Understanding coherence between policy spheres: The interplay between EU energy and climate policies

Paper 1

Editorial: Understanding coherence between policy spheres

Andrea Lenschow (University of Osnabrück)

Pierre Bocquillon (University of East Anglia)

Luigi Carafa (CIBOD)

1. Research aims and contribution to the literature on policy coherence

Issues of coherence are intrinsic to public policy making. With growing responsibilities of the modern state, and the subsequent differentiation of public policy domains, the potential for contradictions and conflict has markedly increased. Coherence is particularly challenging in the multilevel and fragmented political system of the European Union. With the expansion of EU competencies, from traditional economic areas such as the single market and the common agricultural policy, to foreign policy, justice and home affairs and to environmental policy, demands for dealing effectively with their interconnections have also grown. This special issue makes two distinct contributions. Theoretically, the aim is to develop our understanding of policy coherence, a widespread policy mantra that has remained surprisingly overlooked in academic debates. Building on the existing literature, the contributions develop original analytical frameworks to approach policy coherence and understand the core political mechanisms and processes that underpin it. In addition, this special issue aims to make a
substantive empirical contribution to the study of conflicts and synergies arising from the interplay between energy, climate and environmental policies in Europe.

Initial studies of policy coherence can be traced to the world of practitioners (Jordan and Lenschow 2010; Peters 2015). International organisations, ranging from the United Nations (UN), the International Labour Organisation (ILO), the World Health Organisation (WHO), the World Bank, to the Organisation for Economic Cooperation and Development (OECD), have all developed strategies and indicators, as well as organisational and procedural reforms to improve policy coherence. At EU level, we also observe the continuous growth of thematic or policy strategies, plans and ‘road maps’ looking systematically at system interactions and their implications for policy making. Moreover the ‘better regulation’ agenda and policy tools such as regulatory impact assessments (although also discussed as evidence of a general deregulatory agenda) reflect concerns with apparent policy incoherencies, inefficiencies and the decline of output legitimacy at the EU level (e.g. Radaelli 2009).

With international organisations and the EU increasingly reflecting on their own policy performances, we also witness a growth in terminological variety and confusion, noticeable in policy documents but also in corresponding academic debates. Boundaries with related concepts such as policy interaction (Boonekamp 2006; Braathen 2011), policy integration (Jordan & Lenschow 2008, 2010; Meijers & Stead 2004), policy coordination (Jordan & Schout 2006), coordinative discourse (Schmidt 2010), coherent governance (Christiansen 2001), collaborative governance (Ansell & Gash 2008), nexus governance (Benson et al. 2015; Harwood 2018; WEFWI 2011) – to name but a few – remain blurred.¹

In this special issue, we are explicitly interested in coherence as a policy attribute that refers to

¹ For reviews of the use of proximate concepts see den Hertog & Stroß (2011) and Tosun & Lang (2017).
the ‘synergic and systematic support towards the achievement of common objectives within and across individual policies’ (ten Hertog & Stroß 2011: 4). Therefore, we treat coordination, collaboration or cooperation as possible mechanisms or processes contributing to coherence, but not as our primary focus. Furthermore, this special issue specifically aims to contribute to the study of horizontal policy coherence – between two or more policy areas at a specific level of governance. Vertical coherence – across levels of governance (especially between EU and Member States’ policies) – is beyond the scope of this project. Distinct from a large part of the literature problematizing the integration of one specific policy into other policy areas – e.g. integration of environmental or climate policy objectives into energy policy, usually referred to as Environmental Policy Integration (EPI) (Jordan & Lenschow 2008; Lenschow 2002) or Climate Policy Integration (CPI) (Adelle & Russel 2013; Dupont 2016; van Asselt et al. 2015) – this special issue treats the different policies under investigation on an equal footing. In other words, we do not prioritize a priori the objectives of one policy over those of another in assessing coherence. A minimal level of coherence is achieved if policies do not contradict one another; a high level of coherence implies mutually reinforcing policies.

