interviews were conducted face to face. The EC staff interview programme ran in parallel to the desk research programme. The purpose of the interview programme was to:

- understand the various aspects and mechanisms of the IPM Programme both in relation to DG MARKT and other stakeholders;
- obtain background information on the implementation of the IPM Programme;
- obtain suggested relevant stakeholder contact persons; and,
- in conjunction with the desk research programme, refine the log-frame as well as the evaluative questions and the identification of case studies

With the start of the second phase of the evaluation exercise, the focus of research shifted towards **stakeholders outside of the IPM unit** and one of the tools used to address them was a Stakeholder Interview Programme. These interviews represented an important part of the evaluation work programme in that they provide direct views from relevant stakeholders. The interviews were targeted at user groups who were deemed more unlikely to answer a written questionnaire and whose opinions, because of the

complexity of issues, are channelled in a more flexible tool such as an interview. Interviewees included: 1) Policy makers, 2) IPM facilitators and 3) IPM Intermediaries.

These three groups of interviewees were chosen as **essential stakeholders with unique opinions on the IPM** and on policy making needs. The IPM facilitators have long-term contact with the IPM unit being the identified contact points within the various DGs and policymakers are the intended end users of IPM. The policy makers selected for interviews have experiences in using both IPM mechanisms and provide essential information not only about the efficiency of the two mechanisms, but also about the relevance and efficiency for policymaking purposes. The IPM Intermediaries are important participants in the IPM Feedback Mechanism as they encode relevant cases into the database. Their opinions therefore provided an important view on the efficiency and effectiveness of the IPM Feedback Mechanism.

The Interview Programme followed a **semi-structured approach** allowing for comparable results while still leaving room to spontaneous comments and replies on selected issues of interest.

Please refer to **Appendix 1** for detailed information on the evaluation field work programme, including information about the categories of stakeholders interviewed, the number of stakeholder's contaced and the number of responses by type of stakeholder.

4.2.3 Log frame, Evaluation Questions, and Interview Guide

As referred to under the heading of desk research programme, the evaluation team developed a log-frame to help establish the **intervention logic** of the IPM Programme and its linkages to the activities of DG MARKT and the relevant stakeholders of the programme. The log frame can be examined in Section 4.1.2.

A series of guides were developed and used during the interview programme with the various stakeholders of the IPM Initiative. The interview guides can be found in the following Appendices:

Interview Guides for:	**Appendix No.**
IPM Team	Appendix 2
Policy Makers	Appendix 3

4.2.4 Selection of Case Studies

The case study programme represented another important part of the evaluation work plan, whereby the evaluator viewed activities and results "on the ground" and gained further information on complex and sensitive issues related to the implementation of IPM programme.

In the selection of relevant cases, the following issues were considered:

- The case studies needed to evaluate both “successful” and “unsuccessful” uses of IPM.
- The case studies needed to cover the two different IPM mechanisms, Online Consultation and Feedback.
- The case studies needed to consider cases from both inside and outside DG MARKT.

Information on these issues was obtained through desk research, interviews with IPM staff, and informal validation with key stakeholders. Taking this information into account, the following cases were selected in conjunction with the IPM team:

- Passenger Car Taxation Online Consultation
- Successor to the Multiannual Programme (MAP) Online Consultation
- Framework for the Communication and Innovation Programme (CIP) Online Consultation
- Interservice Meetings distributing Feedback Database Cases in DG Enterprise
- Mutual Recognition and Non-Harmonised Products Feedback Database Cases
- In-depth Analysis Report(s) carried out by IPM contractor, P&G

The IPM Case Study reports can be found in Appendix 5 and a summary of the P&G In-depth Reports in Appendix 6.

4.2.5 Desk Research Programme II

The focus of the first desk research programme was to develop a strong foundation for understanding the IPM Programme. The second desk research programme was based on the information contained in the documents previously examined and focused on quantitative and qualitative information available to the Commission on traditional and contemporary feedback mechanisms, as well as on additional literature suggested during the first stakeholder interview programme.

This phase involved finalising the questionnaires used during the interview programmes in the field as well as the development of a quantitative and qualitative database of information gathered.

4.2.6 Online Survey Programme

In order to cover stakeholders’ views across the IPM Programme, an online survey programme was developed. One online survey was targeted internally at Policy makers at the Commission and the other online survey was targeted externally at IPM Intermediaries. The advantage of an online survey is that feedback can be gained across a larger sample of stakeholders. Combined with the interview programme which provides more in-depth opinion, it is a

highly effective means of evaluation to gauge trends and opinions across a sample of stakeholders.

For further information on the survey design, promotion and launch please refer to Appendix 7.1.

4.3 Stage 3: Reporting and Presentation

The table below details the schedule for the evaluation reports and presentations.

Reporting and Presentation
Preparation, submission and presentation of Methodology Report
Preparation, submission and presentation of Interim Report
Preparation, submission and presentation of Draft Final Report
Feedback on Draft Final Report
Amendments to Draft Final Report
Production and delivery of Final Report

5 INTERACTIVE POLICY MAKING EVALUATION FINDINGS

5.1 CONTRIBUTION OF IPM MECHANISMS TO POLICY-MAKING

5.1.1 Methodological Approach

This section of the report analyses whether the two IPM mechanisms are relevant to the main intention behind the Interactive Policy-Making Initiative: to **'obtain continuous access to the opinions and experiences of economic operators and the EU citizens'**[4]. In order to do so, it analyses the following questions: Is IPM relevant to the goal of making policy-making more inclusive? i.e. Is IPM contributing to citizens/businesses opinions/complaints submitted via the IPM mechanisms being taken into account in policy-making? Does it enhance the Commission's ability to assess the impact of its policies (or the absence of them) on the ground? Does it help the Commission to evaluate proposals for new actions, to respond rapidly and in a targeted manner to citizen, consumer and business demands? And overall, does IPM make policy-making more inclusive?

It is important to take into account that the mandate to the IPM Team is different for the two IPM mechanisms:

- For the Online Consultation Mechanism, the IPM Team is responsible for the implementation of the technical tool, while promotion and other matters fall within the responsibility of each DG (while DG MARKT is supportive).

- For the Feedback Mechanism, the IPM Team is responsible for ensuring that Feedback Data is available and accessible for policy-makers.

5.1.1.1 The Evaluation Approach

Evaluating the influence of IPM on policy making has not been purely output-focused, i.e. focused on the number of cases in which IPM data has had an influence on policy-making but has followed a broader evaluation approach focusing on all the preconditions that have to be fulfilled to enable IPM to have an effective impact on policy making. This is necessary in order to derive not only conclusions about the actual effect on policy making, but to understand the underlying reasons why IPM is successful or not in achieving this goal.

The logframe approach to the relevance and effectiveness of the IPM Inititiative regarding its contribution to policy-making presupposes three main assumptions that have to be separately validated:

(1) that the policy-makers are actually **aware** of the existence of the two IPM mechanisms;
(2) that policy-makers actually make **use** of the instruments;

[4] Citation from the Commission's Communication: Extract of the Progress Report Interactive Policy-Making, p. 1

(3) that the data generated by the two IPM mechanisms actually **impacts** policy making i.e. that the data is used to either back a policy position or has led to changes of existing policies.

5.1.1.2 Analytical Tools Used During the Evaluation

(1) Awareness
It is not sufficient to draw conclusions about the awareness for the IPM mechanisms focusing exclusively on the number of people using the two IPM tools, as there is **an important difference** between the people being generally aware of the instruments and people actually making use of them. In order to evaluate the degree to which policy makers are actually aware of the possibilities that the IPM mechanisms offer, it will therefore be analysed to what degree policy-makers all over the Commission are aware of the existence of the IPM tools as well as to what degree they know how to access these mechanisms.

(2) Usage:
In order to measure the second precondition for an impact of IPM data on policy making – that policy makers actually make use of the two mechanisms – it is important to distinguish between two different **factors regarding usage**. The first concerns what is influencing people to use IPM or what is preventing / putting them off making use of the IPM mechanisms. Of similar importance is determining why people who are aware of the mechanisms and who know how to access them decide not to make use of them. It is important to determine whether there are issues / obstacles associated with using and accessing the IPM mechanisms or whether there is (a) a general lack of demand for the IPM mechanisms and the kind of data they generate, or (b) a lack of demand due to the intrinsic nature of the information collected and the quality of information provided.

(3) Influence on Policy-Making:
The third aspect in analysing the impact of the IPM mechanisms on policy making is to what extent IPM data has been used for the development or backing of new policies and / or to what extent the usage of IPM data has resulted in a change of existing policies. During the policy making process numerous sources of information are consulted and therefore, in most cases, it is impossible to isolate the impact of IPM data. Furthermore, it is also very difficult to express the impact of IPM data in quantitative terms (for example, ‘in 2003 IPM data resulted in X policy changes’). This is made even more challenging as there is no comprehensive information about how many policy makers have actually consulted the data.

Nevertheless it has been possible to uncover qualitative evidence about the impact of IPM data on policy making through interviews with stakeholders, the internal online survey as well as the case studies.

5.1.1.3 Gathering of the Empirical Data

Awareness
The most effective way of obtaining a broad picture of the awareness of IPM over all DGs and other services in the Commission was via the Internal Online Survey. The survey contained questions about general awareness of IPM, about the way in which respondents – if they were aware of IPM - had heard of the IPM mechanisms and to what degree they know how to access and use the mechanisms. It was targeted at 361 policy-makers across 32 DGs and Services in the Commission, and 69 responses were received.

Usage
For the analysis of the usage patterns of the IPM mechanisms it was necessary to consider various sources of information.

In terms of obstacles associated with using or accessing the IPM mechanisms (supply side issues), the Internal Online Survey and case studies were employed to gather findings. Looking into the reasons behind why policy makers might deliberately make use / not make use of the mechanisms (demand side issues) will be based on evidence derived through the Internal Online Survey. This is an effective way of gaining access to people who have not made use of IPM before and of gaining a broad understanding as to why.

Influence on Policy-Making
As previously mentioned there are difficulties associated with determining the impact of IPM on policy making. However evidence was gathered through the Interview Programme with Policy Makers and the IPM Team. This was compared with evidence gathered from the Internal Online Survey.

Please refer to Appendix 7 for analysis and comprehensive results of the evaluation online surveys.

5.1.2 IPM Initiative

- Regarding the awareness of the IPM Initiative as a whole, the perception is that personnel across the Commission have often heard of it but most are unsure of what it actually is and of the purpose it aims to serve. General awareness within DG MARKT and DG Enterprise is higher than in other DGs, which is a consequence of the fact that the IPM Team were asked to focus predominantly on DG MARKT.

- Results of the Online Survey showed that 80% of respondents had heard of the IPM initiative[5]. Of those who had heard of the initiative just under half (47%) had been made aware of it through colleagues and 21% through Commission internal information via DG MARKT.

[5] The survey was targeted internally at 361 policy-makers across 32 DGs and Services in the Commission, of which 69 replied. One might conclude here that those who have heard of it are probably more likely to have participated in the survey and therefore this figure of 80% should be viewed with that in mind.

5.1.3 IPM Feedback Mechanism

5.1.3.1 Awareness

- Basic awareness of the IPM Feedback Database seems to be low across the Commission, while there is greater awareness of the mechanism within DG Internal Market and DG Enterprise. These DGs have more exposure to the IPM Feedback Database, while promotion of the mechanism has also been limited to DG MARKT.

- The results of the survey showed that over half (57%) the respondents had not heard of the IPM Feedback Database. Of the respondents that had heard of the Feedback Database a third had become aware of it via colleagues and a third via Commission internal information from DG MARKT. Also evidence conducted during the case studies points to the general low degree of awareness as well as the domination of 'mouth-to-mouth' promotion, as internal promotion of the IPM Feedback Mechanism has been limited.

- In terms of understanding the purpose of the IPM Feedback Database general perception from interviews is that awareness levels are low. Although 80% had heard of the IPM Initiative almost half (47.8%) the respondents to the Online Survey did not know what type of information is contained in the Feedback Database. 37.7% recognised that information contained within the database related to the experiences and problems of European businesses and citizens and 14.6% believed it contained the results of Online Consultations.

- Compared to the already low number of people who know about the existence of the Feedback Database, the number of people who actually know how it works is even lower. 68% of the respondents of the Online Survey state that they do not know how the Feedback Database works. This low level of awareness was confirmed during interviews with policy makers.

- Internal promotion efforts of the Feedback Mechanism have been limited, particularly since 2003. Members of the IPM team have presented the Feedback Mechanism to various audiences but there have been no major promotional campaigns.

5.1.3.2 Usage

- Usage of the IPM Feedback Database is very low, Commission wide. Evidence from the evaluation interview programme, online surveys and data given by DG Internal Market suggest that the actual number of people that have used (and not necessarily on a regular basis) the Feedback Database is between 15 and 20.

- The results of the Online Survey showed that 78% of respondents had never used the mechanism and 11% had logged in on one or two occasions. Only 2 out of the 69 respondents used it on a weekly basis and both were from DG MARKT.

- It seems that a higher number of policy makers have received data from the Feedback Database than have actually used it to extract the data themselves. This fact is supported by information from the IPM team, as well as through evidence collected through the case studies (see Appendix 5). A good example of the use of data from the Feedback Database is the In-Depth Studies carried out by P&G (Appendix 6) and the distribution of IPM cases at the Interservice Group Meetings held in DG Enterprise (Appendix 5.3). Of the Online Survey respondents, 14.9% had received data extracted from the Feedback Database. Out of these, 9.3% found it useful and 5.6% had received the data and not found it useful.

- The Feedback Mechanism case studies have shown that those who extract cases from the IPM database believe that the IPM interface, including the search and reporting functionality, is not particularly user friendly. Often searches will return too many cases which require significant time and effort to sift through and analyse. This type of reporting is not conducive to policy makers utilising IPM as part of their day to day routine. IPM is far more likely to be used if cases are extracted, sorted and presented to policy makers in an “easy to digest” format.

5.1.3.3 Impact

- It seems that although only a small number of people have actually used the Feedback Database more people have been provided with data that is contained within it. For example, the studies conducted by P&G were based on data from the Database. Even when policy-makers are provided with data from the Database, there is mixed opinion on whether it genuinely has impact.

- There have been cases where the information has been useful, valuable and has made an impact. For example, data was extracted and used in relation to emerging issues arising from the E-Commerce Directive adopted in 2000. Furthermore, Case Study 4 has shown that Feedback Cases have inspired policy-makers in DG ENTR to launch public consultations, and that policy-makers are highly interested in receiving all cases concerning their sector to consider them in case of future revisions of directives (see Case Study 4: Pressure Equipment).

- As outlined in Case Study 5, between 25 and 30 IPM cases have been deemed relevant for the work on *Mutual Recognition*. This information has been useful in providing evidence to formulate the Commission’s stance on *Mutual Recognition* and will, according to the relevant policy-makers, ultimately contribute towards a decision on how to improve *Mutual Recognition* principles in 2006. Furthermore, between 5 and 6 cases

extracted from the IPM Feedback Database have directly led to infringement proceedings or have, at least, complemented evidence from other sources of information.

- Feedback cases have also been found to be useful in highlighting areas where there is an information gap or where information/legislation is found to be easily misinterpreted. Policy-makers participating in the interservice meetings have become aware of these problems through the cases reported (see Case Study 4).

5.1.4 IPM Online Consultation Tool

5.1.4.1 Awareness

- Awareness of the IPM Online Consultation Tool is certainly higher than the IPM Feedback Database across the Commission. This awareness is also not just confined to DG MARKT and DG Enterprise. Figures provided by DG MARKT show that over 20 Directorate-Generals have now made use of the Online Consultation tool. 73.9% of survey respondents had heard of the tool. Of the 51 respondents who had heard of it, 37.3% had discovered it via colleagues and 23.5% via internal communication from DG MARKT.

- In terms of understanding the purpose of the Online Consultation Tool and what it can be used for, awareness is also significantly higher than the Feedback Mechanism. But although increasing usage across many DGs shows that the Online Consultation Tool is an attractive instrument for a wide range of policy-makers, there is nevertheless still plenty of scope for the Online Consultation Tool to be promoted further throughout the Commission: results from the online survey showed that just under half (42%) of the respondents knew in detail how the tool worked and a further 29% claimed that they had some idea how it worked.

- Prior to 2004 there was limited active promotion of the Online Consultation Tool. In 2004 the Consultation tool was promoted at the eSymposium organised by IDA. This was an internal event aimed at those working and developing Commission technologies and applications. The IPM team hosted a stand which provided the tool with good exposure. Your Voice posters and business cards were also published and distributed internally.

- Since then the Online Consultation tool has also been promoted at several other internal events and members of the IPM team have made presentations in various Directorate-Generals. These efforts have certainly assisted in raising awareness of the Online Consultation tool.

5.1.4.2 Usage

- Usage of the Online Consultation Tool has grown over the last few years, particularly between 2003 and 2004 where there was an increase from 23

consultations to 74. This growth is continuing with 33 consultations already carried out in 2005.

- Circa 45% of respondents of the online survey claimed to have been involved in an IPM Consultation once or twice and 17.4% had been involved more than twice. Respondents were also asked to estimate the number of people in their DGs who may have been involved with an online consultation. Almost 40% believed that 5 or more people had been involved with an IPM Online Consultation.

- Another significant finding was the fact that the IPM Online Consultation Tool has been used for purposes other than consultation. For example it has been used as an online mechanism for registering participants for a conference. In this respect the consultation software could be used for any online “form based” application.

- Evidence gathered during the IPM Online Consultation Case Studies (see Appendix 5) shows that there is generally a high level of satisfaction with the IPM Online Consultation tool. Of particular benefit for the policy-makers seems to be the fact that the tool is easy to use and that the results from the consultation are generated in a structured way appropriate for immediate analysis.

- An additional application of the Online Consultation Tool is the so-called ‘European Business Test Panel’ (EBTP). The EBTP is part of the Commission’s overall policy to further improve and develop consultation links with businesses throughout the Community in accordance with its ‘Better Regulation’ Action Plan of June 2002. The panel consists of around 3,000 businesses of all Member States, and its composition is decided on by Eurostat in order to ensure its statistical representativity. The operational aspects (that is, the creation of the two databases for registration and consultations as well as the web page) are carried out by DG MARKT as part of the IPM Initiative. Furthermore, DG MARKT also co-ordinates the launch of new consultations in co-operation with other Commission services. To date, under the Business Test Panel pilot scheme 3 consultations have been undertaken (1 in 2003 and 2 in 2004). The EBTP, which has replaced the three-year pilot project, is expected to carry out 6 to 8 consultations per year.

5.1.4.3 Impact

- In terms of the information generated from consultations having an influence on policy making, feedback suggests that information does assist gauging opinion of stakeholders and consequently influencing development of a policy or programme. All policy makers interviewed stated that information from an online consultation would never be used stand alone. The information is used in conjunction with other sources of information, for example written contributions direct from stakeholders and output from meetings with stakeholders.

- 38% of the online survey responses suggested that information does sometimes impact policy making and a further 12 % believed that it regularly impacted on policy making.

- Leading on from this when policy makers were also asked about the usefulness of data almost all those interviewed believe that the information generated from a consultation was useful. This was confirmed in the online survey with 39 out of the 43 (90%) respondents, who had used the tool, claiming that the information was useful or very useful. Not one respondent believed that the information provided from consultations was not useful.

- The case studies analysing the application of the Online Consultation Tool show in detail the impact of Online Consultation Data on policy-making:

    - Case Study 1: Results and analysis of the online consultation, along with 130 written contributions, contributed to a report summarising the results. These results fed into the development of a Proposal for the successor to the Multiannual Programme (MAP).

    - Case Study 2: The issues raised and comments presented complemented, often in a very detailed way, the feedback gathered with the online survey. Responses to the online survey and written contributions formed a valuable contribution to the preparation of Commission's proposal for the Competitiveness and Innovation Framework Programme.

    - Case Study 3: Results and analysis of consultation contributed towards a legislative proposal aimed at improving the functioning of the Internal Market in the area of passenger cars and promoting sustainability by restructuring the tax base to include elements directly relating to carbon dioxide emissions of passenger cars.

5.2 QUALITY OF DATA AND COMPARATIVE ADDED VALUE

5.2.1 Methodological Approach

This section of the report will analyse the following questions regarding the quality of data and its comparative added value:

- To what extent does IPM succeed in generating valuable data for policy-making purposes?
- To what extent does the data generated make a useful contribution to the already existing data? Could it be gathered otherwise? If yes, what are the pros and cons of gathering it via IPM?

5.2.1.1 The Evaluation Approach

The evaluation of the quality of data is a very distinct undertaking for the two IPM mechanisms, as the way in which the data is generated is very different. In the case of the Online Consultation tool, the quality of data is to a great extent determined by the users of the tool itself as they design the online questionnaires. These questionnaires can be adapted according to the different policy issues, and stakeholders can be purposefully invited to participate. Nevertheless, certain elements cannot be determined by policy makers or those who design and implement surveys. An example of this is the number of responses to a survey or the make-up and characteristics of the respondents. These aspects have an important impact on the quality of data (see below).

