



Maximising the 'green' economy through policy integration

Many countries have recognised the need to promote the 'green' economy and integrate its principles into a number of different areas of policy. New research has indicated that the design, timing and coherence of the measures required for this integration play a crucial role in their success in supporting a green economy.

The **green economy** calls for sectors and companies who offer sustainable innovations to monitor, limit, correct and prevent harm to the environment, resources and climate. Its potential for economic growth and job creation has been recognised, particularly in the area of clean technologies, such as fuel cells, renewable energy and resource efficiency.

However, research has indicated that environmental policy alone is not enough to reach a desired level in the green economy. Many countries have taken steps to integrate the green economy concept into other policy areas, such as innovation, transport, energy, housing, agriculture, education and spatial planning. The study analysed recent research to explore the factors that influence the success of policy integration when supporting the green economy.

The research indicated that green business appears to be most developed in countries that have a strategy to develop and implement sustainable development policies. At the very least, this is limited to environmental policies and innovation policies, but in many cases integration also includes other policy areas. For example, the Japanese solar power sector is supported by government programmes under several different ministries, including ministries responsible for the environment, economy, housing, and science and technology.

However, simply integrating policy is not enough if the policies are neither co-ordinated nor continuous. From its analysis the study recommended a number of necessary conditions for successful integration:

- Policies should be adapted to their context, taking into account the social, economic and technological factors. For example, fuel cell policies have developed along different paths in Japan, Germany and the UK according to national context.
- Policies should be long-term and relatively continuous to provide stability for the green economy to develop. Research has demonstrated that environmental innovations are more successful when developed in a specific sector or a niche market. Policies should look to temporarily protect pioneers within a niche or network.
- The strategy of policy integration needs to be responsive to changes, pragmatic and patient. It does include an element of trial and error, which often takes the form of financing pilot projects to test several technical solutions. It should also be evolutionary in its timing, introducing different policies at different points in development. Taking the example of Denmark's wind industry, investments to construct wind farms were heavily subsidised in the 1980s, whilst in the 1990s support took the form of subsidies for wind power production and replacing turbines. At the beginning of this century, more support was given to strengthening the connection of wind farms to the electricity grid.
- Integration of policies requires co-ordination between regions, industry sectors and interested organisations, such as lobbies (e.g. employer and activist groups) and coalitions (e.g. industry associations).

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