Central to this special issue is the attempt to advance the analytical framework for studying policy coherence. First, the contributions to this issue identify conflict and synergy at three analytical levels: problem definition, policy objectives and policy instruments. Compared to Nilsson et al. (2012), we include the level of policy definition into our framework and thus add an ideational focus to the study of policy coherence which typically takes common objectives as a starting point for either assessing substantive policy outcomes (e.g. problems of incoherence on the ground) or explaining policy (in)coherence, drawing on rationalist and institutionalist insights. Following the ideational turn in policy analysis, but also in the literature on policy integration more specifically (e.g. Kurze in press; Nilsson & Eckerberg 2007; Solorio et al. 2013), we therefore open up the analysis to discursive dynamics pre-structuring policy making.

For a more comprehensive approach, see Nilsson et al. (2012).
through the definition of the prevailing problem to be solved and framing of the very meaning of policy coherence. More generally, this perspective challenges the predominantly functionalist approach to studies of policy coherence placing the emphasis on (pre-defined) problem solving and pursues a research agenda tracing a path from problem construction to (in this specific light) coherent policy solutions and thus change of policy arenas or policy substance.\(^3\)

At the same time, this special issue does engage with the prevalent trends in the literature on horizontal policy coherence, which focuses on the interplay between interests and institutional factors. For instance, May et al. (2006) argue that policy coherence is less likely in cases involving a larger number of affected interests, and without the pre-dominance of few concentrated interests. The literature also suggests that policy coherence is more likely when there are hierarchical coordination mechanisms at work; and less likely when sectoral policy systems relate to each other horizontally (Carbone 2008; Forster & Stokke 1999). This special issue attempts to assess the empirical validity of these hypotheses and contribute to a debate that spans different disciplines. Indeed, empirical evidence remains scattered across various individual studies. In doing so, we pay due attention to alternative or complementary explanations, looking at institutional factors (e.g. the presence of inter-sectoral bodies or hierarchical mechanisms; organisational cultures, or pre-existing internal rules creating path-dependencies), as well as actor-centred explanations (e.g. strategic actors navigating across institutional venues) to account for policy (in)coherence.

\(^3\) Tosun and Lange (2017: 10) identify this aspect to be an area for future research.
2. Policy Context and Contribution to the Literature on the EU Energy-Climate-Environment Nexus

Policy coherence at the EU level has been primarily discussed in two policy domains, namely development cooperation and environmental policy (e.g. EC 1998 and 2007; EEA 2005). This is partly due to the fact that not only internal but also external credibility hinges on effective policy outcomes, as the EU hopes to assume international leadership in the fields of development cooperation and environmental protection. As a result, empirical studies problematizing policy coherence have clustered in these policy fields (cf. Carbone 2008; den Hertog & Straß 2013; Managoni & Raube 2014; Nilsson et al. 2012; Jordan & Lenschow 2010). In the past two decades, attention to global environmental leadership has given way to a focus on the role of the EU in international climate change negotiations (Gupta & Grubb 2000; Oberthür & Roche Kelly 2008; Wurzel & Connelly 2011). While research on the coherence of climate policy can be oriented in a number of directions (e.g. links with transport, agriculture, development cooperation etc.), the main focus of concern has been the interdependence with the energy policy field (cf. Dupont 2016; Selianko & Lenschow 2015; Skjøsteth 2014; Tosun & Solorio 2011). This stems from the sheer impact of the sector on greenhouse gas emissions. Energy
(combustion and fugitive emissions) accounted for 78% of total EU emissions in 2015 (EEA 2017: 87). Electricity, gas, steam and air conditioning supply activities alone represented 26% of EU’s total GHG emissions. There are also historical and institutional causes. The evolution of EU energy policy points to its traditionally close link to environmental (and climate change) policy. Arguably, despite its long history in European integration going back to the early days when coal was considered central to economic integration and nuclear energy a promising new source to meet rising energy demands (cf. Kanellakis et al. 2013), the establishment of energy policy as a genuine EU competence took several decades and was in part fostered by cross-sectoral interdependencies with environmental policy (Collier 2002; Hoerber 2013). In light of these long-standing interconnections, analysing the dynamics behind attempts at reaching coherence between energy, environment and climate policies promises rich insights.