The process of gathering data is very different in the case of the IPM Feedback Mechanism. Here a general feedback form is designed for all possible problems experienced by citizens or businesses. Furthermore, in contrast to the IPM Online Consultation mechanism, the information is not directly provided by these stakeholders but is supplied by the Intermediaries (the ECCs, EICs and CSS), which have provided assistance to the stakeholders. Another difference to the Online Consultation mechanism is that the Feedback Mechanism does not collect data for a specific policy-making purpose, but generally contributes to the building up of a database which can be consulted by policy-makers seeking information and practical cases in a specific policy area.

The analysis of the quality of data for both the IPM mechanisms will therefore answer the following questions:

- Quality of Data:
    - What is the process through which the data is collected?
    - What are the methodological difficulties associated with this process?
    - Does it provide substantive evidence to support policy-initiatives and/or policy changes?
    - Is the data:
        - Reliable
        - Accurate
        - Representative
        - Unsolicited
        - Structured

As the data collected via the two mechanisms is very different and serves different purposes, it is necessary to compare the data to different equivalent data sources when analysing its comparative value. The analysis of the comparative value of the IPM data will answer the following questions:

- Is data generated that cannot be obtained elsewhere?

- Is there demand for the sort of data generated by the IPM mechanism?
- If yes, what are the advantages and disadvantages of IPM data?

5.2.1.2 Analytical Tools Used During the Evaluation

IPM Feedback Mechanism:

In order to measure the quality of data delivered by the IPM Feedback Mechanism, the evaluation team will not follow the approach of the IPM Team or P&G who performed in-depth analyses of a selection of cases in order to evaluate their quality and interest for policy making purposes. Such an approach would be beyond the scope of this evaluation. However the results of the analyses undertaken by the IPM Team as well as P&G have been used in the analysis. Furthermore, a series of case studies have been carried out which analyse the experiences of policy-makers who used the Feedback Database. These case studies provide evidence about the quality of data in the perspective of the real users of the mechanism.

Besides analysing the quality of data from this viewpoint, the evaluation will focus on the process of data generation and the problems and methodological issues associated with it. In the specific case of the IPM Feedback Mechanism, the analysis will focus on the encoding process performed by the Intermediaries. It will first analyse all aspects of the process that affect the encoding quality in general (that is, whether the cases are informative and comprehensive), then the aspects that affect the selection of relevant cases (that is, whether the cases are representative, relevant and reliable) and finally the aspects that affect the behaviour and motivation of the Intermediaries as the key actors in this process – that is, the user-friendliness and interactivity of the process.

IPM Online Consultation Tool:

In order to evaluate the quality of data generated via the IPM Online Consultation Tool, the evaluation team has focused on an analysis of the methodological quality of the data collected (for example on the validity of the data) as well as on the degree to which the data is responsive to the users' needs.

In order to analyse the comparative value of IPM data, initially it is necessary to analyse the degree to which there is general demand for the sort of data generated via the two IPM mechanisms and secondly how this data performs or is used compared to other sources of data. In order to analyse this second aspect, it is necessary to establish which sources of information are potential substitutions for the data provided by IPM and what are the advantages and disadvantages of the IPM data compared to these other sources.

5.2.1.3 Gathering of the Empirical Data

The analysis of the quality of data and its comparative added value is based on former quality assessment studies carried out by the IPM Team as well as P&G. Additionally, it is heavily based on qualitative information gathered through the stakeholders' interview programme, the case studies and through the Internal and External online surveys.

5.2.2 IPM Feedback Mechanism

5.2.2.1 Quality of Data

One particular aspect of the IPM Feedback Database is that the data collected is not directly provided by the citizens or businesses experiencing problems, but indirectly through the so-called 'Intermediaries', namely European Information Centres (EICs), European Consumer Centres (ECCs) and the Citizens Signpost Service (CSS). The quality of cases encoded therefore depends to a degree on the case selection and encoding practices of the Intermediaries. The following will present findings regarding

(1) the overall encoding quality of cases
(2) the encoding practices and their consequences for the quality of encoding
(3) the relevance of selected cases
(4) the user-friendliness and interactivity of the process.

5.2.2.1.1 Overall Encoding Quality

- The 2003 evaluation exercise of the quality of the encoded cases (in-depth analysis of 109 cases) has shown that on average the encoding quality was satisfactory (2.71 out of 5 points). Overall, the quality of encoding has slightly increased in 2004 (from 2.71 to 2.92). As concluded from the EIC Quality Assessment in Mid-July 2004 encoding within an EIC is generally consistent (i.e. encoding quality does not vary much from one case to another one within an EIC).

- The problems reported in the online survey and during interviews correlate to a certain extent with the most common encoding errors identified by the IPM Team quality assessment and the P&G In-Depth Case Studies:

  (1) Lack of facts: according to the evidence gathered, this is often a consequence of a lack of information received by the intermediaries themselves, particularly in case of the CSS experts who often receive insufficient information via email.
  (2) Lack of policy making suggestion: as expressed during the interviews, most Intermediaries don't feel in the position to express policy-making suggestions based on their task of answering legal problematic cases.
  (3) Error in 'first level policy field' as well as in defining the origin of the problem: as outlined above, the correct categorisation of cases is often

very difficult for the Intermediaries who lack knowledge about the various policy fields as well as the cases themselves

(4) Empty fields: as already outlined under (1), this is also a consequence of the limited information received by the Intermediaries; particularly questions regarding the quantitative impact of policies can often not be answered or are not applicable to a specific case

(5) Encoders do not follow the structure of free text fields (47% according to the Quality Assessment by the IPM Team): this is partly a consequence of cases being complex and the feedback not being able to cope with this complexity. Encoders also try to avoid repetition although it may be than in some instances they want to save time and therefore do not follow instructions carefully.

- According to the Quality Assessments of 198 CSS encoded cases in 2003 and a further 180 encoded cases in 2004 (31st Dec 2003 to 30th Nov 2004) cases encoded by CSS experts are of a lower quality than those encoded by EICs or ECCs:

  Encoding Quality (out of 5):
  - EICs: 2.83
  - CSS: 2.02
  - ECCs: 3.17

- The likely explanations for the lower quality of CSS encoded cases are that the CSS encoders (1) do not speak with citizens/businesses directly but only receive information via email and these cases are often incomplete, and (2) CSS encoders have to encode everything twice after receiving a case which may negatively affect their motivation.

5.2.2.1.2 Encoding Practices and their Consequences for the Quality of Encoding

- As it is assumed by the Commission that the frequency of encoding has an important impact on the quality of the encoded cases, this aspect will be analysed in the following paragraphs. As can be seen in the tables below, the number of cases encoded by the Intermediaries varies considerably over the year. Overall, there were 10,668 cases encoded in 2003 and 10,227 in 2004. While the number of cases encoded by the European Information Centres (EICs) has slightly decreased in 2004, the number of cases encoded by the CSS experts has increased considerably over this period (from 3116 to 4994)[6].

	Jan	***Feb***	***Mar***	***Apr***	***May***	***Jun***	***Jul***	***Aug***	***Sep***	***Oct***	***Nov***	***Dec***	Total
2003													
CSS	0	96	295	184	328	245	318	338	287	291	249	485	**3116**
EIC	0	56	138	174	186	309	839	189	245	468	736	2487	**5827**

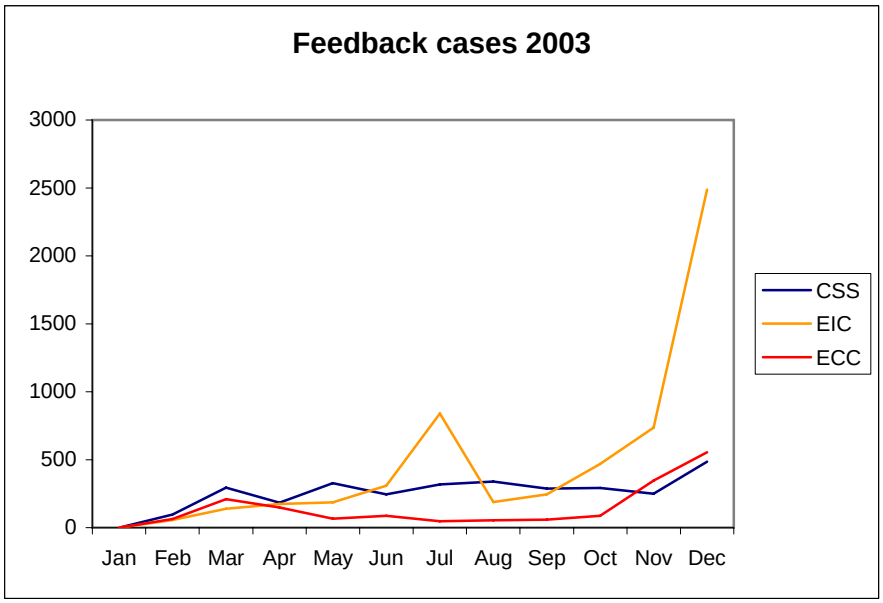
[6] The reason that there are no cases encoded by the ECCs in 2004 is that SANCO are currently implementing a separate system of streamlining complaints received from the ECCs about consumer issues. It is envisaged that this will be linked with IPM at some point. There is currently a delay with the implementation of this system and therefore it is unclear at what point this link with IPM will be established.

	Jan	*Feb*	*Mar*	*Apr*	*May*	*Jun*	*Jul*	*Aug*	*Sep*	*Oct*	*Nov*	*Dec*	Total
ECC	0	64	210	148	67	87	47	53	60	88	346	555	**1725**
Total	**0**	**216**	**643**	**506**	**581**	**641**	**1204**	**580**	**592**	**847**	**1331**	**3527**	**10668**

	Jan	*Feb*	*Mar*	*Apr*	*May*	*Jun*	*Jul*	*Aug*	*Sep*	*Oct*	*Nov*	*Dec*	Total
2004													
CSS	471	297	324	279	366	438	390	541	502	404	422	560	**4994**
EIC	59	93	120	178	229	428	580	217	245	250	602	2232	**5233**
Total	**530**	**390**	**444**	**457**	**595**	**866**	**970**	**758**	**747**	**654**	**1024**	**2792**	**10227**

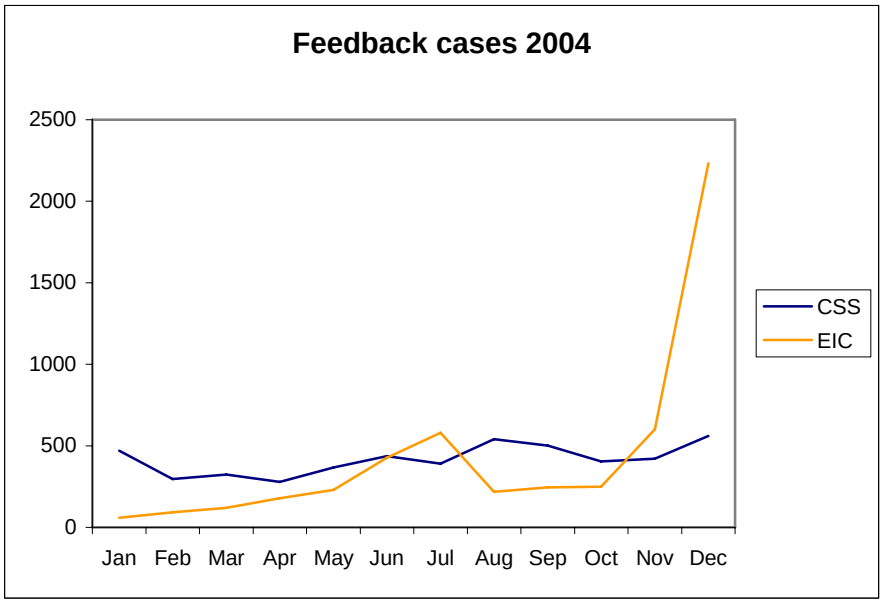
- EICs are contractually bound to encode a minimum of 30 cases per year. But of the 194 EICs that participated in IPM 2004, 45 did not encode any cases. According to the IPM team this was due to the fact that there were a lack of good cases to encode and that some EICs did not have adequately trained personnel to carry out the encoding. In cases of non-performance according to contractual obligations, recovery orders were launched or final payments not made.

- EICs are obliged to encode cases on a regular basis as it is assumed that cases are of better quality when recorded as soon as they are reported. Encoding-statistics for all 194 EICs during the first half of 2004 (6 months) show that this regularity of encoding is not fulfilled in the majority of cases[7]. The following graphs illustrate clearly the fact that the majority of cases are encoded during the last few months of the year.



[7] Source: IPM Feedback Mechanism - EIC Quality Assessment Mid-July 2004 - Method and Conclusions,

- Regular Encoding fulfilled (5 or 6 months): 6.2% of EICs
- Regular encoding not maintained (4 months): 9.8% of EICs
- Irregular encoding: 60.8% of EICs
- No encoding at all: 23.2% of EICs



- As CSS experts have to encode every case they receive and these cases are received continuously over the year, their encoding pattern is much more evenly distributed over the year. In the case of the EICs, this is different as they can choose which cases they want to encode into the IPM Feedback Database. In their case, just over half of the cases were encoded during the last two months in both 2003 and 2004.

- The practice of irregular encoding is also confirmed by the results of the online survey. The evidence suggests that instead of encoding on a regular basis, most encoding is undertaken by the intermediaries at certain points in time. A large majority of the respondents (84%) say that they encode every three months or even less frequently[8]. This confirms evidence drawn from the telephone interviews with IPM intermediaries that the encoding of IPM Feedback cases is not part of a daily routine for Intermediaries. It is often carried out when other work is complete. Accordingly, cases are encoded during periods when there is less other work (for example, during popular holiday periods) or before the deadline for the encoding comes closer.

- The fact that the majority of cases are encoded during the last two months of the contractual year bears three risks. The first one is that less relevant cases are reported in order to reach the quantitative target towards the end of the year. But this does not seem to be the case: Based on evidence

[8] Evidence is credible as the majority of respondents have a high level of experience with IPM, as measured by the number of cases encoded by the respondent prior to answering the survey: For the EICs, 64% of respondents have encoded more than 60 cases into the IPM Feedback Database. Out of the three respondents from ECCs, two have also encoded more than 60 cases. For the CSS, the number of encoded cases is generally higher as the experts are obliged to encode every case, in contrast to the EICs (and formlery the ECCs) which have a minimum target number of 30 cases every year. Also the respondents from the CSS have in average a high level of experience in encoding cases, with 75% of the respondents having encoded more than 100 cases into the IPM Feedback Database.

from the interviewees conducted with encoders of EICs, it seems that the high number of cases encoded in November and December does not necessarily mean that these cases occurred during these two months[9]. The majority of interviewees reported that cases are documented during the year and are encoded into the IPM Database later in the year when other workload is reduced (e.g. during holiday periods) or when the contractual deadlines are approaching. The encoding patterns of the CSS experts are more evenly distributed throughout the year. According to information from the IPM Evaluation Steering Group, the reason behind the earlier backlog was a failure to control the proper encoding, both from the contractor's side and from the Commission's side. Strict control measures have been introduced by DG MARKT and European Citizen Action Service (ECAS) in 2004 and the situation was corrected ealier in 2005. By the end of May 2005, all April cases had been encoded in the IPM databases as well as 85% of the May cases. The technical function to faciliate this control has not yet been implemented.

- The second risk associated with the high number of cases encoded during the last two months of the year is that the quality of the encoding could be negatively affected by the high number of cases encoded during a short period of time, due to time pressures and/or insufficient information about certain cases which nevertheless are put into the database. Although this risk has been identified quantitative evidence at present does not support it. Evidence from the Quality Assessment Exercise conducted by the Commission over the past two years has been used to establish whether the increased encoding of cases during the last two months of the year has a negative impact on the quality of encoding. There seems to be no significant change in quality ratings over the year, that is, between periods of low and periods of high encoding numbers.

- The third risk associated with the current accumulation of encoding is that a delayed encoding of cases bares the risk that information is lost over time. As general research has shown, a high proportion of information gathered during a meeting is lost after just 24 hours. As there is strong evidence from interviews as well as the survey that cases are often encoded weeks after they have been reported, it is likely that the late encoding has an overall negative effect on the quality of the encoding. Another negative aspect associated with this practice is the fact that information is not visible in the Feedback Mechanism until the case is encoded.

- Another factor that might adversely affect the quality of encoded cases is if one person provides assistance and records a client's problem / issue and another person actually encodes the case into the IPM Feedback Database. There is a risk that some information might be lost in this situation. While 82% of the survey respondents claimed that it is the same person who assists clients and encodes cases at their Intermediary, for the

[9] Although the reporting format requires information about the date on which cases actually occur, the system cannot verify if the date is correct.

remaining 18% this is not the case. It has also been confirmed during telephone interviews that the actual encoding is sometimes delegated to other members of staff, for example to interns.

- The results of the online survey indicate that there are no major problems encountered by the Intermediaries when dealing with the database: Circa 60% of the respondents claimed that the database was *easy* or *very easy* to use. A further third rated the ease of use as average while only 10% gave it a rating of *difficult*. Not one respondent rated it *very difficult*.

- Findings suggest that there is not a general problem with the encoding form and this was confirmed in interviews. Nevertheless, there are several specific problems that Intermediaries have reported in interviews and through the online survey regarding the IPM Feedback Form and the software. Several CSS experts and EICs report problems with the categorisaton of their cases as well as with encoding complex issues into the feedback form. Furthermore, about a third of respondents experience problems with the quantification of effects, while about 20 percent report problems with the pre-defined structures of the free text fields as well as with the encoding of cases in English.

- The evidence gathered through the online survey as well as during the Intermediary interviews suggests that the quality of training to IPM encoders is good. Only 10.8% of respondents believe that training needs to be improved. Also the documentation and guidelines provided by the Commission are seen as good and sufficient, however a number of Intermediaries would like to see more 'best practice cases' and examples[10]. It should also be mentioned that the encoding guidelines to the Intermediaries were not always coherent, although this criticism is mainly valid for the initial years: intermediaries reported a subsequent improvement. The support provided by the Commssion when Intermediaries are encountering problems – technically as well as when encoding cases - is seen as good by the majority of respondents.

5.2.2.1.3 Relevance of Selected Cases:

- The results of the IPM Quality Assessment including 109 encoded cases in 2003 show that the CSS experts achieve the lowest scores, while the ECCs achieve the highest scores in terms of the relevance cases[11]:

  Interest of the case in terms of policy making 2003 (out of 5, with '0' indicating no relevance and '5' indicating very high relevance):

EICs	**2.35**

[10] The VADEMECUM, the encoders manual prepared for encoders to help them understand the policy structure, could not be distributed due to an informal consultation asking DGs to verify their Feedback structure and a lack of resources to implement these changes.
[11] Source: IPM Team, IPM Quality Assessment 2003

CSS	2.17
ECCs	3.92

- The first possible explanation is that Intermediaries (EICs and ECCs in this case) have general difficulties in selecting relevant cases due to a lack of knowlege about the appropriate selection criteria. In order to establish whether this is the case, the online survey posed a question on how difficult Intermediaries perceive selecting appropriate cases to encode: the result is that while the majority of respondents do not experience difficulties with encoding, a third of respondents find encoding difficult (5% very difficult).

- In order to be able to select the most relevant cases for the IPM Feedback Database, it is of essential importance that the Intermediaries have enough information about the basic objective of the IPM Feedback Mechanism. Survey Results: A large majority of respondents are aware of the main intention behind the IPM Initiative, i.e. to provide access to problems on the ground met by citizens and businesses for those responsible for formulating and updating European policy.

- The second possible explanation for the low score regarding interest for policy making purposes is that there is a general lack of relevant cases and therefore Intermediaries are forced to encode even less relevant cases in order to fulfil their contractual quota. There is strong evidence that this is indeed the case. Many CSS Intermediaries criticise that fact that all of their cases have to be fed into the database regardless of their usefulness and appropriateness for IPM. This also explains their overall lower score in the relevance-rating compared to the EICs and ECCs, who can select only the most relevant cases for encoding. A typical example that CSS experts report is inquiries from citizens with dual citizenship from a non-European country whose problems do not arise due to any European legislation or administration but are often a consequence of a lack of knowledge about citizen rights. This fact is supported by an analysis of cases reported by citizens during 2004 conducted by the IPM Team[12]: For the majority of cases collected in the IPM Database, *access to information* was the number one reason for difficulties experienced by citizens. It was not cases relating to *rules and procedures* which might generally be of more interest and relevant to policy makers:

Reason for the problem	Male citizens	Female citizens
Access to information	57%	63%
Rules	33%	28%
Procedures	17%	16%

Accordingly, cases such as the one highlighted above, do not contribute valuable information to the database and are furthermore, as stressed particularly by the CSS experts, difficult to encode as the source of the

[12] Source: IPM Team, Analysis Gender Related Information in Cases 2004

problem is often not related to an EU-regulation or procedure. Therefore Intermediaries have difficulties in filling out all requested fields.

