



A coherent Green Deal

Managing trade-offs and tensions
between EU policy objectives

Imprint

Authors

Jakob Hafele, Steffen Bettin, Jonathan Barth

Editor

Jakob Hafele

Please cite as

Hafele J., Bettin S., and Barth J. (2021): A coherent Green Deal: managing trade-offs and tensions between EU policy objectives. Transformation Policy Brief #6. ZOE-Institute for future-fit economies: Bonn.

Transparency

The financial support of the Laudes Foundation, Partners for a New Economy and the KR foundation is greatly appreciated.

Cover photo

Bekir Dönmez, retrieved from unsplash.com

Copyright

© ZOE-Institute for future-fit economies, 2021

The views expressed in this document are those of the authors and do not represent the official position of ZOE-Institute for future-fit economies. This publication and its contents may be reproduced as long as the reference source is cited.

Table of Contents

Executive Summary	3
Where we are: research results and concepts relevant for policymaking	4
<i>Solving wicked problems: Policy integration and policy coordination</i>	5
<i>Being clear about what needs to be solved: trade-offs vs tensions</i>	5
Achieving the Green Deal: a process for coherence	6
Conclusion	8
Literature	9

Executive Summary

As Europe recovers from the COVID-19 pandemic, the Recovery and Resilience Facility (RRF) and European Green Deal present policymakers with an excellent opportunity to develop strategies that will help the EU mitigate or adapt to future crises. In order to create policies that work as they design the measures and instruments to build this recovery, it is essential that policymakers consider the interlinkages and synergies between policy objectives for *policy coherence* across sectors and *consistency* in the final policy instruments.

A key challenge to creating coherence and consistency is effectively managing the *tensions* and *trade-offs* that arise due to the connections between policy objectives; policymakers must work cooperatively across policy areas to ensure that the improvement of one objective does not come at the detriment of another.

In order to create a coherent and consistent strategy for the European Green Deal, this policy brief proposes five steps to co-create solutions to policy problems: clarification of objectives and priority setting; assessment of existing policy mix; policy integration; evaluation of proposed updates and impact assessments; and implementation, monitoring and evaluation.

Each of these steps includes a description, several exemplary methods for implementation of the step and an example of this implementation. This five-step process aims to provide research-based guidance for policymakers to create coherent and consistent policies that recognise tensions and manage trade-offs between policy elements efficiently.

Relevance

The EU response to the global pandemic, with “green” and “digital” priorities in parallel to the implementation of the European Green Deal (EGD), represents a seismic shift in priorities towards a *sustainable and resilient future for the EU*. With Next Generation EU, the EU is witnessing an unprecedented amount of funding for building a resilient, sustainable, and fair Europe. These efforts are underpinned by a set of policies within the EGD to address the underlying cause of unsustainable practices in the EU.

In this context, policymakers need to consider how the new instruments are functioning in parallel to each other and address potential ramifications. This means policymaking needs well-functioning processes on *policy coherence* to ensure efforts in one area do not contradict another. To do so, the Commission calls for a “whole government”¹ or “holistic approach”² to identify synergies and deal with trade-offs between social objectives such as fairness, environmental objectives such as biodiversity conservation, and economic objectives like technological innovation.

Standard methods for improving policy integration in the EU are formulated in the *Better Regulation Toolbox*. Methods include impact assessments and evaluations, which are effective tools to understand how policy affects people, businesses, and the environment. However, these methods are often focused on policy instruments and thus fall short in guiding how to relate and connect different policy objectives across Directorate Generals (DGs). As a consequence, in the Green Deal, “familiar trade-offs between environment and other sectoral targets, especially those linked to economic interests, remain unsolved³.”

There has been immense research into governance processes and concepts of policy consistency and coherence. However, the academic discussions provide insufficient concrete procedural guidance for policymakers. Therefore, this policy brief will propose a *5-step process to achieve greater policy consistency and coherence*, using the research results on coherence and building on the Commission's efforts, such as the Better Regulation Toolbox. In doing so, we aim to contribute both to *effective implementation of the Recovery and Resilience Facility (RRF) and the EGD*.