Yet, despite rising academic interest in the linkage between energy and climate policies, we still have limited cumulative knowledge on these political dynamics. The existing literature tends to focus on the shortcomings of single climate policy measures (such as the emission trading scheme or renewable energy policy in particular) in contributing to climate change mitigation goals, safeguarding the internal energy market and decoupling environmental protection from economic performance (e.g. Flues et al. 2014; Gawel et al. 2013; Helm 2013; Jevnaker & Wettestad 2017). What is missing is systematic and comparative research on the conditions of policy coherence. It is the aim of this special issue to make progress in this direction.

The empirical context for all four contributions to this issue is the 2009 Climate Action and Renewable Energy (CARE) legislative package, which represents a positive change in terms of policy coherence between EU energy and climate policies. Unprecedented policy synergies made possible the conversion of two out of three common targets (20% greenhouse gas reduction target and 20% renewables target by 2020) into a set of relatively coherent policy instruments. Arguably, this happened under specific conditions: the upcoming Copenhagen summit and the Commission and European Council’s joint activism and leadership in exploiting
the climate change momentum. Yet, while external dynamics were influential in favouring synergies between environmental, climate and energy objectives, issues of coherence proved more complex regarding the adoption of policy instruments. Conflicts between a more economically driven energy policy and the environmental motives of climate mitigation re-emerged in the background of the sustainable development paradigm, creating tensions in the negotiations of single policy measures. In responding to these tensions and facing the challenge of policy coherence, we are directed towards internal dynamics of horizontal policy coherence.

Furthermore, the external conditions that supported horizontal policy coherence in 2007-2009 are no longer the same. The impetus for addressing climate issues appears to have diminished and EU decision-makers have shifted their focus towards more short-term pressing problems, such as rising levels of public and private debt, increasing unemployment and the Eurozone’s daunting challenges. The cases of the Energy Efficiency and Emission Trading Directives illustrate that, in times of crisis, environmental/climate change and economic/industrial objectives become more openly conflictual. The benefits of energy efficiency are potentially large but mainly long-term, while the upfront costs are significant. Similarly, securing that the Emission Trading Scheme (ETS) creates incentives for climate-friendly investments may conflict with the short-term competitiveness concerns of affected industry. During the policy formulation stage we witnessed conflicts inside the Commission. In addition, persistent efforts by the Council to weaken the Commission’s proposal demonstrate how, in economically hard times, some member states are unwilling to impose further legislative requirements on their industrial sectors and populations and disregard the costs of policy incoherence. At the same time, however, we are facing interesting variance in our cases, with policy coherence emerging in some cases despite unfavourable external conditions. Once more, this points to the need to study internal dynamics more carefully.

In sum, given the absence (or variation) of favourable circumstances such as non-conflictual interest constellations, the absence of hierarchical steering structures or an external push, the
interplay between EU energy and climate policies since the mid-2000s provides a rich case to gain new insights for the study of policy coherence. The aim of this special issue is therefore to study the impact of internal political dynamics on horizontal policy coherence. It does so through illustrative cases of EU energy, climate and environmental policies.

The research objectives are as follows:

1) Identifying **conflicts and synergies between policy spheres**. For the sake of clarity, we investigate horizontal policy coherence, i.e. coherence across policy spheres. Moreover, we focus on three analytical levels: problem definition, policy objectives and policy instruments.

2) Explaining **what are the facilitating factors that are significant for policy coherence**. And if there is partial or little evidence of policy coherence, explaining why it has not occurred.

3) Explaining to **what extent policy coherence can be the object of horizontal steering versus hierarchical steering**.