Although the *access to information* cases do not impact policy-making directly, they nevertheless point to another important issue, a lack of information and access to information on regulations and rules. The case studies analysing the use of Feedback Cases have shown that a factor that requires further consideration is the definition of a "relevant" IPM case: cases that highlight a legislative problem are obviously very significant but so to are those cases that highlight areas where there is an information gap or where information/legislation is found to be easily misinterpreted (see also Section 5.2.2.2.1 on Comparative Added Value).

- While the process of encoding itself and the process of selecting the most relevant cases out of a pool of cases do not represent major difficulties for Intermediaries, evidence gathered by the evaluation team suggests that problems occur due to a genuine lack of new, interesting and relevant cases in general. Some centres seem to have problems in encouraging businesses and citizens to come forward and report problems they experience. This may also be a consequence of the lack of feedback from the Commission about the impact of IPM information. In the eyes of many EIC Intermediaries, the efforts regarding the promotion of IPM to citizens and businesses should be increased as they see an active information campaign necessary to convince SME's and other relevant stakeholders of the benefits of IPM.

- The number of cases with relevance for policy-making purposes varies considerably between the Intermediaries. While some centers report difficulties with achieving the minimum number of cases to be encoded during the year, others achieve this number comfortably. Whether this is the case or not seems to be affected by the geographical location of the centers, i.e. centers located close to Member State borders have a higher number of relevant cases.

- In terms of management control, there is the danger that a lack of cases combined with fixed target number can have negative consequences, as Intermediaries might be tempted to include less relevant cases or to repeat cases.

- The quality of the data could have been improved if the Commission provided more consistent encoding guidelines to the intermediaries.

5.2.2.1.4 User-Friendliness and Interactivity of the Process

Another important factor impacting the quality of information encoded into the IPM Feedback Database is the user-friendliness and interactivity of the encoding process as this strongly affects the motivation of the encoders and subsequently the time and effort they devote to the IPM process which affects the quality of the information provided.

- Information from the online survey suggests that on average Intermediaries spend between 21 and 30 minutes to encode a case into the IPM Feedback Database. The largest proportion of respondents spend between half an hour and an hour to encode a case. Also during the Intermediary interviews, the process of encoding was described as being 'quite long', which may be a factor negatively affecting the regularity of encoding and the motivation of the encoders. The long duration of encoding may also lead to delays in encoding cases. As previously outlined there is a risk that this might lead to the loss of information and consuently have a negative impact on the quality of information.

- 44% of respondents say that the feedback form sometimes assists them in analysing their client's problems and identifying the relevant EU policy fields. 26.5% of the respondents hold an opposing opinion in that they claim the feedback form does not help them.

- The perception as to whether businesses value cases being encoded into the IPM Feedback Database show that circa 25% of respondents believe that businesses do value their cases being encoded, while about the same number or respondents claim that they do not. The majority of respondents (circa 50%), however, say that businesses do usually not know that their cases are encoded into the Feedback Database.

- The results of the online survey show that the majority of Intermediaries have a positive impression regarding the influence of the IPM Feedback Database on policy making at European level. Nearly half of the respondents (49%) think that the data provided by the IPM Feedback Mechanism has an impact. A further third of respondents claimed that they do not presently see this influence but they believe there is potential. The results regarding the impact of IPM Feedback data on policy making at national or regional level are not as positive but illustrate there is potential.

- There seems to be a strong demand from Intermediaries for more feedback from the Commission on the impact of IPM data on policy making. Interviews have suggested this may have a positive effect on the motivation of encoders. At present the level of feedback from the Commission is seen as unsatisfactory: In the opinion of the Intermediaries increased feedback from the Commission would not only improve their attitude and motivation towards encoding (and the IPM Initiative) but also assist them in encouraging citizens and business to participate and report their problems and issues. Although DG MARKT is providing some feedback to the Intermediaries in form of newsletters and presentations at EIC annual conferences, it seems that this is not sufficient. Intermediaries would appreciate receiving information about specific examples of cases which have had an influence on policy making. In doing so the IPM Initiative could attain higher visibility making it more likely for Intermediaries to catch the attention of citizens and businesses. This might generate a greater and more relevant participation in the IPM Initiative.

- There is also demand for more feedback on the quality of encoded cases in order to allow Intermediaries to learn from mistakes and improve their encoding practices. It could also assist the Intermediaries enhance their understanding of the requirements and motives of the Commission.

- Despite all these difficulties, the proximity of the network with the Commission departments and the fact that EICs are regularly trained in European policies by the Commission departments contribute to strengthen their role within the framework of IPM. In addition, and when necessary, the Commission departments can turn to the EICs to ask them for more information concerning the cases inputted. The EICs' principal target is the SMEs. Consequently, the IPM database is regularly updated with cases from the companies who often do not have the resources, time or tools to express difficulties they meet. In addition, EICs work within organisations, such as Chambers of Commerce, who provide many additional services to companies. Positioned within these organisations, EICs are in a good place to collect feedback from the companies.

5.2.2.2 Comparative Added Value

The following section will focus on three aspects that determine the comparative added value of IPM data:

(1) the originality of IPM data
(2) the demand for IPM data
(3) the advantages and disadvantes of IPM compared with other comparable sources of data

5.2.2.2.1 Originality of IPM Feedback Mechanism Data

In order to analyse the originality of IPM data, is it necessary to first establish the various sources of information most commonly used by policy-makers. It is then possible to examine the extent to which the IPM Feedback Mechanisms adds value to these sources and/or complements or possibly replaces these sources.

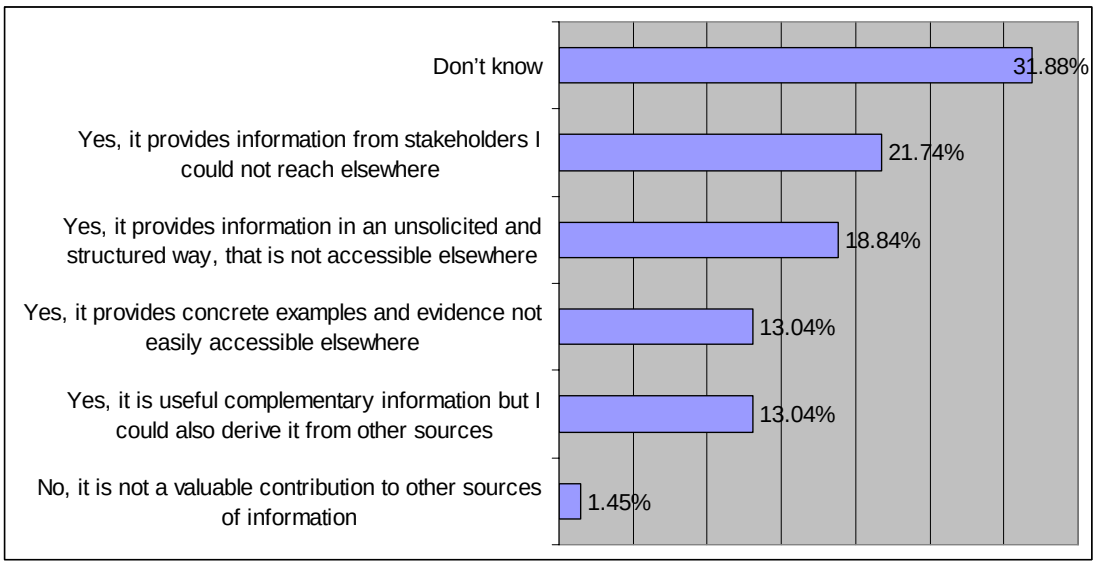
- Through desk research and the interview programme a comprehensive list of information sources that may be used for policy making at the Commission has been established. These sources include:

    - Stakeholder consultations (Written / Online / Meetings)
    - Results of working groups / EU Committees
    - Evaluation and Impact Assessment
    - Statistical Information
    - Infringement Cases
    - Information from lobbying groups
    - Media Sources
    - Complaints received from citizens and business
    - Survey Data

- Feedback from the interviews with policy makers suggests that problems and issues reported "on the ground" are quite unique in that this information cannot be obtained from elsewhere. This is confirmed by evidence outlined in Case Study 4: The majority of interservice group meeting participants believe that the data held within the IPM Feedback Database is unique in that it represents "real" problems experienced by businesses, particularly SME's.

- This fact is also supported by results of the Internal Online Survey: a question was asked as to whether the data and information from the two IPM mechanisms was a valuable contribution to the sources of information outlined in the question above. Although a third of respondents selected the answer "Don't Know" the results were quite positive in that 21.7% believed that information from IPM could not be obtained from elsewhere and 18.8% believed that IPM provides information in a structured and unsolicited way that again is not available elsewhere. Only one respondent believed that the information from IPM does not make a valuable contribution to other sources of information. These results are illustrated in the graph below.

Question: Do you think that the information and data from the two IPM Mechanisms is a valuable contribution to these other sources of information?



- Evidence from the case studies also points to the fact that Feedback Cases highlight areas where there is an information gap or where information/legislation is found to be easily misinterpreted. As there is no other source providing this sort of information directly, the Feedback Data hs a very high degree of originality in this respect.

- Furthermore, the fact that the IPM database is regularly updated with cases from the companies who often do not have the resources, time or tools to express difficulties they meet (particularly SME's) contributes to the originality of its data. As Case Study 5 (Mutual Recognition) shows are cases from IPM very important to the work being carried out in this area,

as there are few other direct information sources from which this type of data can be obtained.

5.2.2.2.2 Demand for IPM Feedback Mechanism Data

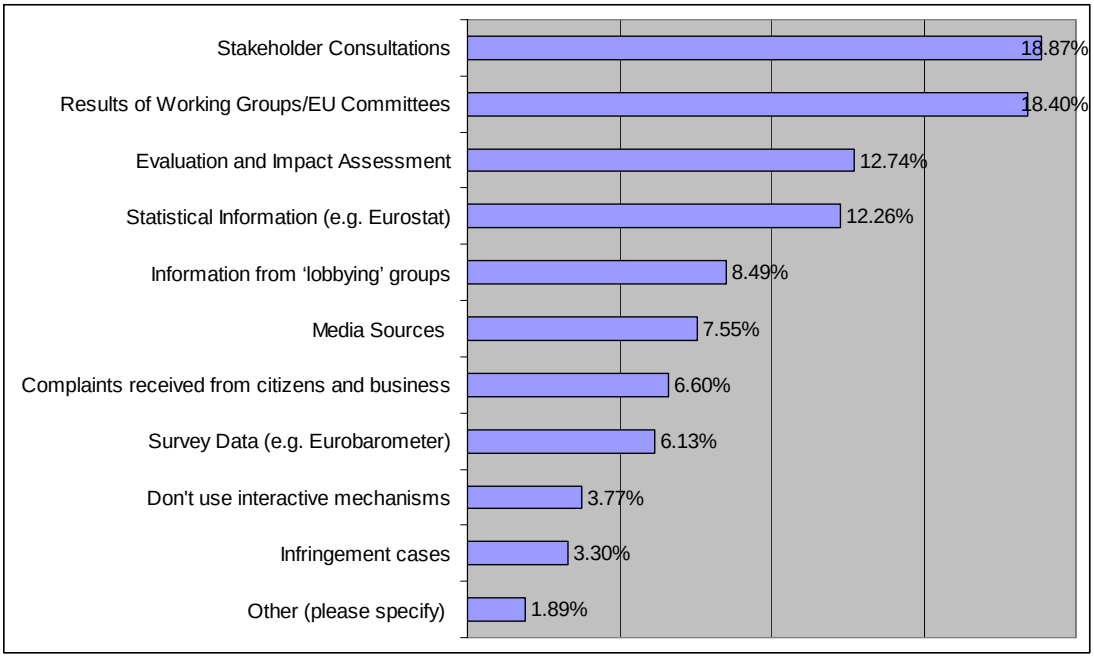
- Although there has been limited use of the mechanism and of the data within it there is evidence to suggest that the data could be useful to policy makers. But with such a limited number of users, the extent of its usefulness is presently difficult to measure.

- This is also a consequence of the following short-comings in the implementation of the IPM Feedback Mechanism: firstly, there has not been a systematic test or follow-up, during which policy makers in DGs that subscribed to participation in this part of the IPM initiative were asked to analyse the cases relevant to them. Secondly, the so-called 'Use of Results Activity' that started in 2003 and which was oriented towards the direct provision of data for actual policy making initiatives, did not include a systematic assessment of the functioning of the Feedback Mechanism from a policy-making perspective.

- The internal online survey provided some insight into the general demand for direct input from stakeholders. The results from this relate to IPM data from both the **IPM Feedback Mechanism** and the **IPM Online Consultation Tool**. Regarding the types of information that would be used for policy making respondents were given the choice of selecting up to three out of eleven options[13]. The graph below illustrates which types of information respondents use in developing policy.

Question: Which of the following information sources do you regularly use for policy making in your field? Tick the three sources you would use the most:

[13] Almost all respondents selected 3 options so the results are representative of all respondents.



- These figures show that *stakeholder consultation* and the *results of working groups* seem to provide the most influential sources of information followed by *information from evaluation and impact assessment* and *statistical information.*

- *Complaints received from citizens and businesses* amounted to 6.6% of responses. This indicates that, since usage rates of the Feedback Mechanism are low, the other channels through which complaints reach policy makers (at the moment mainly via formal complaints) are currently still dominant. It also implies that there is general demand for this kind of information.

- Results of the two Feedback Mechanism Case Studies (see Appendix 5) show that policy-makers who have dealt with Feedback Cases more intensly, as for example in the DG ENTR interservice meetings, believe that cases from the IPM Feedback Mechanism are very useful in identifying problems on the ground that would not be picked up from other sources. They also believe that identification of problematic areas will be useful in the management of directives.

- Although during the interviews policy-makers have expressed the view that information from the Feedback Database could be useful, they also pointed out that in the majority of cases this information could not and would not be used alone.

5.2.2.2.3 Advantages and Disadvantages of IPM Feedback Mechanism Data Compared to Other Data Sources

- The dominant form in which citizens and businesses complaints reach policy-makers at the moment is via formal complaints. However, as only a small proportion of problems in the Internal Market are likely to result in

formal complaints (due to inertia, and also due to the reluctance of economic operators to make complaints which they fear could cause them further problems vis-à-vis authorities, the IPM Feedback Database collects information about incidents which would very likely not reach the Commission otherwise.

- Several policy makers stressed the point that when they received cases from the database, although they were "on the ground" incidents, they found that they were far too specific. They did not represent a "systematic problem" which is considered as more appropriate in the opinion of many policy makers. In this sense, the Feedback Data is inferior to other sources of information as general informations from lobbying groups or survey data.

- One aspect that policy makers considered important was measuring the frequency of a similar type of case. If, for example, similar problems began to occur and were reported frequently this would become more relevant for policy makers. This type of data, on the whole, is more substantive and representative than "one-off" incidents.

- Another factor is that the interest and willingness to search the database seems to be very limited. As the Feedback Mechanism represents a new way of gathering information the policy-makers are currently not familar with, there is general scepticism associated with using this new mechanism. The reluctance to use it is also related to the rather time-consuming search procedures. Officials involved in policy and programme development often do not have the time to carry out searches for relevant cases within the IPM Feedback Database. Even after a search has been carried out and specific cases have been extracted for sectoral units, it remains a time consuming task to sift through data and identify the most relevant and useful cases

- Even where information has already been extracted and distributed to the policy makers this has not encouraged many policy-makers to make use of the database themselves. More promising therefore seems to be a formalised approach via interservice meetings (see Case Study 4). If the process could be replicated in other DGs across the Commission there is evidence to suggest that policy makers would actually make use of IPM data and find it a valuable source of information.

5.2.3 IPM Online Consultation Tool

5.2.3.1 Quality of Data (Validity and Reliability of Data)

As previously mentioned the evaluation has examined the data generated from using the Online Consultation Tool taking into account the methodological approach to consultations and the overall validity and reliability of data generated.

- From interviews with the IPM team and policymakers as well as drawing on evaluation expertise there are several advantages and disadvantages of the data generated from an online consultation. It is these factors that must be considered when attempting to measure the quality of consultation data.

- Advantages

    - The major advantage that policy makers see is that information generated from a consultation is structured in that it is possible to determine the questions and therefore dictate the type of data you get back in return. Responses from stakeholders arrive in the same format and are therefore much easier and quicker to analyse. This structured approach to capturing stakeholder opinions, perception and experiences enables quantitative analysis to be carried out.

    - As well as capturing structured information in the form of closed questioning, the consultation tool offers the flexibility of open questioning. This flexibility enables qualitative data to be captured. Many stakeholder consultations will offer respondents a text field or text area to express a particular point. Analysis of the information received will obviously take longer with these types of questions.

    - Furthermore, the consultation tool allows the handling of consultations in multiple languages. This is an important factor for the working environment in the Commission and an advantage compared to traditional methods of consultations.

- Disadvantages

    - The quality of data generated from a consultation is very much dependent on analysis performed on the raw results of the survey. At present the IPM Online Consultation Tool offers a basic statistical interpretation of results (Percentage and graphic interpretation of questions). There is no built-in functionality which allows results to be interpreted by certain criteria. For example, results by Member State or results by type of stakeholder. Incorporating this functionality would certainly improve the depth of analysis and consequently the quality of information.

    - It is almost impossible to ensure that results of an online consultation are representative. However, policy makers and those carrying out consultation accept this fact and believe that the results of consultations are good indicators. In most cases results must be used in conjunction with other sources of information.

    - The statistical significance of results is another factor that is often not considered when interpreting them. This type of analysis requires statistical expertise and although the IPM team provide

reliable and efficient help desk services, they do not provide this level of support.

- Relating to the factors above one aspect that policy makers specifically identified was whether or not responses to consultations should be weighted. For example, should the response of an individual or a single business be considered in the same way as a response from a body representing a group of individuals or businesses.

5.2.3.2 Comparative Added Value

As outlined in the IPM *Feedback Mechanism – Comparative Added Value* section (5.2.2.2), the evaluation has established numerous sources of information that policy makers make use of. The following section will focus on the same three aspects that determine the added value of IPM Online Consultation data compared to these sources: (1) the originality of IPM data, (2) the demand for IPM data and (3) the advantages and disadvantes of IPM compared with other comparable sources of data.

5.2.3.2.1 Originality of IPM Online Consultation Data

- IPM Online Consultation Data is very original in the sense that the tool enables policy-makers to ask exactly the questions that are of high importance for them. Furthermore, the tool enables them to invite specific target groups to participate in the surveys whose opinion is of interest to the policy-makers.

- Evidence from the case studies supports the fact that data from the IPM Online Consultations is very original, compared for example to general survey data or information from lobbying groups, as the tool reached small businesses and enabled the Commission to collect direct feed-back from them.

5.2.3.2.2 Demand for IPM Online Consultation Data

- As results from the Internal Online Survey show (see 5.2.2.2.2), there is generally demand for direct feedback from stakeholders. While for 19 percent of respondents stakeholder consultations in general are a major source of information for policy-making purposes, 6 percent specifically name survey data, for example Eurobarometer, as one of their regular sources.

- Policy makers believe that information received from an online consultation is useful. This is confirmed from the results of the internal online survey where 90% of respondents who had used the tool believed that the information was useful or very useful. This fact is furthermore supported by the ever increasing number of Online Consultations undertaken by an increasing number of DGs.

- Results from the case studies show that policy-makers acknowledge the fact that the data generated from the consultations will not necessarily be

statistically significant or representative. However, they report that the data does give them good indications about the views of stakeholders. In their eyes, the data is useful particularly in terms of backing up information gathered from other sources, for example the stakeholder position papers.

5.2.3.2.3 Advantages and Disadvatages of IPM Online Consultation Data Compared to Other Data Sources

- The main point that has to be made is that most of the time information obtained from an online consultation will not be used alone. The Case Studies (Appendix 5 – Case Studies 1, 2 and 3) illustrate this fact in that information from the survey was used in conjunction with written contributions and meetings with stakeholders. This is a consequence of the fact that the survey results are not representative and can therefore hardly be used to back policy-changes without other supporting evidence.

- Several benefits of conducting online consultations have been identified compared to other sources of information (and in terms of quality as mentioned previously). The ability of the policy maker to ask the specific questions they want responses to is a major benefit. The fact that an online consultation can be conducted over a certain period of time and all results are gathered in one instance. For users across the Commission the costs involved in setting up an online survey are perceived as relatively low[14].

- Evidence from the case studies shows that a particular benefit of the tool is the fact that it is easy to use and that the results from the consultation are generated in a structured way appropriate for immediate analysis.

- Another advantage of the IPM Online Consultation Tool is its flexibility, in the sense that it can be used for purposes other than consultations. For example it has been used as an online mechanism for registering participants for a conference.

- As well as these benefits the evaluation has also uncovered some of the limitations of the online consultation tool compared with other sources. Those conducting the online consultation are unlikely to be able to inform and promote every consultation to all stakeholders. For example not all stakeholders may be aware that a specific consultation exists and some stakeholders may not have access to the internet.

[14] From the perspective of users in other DGs (outside DG MARKT) the Online Consultation Tool is “free”. No-one needs to purchase software from elsewhere. This point of view discounts the fact that the Commission has made significant investment into the IPM software.