Where we are: research results and concepts relevant for policy-making

‘Siloisation’ or ‘pillarisation’ of the public sector is widely perceived to have increased in the New Public Management era. However, we are confronted with increasingly complex and multifaceted so-called “wicked” trans-sectoral problems⁴. Consequently, it has become more complex and multifaceted to bring different goals together as needed to implement the EGD and the RRF successfully.

Consistency means that different policy elements work together. It is, therefore, a question of whether there are inconsistencies or contradictions between individual elements that impact the effectiveness of the policies and describes the absence thereof^{5 6 7}. Consistency of elements is thus a static description of policies and captures a state.

In contrast, policy *coherence* is a dynamic description that characterizes the policymaking process. Rather, it is a holistic approach that examines the extent to which the various policies work well together. Thus, the focus is less on potential inconsistencies but more on (missed) opportunities, possibilities, and synergies between different policies and policy areas^{8 9}.

This makes it particularly important to ensure *coherence* within the process of policymaking and *consistency* in the final policy instruments, as many policy areas appear at first glance to be incompatible and contradictory. This is why policies are sometimes inconsistent or less effective, and potential synergies are missed^{10 11}.

Solving wicked problems: Policy integration and policy coordination

The EGD as part of the sustainability transition, for example, demands fundamental changes in social practices and physical infrastructure^{12 13 14 15}. This constitutes a ‘wicked problem’ as contradicting interests, societal values, and objectives are at play here. To manage this effectively, it is key to integrate several policies so that the integrated set of policies can achieve several objectives at once.

Solving those wicked problems and achieving coherence and consistency requires a holistic approach^{16 17}. For this, two central measures are usually applied: policy integration and policy coordination. **Policy integration** promotes holistic thinking beyond different policy areas within the policy design process. **Policy coordination** involves harmonising tasks, efforts, and undertakings between public sector actors, e.g., directorate-generals, national ministries, and agencies at European, national and local levels^{18 19}.

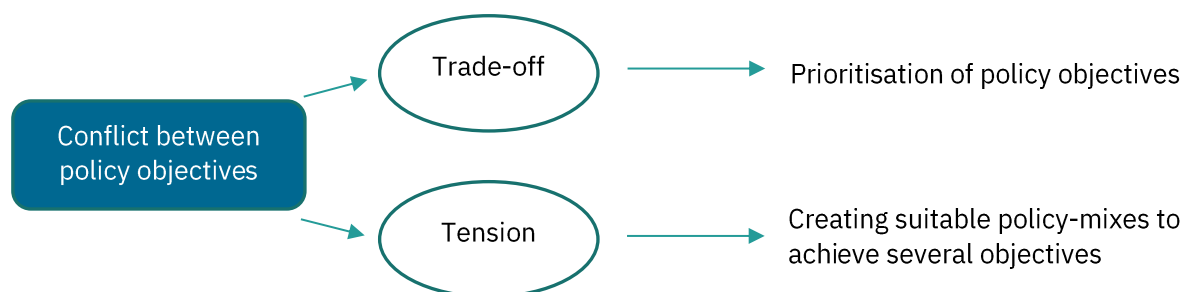
Being clear about what needs to be solved: trade-offs vs tensions

As a cross-cutting policy strategy, the EGD requires a high amount of both coordination and integration. It touches upon economic policy, the European Semester, industrial policy, and the circular economy. Therefore, one key policy challenge is how to deal with tensions and trade-offs that arise as a consequence of these interlinkages between policy objectives, as improving one objective can have detrimental effects on another.

Effectively managing trade-offs and tensions can be a means to:

- Reduce conflicts between different policies and tackle intractable social issues by promoting programs that are better interconnected and mutually supportive;
- Make better use of resources and improve cost effectiveness by removing overlaps and realising economies of scale²⁰;
- Help pluralise politics by bringing in more actors and interests²¹;
- Increase the number of policy subsystem actors involved, which can be an opportunity for adopting and implementing integrative measures²².

To manage conflicts between policy objectives effectively, it is important to distinguish between tensions and trade-offs. A **trade-off** exists if the relation is deterministic and an improvement of one objective will necessarily lead to a deterioration of another objective. In contrast, we speak of **tensions** if the improvement of one objective *can* lead to deterioration but does so only depending on the context and other policy measures. This distinction is important as it has huge implications on policy design; a trade-off requires a decision or prioritisation between policy objectives, whereas a tension can be overcome with a suitable policy mix.