3. Contributions of this Special Issue and Comparative Insights

This special issue presents in-depth analyses of policy coherence based on cases including: the 2009 EU climate action and energy package, whose headline goals are the so called 20-20-20 targets; post 2020 greenhouse gas emission targets; carbon capture and storage; the energy efficiency directive; energy efficiency standards for domestic lighting; and efficiency standards for passenger cars. As indicated, the case studies all deal with the energy-climate-environment nexus, and trace processes facilitating or hindering coherence at three levels of analysis: problem definition, policy objectives and policy instruments. Table 1 situates the four papers (P1-P4, see below for a summary) and the cases they cover within this broad framework.
Table 1: Research design and case studies

<table>
<thead>
<tr>
<th>Levels of policy coherence \ Sectoral policies</th>
<th>Environment policy</th>
<th>Climate policy</th>
<th>Energy policy</th>
<th>Meta level</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Policy problem definition</strong></td>
<td>Sustainable development (P1)</td>
<td>Low-carbon energy transition (P1)</td>
<td>20% emission target (P2)</td>
<td>Global leadership (P2)</td>
</tr>
<tr>
<td></td>
<td>Green industrial revolution (P2)</td>
<td></td>
<td>30% step-up of emission target (P3)</td>
<td></td>
</tr>
<tr>
<td><strong>Policy objectives</strong></td>
<td></td>
<td>20% renewable energy target (P2)</td>
<td>20% energy efficiency target (P2)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>carbon capture and storage (P1)</td>
<td></td>
<td></td>
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<td></td>
<td>CARE 20-20-20 package (P2)</td>
<td></td>
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<tr>
<td><strong>Policy instruments</strong></td>
<td>Domestic lighting (P4)</td>
<td>Fuel standards for passenger cars (P4)</td>
<td>Energy efficiency directive (P3)</td>
<td></td>
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</tbody>
</table>

Turning to the individual papers, Kristina Kurze and Andrea Lenschow (P1) approach policy coherence from the vantage point of problem definition, which remains largely overlooked or taken for granted in the literature. Tracing the discourse on EU energy policy from the 1990s to the present they identify, along the establishment of a connection between energy and environmental policy, a narrowing in the definition of the problem. While in the 1990s and early 2000s energy policy was placed in the context of sustainable development pointing to impacts of energy industries and energy consumption on air and water pollution, nature protection and biodiversity and human health, in the past decade the problems found at the nexus of energy and environmental policy have been narrowed to the issue of climate change mitigation. The authors
argue that the dimension of problem definition provides the basis on which judgements of policy coherence are made. Hence understanding the social construction of policy problems adds depth to the analysis of policy coherence, revealing its contingent nature. Empirically, Kurze and Lenschow analyse EU policy measures in support of Carbon Capture and Storage (CCS) technologies to illustrate that policy coherence between EU energy and environmental policies is increasingly conceptualized as an integrated approach addressed to climate change mitigation and the development of a low-carbon economy. By shifting the focus of policy integration and coherence from environment to climate policy, CCS moved from the margins to the centre of available policy options. Arguably, this comes at the expense of coherence if viewed from a broader sustainable development perspective.

Pierre Bocquillon (P2) adopts a similar social constructivist perspective, moving from the broad level of discourse to focus more specifically on narratives of coherence in the policy making process, emphasizing the power dimension at play. The paper analyse the way policy entrepreneurs construct horizontal coherence through problem definition and the promotion of policy frames that bond different objectives and instruments together. Looking at the case of the 2009 Climate and Energy Package, he shows how the European Commission and successive EU Presidencies exploited a growing climate change momentum to devise, assemble and facilitate the adoption of an ambitious legislative package cutting across traditional sectoral boundaries. Through the recourse to the meta-narrative of European internal policies as a tool for international climate leadership and by presenting Europe at the vanguard of a green revolution, policy entrepreneurs inside the EU Commission, the European Parliament and the French Presidency were able to construct the climate and energy package as a coherent response to joint challenges. In highlighting the political and therefore contingent nature of frame construction, Bocquillon suggests that a new metanarrative of economic crisis and concerns over competitiveness is likely to challenge the idea of policy coherence embedded in the energy and climate package and point to the emergence of new constructions with new policy options.
By opening the analysis to the level of problem definition, both papers raise attention to the contingent nature of the meaning and purpose of policy coherence and add a political dimension to the functionalist perspective otherwise prevalent in the literature. With regard to the facilitation of policy coherence, they shift the focus from the policy making procedures of coordination and institutionalized power to the more open dimension of the power of ideas. From a normative perspective, of course, this means that widely shared notions of policy coherence and corresponding policy objectives and instruments may disguise other potential meanings and marginalize other possible policy options, which – viewed from another angle – could be considered more coherent.