5.3 THE TECHNICAL QUALITY OF IPM SOFTWARE

The IPM initiative is primarily about improving the regulatory processes of the Commission and its ability to listen to its public stakeholders. However, it would not be possible to deliver the IPM initiative in its present form without the use of modern Information and Communication Technologies (ICTs). If IPM is to be extended in its capability, either in terms of reach, style, or processes, it would necessitate the use of still more technologies.

It is in this context of dependence on technology that this particular section of the evaluation has been carried out.

5.3.1 The Evaluation Approach

5.3.1.1 Methodological issues

Evaluating software applications in a public policy environment is not straightforward. It is easy to see why. Software evaluation per se is relatively difficult as modern software covers a number of challenges. However, in the public policy environment these challenges are allied to others that are peculiar to the public policy environment.

For example, modern software demonstrates the following characteristics:

- **Complexity** – a software system is inherently complex (more so than computers, buildings, cars or ships) because no two parts of the system are alike, whereas most other human-created systems have many repeating elements
- **Conformity** – systems often need to conform to existing interfaces, not because it is good for them to adhere to a particular interface, but because the interface already exists and needs to be kept in mind during the software engineering
- **Changeability** – software changes during its lifetime, either because users keep wanting to push the boundaries on what it can do, or because the architecture of the rest of the software/hardware system changes
- **Invisibility** – a key characteristic of software is that it is not always possible to understand how it works because much of it is invisible to the outsider or even the user. For example, any attempt at drawing, charting, or graphing what a software system does is potentially damaging to a shared understanding of the system, as one mind may view the software's key processes quite differently from another.

The IPM software applications share these characteristics but add in a number of public policy issues that accentuate some of these challenges:

- The actual users of the software are often not involved in any process of software definition – yet the group involved in defining the functionality of the software may be quite large and disparate
- In the context of the European Commission, multi-language support is an essential requirement with software systems
- Different countries have differing requirements when it comes to systems architecture, platform conformance, etc. In the case of the

member states, this complexity is potentially multiplied twenty five times
- Sometimes the changes in the environment a software system is used in have nothing to do with technology change – they could relate to political, social, economic or cultural change

In order to assess the technical quality of the IPM software, it is important to keep these issues in mind while assessing the technical issue laid out in the terms of reference: "*Is the software developed for the project (in its present and, to the extent that it is possible to assess, projected future formats) effective, efficient and user-friendly?"*

For the purposes of this evaluation, IPM software is judged to be:
- **Effective** – if it enables the initiative to achieve its objectives
- **Efficient** – if its function can be achieved without undue investment of scarce resources, such as finances, man hours or computing architectures
- **User-friendly** – if it allows its target populations to use the system as they intend to, without a severe burden in terms of training, usability or system reliability.

Although the IPM initiative is described as having two software tools, the feedback mechanism and the on-line consultation mechanism, in reality there is just a single technology set in use. The consultation mechanism, which was created after the feedback mechanism, may be considered a generalised case of the feedback mechanism. Another way of looking at it is that the feedback mechanism is a particular instance of the consultation mechanism where the questionnaire in use is fixed, and the respondents are restricted to contracted intermediaries.

In product terms, IPM can be viewed as having a third component, the European Business Test Panel (EBTP). Although EBTP functionality is regarded as a special subset of the consultation mechanism, it does have unique features that are not included in the standard version of the stakeholder consultation mechanism.

On this basis, **all comments in the technical evaluation apply to both mechanisms**, unless it is appropriate or worthwhile to single out an instance where one mechanism is affected more than the other.

5.3.1.2 Analytical Tools Used During the Evaluation

The basic analytical tools used during the course of the technical evaluation of the IPM software system include:
- On-line surveys of users – for the purpose of the evaluation a number of intermediaries and policy-makers were approached to canvass their views on the working of the IPM software
- Personal interviews with policy-makers in a number of different DGs
- Personal interviews with IPM staff
- Personal interviews with DIGIT staff involved in developing the applications

- Personal Use: the IPM consultation mechanism was used to carry out the on-line surveys employed in the evaluation. This gave the evaluation team a hands-on familiarity with the IPM applications.

5.3.2 Findings relating to the technical quality of IPM software

The decisions regarding the choice of technologies to be used in the IPM initiative were taken in the light of the experience MARKT had in deploying the Business Feedback Mechanism pilot, developed in the framework of Dialogue with Business. For this project, a commercial survey application was used which was free of charge. However, the real cost of using the software was in the advertisements that would be channelled to users. It was deemed inappropriate for Commission users to be exposed to such advertising when at work. As a result, the Commission paid the software firm to prepare a special version of the software which had no advertisements in it. However, the software company failed and the Commission was left with an application that was no longer managed, maintained or developed.

For the IPM initiative, the decision was taken to develop the software applications in-house. The prior experience on the Citizens First pilot indicated the risk in deploying software where the ownership of the intellectual property was external to the Commission. The best route was judged to be internal development enabling the Commission to own the intellectual property in the tools. The development work was managed by DIGIT with an external contractor, Trasys, used where appropriate.

The current applications consist of a number of modules. Users get to deploy the form generator, form runner and form viewer modules in order to accomplish their work, either in operating the feedback mechanism or the consultation mechanism. The user-oriented components interact with a database and a systems administrator component manages the working of the application. The applications have been developed so that users can respond in one language while data manipulation is carried out in another – a critical facility in the context of the EU.

Before considering the main evaluation issues of effectiveness, efficiency and user-friendliness, it is worth discussing some related issues that have had a major impact on the technical capability of the IPM software.

5.3.2.1 Migration to open source

The first IPM applications were developed using proprietary technologies commonly employed in the Commission, including the Oracle database, the WebLogic application server from BEA, and ColdFusion development tools.

Funding for the development of these tools was obtained from the IDA unit in DG ENTR. IDA has a legal base that empowers it to increase efficiency in the provision of public services to citizens and enterprises, as well as to lower the cost of information exchange. It appeared to IPM's managers that IDA could well be an avenue of funding for the on-going development of the IPM tools.

IDA approved their application for funding, provided MARKT took responsibility for all costs relating to maintenance and operational status.

One of IDA's goals is to provide open source software to member states so that they too can benefit from the technology developments carried out within the Commission. However, the IPM applications had been engineered for the Commission's IT environment and could not be made available in an open source license unless they were re-engineered. IDA wanted the IPM applications migrated to an open source environment and made further sponsoring of the products contingent on this migration.

The original IPM applications had been developed using proprietary IT tools. DIGIT's view was that the stability of the applications would be improved if they migrated the technology base to open source tools. At the same time, there was the view from IDA that the tools would need to be in an open source environment if they were to be made widely available in the Member States. Consequently, DIGIT made the decision to re-engineer the software so that, over a period of two years, all the proprietary components and technologies in IPM would be replaced by open source technologies. However, the Commission's IT environment does not currently support open source tools as a result the development effort has been bifurcated, with some of the focus on producing open source software while the rest of the focus was on creating an updated version of the tools which could be used in the Commission environment.

In September 2002, the ColdFusion server was replaced by a BEA Weblogic server for the Form Runner module of IPM which had been rewritten in Java/XML in order to improve the response time for end-users and to enhance the dependency mechanism.

A similar change would also take place later for the Form Viewer module (Sept 2004) and the Form Generator (May 2005). The decision to re-engineer the software was necessary because version 1 was a "prototype" version that would have been difficult to maintain and evolve over time. The move to Java-based technologies was not driven by IDA but by the need to deliver a more stable platform for the applications. However, the decision to replace Oracle as the underlying database system with MySQL was the consequence of IDA's involvement.

As a result, IPM v2 has two configurations, one designed to run in the Commission's IT environment using BEA Weblogic and the Oracle database, while an open source configuration uses Apache Tomcat and My SQL. The components of the two configurations are listed below.

Software Component	Certified OSS configuration	Certified commercial configurations
Web server	Apache HTTP	IPLANET
Servlet/JSP	Apache Tomcat 4	BEA Weblogic 8

Software Component	Certified OSS configuration	Certified commercial configurations
XML facilities	JDBC-XML	JDBC-XML
Operating System	Linux	Windows, Solaris
DB	MySQL	Oracle 9i

Although during the re-engineering of the software, improvement in software functionality has slowed down, only part of the re-engineering effort (about a third of development time, according to DIGIT personnel) was strictly linked to the "migration to open source software" – much of the re-engineering effort was needed to ensure that IPM would be a tool that can be properly maintained and developed over time.

The following table outlines the migration of the IPM components:

	Version				
	1.2	**1.3**	**1.3 with EBTP**	**1.4**	**2.0**
Form Runner	ColdFusion	Java/XML	Java/XML	Java/XML	Java/XML
Form Viewer	ColdFusion	ColdFusion	ColdFusion	Java/XML	Java/XML
Form Generator	ColdFusion	ColdFusion	ColdFusion	ColdFusion	Java/XML
IPM Administrator	ColdFusion	ColdFusion	ColdFusion	ColdFusion	Java/XML
Database	Oracle	Oracle	Oracle	Oracle	Oracle MySQL
Delivery date	Mid 2002	Early 2003	June 2003	Sept 2004	Due mid 2005

5.3.2.2 Product development

From the perspective of the developers, a major problem they had was that the IPM ideas were not concrete, not at the stage of maturity that they could write applications against. In the words of the development team in DIGIT, they "hacked a prototype together" to which the IPM team in MARKT and others as well started responding with a lot of co-operation on specifications.

These inter-service relationships came under pressure when the prototype had to be made operational, particularly as the prototype's technologies would not work in production mode. The decision was made to migrate to technologies that were largely in use across the Commission, such as the Oracle database and WebLogic.

Although IPM has featured four years of sustained co-operation between MARKT and DIGIT on the development of the applications, for much of this time it is not clear to the evaluator that either understood the other's position on product development.

For example, DIGIT is absolutely certain that the requirement lists for functionality updates are the responsibility of MARKT. However, MARKT

views the specification decision as something that DIGIT makes, without taking on board the requirement list that MARKT may want. One consequence of this is that the next major release is version 2.0 of the software which lacks many of the functionality updates that MARKT wanted. As a result, the discussion is already on-going about how version 2.1 can take in to account the functionality requirements that MARKT wants.

What seems to be true is that DG MARKT does not have staff on the IPM team that understand technical issues, while DIGIT restricts its responsibilities to technical matters. The reality is that software such as the IPM applications requires the marriage of business process knowledge with technical know-how. Two years ago, DIGIT placed one of its staff members in the IPM team in MARKT in order to help the dialogue between the two services. This has been a very successful decision, particularly in the context of the provision of technical support from MARKT. However, product development still seems to be affected by a lack of understanding on the part of each service of the other's issues.

Further, there is no product manager in the IPM team who can drive the development of the product in a way that benefits IPM. As a result, the major beneficiary of the development work is probably IDA, on the basis that significant effort has been spent on delivering the open source product they want, rather than the software applications IPM has needed.

Overall, the methodologies for product development were weak, particularly at the start of the project. Functionality requests, developer promises and deadlines were not monitored, and MARKT and DIGIT seemed to have differing constraints or priorities, which were not reconciled. Fortunately, over the last six months, there has been a considerable improvement in the status quo. This has resulted in a clear process for defining the requirements analysis for version 2.1, clearing of request backlogs, systematic checking of feedback, etc. All these steps taken together are promising in the context of the future of the IPM tools.

5.3.2.3 IPM for Member States

We have observed that the drive to open source has been mediated by IDA's involvement in funding the IPM applications. IDA made the funding contingent on the applications being migrated to an open source environment in which they could be freely distributed to the member states for their own use.

Viewed from the perspective of the public, getting IPM applications to the member states should be a positive activity. The Commission is not alone among European governments in being accused of not listening to their citizens and other stakeholders. Anything that helps the engagement process between government and stakeholders is to be encouraged. IPM can provide a positive boost to such engagement.

However, a number of issues need to be considered by those who will be driving the market for IPM applications among member states:

- **What functionality is needed by the member states?** It is not apparent that any requirements analysis has been conducted among member state governments (national or regional) to determine their needs. It is not even clear that they will need the functionality that has been employed within the Commission for IPM.
- **What support will be provided to member states and by whom?** The IPM applications are typical software products in that users need help in using them, either on technical issues or on functional issues. Currently, functional support is provided by MARKT but there is no anticipation within MARKT that it will provide support to member states. DIGIT recognises that there may be need for support and has applied to IDAbc for further budget to cover this. However, IDA's rules are quite clear that it will pay for development, but not support, maintenance or operational costs. It does leave open the question as to who will provide that support.
- **Do the Member States really want IPM?** In one sense, the answer must be yes, because IDA's funding of the development of IPM was supported by its TAC Committee that is made up of representatives of Member States. It must be said that TAC members are largely concerned with the development of interoperable networks that their governments might participate in, not necessarily in the development of interaction between governments and their public stakeholders. However, IDA's new focus on citizens and enterprises (via the IDABC programme) will aid in this process. Separately, we can ask what level of involvement there has been between DIGIT and Member States to establish demand for IPM among member states: in Spring 2004, MARKT and DIGIT conducted a workshop among member states where good contacts were made that could become early adopters of the IPM applications.

The development of IPM to the Member States *could* be a welcome step in developing high quality interaction between EU governments and their public stakeholders. However, the issues raised above indicate that any such development needs to be carefully considered and managed so that the resources used in the development are not wasted.

5.3.2.4 Evaluation issues

Effectiveness

Concerning the effectiveness of the IPM applications, the following observations were made by the evaluator:

- IPM does not (and was not designed to) provide two-way interaction between the Commission and its stakeholders – ICT technologies have developed immensely, both in capability and availability, since the decision was made about the technological direction of the IPM applications. It is possible that if that decision was revisited in the light of contemporary technologies, there would be greater use of the internet in creating direct connections between the Commission and its stakeholders.

- In providing multi-language capabilities, the software has extended the community of people who can use the system, either for stakeholder consultation or the feedback mechanism.
- There has been excellent growth in the deployment of the stakeholder consultation mechanism, with the number nearly tripling between 2003 and 2004. Clearly, the product meets a latent demand among policy-makers for carrying out surveys and consultations, although there is an under-current of opinion that the stakeholder consultation mechanism is just a convenient way to get policy-makers off the hook when questioned about the levels of impact assessment they have done.
- The feedback mechanism is hardly used within the Commission but the blame for that probably cannot be laid at the door of the technical solution. After all, the technical solution for feedback is largely the same as the consultation mechanism that is seeing significant growth.

Viewing effectiveness in logframe terms, the technical actions chosen to deliver the IPM initiative could not accomplish the delivery of the desired global objectives, as there was no possibility of two-way interaction in the applications. However, the actions were carried out and, in the case of the consultation mechanism, we are seeing the immediate impacts, through its growing use within the Commission.

Efficiency

The following findings need to be considered when evaluating the efficiency of IPM's technical solutions:

- **The speed of development**: Comparing the IDA funding applications made by DIGIT to the actual timetable for delivery of products indicates that DIGIT has not met its deadlines in delivering the software. The current version was expected to be superseded in February 2005 is now expected in full release in mid 2005.
- **Central management of product development**: the process of inter-service co-operation does not work when it comes to efficient product development. Currently, the decisions for product development are made by DIGIT on what is technically possible given the resources. Instead, some stakeholders feel there should be a comprehensive view by a single product manager of the functional needs of the programme, the interface needs of the users, and the technical possibilities in the current technology environment.
- **Technical support**: Support arrangements are seen to be working as verified by the on-line evaluation surveys. Support provided to Intermediaries encountering a technical problem receives positive ratings: 55% of the respondents rate it as 'very good' or 'good', and a further 23.5% as 'average'. Only 3% rate it as 'below average' or 'poor'. Nearly a fifth of the respondents have not made use of the helpdesk to date – a useful indicator that for a minority the technical solutions work well enough not to require further assistance. It should also be noted that there does not seem to be any formal connection between call logging in the support system and the building of requirement lists in product development.

- **Financial costs:** these are dealt with in the section of the report dealing with cost-effectiveness.

Overall, it may be said that the technical solution has been developed with efficiencies in certain areas, but with improvements possible in a number of other areas.

User-friendliness

An application is only as good as a user is able to use it – this may seem trite but true when it comes to dealing with technology applications. The applications commanding the widest usage are those that offer relevant functionality with a highly usable interface enabling the user to get the most value from the technology. This is a relevant concept in the technical evaluation of the IPM software. Its was assessed from the perspectives of the different users of the system: the 300 or so users operating in the target channels (EIC / ECC / CSS), the facilitators and advisors who help policy-makers employ the capabilities of the system, the policy-makers themselves, the technical administrators who develop and support the system, and the evaluation team that actually used the stakeholder consultation tool in carrying out its surveys for this evaluation.

Some key findings in the area of user-friendliness are listed below:

- **User-friendly interface**: The evaluation team found no difficulty in employing the stakeholder consultation tool without any training from MARKT or DIGIT. However, there are a number of reports from policy-makers that the software is difficult to use. Further, many passwords have been issued to policy-makers to use the system but few of these have been put to use. The view among those in MARKT and ENTR who deal with the policy-makers is that the system is viewed as being too complex for them to use. In the view of the evaluation team, IT-literate people have no problem using the system but those that are not comfortable with IT do not find the system easy to use.
- **Reliability of the software**: Although the intermediaries unanimously report *improvements* regarding the technical reliability and functioning of the system, many of them report that the system is still often not stable, so that sometimes cases that have already been encoded are lost when the 'save' button is pressed. In DIGIT's view, the software itself is stable but much of the instability related to a problem with a proxy server which took some time to identify and solve. The evaluator is unable to verify this.
- **Search function**: EIC intermediaries report problems with the advanced search function in the feedback mechanism. Furthermore, they would welcome improvements regarding the protocol managing the linkages between IPM and SOLVIT cases. Further, several intermediaries and policy-makers have asked for a friendlier search function when searching for encoded cases on the basis of the CSS enquiry references
- **Analytical capability**: Although any information in the IPM database can be exported to Excel for further manipulation, policy-makers report that there are no analytical tools in the application. It takes an IT-literate policy-maker to export data into Excel and then carry out analysis using Excel's advanced functions. However, there could be pre-configured analytical

templates which allow policy-makers to obtain immediate results on the database. These analytical templates would improve the user-friendliness of the software, though they would require input from policy-makers at the requirements analysis stage.

Overall, the user-friendliness of the software is being improved all the time but more can be done. Delivering better user-friendliness is about better management. The primary benefit of having better requirements analysis would be superior facilities that users actually want, and improvements in the way they use the systems.

5.4 COST-EFFECTIVENESS OF THE IPM INITIATIVE

5.4.1 Methodological Approach

Cost-effectiveness analysis includes two aspects, namely:
1) Cost Effectiveness in the Context of the EU Commission, i.e. the evaluation question on whether *the current and potential future use of the IPM tools within the Commission justifies the investment made in both human and budgetary resources.* It was originally envisaged that *this assessment should take into account the costs of alternative approaches including the management of traditional consultations in 20 languages and the use of surveys conducted by polling organisations.*
2) Cost Effectiveness in the Context of EU Administrations in General; i.e. to *what extent the potential use of the IPM tools as open source software by administrations in the Member States can eventually contribute to the cost effectiveness of the overall project.*

5.4.1.1 The Evaluation Approach

The evaluation approach for the cost-effectiveness review[15] has been based on the logframe methodology discussed earlier in the report. As detailed there, the costs of the IPM initiative (the IPM budget, the IDA budget, the parallel support given to IPM in other DGs) have been analysed in terms of:

- their monetary relationships with the “means” employed in the IPM implementation, and
- their relationships with the results achieved, to the extent possible, in terms of concrete use of the feedback and consultation mechanisms.

[15] The entire section on cost-effectiveness should be considered with one caveat in perspective. One of the limitations of a cost-effectiveness review such as this is that it assumes that the initiative in question is effective and this effectiveness needs to be measured against the costs incurred in delivering the initiative. In the case of the IPM initiative, the evaluator has not been able to garner evidence demonstrating the effectiveness of the programme. The main reason for this is that the effectiveness of the programme should be judged, as discussed in earlier sections of the report, on its impact on policy-making. As IPM’s contribution to policy-making seems limited to being one of a number of feedback tools available to the policy-maker (though possibly being the only tool providing spontaneous feedback data), the entire section on cost-effectiveness needs to be seen as having a greater focus on costs than on effectiveness.