Failing to make this distinction can create the impression that there are no solutions to some policy coherence challenges, e.g., achieving social and environmental objectives simultaneously. For example, in the debate on climate policies, some politicians argue that emission reduction policies could lead to unacceptable consequences for poorer parts of the population²³. Consequently, the political

goal of sufficiently high carbon reductions to meet the 1.5-degree goal of the Paris Agreement (e.g., a 45% global reduction in CO₂ emissions from 2010 levels by 2030, reaching net-zero by 2050, according to the IPCC²⁴) seems unfeasible²⁵. However, there might very well be a policy mix that allows the achievement of social and environmental objectives. To find this policy mix, it is essential to identify whether the apparent conflict between policy objectives is a tension or a trade-off.

Achieving the Green Deal: a process for coherence

To address the challenges that the EGD poses to policy coherence and to close the gap between research-driven analysis on coherence and practical policymaking, we propose a process. The process aims to identify policy inconsistencies and co-create solutions to achieve coherence and consistency. It is inspired by the long-held and well-established approach to innovation policy in the European Union—the responsible innovation framework^{26 27}—and builds on several well-established deliberative policymaking and design processes²⁸.

1. Clarification of objectives and priority setting

As a first step, policymakers and politicians need to define in which policy areas and for which objectives coherence should be increased and identify the actors involved. It is vital to define *priorities between policy objectives across the multiplicity of political strategies* in order to provide a good basis for decision making. This must happen across policy areas and is underpinned by measurable *policy targets* where possible. In addition, community engagement and participatory priority setting among those affected by policies can enable public support and overcome challenges to implementation.

Exemplary methods: High-level roundtables with decision makers, co-creative objective setting and visioning exercises with communities

Example: The EGD formulates three key objectives: achieving zero net emissions of greenhouse gases by 2050, decoupling economic growth from resource use and ensuring no one is left behind²⁹. These objectives stand among others such as debt reduction (Stability and Growth Pact) or providing access to basic goods and services and inequality reduction (Social Pillar). In some processes, objectives are clearly formulated (e.g., 55% reduction in carbon emissions by 2030, 60% debt/GDP ratio), while in other areas, objectives remain weak (e.g., “prevent growing inequalities” in the Annual Sustainable Growth Strategy (ASGS)).

To achieve consistency and later coherence, it is important to map and cluster all different objectives that should be achieved through EU policy across DGs and discuss their relative importance. This should go beyond the level of the European Commission’s meta priorities³⁰ and provide a detailed overview of future development pathways. Actors who are affected should either be involved in the formulation of objectives or involved in a way that enables them to provide feedback and formulate specific needs so they can support it.

2. Assessment of existing policy mix

In the second step, policymakers should assess the policy instruments in place and evaluate whether these are consistent with this list of objectives. For this step, it is important to clarify how each measure impacts the policy objectives (i.e., does it help or hamper the achievement of the objectives?).

Also, the *interaction* between policy objectives needs to be assessed to identify tensions or trade-offs between them. Based on a mapping of positive and negative interlinks between objectives and policy measures, *presumed conflicts are analysed*. First, policymakers need to clarify whether the conflict represents a tension or a trade-off. This step needs to be done a) for interlinks between objectives and instruments (e.g., one instrument could have a positive contribution to one objective but contribute negatively to another) and b) for interlinks

between policy instruments themselves (one instrument could limit the effectiveness of another).

For this analytical exercise, it is important to:

- Take the time horizon into consideration. What appears as a trade-off in a static setting can sometimes be transformed into a tension in a dynamic setting.
- Analyse whether a different conceptualization can transform trade-offs to tensions, e.g., by focussing on prosperity instead of growth.

Exemplary methods: Policy inventory, intervention logic development, cross-institutional impact assessments, system dynamics modelling, complex systems modelling policy-gap analysis, sub sectoral growth-rate assessments, multi-criteria analysis, cost-benefit analysis

Example: The impact assessment of the climate law assesses to what extent the policy measure contributes to objectives directly linked to the regulation. However, due to a lack of concretisation on cross-cutting targets and objectives (step 1), this lacks the assessment of impacts on objectives of other policy areas (e.g., fiscal policy, industrial policy). Consequently, the assessment misses a discussion of how the regulation might be complemented with measures to counter diametral effects, e.g., on territorial cohesion or financing of public investments (step 3).