The other two papers move down a level, to focus on how policy objectives and instruments are articulated in the policy process. They therefore explore in more detail the organizational dimensions of policy coherence. In his paper Jakob Skovgaard (P3) addresses the theses that (a) hierarchical coordination mechanisms are generally conducive to policy coherence and (b) that the understanding of policy coherence calls for an interest-oriented analysis. His paper compares and contrasts the failure of the European Commission to endorse a step-up to a 30% GHG reduction target by 2020, with the success in adopting an energy efficiency directive designed in such a way as not to undermine the emission trading scheme. Skovgaard points to the role of organisational cultures within the Commission, more specifically the prevailing normative and causal ideas dominating different Directorate Generals (DG Energy and DG Climate Action), to explain the distinct dynamics. His analysis shows that when disagreement was rooted in differences in normative beliefs regarding the centrality of GHG reductions, hierarchical imposition was used by DG Energy preventing the binding 30% target. When the disagreement between DG Energy and DG Climate Action was rooted in differing causal beliefs regarding policy instruments (energy efficiency and ETS), deliberation became possible facilitating a joint solution. In other words, organisational cultures rooted in ideational foundations pre-structured the policy positions (or interests) of the negotiators, making them more or less inclined to resort to imposition or deliberation, seek joint solutions and, presumably, policy coherence. Although
only exploratory given its small-n empirical base, Skovgaard’s study deepens the analysis of conflicts inside organisations, pointing to the role of organisational culture in policy coherence. He suggests that along hierarchy and vertical authority, deliberation may also enable policy coherence, in particular if conflict is at the level of causal beliefs rather than normative worldviews.

Finally, *Henning Deters* (P4) returns to the role of policy entrepreneurs of coherence already highlighted by Bocquillon. However, he conceives of policy entrepreneurs as interest-driven actors engaging in strategic action who can under specific circumstances overcome institutional constraints to coherent policy making. Somewhat differently from the other papers, Deters focuses on the incoherence or mismatch between policy objectives and policy instruments within a specific policy domain: energy efficiency. The existing literature suggests that inconsistency between goals and measures in a policy indirectly results from conflicting interests pulling in different directions. To avoid deadlock in a non-hierarchical institutional setting such as the EU, negotiators rely on consensus-building techniques such as watering down, issue redefinition, and the setting of targets without actions. These techniques facilitate moving away from the status quo, but they come at the expense policy coherence. Deters builds on this general wisdom, showing that in using alternative decision-making arenas, namely European Summits in the case of fuel efficiency targets for cars, and technical committees in the case of energy efficient lamps, policy entrepreneurs may bypass conflict, making the use of these consensus-building techniques unnecessary thereby strengthening coherence. Yet, Deters’ analysis points to normative concerns arising from the use of these mechanisms that appear to facilitate policy coherence, as the alternative arenas used for consensus-building both served to side-line political opposition and thus ran counter to democratic principles.

Overall, beyond their distinct theoretical and empirical focuses, the papers constituting this special issue all move away from a purely functionalist approach to coherence that takes it as an end goal to be achieved through the establishment of various organizations, rules and
procedures. In contrast they emphasise the political processes and power dynamics that shape policy coherence and incoherence. The contributions also point to the importance of problem definition and framing in the construction of coherence, and how it conditions the establishment of coordinated objectives and instruments. Finally, while acknowledging the importance of structural pre-conditions, they point to the importance of agency and strategy in the promotion of policy coherence.

References