This bottom-up cost-effectiveness chain, starting with the costs and moving upwards to results and impacts can be roughly sketched out in the figure below:

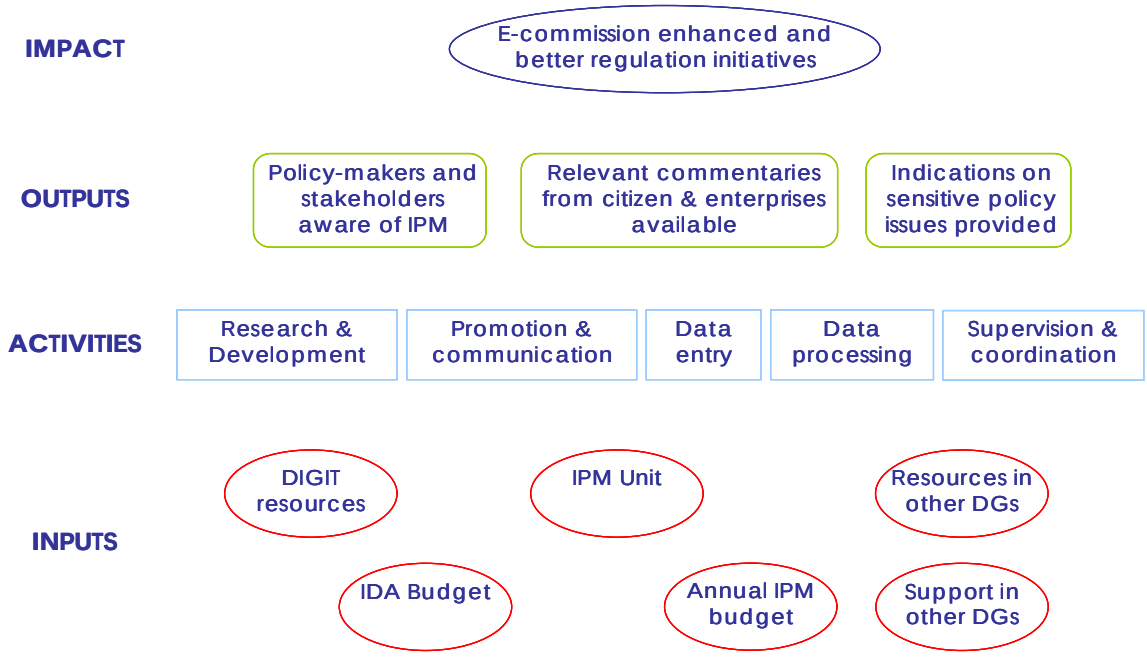


Figure 2: IPM cost-effectiveness performance

The logframe approach to cost-effectiveness presupposes three main assumptions that have to be separately validated before reaching any conclusions, and this will require a verification process articulated along three (partly overlapping) logical steps:

- that the **IPM software has actually been developed in a way to meet the needs of stakeholders and policymakers** so that the broad objective of the initiative can be achieved. In other words, *effectiveness* is a precondition for cost-effectiveness. As a result, a poorly-designed initiative or an ineffective instrument cannot be considered cost-effective by definition;
- that the **results achieved come at the lowest possible cost** given the state of the art in the related technology, the available alternative instruments, and the specific operational features and added value of the IPM mechanisms;
- that the **allocation of resources across the programme**, including software development, training, management and marketing, is sufficient and broadly appropriate to enable the overall objectives of the IPM initiative to be met.

The result of these logical steps will, inevitably, be based on an element of subjective judgment, but related conclusions will be argued with the support of the evidence available.

5.4.1.2 Analytical Tools Used During the Evaluation.

In IPM's case, each of the logical steps described above has presented peculiar difficulties and has required an *ad hoc* analytical approach.

The first issue is that it is not practical to establish quantifiable indications in monetary terms of the overall **impact achieved by the IPM initiative on improving policy-making**. Methodologically homogenous information on the quantifiable benefits of improved policymaking is not available in a systematic way, and even if it were, it would be exceedingly arbitrary to determine the possible specific contribution of the IPM to these results. As a consequence, the quantitative analysis has mainly focused on intermediate outputs, for which rough proxy quantitative indicators are available, such as the number of encoded cases in the feedback mechanism, complemented by some qualitative indications collected through the interviews with end users/stakeholders and the surveys.

Secondly, the potential **impact of the coming IPM open-source initiative on member state administrations** in terms of IPM cost-effectiveness has proved difficult to estimate even in terms of intermediate output, due to the fact that the software in question was not ready for release during the evaluation exercise. This not only hindered a precise estimation of its final total costs, but also and more importantly, made all evaluation of potential related benefits fairly speculative, as no assessment of anticipated demand from any potential beneficiary is available outside the formal approval made by Member States representatives in the IDA Committee. Consequently, a mainly qualitative-based scenario has been worked out to identify those assumptions that would make the initiative broadly cost-effective in mere likelihood terms.

Thirdly, due to the uniqueness of the feedback mechanism, in particular, there are **no cost benchmarks of comparable similar processes** or other alternative approaches. It would have been beyond the resources of this evaluation exercise to systematically collect cost information on a case-by-case basis on all the traditional policymaking support instruments used by the Commission (consultancy studies, Eurobarometer, focus groups, etc.), not to mention the practical difficulties there are in getting relevant information from different Commission services. As a result, it was decided that a rough comparison between "orders of magnitude" in the cost of various instruments available could convey meaningful preliminary information on the IPM cost-effectiveness as compared to other alternative approaches. As will be seen later in this report, an additional difficulty has been caused in some cases by the lack of objective quantifiable data on the "level" or "quality" of IPM outputs to get to the relevant unit costs. Also, in this case the practical compromise between precision and reasonableness has been to use alternative "what-if" scenarios based on certain hypotheses becoming fact. Again, since precise results are not always available, but "orders of magnitude" are, it has been deemed that the latter could convey meaningful indications about cost-effectiveness.

Finally, given that there are no relevant management benchmarks available for assessing allocation of resources vis-à-vis alternative models, the IPM initiative has been **analyzed by utilizing a rough cost-classification tool**: after presenting the IPM costs in snapshot format over time, a few main cost drivers have been identified to show the main cost dynamics within the programme, admittedly, on a somewhat arbitrary basis. These costs have then been separately allocated to the two IPM tools (the feedback mechanism and the consultation mechanism) and evaluated relative to qualitative (or even speculative) information on their use to draw conclusions on relative cost-effectiveness. These cost drivers have been identified as software development (basically an R&D activity), promotion and communication, data entry (basically the cost of feeding the feedback mechanism), data processing and overall supervision and co-ordination. Although the cost allocation process has been made in strict co-operation with Commission services throughout this analysis, a significant number of assumptions have had to made on how to precisely allocate costs, especially when it came to human resources. All the assumptions made and "accounting techniques" utilized are described in the Appendix 4.

To improve the quality and relevance of the analysis separate considerations have been made viewing IPM in historical terms as well as likely future cost scenarios in the light of the developments introduced in 2004. As will be seen in the next section, these analytical tools will be used in the following order: first, efficiency in the use of resources will be analysed based on historical data; secondly, this historical information complemented with forward-looking cost scenarios will be used to assess the overall cost-effectiveness in the attainment of the outputs of the initiative.

5.4.1.3 Gathering of the Empirical Data

The review of cost-effectiveness has been mainly based on quantitative data from desk research sources and budgetary information directly provided by the Commission. The analytical classification process has been made possible by intensive exchange of information with Commission services. These have been complemented by qualitative information gathered through the stakeholders' interview programme or indirectly collected from the surveys. The sources reviewed for this part of the evaluation included:

- the in depth analysis reports on the IPM feedback from business and citizens made by the P&G consultants;
- the activity reports from the IPM participating intermediaries (EICs, ECCs, CSS) and, most importantly, the evaluations made of these reports by the Commission;
- the budgetary files provided by the Commission including data on the use of human resources

5.4.2 The Costs of the IPM Initiative from an historical perspective

5.4.2.1 General considerations on the allocation of resources

The table below summarises the main patterns of expenditure of the IPM initiative over the 2000-2004 period. The table includes the core operational costs incurred under the budgets of the various DGs involved (ADMIN/DIGIT, DG MARKT, DG ENTERPRISE and DG SANCO) and related human resources, but represents a slight underestimation of total costs because the IPM-related share of costs of the CSS have not been included, as a precise estimate is not available. If all cost items are included, the total cost of the IPM initiative so far can be conservatively estimated in the region of €10m, i.e. an average yearly € 2.0 m which makes it a relatively substantial programme for the Commission.

However, yearly averages are not necessarily indicative, as the cost dynamics appear a bit more complex. In particular, starting from 1999, when only supervision and co-ordination costs were recorded and the mechanism was still based on non-proprietary sources, till 2003 IPM costs have always increased at an yearly average increase of some €600,000, reaching a plateau in the 2003-2004 period after the pilot phase. As will be seen later, starting from that date, the IPM budget has undergone a radical restructuring halving total costs and bringing them down to the 2001 level. As will be better explained in the annexes, the calculation of costs has been consistently based on the amount actually paid on a given contract and related to its actual implementation period, irrespective of when it was paid. Amounts committed but not disbursed have not been considered as costs with just one exception[16].

Table 1: Financial Resources of IPM Initiative (2000-2004)

	2000*		2001		2002		2003		2004	
	€	%	€	%	€	%	€	%	€	%
Operating expenses	**688.384**	***100***	**1.360.047**	***100***	**2,133,329**	***100***	**2,676,279**	***97***	**2,312,054**	***88***
Supervision & Coordination	175,000	*25*	202,000	*15*	336.372	*16*	252,843	*9*	311,500	*13*
Promotion & Communication	50,867	*7*	6,600	*1*	16.900	*1*	144,240	*5*	22,029	*1*
Software Development	179,488	*26*	370,751	*27*	679.244	*32*	267,490	*10*	187,100	*8*
Data entry	283,029	*41*	726,096	*53*	1,018,914	*48*	1,858,334	*69*	1,623,020	*70*
Data processing	0		54,600	*4*	81.900	*4*	153,373	*6*	168,405	*7*
Investments	**0**		**0**		**0**		**88,085**	***3***	**325,000**	***12***
Open source soft.	0		0		0		88,085		325,000	
Total resources	**688.384**		**1.360.047**		**2,133,329**		**2,764,365**		**2,637,054**	

Source: Elaboration from Commission data
* In 1999 only € 145,600 supervision and co-ordination expenses are recorded

[16] In 2004 45 of 197 EIC centres did not participate to IPM, but following Commission's instructions related total cost has been estimated as almost all of them were included. Since actual payments are not known, if in the end this estimate does not prove true, it is possible 2004 costs are overestimated.

The IPM cost structure shows three notable features for an interactive IT initiative:

- the very **high share represented by costs for data entry** and data processing that over the years have passed from 40% to 70% of total costs (and this estimate does not include the CSS);
- a notable **lack of consolidation of software development costs into amortisable investment**. In fact, if international accounting rules are followed, most of the expenditure incurred for software development should be considered as operating expenditure and not as investment, as it has resulted in a number of different software versions whose operational lifetime has hardly exceeded one year. In practice, only the recent development of the open source software has been conventionally considered as investment, to the extent this is assumed to be delivered once and for all to Member States as it is, without any further version, and amortized accordingly, though it may be more prudent not to amortise any of this investment;
- a relatively low and sometimes fairly **erratic share of communication and promotion expenditure**, even if this figure is likely to be somewhat underestimated as it does not include the communication and promotion expenses borne by the intermediary organisations.

However, it is worth noting that **a share of these historical costs represent inevitable sunk costs related to the creation itself of the IPM** and/or reflect learning-by-doing inefficiencies due to lack of experience. For instance, this might be reflected in the subsequent refinements needed in software development (which account for over €1.6m of total IPM costs), or the fact that the feedback mechanism database should have a minimum size to be of use. As a result, these calculations tend to overestimate the cost of the IPM and, especially, of the feedback mechanism in ordinary conditions.

5.4.2.2 Indicative efficiency benchmarks per cost category

Preliminary indications on past cost effectiveness can come from a separate analysis of the efficiency of different *costs drivers* of IPM initiative, including:

- the cost of developing the IPM software (not including the open-source software);
- the cost of feeding the IPM feedback mechanism with relevant information;
- the expenditures related to promotional and communication activities;
- the cost of extracting and processing useful information from the IPM feedback database;
- the overall cost of managing the IPM mechanism

For each of these "*cost drivers*" a comparison with some internal benchmarks is reported below.

Software development

Software development costs consist mainly of salaries of DIGIT software engineering personnel (i.e. IDA financing minus the share devoted to product maintenance) plus the relevant DG MARKT personnel. The distinction

between software development (e.g., the development of a database interface) and ordinary system maintenance that has been classified as costs for ordinary management and supervision is not straightforward, and has required substantial co-operation with Commission services. A unit cost of the various software versions developed can be broadly reconstructed as follows:

- In year 2002, when IPM version 1.2 was running, software development had already reached a cost of € 550,000 approximately
- In early 2003, IPM version 1.3 was launched and by mid 2003, the enhanced version of 1.3 inclusive of the EBTP facility was delivered, resulting in a cumulative estimated cost of some €830,000.
- In September 2004, IPM version 1.4 was launched and a subsequent version 2.0 originally due in February 2005, is expected to be delivered by mid-2005, at an estimated cost of €300,000.

Clearly, there has been some "learning-by-doing" which can be attributed to the lowering of the costs of development. However, the review of software functionality indicates that not much additional functionality has been provided in the last two years, as the emphasis has been on changing the architecture of the product to increase product stability and to enable the creation of an open source version fo the software. Given these considerations, the financial numbers are not surprising.

Data input - Feedback Mechanism

This is by far the largest IPM cost item and is entirely related to the feedback mechanism. Since 1999, a number of contracts have been established between various DGs and the intermediaries responsible for inputting data into the feedback mechanism. In addition, a significant amount of human resources have been involved in activities specifically related to feeding the IPM mechanism, such as controlling the activity of participating intermediaries and validating related outputs, in both DG MARKT and the partner DGs (ENTR and SANCO).

Due to problems with complete data availability, estimates have been made regarding the range of possible unit costs without including the CSS costs ands related encoded cases because of lack of specific IPM-related financial information. This inevitably leads to an overestimation of unit costs, as fixed costs are split among a lower number of cases.

However, given these assumptions, the average **cost per case introduced,** all inclusive, has been constantly increasing over the period from €51 in 2001, to €59 in 2002, €246 in 2003 and €310 in 2004. If only contract-related costs are considered the average cost per case per intermediary organisation widely ranges from some €40-50 in the first years of the IPM existence to a maximum of €261. Over the whole period it can be assumed that the average cost per case introduced has varied around €165.[17] In the majority of cases,

[17] It is worth noting that in contractual terms the cost of encoding activities for intermediary organizations can often be much lower (e.g. € 40) with the bulk of resources received to finance promotional activities, to cover "other general expenses" or to promote the use of feedback results. But in concrete terms we have assumed that intermediary organizations

encoding a case takes participating intermediaries less than half an hour and almost never more than one hour[18], although no data is available on the time taken to gather and study cases.

However this cost benchmark assumes that all encoded cases are considered valid, which is not necessarily the case for all intermediary systems in all years. A *cost per relevant/valid case introduced* is possible in one limited example only, and its representativeness should therefore be considered with caution. If relevant/valid cases are calculated as a percentage of total encoded cases in 2003 by EICs, which works out to 52%, then the overall cost per relevant/valid case introduced reaches the region of €400.

These figures allow a preliminary and qualified assessment to be made regarding efficiency in the use of resources. If we consider that in southern Europe (the Italian case can be used as an example), the cost of having a basic written legal opinion on a given case (which implies studying and classifying it) from a professional lawyer ranges between €45-265 (lowest possible hourly price €65, which would imply a time effort ranging from 45 minutes to some 4 hours), and that the cost for legal services in northern Europe can be considerably higher, the cost for feeding the IPM system would appear broadly justified *only if*: intermediaries spend a substantial time effort in gathering the cases, they are in a position to provide the same level of quality as professional lawyers, and if the proportion of valid cases is substantially higher than 50% of all cases.

This is broadly consistent with findings from in-the-field work which show that cases fed into the system by intermediary organizations using professional lawyers are better value-for-money and more cost-effective than cases produced by intermediaries using non-legal staff.

Other Proxy Indicators relating to data feeding

There are other interesting indicators pointing to possibly limited operational cost-effectiveness of the feeding mechanism or **the distorting role played by the different payment mechanisms** (fixed minimum number of cases, or payment per case) related to the different contracts for encoding that intermediaries have had.

An example of these distorting incentives is given by a detailed analysis of the expenses paid to an intermediary organization in 2003 subdivided per different activities, namely: encoding, training, promotion, use of results and “other” (unfortunately, this is the only dataset available containing such comprehensive amount of information).

Based on this proxy, the following features can be noted:

have the main task of feeding the system and their main output is represented by data, irrespective of the way these data are gathered.

[18] Based on the results of TEEC internal evaluation, almost 60% of participating intermediaries spend less than 30 minutes to encode a case, while less than 10% spend more than one hour.

- None of the contracted experts encoded the number of cases initially foreseen in the agreement with the Commission. Actually, more than half of the experts (8) effectively introduced less than 1/5 of cases originally defined in the contract.
- Through various contractual mechanisms, this is only partially translated into a reduction of the contribution actually paid by IPM, making the cost per case encoded almost 4 times higher than initially envisaged;
- A significant degree of variance in terms of efficiency appears among the experts, going from a couple of cases not far from the initially expected cost per case (less than € 40) to one expert exceptionally paid approximately € 5,350 to encode one single case but for reasons that could be justified by the contract;
- For some experts, the "other costs" category constitutes the main cost item
- None of the experts carried out any activities aimed at exploiting the feedback results even though around €45,000 was initially allocated to these activities.

Promotion and communication costs

This cost driver includes: (i) the expenses incurred to produce/organise promotional tools and events, and (ii) the cost of DG MARKT staff specifically devoted to these tasks. While the first are aimed at an external audience, the latter are are mainly targeted to information activities within the Commission itself. However, the resulting figure is certainly an under-estimate as it does not include the communication component included in the contracts with participating intermediaries[19] as well as the communication budget of the on-line consultations.

Specific information is not available on the outputs of the various activities carried out: mailings, press releases, conferences and on the number of people contacted. However, as a rule the overall promotional budget hardly exceeds 1% of total costs, and internal communication activities can be considered as a tiny fraction of it. Given these figures the level of IPM awareness found in the previous sections of this report are not surprising.

Cost of extracting and processing information

This cost driver encompasses all activities aimed at both processing and extracting IPM consultation results and at "pushing" the IPM feedback results to potential end users, i.e. the remuneration of: (i) an external contractor for in-depth analysis on the basis of FM results and (ii) the DG MARKT staff involved in extracting and conveying relevant cases to potential internal clients. Broadly speaking, the existence of this budgetary item is an indicator of the limited user-friendliness of the IPM database. No information on frequency of access to specific case records is available, preventing the development of an appropriate performance indicator. However, based on anectdotal evidence, this can be considered to be very low for the feedback mechanism.

[19] This information is available only for one contract in one year and it is already included in the feeding costs,

Cost of managing the IPM mechanism

This is a composite residual item mainly composed of MARKT and ADMIN/DIGIT staff costs responsible for system administration and supervision, as well as the share of IDA financing devoted to product maintenance. At their lowest point, administration and supervision costs have accounted for less then 10% of total costs and have generally remained in the 10-15% range.

5.4.3 The Financial Sustainability of the IPM: Cost-Effectiveness considerations in the light of future cost scenarios

Cost scenario assumptions

To review the future sustainability of the IPM initiative in cost-effectiveness terms, a cost scenario has been based on the following assumptions: 1) the cost structure already anticipated for 2005 by the Commission; 2) the discontinuation starting from 2006 of all software development costs; 3) a more targeted data entry mechanism focused on SMEs only and covering de facto the EIC intermediaries only[20]. Results are summarized in the table below. As will be seen, an assessment has been made of supervision and co-ordination as something separate from software maintenance. The latter is anticipated to account for some 15% of total costs, a reasonable proportion in software-dependent initiatives. As mentioned at the very beginning of this analysis the cost for data entry and encoding cases is confirmed as the key variable for any sustainability and long term cost-effectiveness assessment and the 2006 scenario can be broadly considered the lowest cost hypothesis.

Table: Projections of Financial Resources of IPM Initiative (2005-2006)

	2005		2006	
	€	%	€	%
Operating expenses	**762,020**	***64***	**616,420**	***100***
Supervision & Coordination	142,800	*19*	142,800	*23*
Software maintenance	97,500	*13*	97,500	*16*
Promotion & Communication	70,600	*9*	70,600	*11*
Software Development	145,600	*19*	0	*0*
Data entry*	227,520	*30*	227,520	*37*
Data processing	78,000	*10*	78,000	*13*
Investments	**422,500**	***36***	**0**	***0***
Open source soft.	422,500		0	
Total resources	**1,184,520**		**616,420**	

Source: Elaboration from Commission data
* Data entry only include the cost of HR in DG ENTR

5.4.3.1 Cost-effectiveness analysis of the two IPM tools

[20] The reason for this choice is that the SMEs are the target population providing a clearer example of information added value and where the Commission is at odds in finding alternative sources of raw information.

The table below summarizes the cost structure of the two IPM tools in terms of historical operating costs by using 2004 as a reference year and in perspective terms by using 2004-2005 assumptions. The allocation of the various cost items to one specific tool might seem exceedingly arbitrary or otherwise debatable. For instance there are no data entry costs related to the consultation mechanism while there are costs involved with the introduction and formatting of the questionnaire. However, these have been included among the general costs also to compensate for the fact that the 50-50 rule, followed to split general costs between the two tools, probably overestimates the on-line consultation share. Details on the allocation exercise assumptions[21] are reported in the Appendix 4.