3. Policy integration

Based on the mapping of positive and negative interlinks between objectives and policy measures, **tensions** can now be resolved more easily by developing complementary policy instruments which decrease the tension. Here, it can be helpful to include a diverse set of actors in order to find creative solutions to wicked problems. **Trade-offs** can be explicitly communicated to provide a base for decision making.

Additionally, coherence of the policymaking process and ongoing activities needs to be ensured. This is about resolving **tensions between the actors' objectives** (e.g., different DGs) involved. Building on this, it is essential to identify potential synergies between ongoing and planned activities and how they can be leveraged and to find formats for actions required to improve cross-DG interaction. This step should involve as many relevant and responsible actors as possible.

Exemplary methods: cross-DG and co-creative policy labs, desk research and reports

Example: Within the EGD, different objectives relate to land use. Land is used for agriculture, timber production, biodiversity conservation, biogas, new infrastructure, and recreation space. Firstly, policymakers could clarify these conflicts between different use-types, prioritise accordingly or identify synergetic policies (e.g., increasing agroforestry that serves both biodiversity conservation and agriculture). This assessment should be extended to broader objectives like employment generation, affordability of food, or competitiveness of food products to identify additional conflicts and discuss whether and how to solve them. For example, higher prices for organic agriculture will strongly affect the affordability of food for low-income households, therefore the promotion of organic agriculture should be complemented with measures that increase disposable income.

In addition, DGs should synchronise their activities around land use and ensure that all are aware of shared priorities and conflicting policy measures between DGs.

4. Evaluation of proposed updates and impact assessments

In this step, scientific actors examine the plausibility of the updated proposals. In line with the Better Regulation Agenda, impact assessments need to be carried out where significant impacts are expected³¹.

Exemplary methods: Research by external experts, impact and indicator assessments

Example: Impact assessments would be conducted for an updated agricultural policy based on the updates proposed in step 3.

5. Implementation, Monitoring, and Evaluation

Lastly, implementation plans are defined. To overcome common challenges with implementation, it is helpful to engage citizens in the policy process actively. This can be done in the objective-setting phase, but also when it comes to monitoring and adaptation.

To ensure the adaptive and reactive nature of policymaking and foster policy learning for sustainable transition^{32 33}, a monitoring system for the policymaking period as well as the period following implementation is established. Also, the participants agree on necessary milestones and central progress indicators.

Exemplary methods: multi-stakeholder action plan development forums, stakeholder mapping, community implementation

Example: The German Climate Law outlines pathways for sectoral carbon emissions reduction with quantifiable targets. Parts of the plan have been discussed in multi-stakeholder fora to create a shared commitment for objectives among businesses, environmental NGOs and citizens. Additionally, an expert council regularly assesses the impact of existing climate policies that can demand additional measures if existing measures fail to achieve sectoral targets. In this way, ambitions are iteratively matched with targets. Similar approaches can be used for social, economic or industrial policy³⁴.

Conclusion

The proposed steps in this brief are meant as a tentative outline for an amended policy design process built on academic research on policy design in the European policy context. A central aspect of this approach is the distinction between trade-offs and tensions. While the former requires value judgment, the latter requires an amended toolbox for policy design. Another key aspect is the distinction between consistency and coherence, as the former refers to the current policy mix and the latter to designing and implementation processes. Although this paper should be seen as a sketch, the presented design principles provide guidance for a research-supported, reflexive policy design process to alleviate tensions between policy elements by changing the policy mix.

