

Does integration really work? The role of assessing costs and benefits in environmental policy-making

Short description

The master's project deals with the integration of economic thinking into environmental policy-making. We will look at the growing political demand of integrating economic instruments and methods in European environmental policy and at the role economic valuation can play to support environmental policy-making. You will get an insight in economic methods (cost-benefit analysis, economic valuation approaches for environmental goods and services) and environmental economic thinking. We will analyse the implementation of two different policies (water policy and biodiversity policy) in Germany and UK with respect to the relevance of CBA and economic valuation and, furthermore, try to explain possible differences in the policy relevance of economic valuation on the basis of national administrative styles.

Module description

- Qualification objectives
 - Get an insight in the procedure of environmental planning and assessment processes in Germany and international contexts
 - To be able to apply available planning instruments
 - Acquirement of skills to develop appropriate solutions and strategies for specific problems in the field of environmental planning
 - Critical reflecting on economic, social, political and legal regulatory processes
 - Development of 'soft skills': teamwork, structured and independent working, project management, presentation, social competence
- Focus of this Master's project
 - Get an insight in cost-benefit analysis (and environmental valuation approaches) as a procedural instrument for impact assessment and environmental policy-making
 - Widening the perspective of environmental planning to include the economic and political dimension
 - Understanding of the importance of economic thinking for protecting the environment

Learning target / educational outcomes

- Learn about methods: CBA and valuation methods, key economic elements of CBA, notion of value
- Learn about the importance of economic thinking for protecting the environment
- Insight in policy fields: water policy, biodiversity policy
- Insight in national regulatory styles
- Applying analytical methods based on implementation research and policy science analysis (policy analysis: actors, institutions / factors, processes)

Background

- Why integration? What does it mean?
 - Integration in policy assessment is often concerned to consider economic, social and ecological aspects in policy-making in order to make ‘better’ policy, to improve regulation and to enhance transparency and participation, and to integrate different levels (vertical integration) and different policy sectors (horizontal integration)
 - In this context, integration is regarded as integrating the economic value of nature in environmental decision-making
- There is a growing political demand on the economic assessment procedures and monetary valuation of environmental goods and services (as decision support / as an argument)
 - Integrating procedural economic *methods and instruments* in public policy-making: environmental directives (WFD, Marine Strategy), environmental action programmes, EU Impact Assessment (towards more evidence-based policy-making) call for CBA as a tool for environmental impact assessment and policy appraisal
 - In nature protection the economic value of biodiversity and ecosystem services is widely discussed and monetary benefit estimation becomes an influential *argument* (MA, TEEB)
- Correspondent academic supply: CBA is a commonly used method for evaluation public investment project; methods for ecosystem services valuation are well established and applied to many project and research questions
- However, how far CBA and economic valuation are used in practice, are accepted and actually influence decision-making remains unclear (there is some evidence that the use and relevance of CBA is still limited)
- The national impact of changing EU regulatory style probably varies across policy sectors and countries
 - We take a closer look on the implementation of a EU policy change at the national level
 - It is hypothesised that the implementation of economic requirements differs in UK and DE (is it really true? And if yes, how can we explain this phenomenon?)
 - Furthermore, there might be differences between the policy relevance of economic valuation in water policy and biodiversity policy
- There are a many influencing factors for the way national administrations adopt to EU implementation requirements and the acceptance of economic valuation in administrative institutions (lack of knowledge, ideologically or interest based approaches, institutional boundaries, organisational traditions,...); it is suggested that implementation is more effective when the fit between the Directives imperative and the member state administrative tradition is close.
- Here, we look on different national policy styles and administrative traditions as influencing factors for the policy relevance of valuation that might explain the different policy outcome
 - Practical application of supranational policies are influenced by administrative traditions prevalent in a certain policy field, which may differ substantially from country to country (Knill 1998)
 - Implementer’s response to EU requirements is institutionally and historically framed; focus therefore is on the process of institutional adaptation to European requirements
 - Probably in Great Britain is the use of cost-benefit comparisons traditionally more established (e.g. UK “better regulation” calls for regulatory impact assessment, consisting of CBA)

Objectives and research questions

- Analysing the integration of CBA and economic valuation in environmental policy-making in UK and DE and exploring the influence of national policy styles on integration Process of integration procedural economic instruments in EU policy-making
- Case studies as an example of policy integration: EU water policy (WFD, Marine Strategy) and biodiversity policy (national biodiversity strategies, action plans)

- Tasks and research questions
 - Process of integration procedural economic instruments in EU policy-making
 - Exploring the rationale for using CBA / valuation results in environmental policy-making
 - Characterisation of the national policy styles and institutional framework in UK and DE (patterns of regulation UK / DE; importance of arguments based on CBA)
 - Identifying and comparing the use and relevance of economic instruments in national administrations
 - What are the indicators for policy-relevance? How can we measure it?
 - Are there actually national differences in the relevance?
 - How can we explain distinctive patterns of domestic adjustment to European policy requirements? Find out, whether different national policy styles can serve as a possible explanatory factor for the policy outcome
 - Identification of influencing factors of implementation of EU environmental policy (broader context) and CBA integration in particular (analysing the political system and the institutional framework, national regulatory styles)
 - Exploring the influence of national policy styles / national administrative traditions on the integration of economics into environmental policy-making

Background literature

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