Table: Comparison of the cost structure of IPM tools in terms of operating costs

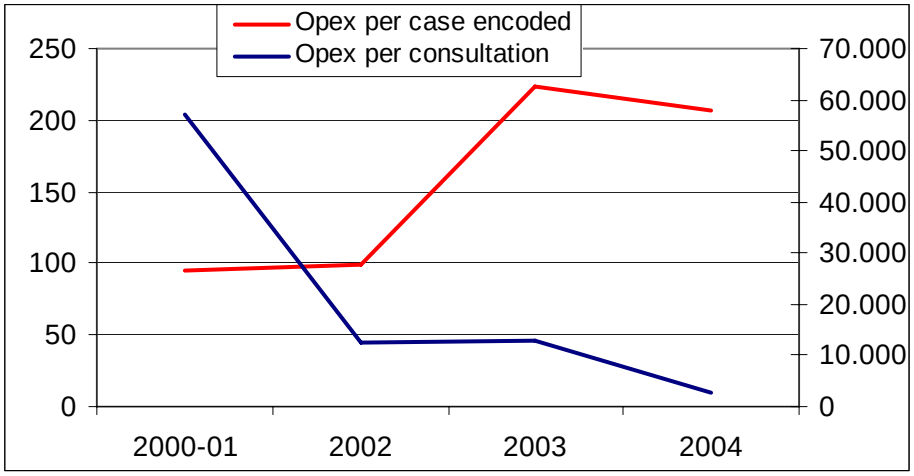
IPM Tool 2004	**Feedback mechanism**		**On-line consultation**	
Operating costs	**€**	**%**	**€**	**%**
Administrative and supervision	230,250	*11*	81.250	42
Promotion and communication	11,015	*1*	11.015	*6*
Software development	146,800	*7*	40.300	*2%*
Data entry	1,623,020	*76*	0	*0*
Data processing	106,804	*5*	61.601	*32*
TOTAL	**2,117,888**	***100%***	**194.166**	***100%***
IPM Tool 2005	**Feedback mechanism**		**On-line consultation**	
Operating costs	**€**	**%**	**€**	**%**
Administrative and supervision	182,550	*33*	57,750	*28*
Promotion and communication	35,300	*6*	35,300	*17*
Software development	72,800	*13*	72,800	*36*
Data entry	227,520	*41*	0	*0*
Data processing	39,000	*7*	39,000	*19*
TOTAL	**557,170**	***100***	**204,850**	***100***
IPM Tool 2006	**Feedback mechanism**		**On-line consultation**	
Operating costs	**€**	**%**	**€**	**%**
Administrative and supervision	182,550	*38*	57,750	*44*
Promotion and communication	35,300	*7*	35,300	*27*
Software development	0	*0*	0	*0*
Data entry	227,520	*48*	0	*0*
Data processing	39,000	*7*	39,000	*29*
TOTAL	**484,370**	***100***	**132,050**	***100***

As can be seen, in 2004, the feedback mechanism cost 10 times as much as the on-line consultation mechanism which appears a relatively inexpensive tool, but with a high (although probably overestimated) burden of expenses related to process co-ordination. However under different financial assumptions there is room to bring down this ratio approximately three times as much, if a drastic cut is made in data entry expenditure.

[21] For a detailed description of allocation techniques see note 3 of methodological Appendix 4.

This cost cutting will require a restructuring of the IPM organization. In the past the two mechanisms had different cost trends in terms of learning curve mechanisms and economies of scale. As shown in the figure below attempts at increasing the use of the feedback mechanism, through an increase in the number of the encoded cases, and/or their validity, and/or a higher degree of systematization and circulation of the information contained therein have resulted in a notable increase in unit cost per output. On the contrary, a more extensive use of the on-line consultations has entailed only relatively minor increments in related operating expenses and a substantial reduction of costs in marginal terms, due to learning curve and economy of scale.

Figure 1: Unit operating expense for each IPM mechanism



5.4.3.2 The Open Source Initiative

For the time benig there are very few elements available to assess the cost-effectiveness of the opens source initiative apart from the costs incurred to develop the software. The release of the **IPM OSS v2.0** is scheduled by the end of May or the beginning of June 2005 and the final licensing agreement under which the software will be made available has not been decided yet.

The **IPM v2.0 OSS** includes a Feedback application and was created to consolidate and support the diffusion of the IPM and create a community of users at the MS level. However, this will depend on actual demand at the MS level that has not been assessed so far by the Commission. As a result it is also difficult to make projections on the evolution of the cost structure of the project.

5.4.3.3 Cost-effectiveness considerations in terms of Willingness to Pay

From what is reported above, the following considerations can be made:

At 2004 cost levels the feedback mechanism would be justified in cost-effectiveness terms if it had been very intensively used within the Commission in at least some 7-10 policy areas on a yearly basis. If SME-focused 2005-2006 assumptions are made, two policy areas would be enough for cost-justification (one of which could reportedly be the services directive) By

intensive use, the evaluator expects the same level of information that would be achievable through a €200,000-300,000 study or survey. What appears evident under these assumptions is that the cost-effectiveness of the feedback mechanisms strongly depends on its structuring the data entry process to meet the specific needs of policy-making end-users. In other words the case recording process should follow the policy priorities in the Commission agenda for a given year. If this is not the case and case recording is predetermined it appears extremely unlikely the instrument can ever become cost-effective.

If the feedback mechanism is used as an information tool to complement other sources, as seems to be the case at present, the number of policy areas that would make its use justifiable by assuming a willingness to pay in the € 5,000 – € 20,000 range (roughly equal to a very small desk research study) would vary from some 100 to 400 annual cases with 2004 data, or some 20 to 100 in the simplified 2005-2006 cost projections . While the first case is extremely unlikely to happen within three DGs only and is hardly compatible with evaluation survey data, the latter case appears slightly more realistic if accompanied by a coherent communication effort and a clear focus in annual data collection.

Although there could be room to increase efficiency in the use of the IPM resources, especially as far as the feedback mechanism is concerned, this does not appear to be a major issue in determining final cost-effectiveness. It is the design of the data-entry system and related contractual incentives which represent the key variable. It is even possible there are administrative costs related to an inefficient division of labor between the various DGs, and that savings can be obtained in this regard, however, even if this were true it is unlikely to significantly change the cost-effectiveness variables.

From the Commission point of view, the IPM consultation mechanism can already be considered a reasonably cost-effective information tool for complementary use with other sources (cost per consultation €3,000-10,000). However this is not necessarily so for DG MARKT that bears most of related costs, while the activities benefit many other DGs. For instance in 2004 DG MARKT promoted 21 of the 74 on-line consultations, i.e received less than one third of total benefits.

Even ignoring an assessment of demand, the open source initiative does have - in theory - a cost structure broadly compatible with what a member state might be willing to pay. If one MS institution is assumed as potential user per country and the same cost parameters of the consultation mechanisms are used as a reference, any amortization period ranging from one to three years would seem sustainable and could justify related operating costs in the range of € 50,000. Actually, with a three-year amortisation period, it would be enough to have some six member states actually adopting the software to justify expenditure. However, if the feedback mechanism cost structure is used as a model the same issues of cost-effectiveness potentially apply to the open-source initiative.

5.5 THE ORGANISATIONAL APPROPRIATENESS FOR THE IPM INITIATIVE

The terms of reference for the IPM evaluation covered two issues that relate to the structure of the organisation used within the Commission to deliver the IPM initiative:

- The appropriateness of the organisational arrangements
- The adequacy of the human resource allocation to the initiative

This section of the report deals with these issues by first discussing the methodological issues involved in carrying out this element of the evaluation and then considering the findings of the evaluation team.

5.5.1 Methodological Approach

5.5.1.1 The Evaluation Approach

In planning the evaluation of the organisation of the IPM initiative, the evaluator had to consider two separate issues:

- Is the **IPM organisation appropriate to enable the initiative** fulfilling its objectives?
- Assuming that the organisation is appropriate at some point in the initiative's timeline, is it **flexible enough to change** so that it can continue to meet its objectives in a changing political, economic and technological environment?

It is commonly believed that to be fully effective, all e-Government initiatives (including e-Democracy and e-Consultation) require a certain degree of organisational change. The various definitions of organisational models as "networking" or "flat hierarchy" based have generally been proposed as the best practice for e-Government projects, even if these concepts sometimes appear vague and generic and are not necessarily substantiated by clear evidence. In particular, as far as organisational aspects are concerned, there is a notable lack of external evaluation results that could serve as a benchmark to define real best practices in the field of e-consultation. Again, this is even pertinent if one considers the complexities of the Commission working environment and the peculiar features of the IPM that make comparisons with other national examples less than meaningful.

Any e-consultation process must cope with the following three main organisational challenges:

- The mechanisms to incorporate e-related changes in the organisation, as new ways of working can emerge as a result of e-initiatives;
- The establishment of inter-service co-operation, including the definition of co-ordination areas, their degree of formalisation, the identification of incentives and allocation of responsibilities;

- The learning mechanisms to ensure that that the necessary skills and capacity to implement e-consultation are embodied in the organisation (including the key decision on the degree of externalisation of services).

Relevant constraints are represented by:

- The existence of legal or regulatory barriers hindering organisational change;
- Budgetary resources or the way the budget is managed within a given organisation.

The evaluation question on the appropriateness of the organisational arrangements can therefore be reformulated through a number of more specific questions, namely:

- What would need to be changed in organisational terms to maximise the value of the IPM initiative and, if these changes have not already taken place, is this because they are not compatible with the existing regulatory or budgetary framework?
- Does the IPM require new organisational structures? If so, are these compatible with existing constraints?
- What has to be co-ordinated between the different Commission services in order to manage the IPM? How formal should these co-ordination rules be?
- What are the skills required to develop and maintain the system? How can these skills be built? What should remain in-house rather than being contracted out?

5.5.1.2 Analytical Tools Used During the Evaluation

5.5.1.2.1 Access to Relevant Commission Information

The evaluation of organisational issues in the IPM initiative was mainly based on the opinions of internal Commission stakeholders and relevant stakeholders, such as Commission policy-makers and the IPM intermediaries (EIC / ECC / CSS).

Two main criteria were used to spot problems in organisational arrangements: the performance of the organisation in meeting its objectives, and the difficulties encountered by staff and stakeholders in meeting organisational rules and guidelines. Interviews with relevant Commission staff were also used to collect summary information on the possible impact of any existing regulatory and budgetary barriers in delivering organisational change.

5.5.1.2.2 Validation of interview results using intermediary survey data

In parallel with the Commission staff interview programme, the opinions of the intermediaries, as garnered in the on-line surveys conducted by the evaluation team, were used to assess their perception of the adequacy of

organisational arrangements to the extent that they result in procedural rules that can have an impact on outsiders.

5.5.2 IPM management structures

The current IPM initiative is the consequence of a bout of **inter-service co-operation** that has been sustained for a remarkable period now extending into four years:

- DG MARKT manages the IPM initiative
- DG MARKT, DG ENTERPRISE and SANCO collaborate on capturing data into the feedback database through their intermediary networks
- DIGIT provides the technology support for creating the IPM applications
- The IDA unit (now IDABC) within DG ENTERPISE provides funding of the technology applications developed by DIGIT

To its credit, this inter-service co-operation has delivered two different IPM tools (three, if EBTP is counted as a tool in its own right), and has engaged with hundreds of policy-makers around the Commission.

The question that needs to be asked is if this inter-service co-operation **management model has enabled IPM to meet its objectives and thrive**. One way of answering this question is to establish how well IPM has met its objectives and see if there were any organisational barriers that stood in its way.

Interaction: a two-way process?

The main logframe impact of the IPM initiative is seen to be high-quality interaction between the Commission and its public stakeholders. In order to assess whether or not IPM has achieved its objectives, it is necessary to **determine whether the Commission has achieved high-quality interaction with its public stakeholders**. What exactly does high-quality interaction mean, in this context?

One view of interaction is that it is a **two-way process**, a conversation, a sharing of views with feedback processes iteratively and concurrently interfacing with different modes of initiation.

With such a view of interaction, it is possible to argue that IPM has failed to achieve high-quality interaction as there is no feedback loop that provides answers (or conversation of any kind) back to those public stakeholders that take part in IPM's processes.

There are two ways of addressing such a view:

- That IPM was never intended to be *the* vehicle for providing high-quality interaction – it merely *enables* such interaction to take place through the provision of relevant services
- The real interaction between the Commission and its public stakeholders is via entities such as CSS, the EICs and so on – IPM

simply records the interaction that is already taking place between the Commission and its stakeholders

If either of these views is correct, then we need a more **abbreviated expectation** of the high quality interaction that IPM has provided.

To their credit, Commission officials do not seek an abbreviated expectation regarding IPM when it comes to judging its performance. However, they do define high-quality interaction in different terms from the options listed above. Almost all Commission officials interviewed for this evaluation saw IPM as offering an **"elongated" two-way interaction** between the Commission and stakeholders. For example, keeping the feedback mechanism in mind, stakeholders report their problems to the Commission; the latter uses their input to assess existing and forthcoming regulations in order to determine the most desirable work programme that would address their issues.

Has such an elongated two-way interaction actually taken place with IPM? The findings in other parts of this report, with respect to the feedback mechanism, are that its database is largely unknown and unused by Commission policy-makers. If the problems fed in by stakeholders are not being listened to by those who have to act on them, then surely the feedback mechanism is not providing even an elongated two-way interaction.

Some officials argue that IPM is such a **long-term exercise** that we have not yet really seen the fruits of what is possible as we are still in the early stages of the two-way interaction that is being built through IPM's tools and processes.

However, not all agree. After all, **is it really appropriate** to label the elongated interaction described above as a two-way process when the stakeholder sees no response except in the long term, if and when legislation changes to address their problems? If the trajectory of the response mechanism has such a long-term orbit, then is the Commission getting any closer to listening to its stakeholders?

It is worth pointing out that the consultation mechanism is likely to possess a briefer trajectory than the feedback mechanism, but the issues it covers are those where Commission officials are seeking more information, rather than those which are being spontaneously generated from among stakeholders, which is the case with the feedback mechanism.

Keeping these issues in mind, the question of whether IPM has met its high - quality interaction objective may be answered: Depending on how the interaction process is defined, it is possible to argue from a number of **different viewpoints**:

- IPM has failed to deliver two-way interaction
- IPM has been successful in doing its part of the process whereby the Commission can engage with its stakeholders
- It is still to early to tell whether a long-term project like IPM can be regarded as successful or not as yet

What is interesting from a **structural perspective** is that the shape of the IPM initiative was laid out well in advance of the April 2001 IPM communication. In fact, whatever the communication may have said, it may well have simply *intended* what the commissioners thought was possible at the time, given the learnings and experiences associated with the Citizens First pilot. So when they talked about high quality interaction, they may not have meant more than simply tracking conversations taking place between stakeholders and intermediaries.

Structurally, there was no **management assessment** or evaluation ever done questioning whether the goals of the programme made sense in the changing political and social environment the Commission is operating in. Also, no allowance seems to have been made of the tremendous advances which have taken place in making interactive technologies a ubiquitous part of modern life in the EU. As a result, no attempt has been made to seek direct connections with stakeholders or to provide them with direct feedback on their involvement in IPM.

Overall, it seems that a number of **different but related** factors have contributed to the structural strait-jacket that IPM has found itself in:

- The structure of the initiative has not been assessed by management in terms of performance or the achievement of high-level goals
- IPM is quite a pioneering initiative in the context of the Commission, Given its traditionally risk-averse behaviour, it may have been difficult for the Commission to consider restructuring the initiative in the face of a changing political, social and technological environment
- The existing structure had too many players and too few leaders to enable it to be easily changed

Which of these factors made the biggest contribution is possibly a moot point – the evaluator would prefer to focus on the fact that each of these factors needs to be given due regard and attention.

5.5.3 Co-operation or competition?

We have already observed that IPM featured a steady stream of inter-service co-operation from its inception.

In fact, right at the outset of IPM, there was an inter-service consultation in which a number of DGs were asked about their interest in participating in IPM. Throughout 2001-02, contact persons from twenty five different DGs contributed to the policy field structure of the feedback database. However, there were major roles for just a few of the DGs – MARKT, ENTR, SANCO, DIGIT/ADMIN.

Each of these entities in the IPM relationship has made its best judgements about how to participate in the IPM process. However, what may be in the interest of any one DG may not be in the interest of the IPM initiative as a whole, or, for that matter, the Commission.

From the examples provided by interviewees, some are listed below:

- In 2003, DG MARKT employees were encouraged to focus their time and resources on the use of IPM within the DG, in order to demonstrate the potential of the project by example, rather than on actively promoting IPM in other DGs. As a result, all external promotion of IPM virtually stopped dead. In particular, the feedback mechanism was not promoted at all, virtually guaranteeing its obscurity within the Commission, despite the uniqueness of its offering.
- DG SANCO is building its own database of consumer-related problems. However, the implementation of that database is running late, and so no consumer-related data is currently entering the IPM database.
- IDA has a commitment to member states to provide open source software to them for their own use. As a result of receiving IDA funding for the IPM applications, the decision was made by DIGIT to create a new version of the IPM tools in the open source environment. This allocation of development resource had a negative impact on delivering new functionality needed by the existing users of the IPM tools.
- ENTR is running its own activity by which cases from the feedback database are presented to other DGs at inter-service meetings on a programmatic schedule decided a year in advance. This use of the feedback database may well be the most effective currently in the Commission, but few have heard of it in IPM circles. Nor has there been extension of the strategies and ideas developed in this context to other parts of the IPM initiative.

Each of these decisions was made for very good reasons and can be justified in each of the DGs. Each DG did what was right in its own eyes. However, each of these decisions has had a negative impact on the IPM initiative, and the cumulative benefit it can deliver to the Commission.

5.5.4 Central oversight and political support

IPM Feedback data is very closely associated with DG MARKT, and to a lesser extent with DG ENTR. The feedback we received from policy-makers in other DGs is that they do not accord IPM the unique status it could deserve as the Commission's only listening post for spontaneous input from stakeholders.

This may be due, in part, to the **competitive forces** that mark the relationships between different DGs. But part of the blame for this situation can be attributed to the fact that IPM Feedback data is not perceived to belong to any organisation within the Commission that has central oversight over the processes of e-democracy, e-Commission or better regulation.

Almost all interviewees questioned why a **Commission-wide service** like the IPM feedback mechanism did not come from a central oversight unit, such as Secretariat General. In fairness, it should be pointed out that IPM may not have Commission-wide applicability with only about a dozen DGs potentially

benefiting from its interaction with public stakeholders. Also, in the Commission if there are ills to be sorted out, then the responsibility is usually laid at the door of a central service such as the Secretariat General whether it has anything to contribute to improving the situation or not. It is also true that DGs that are focused on a particular policy area may do a better job than a central function could in their area.

Political sponsorship or political association?
To the evaluator, a more important issue is the **contrast that exists in the high-level political support** enjoyed by the two IPM tools. Currently, the consultation mechanism is benefiting from the wave of political attention regarding consultation and impact assessment that is washing across the Commission. This wave has happened, in part, due to the attention of DG MARKT in promoting consultation and impact assessment within the Commission. As a result, stakeholder consultations are growing in number on a monthly basis and nearly twenty DGs have carried out a consultation of some sort or the other, some more than once.

In contrast, there is no attention or political support given to listening to the spontaneous output of the Commission's stakeholders, nor for giving those same stakeholders any feedback that would assure them that the Commission is listening to them. As a result, the feedback mechanism database is hardly used and is not sought after by Commission policy-makers.

Has IPM ever had a high-level political ally? Apart from the 2001 IPM Communication, it is **doubtful if it has ever received any high-level support**. What does seem to have changed over the period of the initiative's existence is the nature of support it received from the two director-generals DG MARKT has had during that time period.

Neither director-general felt that they had any external support for an activity that both believe should have been managed centrally, rather than by MARKT. However, the previous director-general thought IPM activity was deserving of greater attention within the Commission and hoped that getting it started within MARKT could spark greater interest within the rest of the Commission. In contrast, the current director-general takes a more pragmatic line that as a relatively small DG, MARKT needs to be careful in conserving and deploying its resources, particularly when it comes to using MARKT resources to support activities in other DGs.

As the consultation mechanism has shown, an alternative (or complementary) approach to having high-level political sponsorship is **getting allied to one of the major political themes of the day**. In the case of the consultation mechanism, DG MARKT's ongoing focus on impact assessment and stakeholder consultation has benefited the mechanism through rapidly increasing usage.

An appropriate question to ask is if there is an important issue that the feedback mechanism can ally itself to.

Currently, the feedback mechanism comes across more as an IT tool than a policy tool, which probably goes a long way to ensuring that policy-makers don't pay attention to it. Through the course of the evaluation, a number of different possible routes manifest themselves of which a few examples are listed below:

- Mechanism for building e-democracy forums in the EU
- Supporting the Lisbon agenda through on-the-ground improvements in competitiveness
- Practical support for better regulation
- Support for Growth and Jobs

The reality is that right now **none of these fit the feedback mechanism**, either because the ideas have no currency in the Commission right now (e.g. e-democracy) or because the feedback mechanism has not built any credibility for its capabilities in the area (e.g. Lisbon or better regulation).