Literature

- ¹ European Commission. (2020). *Commission Staff Working Document: Delivering on the UN's Sustainable Development Goals – A comprehensive approach*. SWD(2020) 400 final. https://ec.europa.eu/info/sites/info/files/delivering_on_uns_sustainable_development_goals_staff_working_document_en.pdf
- ² European Commission. (2019). *Communication from the Commission : The European Green Deal*. COM(2019) 640 final. <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX-52019DC0640&from=EN>
- ³ Neßhöver, C., Beckert, B., Kabel, C., Bannick, C.G., Claussen, U., Doyle, U., Eckermann, F., Frische, T., Günther, J., Haße, C., Hollweg, B., Huckestein, B., Janitzek, T., Jering, A., Keßler, H., Klatt, A., Knoche, G., Köder, L., Koller, M. ···Weiß, J. (2021). *Widening the European Green Deal's perspective towards a sustainable Europe*. https://www.umweltbundesamt.de/sites/default/files/medien/5750/publikationen/2021-01-29_texte_20-2021_egd-report_uba.pdf
- ⁴ Rittel, H. W. J., & Webber, M. M. (1973). Dilemmas in a general theory of planning. *Policy Sciences*, 4(2), 155–169. <https://doi.org/10.1007/BF01405730>
- ⁵ Abazaj, J. (2016). Coherence Issues Between Climate, Energy and Water in the Case of European Hydropower: Can We Have It All? In V. Mauerhofer (Ed.), *Legal Aspects of Sustainable Development: Horizontal and Sectorial Policy Issues* (pp. 347–370). Springer International Publishing. https://doi.org/10.1007/978-3-319-26021-1_18
- ⁶ Nilsson, M., Zamparutti, T., Petersen, J. E., Nykvist, B., Rudberg, P., & McGuinn, J. (2012). Understanding Policy Coherence: Analytical Framework and Examples of Sector-Environment Policy Interactions in the EU: Understanding Policy Coherence. *Environmental Policy and Governance*, 22(6), 395–423. <https://doi.org/10.1002/eet.1589>
- ⁷ Gauttier, P. (2004). Horizontal Coherence and the External Competences of the European Union. *European Law Journal*, 10(1), 23–41. <https://doi.org/10.1111/j.1468-0386.2004.00201.x>
- ⁸ Missiroli, A. (2001). European Security Policy: The Challenge of Coherence. *Eur. Foreign Aff. Rev.* 6: 177. <https://kluwerlawonline.com/journalarticle/European+Foreign+Affairs+Review/6.2/356609>
- ⁹ Rogge, K. S., & Reichardt, K. (2016). Policy mixes for sustainability transitions: An extended concept and framework for analysis. *Research Policy*, 45(8), 1620–1635. <https://doi.org/10.1016/j.respol.2016.04.004>
- ¹⁰ Kern, F., Rogge, K. S., & Howlett, M. (2019). Policy mixes for sustainability transitions: New approaches and insights through bridging innovation and policy studies. *Research Policy*, 48(10), 103832. <https://doi.org/10.1016/j.respol.2019.103832>
- ¹¹ Kern, F., & Howlett, M. (2009). Implementing transition management as policy reforms: A case study of the Dutch energy sector. *Policy Sciences*, 42(4), 391–408. <https://doi.org/10.1007/s11077-009-9099-x>
- ¹² Bettin, S. S. (2020). Electricity infrastructure and innovation in the next phase of energy transition—Amendments to the technology innovation system framework. *Review of Evolutionary Political Economy*, 1(3), 371–395. <https://doi.org/10.1007/s43253-020-00021-4>
- ¹³ Kern, F., Rogge, K. S., & Howlett, M. (2019). Policy mixes for sustainability transitions: New approaches and insights through bridging innovation and policy studies. *Research Policy*, 48(10), 103832. <https://doi.org/10.1016/j.respol.2019.103832>
- ¹⁴ Markard, J. (2018). The next phase of the energy transition and its implications for research and policy. *Nature Energy*, 3(8), 628–633. <https://doi.org/10.1038/s41560-018-0171-7>
- ¹⁵ Schot, J., & Steinmueller, W. E. (2018). Three frames for innovation policy: R&D, systems of innovation and transformative change. *Research Policy*, 47(9), 1554–1567. <https://doi.org/10.1016/j.respol.2018.08.011>

-
- ¹⁶ Christensen, T., Fimreite, A. L., & Lægreid, P. (2014). Joined-Up Government for Welfare Administration Reform in Norway. *Public Organization Review*, 14(4), 439–456. <https://doi.org/10.1007/s11115-013-0237-8>
- ¹⁷ Richards, S. (1996). New Labour-New Civil Service? *The Political Quarterly*, 67(4), 311–320. <https://doi.org/10.1111/j.1467-923X.1996.tb01599.x>
- ¹⁸ Rogge, K. S., & Reichardt, K. (2016). Policy mixes for sustainability transitions: An extended concept and framework for analysis. *Research Policy*, 45(8), 1620–1635. <https://doi.org/10.1016/j.respol.2016.04.004>
- ¹⁹ Edmondson, D. L., Kern, F., & Rogge, K. S. (2019). The co-evolution of policy mixes and socio-technical systems: Towards a conceptual framework of policy mix feedback in sustainability transitions. *Research Policy*, 48(10), 103555. <https://doi.org/10.1016/j.respol.2018.03.010>
- ²⁰ Christensen, T., Fimreite, A. L., & Lægreid, P. (2014). Joined-Up Government for Welfare Administration Reform in Norway. *Public Organization Review*, 14(4), 439–456. <https://doi.org/10.1007/s11115-013-0237-8>
- ²¹ Tosun, J., & Lang, A. (2017). Policy integration: Mapping the different concepts. *Policy Studies*, 38(6), 553–570. <https://doi.org/10.1080/01442872.2017.1339239>
- ²² Candel, J. J. L., & Biesbroek, R. (2016). Toward a processual understanding of policy integration. *Policy Sciences*, 49(3), 211–231. <https://doi.org/10.1007/s11077-016-9248-y>
- ²³ Dorband, I. I., Jakob, M., Kalkuhl, M., & Steckel, J. C. (2019). Poverty and distributional effects of carbon pricing in low- and middle-income countries – A global comparative analysis. *World Development*, 115, 246–257. <https://doi.org/10.1016/j.worlddev.2018.11.015>
- ²⁴ IPCC. (2018). *Summary for Policymakers – Global Warming of 1.5 °C*. Intergovernmental Panel on Climate Change; Global Warming of 1.5 °C. <https://www.ipcc.ch/sr15/chapter/spm/>
- ²⁵ UNEP. (2019). *Visual feature: The Emissions Gap Report 2019*. UN Environment Programme. <https://www.unep.org/interactive/emissions-gap-report/2019/>
- ²⁶ Stilgoe, J., Owen, R., & Macnaghten, P. (2013). Developing a framework for responsible innovation. *Research Policy*, 42(9), 1568–1580. <https://doi.org/10.1016/j.respol.2013.05.008>
- ²⁷ von Schomberg, R. (2013). A Vision of Responsible Research and Innovation. In R. Owen, J. Bessant, & M. Heintz (Eds.), *Responsible Innovation* (pp. 51–74). John Wiley & Sons, Ltd. <https://doi.org/10.1002/9781118551424.ch3>
- ²⁸ Frantzeskaki, N., Loorbach, D., & Meadowcroft, J. (2012). Governing societal transitions to sustainability. *International Journal of Sustainable Development*, 15(1/2), 19. <https://doi.org/10.1504/IJSD.2012.044032>
- ²⁹ European Commission. (n.d.) *A European Green Deal*. Retrieved April 6, 2021, from https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en
- ³⁰ Von Der Leyen, U. (2019). *A Union that strives for more: my agenda for Europe*. https://ec.europa.eu/info/sites/info/files/political-guidelines-next-commission_en_0.pdf
- ³¹ European Commission. (2017). *Better regulation ‘Toolbox’*. https://ec.europa.eu/info/sites/info/files/better-regulation-toolbox_2.pdf
- ³² Allen, C. R., Fontaine, J. J., Pope, K. L., & Garmestani, A. S. (2011). Adaptive management for a turbulent future. *Journal of Environmental Management*, 92(5), 1339–1345. <https://doi.org/10.1016/j.jenvman.2010.11.019>
- ³³ Kemp, R., Loorbach, D., & Rotmans, J. (2007). Transition management as a model for managing processes of co-evolution towards sustainable development. *International Journal of Sustainable Development & World Ecology*, 14(1), 78–91. <https://doi.org/10.1080/13504500709469709>
- ³⁴ Barth, J. & Hafele, J. (2019, November 1). Warum wir eine agile Klimapolitik brauchen. <https://makronom.de/warum-wir-eine-agile-klimapolitik-brauchen-33923>