5.5.5 Human resources involved in IPM

The technology industry uses the label Product Manager to describe a role that manages product development, technology architecture, end-user marketing, product support, applicability to business problems, quality of data, etc. In effect, the product manager is the product's champion and has the **responsibility to make the product succeed**. This person usually also has the **authority to make the decisions** that are needed in order to create, support and enhance the product.

In its early days, the IPM initiative benefited from the project leadership of IPM's initiator, a Commission employee in DG MARKT, who in turn had the support of his Director as well as the Director-General.

IPM's initiator was the **closest thing to a product manager** that the initiative ever had. He was responsible for developing the ideas behind the early products, getting them implemented by DIGIT, and built the links with the DGs that had intermediary networks in order to populate the IPM database with useful information. He also sought funding for IPM by getting IDA to fund the development costs. But the evaluator noted disagreement within the Commission on the methods employed in the IPM team during this stage.

When IPM's project initiator left in 2003, no replacement was chosen to fulfil the role he played. As a result, **IPM lacked a leader**. Also, the IPM team believed they no longer enjoyed any support from the leadership of DG MARKT.

The rest of the team in IPM is regarded by policy-makers and intermediaries as hard-working and helpful. The quality of support they provide to users of IPM is of a high standard. However, the lack of a project leader has **put pressure on all individual roles** in the unit. Also, the team seems to lose people (usually due to completion of their contracts or Commission re-organisation) in advance of recruiting replacements. This may be common practice in the Commission but various interviewees pointed out that such a

practice does not always work in a knowledge-intensive operation like IPM where continuity of job roles is very important.

Relationships with IPM Intermediaries
The relationship between the Commission and the IPM Intermediaries takes several forms. For example, the contracts with EICs for encoding cases into the Feedback Mechanism are with DG ENTERPRISE not with DG MARKT. Another aspect of this is the fact that the Technical Assistance Office within DG ENTERPRISE is responsible for training EIC encoders and supporting them. There is an additional support function within DG MARKT taking the form of a technical helpdesk. At present it appears there is little coordination between the support functions in DG ENTERPRISE and DG MARKT in that there is no regular sharing of problems and issues.

Although all types of Intermediaries reported that, in general, training and documentation supplied by the Commission is of a good standard they feel that feedback on their work and the impact of their work from the Commission is lacking. In this sense the IPM Feedback Mechanism does not represent two way interaction between the Commission and, ultimately, citizens and business.

The Intermediaries believe that increased feedback, from the Commission, on the impact of cases could enhance and improve the Commission-Intermediary relationship and consequently the Commission-Citizen/Business relationship. Intermediaries view this as one way of improving the interactivity of IPM.

5.5.6 IPM On-line Consultation Tool
Although the feedback mechanism was the original embodiment of the IPM concept, by mid 2002 a new IPM software application had been developed: the on-line stakeholder consultation mechanism. The IPM structure was robust enough to absorb this new tool into its processes and activities.

From discussions with policy-makers, the evaluator has been able to discern the following structural issues with the consultation mechanism:

Consultation on a growth curve
Impact assessment and evaluation are gaining weight and emphasis across the Commission – it is in this context that the **need for quality tools**, that support interaction between citizens, enterprises and the Commission, is accentuated. The IPM stakeholder consultation mechanism is growing in popularity among policy-makers in providing them an additional channel to take soundings among stakeholders.

During the course of the evaluation, an organisational restructuring took place within DG MARKT. As part of the restructure, the IPM initiative was moved from the internal and External Communication Unit in Directorate A (Planning, Administrative support and Communication) to the Impact Assessment and Evaluation Unit in Directorate B (Horizontal Policy Development). To the evaluation team, this approach makes sense in the context of the stakeholder

consultation tool as it emphasises the role that this tool can make in impact assessment and it provides an intellectual support structure for the development of the tool.

However, such a move might not be an appropriate organisational arrangement for the feedback mechanism which we have already observed could benefit from participation in a centrally run oversight programme.

There are also some anomalies in the structure:

- the Citizens Signpost Service has remained in Directorate A, though its activities are closely related to IPM and the two share use of the Your Voice in Europe web site
- The European Business Test Panel facility, while a part of IPM, is managed by a separate unit in Directorate A of DG MARKT.

Quality of support

While the support provided by the IPM unit to policy-makers has been praised in a consistent way, there is one area where policy-makers have commented on the need for improvement. In particular, policy-makers have needed extra support in methodologies for developing questionnaires of the sort that can be used in an on-line environment such as IPM. While help has been forthcoming from the IPM unit in this area, most policy-makers report that they end up dealing with these issues on their own.

As IPM settles into its new structure within the evaluation unit in MARKT, it is possible that some of these content and methodological issues may go away, but only if these areas are intentionally dealt with in future planning regarding the consultation mechanism. In particular, more subject experts are needed, particularly if they also understand statistical methodological issues.

Other issues

A number of issues that have already been identified in the context of the feedback mechanism also apply to the structural working of the stakeholder consultation mechanism. Rather than rehearse the discussion again, it should suffice to list the issues. The reader is referred to the section on the feedback mechanism for greater detail on these matters:

- Inter-service co-operation has been of great benefit to the stakeholder consultation mechanism in getting its message out into the DGs but the strategic limitations of the co-operation that were identified as affecting the feedback mechanism also apply to the strategic working of the consultation mechanism
- There is need for a product manager who can be responsible for all the different functions involved in delivering on-line consultations in the Commission.

5.5.7 Organisational Appropriateness Summary

The IPM mechanisms have had differential impacts in the Commission, with the stakeholder consultation mechanism enjoying growing use, while the feedback mechanism remains largely unknown and unexploited. However, the feedback mechanism is unique in the Commission whereas the consultation

tool, while useful, may be replicated in part by the use of on-line survey software and analytical tools.

The political, technological and social environment in the EU has changed enough over the past four years that the tools, though having the same genesis, need different organisational structures to succeed.

While the stakeholder consultation mechanism can succeed in the context of the evaluation units in the different DGs, the feedback mechanism could benefit from being part of a central oversight team that provides political clout and methodological support to processes for regulatory reform in the Commission.

6 CONCLUSIONS

The following conclusions have been drawn from the analysis of the evaluation findings. The conclusions are presented in two parts. The first part summarises our conclusions for each of the IPM tools. The second part synthesises conclusions by taking a cross-cutting perspective of the IPM initiative.

6.1 CONCLUSIONS RELATING TO THE IPM TOOLS

The IPM toolset was originally conceived to deliver the tools currently identified as the Feedback Mechanism. The online stakeholder consultation tool was a later addition. However, in terms of the basic technologies employed in the tools, the products are nearly identical – the feedback mechanism can be construed as a special formatted instance of the consultation mechanism. Further, the European Business Test Panel facility may also be regarded as a special case of the stakeholder consultation tool.

Nevertheless, it is worth keeping track of the two IPM tools separately as they are quite different in terms of usage within the Commission, the resources that have been deployed for each of them, and the strategic management issues that have to be considered in the future.

6.1.1 Conclusions relating to the IPM Feedback Mechanism

Issue	Conclusions
Awareness, Usage & Impact on Policy Making	• Basic levels of awareness of the feedback mechanism are generally quite low across the Commission. Perceptions from interviews are confirmed by the results of the online survey which shows that 56% of respondents had never heard of the Feedback Mechanism. In terms of understanding the purpose of the Feedback Mechanism and how it works, awareness levels are even lower. • There are, however, certain DGs (namely DG MARKT, DG ENTERPRISE and DG SANCO) where awareness is higher. For these DGs, higher awareness can be attributed to greater participation in the IPM mechanisms. • Usage of the feedback mechanism is very low across the Commission. There are no reports to quantify exactly how many people have used the Mechanism; however, estimates indicate that at most between 15 and 20 people have used it over the past year. • More Commission staff have received data from the feedback database than have actually used it. The IPM team has invested time, human resources and funds to extract data and provide relevant DGs with information. However some policy makers in other DGs are not interested in this analysis as it has been carried out by DG MARKT. The DG MARKT branding and “not-invented-here” syndrome has played a role here. • Promotion of the feedback mechanism has been restricted. Since 2003, IPM staff have focused their attention on the use of IPM within DG MARKT rather than promoting IPM outside the DG. This has exacerbated the problem of low awareness levels.

Issue	Conclusions
	• Another aspect that may have influenced usage is the fact that the feedback mechanism represents a new way of working that policy makers are generally not familiar with. Furthermore, there are no guidelines for policy makers instructing them how to consult the Feedback Database, as it is in the case of the IPM Online Consultation Tool. • Many of the cases in the feedback mechanism database are not seen to be relevant by policy-makers. The cases do not contain enough specific information to meet their requirements, do not represent systematic problems and are too specific to be of general applicability. Furthermore, they are currently not linked to 'hot topics' which are of particular interest to policy makers (for example, the Better Regulation Initiative or the Growth & Jobs Initiative), and could benefit from being linked with Commission objectives in the areas of transparency and communications. • There are examples of data from the feedback database being used as a source of information for policy makers. It seems in the majority of cases that these examples would not be used alone but in conjunction with other sources of information.
Quality of Data & Comparative Value of Data	• The quality of data in the feedback database is dependent on the quality of encoding by the Intermediaries - European Information Centres (EICs), European Consumer Centres (ECCs) and Citizens Signpost Service (CSS). • Quality assessments carried out by the IPM Team (judged on how well cases have been encoded and how relevant cases are for policy making) indicate that improvements can be made. • The quality of training, the support documentation and the IPM helpdesk play an important role in determining the quality of cases encoded. Evidence presented seems to suggest that IPM Feedback Mechanism training and support documentation seems to be well received and sufficiently adequate. There is always a risk when encoders leave that those that replace them are not trained in the short term. • **European Information Centres (EICs)** o The EICs have a contractual obligation to encode 30 cases annually. Reports show that there is a steep increase in the number of cases encoded just before the end of the contractual year. Although quantitatively unproven, the signs are that this practice adversely affects the quality of encoding and, consequently, the quality of data. For example, in order to meet the contractual obligation, some EICs encode cases that are not relevant to policy making. o One theory, which was confirmed in a couple of interviews, is that EICs geographically situated near Member State borders are more likely to have relevant cases for IPM than those EICs located elsewhere. o AS EICs are not encouraged to repeat the entry of cases that are already featured in the database, it is difficult for policy-makers looking at the database to know whether a particular IPM case relates to one person or ten thousand, for example. This situation will be improved through the inclusion of a modified version of the frequency-question in the updated Feedback form, which asks the encoders to estimate the regularity of problems. • **Citizens Signpost Service (CSS)** o CSS experts are obliged to encode every case into the IPM Feedback Mechanism. Encoders are not given the discretion to decide whether a case is relevant or not and this leads to irrelevant cases being encoded into the database. This is probably why the quality of CSS encoding scored lower than EICs and ECCs in 2003 and 2004.

Issue	Conclusions
	• **European Consumer Centre (ECCs)** o In 2003 the quality of cases encoded by ECCs were rated higher than those of the other Intermediaries, which is a likely consequence of the fact that the cases they encounter are real problems perceived by consumers and therefore mostly relevant to the IPM Initiative. ECCs also encode a fewer number of cases. o From 2004 to the present, ECCs have not been encoding into the Feedback Mechanism. DG SANCO is due to roll out a separate complaint system for ECCs. There are plans for this to be linked into the IPM Feedback Mechanism. The evaluation has not been able to assess the impact of these changes on IPM as they are still taking place. • In general the following issues have been identified as adversely affecting encoding of cases and, therefore, the quality of data: lack of facts, lack of policy making "suggestions", errors in the 'first' level policy field, empty fields in the form, and encoders not following the structure of free text fields. • In some cases Intermediaries seem to be frustrated by the IPM Feedback Mechanism and the way it works. Besides the IPM quality assessment, there seems to be little or no feedback to Intermediaries on the engagement of the Commission in IPM's processes. This may be having adverse affects on the motivation of Intermediaries towards IPM. Another consequence is the fact that the Intermediaries are not able to feedback to the citizens or businesses who have had their problems encoded. In this sense it lowers the impact of any high-quality interaction envisaged in the IPM initative.
Technology	• The design of the feedback mechanism, which was the original IPM mechanism, has meant that it never had the technical means to meet the objectives set for IPM in the April 2001 communication of high-quality interaction between the Commission and its public stakeholders. Currently, the feedback mechanism is simply a repository for recording the interactions between public stakeholders and intermediaries. • As usage levels are low, it is difficult to conclusively determine whether policy-makers find the feedback mechanism difficult to use. The anecdotal evidence is that those users who are not IT-literate find it difficult to use. • The search function is inefficient as it is time-consuming to find cases that might be relevant to the user • The development focus for the past two years has not been on the functionality of the IPM applications as much as it has been on stabilising the application environment and developing an open source software version.
Cost-effectiveness	• The cost per encoded case on the feedback database cannot be justified. It has grown from around €50 in 2001 by a factor of between 2 and 3. However, only half the cases are regarded by the evaluator as passing a quality threshold. This raises the cost per *valid* encoded case. • The overwhelming proportion of costs attributable to the feedback data relate to the feeding of the data by the intermediaries. • The costs relating to the feedback data are not managed by the IPM initiative through the use of cost parameters of the sort used in the evaluation, such as cost per case or cost per valid case • The focus in 2003 and 2004 has been on increasing the quality of data in the database. This has increased the cost associated with getting the data into the system.

Issue	Conclusions
	• The marketing promotion, following budget choices made for IPM, has had very little focus on targeting policy-makers outside MARKT or ENTR.
Organisation	• IPM features long-standing inter-service collaboration between a number of Commission entities – this collaboration however is a partnership of equals and is in need of leadership • The feedback mechanism has neither high-level political support nor association with one of the "hot topics" in the Commission • The "elongated" interaction that the Commission believes is taking place with the IPM mechanism works in one direction: the information passes from stakeholders to the Commission. The stakeholders get no response from the Commission unless there is a change in policy – which cannot be expected to take place in the short-term. The upshot is that most public stakeholders will believe that they got no response from getting in touch with the Commission. • There has been no ongoing management evaluation of the IPM initiative in terms of its performance, and /or its success in meeting the objectives of the initiative. There has also been no assessment of the changing political, social and technological environment in which IPM is operating. No entity or job function currently holds the responsibility for such management leadership • Although feedback data can have Commission-wide application, there is no programme to promote the FM across the Commission. Nor is there a central resource to act as an advocate for IPM data or to provide an accountability organisation to check on the use of such data by policy-makers.
Issue	Conclusions
Awareness, Usage & Impact on Policy Making	• Basic levels of awareness of the feedback mechanism are generally quite low across the Commission. Perceptions from interviews are confirmed by the results of the online survey which shows that 56% of respondents had never heard of the Feedback Mechanism. In terms of understanding the purpose of the Feedback Mechanism and how it works, awareness levels are even lower. • There are, however, certain DGs (namely DG MARKT, DG ENTERPRISE and DG SANCO) where awareness is higher. For these DGs, higher awareness can be attributed to greater participation in the IPM mechanisms. • Usage of the feedback mechanism is very low across the Commission. There are no reports to quantify exactly how many people have used the Mechanism; however, estimates indicate that at most between 15 and 20 people have used it over the past year. • More Commission staff have received data from the feedback database than have actually used it. The IPM team has invested time, human resources and funds to extract data and provide relevant DGs with information. However some policy makers in other DGs are not interested in this analysis as it has been carried out by DG MARKT. The DG MARKT branding and "not-invented-here" syndrome has played a role here. • Promotion of the feedback mechanism has been restricted. Since 2003, IPM staff have focused their attention on the use of IPM within DG MARKT rather than promoting IPM outside the DG. This has exacerbated the problem of low awareness levels. • Another aspect that may have influenced usage is the fact that the feedback mechanism represents a new way of working that policy makers are generally not familiar with. Furthermore, there are no guidelines for policy makers

Issue	Conclusions
	instructing them how to consult the Feedback Database, as it is in the case of the IPM Online Consultation Tool. • Many of the cases in the feedback mechanism database are not seen to be relevant by policy-makers. The cases do not contain enough specific information to meet their requirements, do not represent systematic problems and are too specific to be of general applicability. Furthermore, they are currently not linked to 'hot topics' which are of particular interest to policy makers (for example, the Better Regulation Initiative or the Growth & Jobs Initiative), and could benefit from being linked with Commission objectives in the areas of transparency and communications. • There are examples of data from the feedback database being used as a source of information for policy makers. It seems in the majority of cases that these examples would not be used alone but in conjunction with other sources of information.
Quality of Data & Comparative Value of Data	• The quality of data in the feedback database is dependent on the quality of encoding by the Intermediaries - European Information Centres (EICs), European Consumer Centres (ECCs) and Citizens Signpost Service (CSS). • Quality assessments carried out by the IPM Team (judged on how well cases have been encoded and how relevant cases are for policy making) indicate that improvements can be made. • The quality of training, the support documentation and the IPM helpdesk play an important role in determining the quality of cases encoded. Evidence presented seems to suggest that IPM Feedback Mechanism training and support documentation seems to be well received and sufficiently adequate. There is always a risk when encoders leave that those that replace them are not trained in the short term. • **European Information Centres (EICs)** o The EICs have a contractual obligation to encode 30 cases annually. Reports show that there is a steep increase in the number of cases encoded just before the end of the contractual year. Although quantitatively unproven, the signs are that this practice adversely affects the quality of encoding and, consequently, the quality of data. For example, in order to meet the contractual obligation, some EICs encode cases that are not relevant to policy making. o One theory, which was confirmed in a couple of interviews, is that EICs geographically situated near Member State borders are more likely to have relevant cases for IPM than those EICs located elsewhere. o AS EICs are not encouraged to repeat the entry of cases that are already featured in the database, it is difficult for policy-makers looking at the database to know whether a particular IPM case relates to one person or ten thousand, for example. This situation will be improved through the inclusion of a modified version of the frequency-question in the updated Feedback form, which asks the encoders to estimate the regularity of problems. • **Citizens Signpost Service (CSS)** o CSS experts are obliged to encode every case into the IPM Feedback Mechanism. Encoders are not given the discretion to decide whether a case is relevant or not and this leads to irrelevant cases being encoded into the database. This is probably why the quality of CSS encoding scored lower than EICs and ECCs in 2003 and 2004. • **European Consumer Centre (ECCs)** o In 2003 the quality of cases encoded by ECCs were rated higher than those of the other Intermediaries, which is a likely consequence of the fact that the cases they

Issue	Conclusions
	encounter are real problems perceived by consumers and therefore mostly relevant to the IPM Initiative. ECCs also encode a fewer number of cases. o From 2004 to the present, ECCs have not been encoding into the Feedback Mechanism. DG SANCO is due to roll out a separate complaint system for ECCs. There are plans for this to be linked into the IPM Feedback Mechanism. The evaluation has not been able to assess the impact of these changes on IPM as they are still taking place. • In general the following issues have been identified as adversely affecting encoding of cases and, therefore, the quality of data: lack of facts, lack of policy making "suggestions", errors in the 'first' level policy field, empty fields in the form, and encoders not following the structure of free text fields. • In some cases Intermediaries seem to be frustrated by the IPM Feedback Mechanism and the way it works. Besides the IPM quality assessment, there seems to be little or no feedback to Intermediaries on the engagement of the Commission in IPM's processes. This may be having adverse affects on the motivation of Intermediaries towards IPM. Another consequence is the fact that the Intermediaries are not able to feedback to the citizens or businesses who have had their problems encoded. In this sense it lowers the impact of any high-quality interaction envisaged in the IPM initative.
Technology	• The design of the feedback mechanism, which was the original IPM mechanism, has meant that it never had the technical means to meet the objectives set for IPM in the April 2001 communication of high-quality interaction between the Commission and its public stakeholders. Currently, the feedback mechanism is simply a repository for recording the interactions between public stakeholders and intermediaries. • As usage levels are low, it is difficult to conclusively determine whether policy-makers find the feedback mechanism difficult to use. The anecdotal evidence is that those users who are not IT-literate find it difficult to use. • The search function is inefficient as it is time-consuming to find cases that might be relevant to the user • The development focus for the past two years has not been on the functionality of the IPM applications as much as it has been on stabilising the application environment and developing an open source software version.
Cost-effectiveness	• The cost per encoded case on the feedback database cannot be justified. It has grown from around €50 in 2001 by a factor of between 2 and 3. However, only half the cases are regarded by the evaluator as passing a quality threshold. This raises the cost per *valid* encoded case. • The overwhelming proportion of costs attributable to the feedback data relate to the feeding of the data by the intermediaries. • The costs relating to the feedback data are not managed by the IPM initiative through the use of cost parameters of the sort used in the evaluation, such as cost per case or cost per valid case • The focus in 2003 and 2004 has been on increasing the quality of data in the database. This has increased the cost associated with getting the data into the system. • The marketing promotion, following budget choices made for IPM, has had very little focus on targeting policy-makers outside MARKT or ENTR.
Organisation	• IPM features long-standing inter-service collaboration between a number of

Issue	Conclusions
	Commission entities – this collaboration however is a partnership of equals and is in need of leadership • The feedback mechanism has neither high-level political support nor association with one of the "hot topics" in the Commission • The "elongated" interaction that the Commission believes is taking place with the IPM mechanism works in one direction: the information passes from stakeholders to the Commission. The stakeholders get no response from the Commission unless there is a change in policy – which cannot be expected to take place in the short-term. The upshot is that most public stakeholders will believe that they got no response from getting in touch with the Commission. • There has been no ongoing management evaluation of the IPM initiative in terms of its performance, and /or its success in meeting the objectives of the initiative. There has also been no assessment of the changing political, social and technological environment in which IPM is operating. No entity or job function currently holds the responsibility for such management leadership • Although feedback data can have Commission-wide application, there is no programme to promote the FM across the Commission. Nor is there a central resource to act as an advocate for IPM data or to provide an accountability organisation to check on the use of such data by policy-makers.

6.1.2 Conclusions relating to the IPM Consultation mechanism

Issue	Conclusions
Awareness, Usage & Impact on Policy Making	• There is consensus that basic awareness of the consultation mechanism is significantly higher than the feedback mechanism across the Commission. Perception from interviews and results of the online survey confirm this: 73.9% of respondents had heard of the tool. • The number of people who understand the purpose of the Tool and how it works is at a higher level than the feedback mechanism. Nevertheless there is still plenty of scope to further promote the tool. • There is growing demand for the consultation tool, Commission wide. Usage levels of the consultation mechanism across the Commission grew significantly between 2003 and 2004, and continue to grow in 2005. At this point in time, it appears to be relevant to the needs of policy makers. • The promotion effort for the consultation mechanism, although not substantial, seems to have been effective. Promoting it internally at events and to Information and Communication Units has positively influenced the number of Commission users. "Word of mouth" also seems to have been very influential in the increased usage of the mechanism. Circa 40% of respondents to the online survey initially heard of the Tool via colleagues. • In general the data generated from online consultations enables the gauging of opinion and can have an impact on policy making or programme development. In the majority of cases, information from consultations is effective but will not be used alone. It is usually accompanied by other sources of information, for example, written contributions direct from stakeholders and output from meetings with stakeholders. • The consultation mechanism is seen to be useful in supporting impact assessments and evaluations, both of which are regarded as increasingly

Issue	Conclusions
	important in the context of policy making. • It is appropriate and relevant that the consultation mechanism is used for purposes other than consultation. It can be effectively used to perform any online "form-based" function.
Quality of Data & Comparative Value of Data	• The majority of data generated from the Consultation mechanism is structured in the same format and helps make analysis more efficient, in that it is easier and quicker to sort relevant data. • The quality of data generated from a consultation is dependent on analysis performed on the raw results of the survey. At present a limitation to the information generated from a consultation is that there are only basic analytical tools built-in with which to analyse the data. • The consultation mechanism does not generally provide representative data. On the whole this is a generic problem with any online consultation. This should not deter those conducting consultations to promote it to as representative audience as possible. • Many online consultations do not generate statistically significant data. At present there is no statistical expertise to support those conducting consultations and improve this situation. However the general support function to the Consultation mechanism of DG MARKT seems to be effective and highly rated by users.
Technology	• The on-line consultation tool is easy to use – users can usually do what they want to do in terms of defining questionnaires, viewing the data and creating graphs • The challenging part of the consultation tool for most users is content management – they often need support in devising quality questionnaires. While some support is given in this area, there is need for further expert methodological input for users, both in statistical and domain terms. • The consultation tool does not provide for analytical features that enable good quality, relevant data analysis to be carried out by policy-makers – most data analysis needs to be conducted in Microsoft Excel using a data export function. • The consultation tool's multi-language capability is critical for the Commission in the context for conducting surveys, and for working with Member States.
Cost-effectiveness	• The OLC tool is relatively low-cost – in 2004, it cost around 10% of the feedback mechanism • Over a 125 consultations have so far been carried out, and the number is growing all the time. • The costs per consultation are relatively low (around €3k-10k) but MARKT does bear the biggest share of the costs relating to this tool as the use of the tool is free to other DGs. The fixed costs of the consultation mechanism do outweigh the variable costs in conducting individual consultations.
Organisation	• The consultation mechanism has benefited from the wave currently favouring impact assessment and evaluation in the Commission, which was in part led by the efforts of the MARKT team. The higher rates of awareness and usage compared to the Feedback Mechanism are also a consequence of the distribution of concrete guidelines for policy makers, instructing them in detail how to use the Online Consultation Tool.

Issue	Conclusions
	• Although the consultation tool is DG MARKT in its "branding" (shared with SG), it does not seem to have suffered in terms of take-up among Commission policy-makers, compared to the Feedback Mechanism, as they are largely using the tool to support their own information acquisition. • Just as with the feedback mechanism, the consultation tool features long-standing inter-service collaboration between a number of Commission entities – this collaboration however is a partnership of equals and is in need of leadership. It also needs some clarification as the European Business Test Panel, arguably a subset of the consultation tool, is separately managed by a different unit in DG MARKT.[22] • There has been no ongoing management evaluation of the consultation mechanism in terms of its performance, and /or its success in meeting the objectives of the initiative, apart from some minor follow-up on user satisfaction. There has also been no assessment of the changing political, social and technological environment in which IPM is operating. No entity or job function currently holds the responsibility for such management leadership.

6.2 CONCLUSIONS RELATING TO THE IPM INITIATIVE AS A WHOLE

Although this section of the conclusions is looking across the IPM initiative as a whole, the ideas are presented keeping in mind the fact that these cross-cutting issues have had a differential impact on the two IPM tools. On that basis, the following text still maintains some differentiation of the issues in terms of their application to the IPM tools.

6.2.1 Strategic Leadership

The April 2001 communication that launched IPM identified the need for high quality interaction between citizens and enterprises, on the one hand, and the Commission, on the other. DG MARKT was seen to be providing a lead in this area, presumably because of its successes in establishing communications services such as Citizens First and the Business Feedback Mechanism.

The evaluator's main conclusions with regard to strategic leadership are as follows:

- Although high quality interaction with citizens and enterprises is a Commission-wide need, there is **nobody the evaluator can identify as owning the strategic role** of ensuring that this high quality interaction is taking place, that goals are being set for programmes such as IPM to deliver this interaction, or that measures are being put in place to ensure that the objectives are being met.
- Since 2003, due to budgetary pressures, DG MARKT personnel have **not been encouraged to use their time, budgets or other IPM**

[22] The European Business Test panel pre-dated the IPM initiative. Once IPM technologies had emerged, a version of its capabilities was used to provide technical support to the EBTP team. However, all other aspects of the EBTP, including establishing the representative panels, contacts with Member States, and selection of subjects for the panel to consider, remained with the unit that originated the EBTP concept. However, the separation of the EBTP organisation from the IPM unit has affected the development of its technical capability, and the ongoing timetabling of the IPM product development.

resources to support activities outside MARKT. One consequence is that IPM's feedback mechanism is virtually unknown outside MARKT and ENTR and is therefore not providing an active platform for the quality interaction that was the basis of its constitution. However, we have noted the increasing success that the stakeholder consultation tool is acquiring across the Commission. Interestingly, we found that among those who had heard of IPM in the Commission, just under half (47%) had been made aware of it through colleagues and 21% through internal Commission information via MARKT.

- Impact assessment and evaluation is gaining in emphasis across the Commission – it is in this context that the **need for quality tools**, that support interaction between citizens, enterprises and the Commission, is accentuated. The IPM stakeholder consultation mechanism is growing in popularity in providing an additional channel for policy-makers to take soundings among stakeholders. However, there is no alternative channel to the Feedback Mechanism when it comes to capturing spontaneous input from stakeholders. IPM's basic processes were put in place around 1996 with the Citizens First pilot. When the initiative actually started its own pilot in 2001, there was **no modification of the processes to take account of the opportunities that the Internet could have provided** in creating direct interaction between the Commission and its public stakeholders. Even today, there is a need for a rethink of the basic processes of IPM with a view to exploiting the ubiquity of mature interactive technologies.
- IPM does not have **high-level political support** that would encourage its use, or an **adequate promotional budget** that would ensure its popularity. The feedback mechanism suffers from being a Commission-wide service in intention, but from being a MARKT service in the perception of those in other DGs.
- IPM, in particular the feedback mechanism, suffers from the perception **that it comes from MARKT** rather than a central oversight unit.

6.2.2 Functional Management

The technology industry uses the label Product Manager to describe a role that manages product development, technology architecture, end-user marketing, product support, applicability to business problems, quality of data, etc. In effect, the product manager is the product's champion and has the **responsibility to make the product succeed**. This person usually also has the **authority to make the decisions** that are needed in order to create, support and enhance the product.

Conclusions with regard to functional management are as follows:

- IPM does **not have a product manager**. The closest to playing this role was the original project leader of IPM, but he was not replaced on his departure. As such, there is no champion for IPM who has management responsibilities in the areas of product development, systems architecture, product support, data content, relevance to policy-making, interaction with stakeholders, or promotion of the initiative. Some of these roles, but not all, are played by different individuals but, in a project such as this, the co-operation that does

take place between the different players cannot compensate for the absence of a product manager.

- The **lack of product and functional management is accentuated by the inter-service spread** of responsibilities, across MARKT, ENTR and DIGIT, as well as SANCO. Although these organisations have regular interactions with each other on IPM issues, each makes its decisions in its own interests. We have seen that these interests do not always coincide. Also, there is no management of the interests of the Commission as a whole, which may be different from those of the individual DGs.
- No individual has the **authority or responsibility to make decisions across the services** that are in the interest of IPM, or that enable IPM to deliver on its objectives. This point is impacted by the sharing of responsibilities inherent in the IPM structure, which is described in the point above.

6.2.3 Technology Delivery

The IPM tools were conceived in an era where the Internet was not the ubiquitous business tool that it has become. It is definitely possible that a ground-up review of the technology base conducted today would generate a different system architecture from what has been used in the IPM products. This is the price that an innovator pays in trying to do things that are not supported by the extant technologies.

A number of technology issues impact IPM in the judgement of the evaluator:

- The IPM tools are regarded by end-users (particularly policy-makers who do not benefit from the product training that encoders receive) as difficult to use. This experience was not shared by the evaluation team who used the IPM tools to conduct surveys collecting data to support this evaluation. However, the evaluator team is IT-literate, which may not always be the case with the target end-users of the IPM tools. The development team in DIGIT has never tested the product with its target end-users, either for functionality or usability.
- There are no facilities in the tools providing policy-makers with analytical tools – any analysis that needs to be done has to be carried out in a third party tool such as Microsoft Excel
- Despite important functionality short-comings, some of which have been identified by MARKT, DIGIT put significant effort into re-architecting the product so that it can be available in an open source environment. Currently the open source version is behind schedule, and a future version (Version 2.1) is under development which addresses current functionality short-comings.
- The technology direction of the IPM product has been substantially modified by the need of ENTR's IDA (which provided the development funding) to have open source products that can be used by member states. No systematic study has been done on the demand for this application among member states, how it would be supported among them, or how it would be managed.
- The technology of the internet, and its ubiquity, offers new opportunities to create direct linkages between the Commission and its

stakeholders and vice versa. These direct linkages would get closer to delivering the high-quality interaction between the Commission and its public stakeholders. Currently, whatever interaction is taking place is a one-way street: all the information flows to the Commission with no feedback loop incorporating the information requirements of the stakeholders, except that in the long-term there is a possibility that policies may change, as requested by stakeholders. Although the internet is in use in some parts of the IPM initative (for example, consultations are posted on-line), the internet is only being used to automate what would previously have been manual activities. The opportunity exists to rethink IPM's fundamental business processes using the technology opportunities now available, as well as the business lessons learned elsewhere in the initiative.

6.2.4 Resource Management

Resource management cuts across the previous three strands of conclusions. After all, for example, the lack of a product manager could be seen as caused by a resource crunch. So could the low awareness levels of the IPM intiative among policy-makers in the Commission. In this sense, it is important to keep in mind the previous conclusions when considering this particular strand of conclusions.

The evaluator considers the following resource management issues as important in the IPM context:

- The highest proportion of IPM's budget has been used on **inconsistent data encoding arrangements with different intermediaries** who have delivered highly variable quality data – the lack of data, either relevant (in terms of a specific policy making issue) or representative (in terms of the frequency of a specific problem), is one of the biggest reasons why policy-makers who have been exposed to the feedback mechanism do not use it. The feedback database would need to be systematically assessed in terms of the quality of data that is available.
- The **management team is not big enough**, nor are the current level of resources adequate, to carry out the job of delivering the wider objective of high quality interaction between the Commission and its stakeholders, via the feedback mechanism. The consultation mechanism seems to be functioning adequately as a survey mechanism, though it lacks the unique spontaneity of the feedback mechanism
- Getting **IDA funding for this project has been inappropriate** in terms of allowing IPM to control the direction of its software toolset.
- IDA funding for the IPM project has created new opportunities for the IPM toolset to be used in a wider context among member states. However, unless the **release of the product to member states** is planned, managed and resourced, this initiative has the potential to create a new problem in terms of genuine product, user and support management of the new version among member states.

7 RECOMMENDATIONS FROM THE EVALUATOR

Using the evaluation findings and conclusions, a number of recommendations have been made. These have been categorised into separate recommendations for the feedback and consultation mechanisms, though certain recommendations could apply to both. The final category of recommendation applies to the open source software currently being prepared for use in Member States.

7.1 Recommendations relating to the IPM Feedback Mechanism

Regarding the IPM Feedback Mechanism it is recommended that:

A. The Feedback Mechanism should not continue in its present form.
Awareness of the Feedback Mechanism is low, its usage in the Commission is low, the impact of its data on Commission policy-making is minor, and the cost base needed to sustain the present iteration of the Mechanism is very large. As a result, it is the evaluator's view that the Feedback Mechanism should not continue in its present form.

B. The Commission should not lose the Feedback Mechanism's listening channel.
The feedback mechanism is a pioneering initiative, in terms of capturing spontaneous input from public stakeholders, which partly explains the currently low levels of awareness, usage and impact.. However, significant improvements could be made to the functioning and operational processes of the current mechanism. There is potential for such a mechanism to be transformed, if changes are made to its current operating framework. The Commission should capitalise on the originality of the mechanism and transform it into an effective regulatory tool.

C. In the future the Feedback Mechanism should be developed taking into account lessons learned from the current mechanism. It would also benefit from a study to further analyse the needs of policy-makers and to better define the operational and technical processes behind such a mechanism.

The Commission should conduct a study aimed at creating and configuring an interactive tool that would better serve the Commission's needs in having access to spontaneous feedback from public stakeholders. In determining the shape of the new Feedback Mechanism, consideration should be given to the following lessons from the current initiative:

- The Feedback Mechanism requires **political support** at the highest level to obtain and sustain a credible profile across the Commission and to encourage policy-makers to make use of it. The Feedback Mechanism also needs to be allied and associated with a key Commission issue, e.g. Lisbon or Better Regulation.

- The Feedback Mechanism needs to be "owned" by a **central oversight unit**. This unit should be responsible for formalising the process through which IPM cases are distributed to policy-makers across the Commission (for example, through regular interservice meetings). This unit should perform an advocacy function for the issues raised within the IPM cases, but also for the general principle that the Commission supports high-quality interaction with its public stakeholders. It should ensure that IPM cases are presented in an "easy-to-digest" format (concise and informative) and be willing to assist policy-makers if further information is required. Direct access to the IPM Mechanism should also be available for policy-makers that request it.

- The Feedback Mechanism should employ appropriate technologies and functionality to ensure that the application is user-friendly and reflects the skill level of a typical user: a policy-maker without expert IT skills.

- Policy-makers should be **accountable** to the central oversight unit and their own Directorates on their use of feedback data in the development of public policy and regulations.

- There needs to be an appropriate promotional budget to ensure that the Feedback Mechanism reaches its intended audiences; internally, to policy-makers across the Commission and externally, to citizens and business. It may be beneficial for any promotion strategy to be developed, managed and implemented by a marketing professional

- It is not evident that the intermediary model, as presently constructed for IPM data collection, has worked. The study needs to establish if there are more suitable "direct" models of interaction (as, for example, the recently launched direct feedback opportunities for enterprises, in the framework of the Online Consultations), particularly given the state of maturity of interactive ICT technologies. In this context, the role of the Intermediaries in filtering, analysing and editing the cases and the added value of this role in the current reporting process should be analysed further, as should the possibilities of linking other networks to the IPM Feedback Mechanism

- If the current intermediary model is to be persisted with, then a number of changes need to be made to its way of working.

    i. The contract between the Commission and European Information Centres needs to be further defined:

        - To ensure that cases are encoded on a more consistent basis so that the number of cases encoded

does not increase dramatically towards the end of the contractual year.

- To ensure that cases are encoded as soon as possible after being recorded by the Intermediaries so that there is minimum risk that information is lost or forgotten.
- To make the contract more flexible taking into account the fact that some Intermediaries are exposed to more relevant cases than others (for example, due to geographical location).

ii. The contract between the Commission and the Citizens Signpost Service needs to be further defined:

- To ensure that CSS experts are not obliged to encode all cases in order to reduce the number of irrelevant cases encoded into the Feedback database.

iii. The Commission should provide more feedback to Intermediaries on the impact of cases encoded into the Feedback Database. This will illustrate the importance the Commission places on IPM. Consequently, it may motivate Intermediaries, show that their encoding is valued and in the case of EICs, enable them to update their clients.

- The feedback data needs to be of **high quality**[23], though it does not have to be representative. In this context, a comprehensive assessment of the quality of data available needs to carried out as this is currently lacking. To ensure quality in the future, the team collecting the data should have **experts in a number of different domains**: law, statistical methodologies, and policy sectors. It may be most effective if this work is done by an entity or organisation that sits outside the Commission but has strong political support within the Commission.[24]

D. The Commission should not lose the experiences and knowledge capital in the present IPM team.

The team has gained valuable experience and knowledge capital in the IPM area, which should not be lost to the Commission. Every effort should be made to migrate this human capital into a future iteration of IPM, ensuring it

[23] Further work should be carried out on defining quality of data, particularly with regard to the relevance of cases. For example, cases that highlight a legislative problem are obviously significant but so are those cases that highlight areas where there is an information gap or where information/legislation is found to be easily misinterpreted. The database should also provide a measure of the frequency of problems, that is, whether the problem is a 'one off' or represents a 'systematic' problem.

[24] An interesting model in this context is the Better Regulation Task Force in the United Kingdom, which provides an independent but credible listening channel on regulatory issues to the British government.

has the strategic, technological and functional leadership that such an initiative needs.

7.2 Recommendations relating to the IPM Online Consultation Tool

Regarding the IPM Online Consultation (OLC) Tool it is recommended that:

E. The OLC tool is promoted across the Commission as a cost-effective consultation tool.

The Commission-wide promotion of the tool needs to be carried out, particularly to impact assessment and evaluation units in each DG, but also more generally to reach policy-makers across the Commission. This promotional activity needs a plan, a specific budget and a managed implementation of the promotional plan. Furthermore, the fact that the OLC Tool can also be used for other purposes than consultations (for example, as a tool for conference registrations) should also be promoted.

F. The OLC tool has a proper product management plan.

The OLC tool is a typical software product: it needs a product plan to deliver, maintain and enhance the software so that it provides lasting value to its intended customers. DG MARKT needs to be responsible for the product in terms of functional leadership, with DIGIT providing technical services under DG MARKT's management. It is not effective to split product and technical responsibilities across more than one DG, such as is the case today.

G. Investment is made in sound methodological development and training for Online Consultation.

An investment needs to be made to develop a sound methodological approach to Online Consultation, in order to assist policy-makers in dealing with methodological issues in questionnaire design as well as interpretation of results. Examples of the kind of investment in methodology and training necessary include expertise in social science, statistics and survey design, as well as promotion, which should be employed to assist policy-makers in developing questionnaires, promoting consultations and analysing results.

H. The OLC tool is functionally enhanced to meet the needs of policy-makers.

Suitable software needs to be developed or acquired to enhance the analytical capabilities of the IPM Online Consultation Tool. In terms of the quality of data generated by a consultation, it would be beneficial to policy-makers to improve the reporting and statistical analysis functionality of the software.

7.3 Recommendation relating to the open source IPM software for Member States

Regarding the IPM software for use by Member State administrations, it is recommended that:

I. A clear plan with budgets, responsibilities and goals should be developed for the roll-out of the IPM software tools to Member States.

Currently, the open source initiative to deliver IPM tools to Member States seems supply-driven. The software tools could provide a welcome resource in developing high quality consultations between Member States and their public stakeholders, but this will not happen without a plan that takes the following into account:

- **Quantitative demand analysis** needs to be carried out to establish that the software is actually wanted / needed, and that it has the features and functionality that would solve the problems currently faced by its target users in the Member States.

- Clear **identification of budgets, objectives, roles and responsibilities** for the roll-out of the tools to the Member States – without a clearly defined plan, it is unlikely that the software will get adequate take-up, which would be a waste of the resources that have been expended in developing the software.

- Establishment of a **support structure** for technical and functional support, as well as product enhancement – creating open source software does not automatically generate a community of interest around the product for its support, maintenance and enhancement.