



# DYNAMIX

Decoupling growth from resource use  
and environmental impacts

# Deliverable 7.7

DYNAMIX Webinar report

“Results from the resource efficiency policy mix  
assessment: grand challenges for  
implementation”

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## DYNAMIX PROJECT PARTNERS



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## Introduction

The DYNAMIX Webinar, entitled “Results from the resource efficiency policy mix assessment: grand challenges for implementation”, took place on 28 October 2015. In total, 30 participants representing different stakeholder groups attended the webinar: 11 researchers external to the project, 8 policy makers from the EU and national level, 2 representatives from Civil Society Organizations, and 9 researchers from the DYNAMIX project. Several of these participants took already part in previous DYNAMIX events (Policy Platforms) and were thus familiar with the DYNAMIX project.

The DYNAMIX project will be finalized in March 2016 after three years of intensive research and analysis. Therefore, the webinar had the general aim to disseminate the project’s preliminary results and evidences on policy mixes for an efficient resources use in the EU. In particular, the webinar aimed at presenting the DYNAMIX results on policy mix assessments, and at triggering discussions around challenges of policy implementation, both from an ex-ante evaluation perspective (e.g. in relation to public acceptance and political feasibility/will), and from practical experiences made by the webinar participants.

During the webinar, presenters and participants also discussed potential linkages and conceptual relations between resource efficiency and a circular economy. In particular, it was highlighted that circular economy is an essential part of any ambitious policy aiming at increasing resource efficiency in the broader understanding of the EU's Roadmap to a Resource Efficient Europe.

Finally, potential links between project results and current policy issues were addressed, and the outcomes of the EU consultation processes for the Circular Economy Package were presented.

For the DYNAMIX webinar, the Go-to-Meetings Citrix software was used which allows the organization of online meetings, and includes features as screenshots sharing, chat and video conferencing.

## Welcome address

By welcoming the participants, the DYNAMIX project coordinator Martin Hirschnitz-Garbers (Ecologic Institute, Germany) gave a short overview of the webinar’s agenda and the technical modalities of the software used for the webinar. During the different presentations, participants could raise questions through the webinar chat function, which were then summarized and posed to the presenters. During the discussion sessions, the webinar opened the floor to participants who had the possibility to use either the chat function, or the “raise the hand” function of the webinar software for their questions and contributions.

## Opening: Introduction to DYNAMIX webinar

### **Presentation:**

**“Framing resource efficiency in the context of Circular Economy”**

**Martin Hirschnitz-Garbers, Ecologic Institute, Germany**

Mr. Hirschnitz-Garbers started by framing resource efficiency in the context of a circular economy. At first, he pointed out that the link between resource efficiency and circular economy becomes evident when looking at global resource extraction rates since the so called “great acceleration” in the 50es, characterized by exponential growth. Similar growth rates can be observed with regard to resource related output, like emissions and waste. Even if it is still unclear whether resource efficiency is part of a circular economy or vice versa, both concepts address the need for improved circularity of resource flows along the entire value chain, while also addressing environmental, social and economic impacts.

Mr. Hirschnitz-Garbers argued that in order to address resource efficiency, more holistic and transitionary approaches as well as the implementation of effective and ambitious resource policies are needed. These policies should be consistent, allow clear efficiency gains, increase the use of renewable resources, and help closing resource loops. Resource policy should in the longer term also target an absolute reduction of resource use. At the same time, not only GDP but also wellbeing should be considered to benchmark decoupling achievements against resource use.

### **Q&A:**

In the discussion following the presentation, participants posed questions concerning the reason why decoupling is usually working with GDP as the main monitoring indicator. In addressing these questions, Mr. Hirschnitz-Garbers highlighted that this is the conventional approach. Nevertheless, as GDP is an economic measure, it is not a very comprehensive indicator. Therefore, in the long term it will be important to consider different indicators than GDP that are able to capture and express the overall well-being of society.

## Session 1: Assessing promising resource efficiency policies

### **Presentation:**

**“The DYNAMIX approach of assessing economic, environmental and social impact of proposed policy mixes”**

**Martin Nesbit, Institute for European Environmental Policy (IEEP), UK**

In his presentation, Mr. Nesbit introduced the qualitative and quantitative ex-ante assessments performed on selected policy mixes within the DYNAMIX project. At first, Mr. Nesbit highlighted that

the qualitative assessments cover four aspects: economic, environmental, social, and governance issues - the latter including legal feasibility and public acceptability of proposed policy mixes.

Mr. Nesbit then gave a brief overview of the current state of the analysis within the DYNAMIX project, before highlighting the strengths of the approaches and methodologies applied. In particular, the DYNAMIX project brings in a variety of disciplines, and identifies challenges for implementation of policy mixes in the EU context, for instance, differences in interpretation and understanding of policy instruments across the EU, and difficulties in performing the different assessment separately with risks of inconsistency.

Finally, Mr. Nesbit presented some issues that will be included in the project's Final Report. These issues include the necessity for clearer policy frameworks; the need for consistent policy with no overlaps among different economic instruments; the need to dispose of reliable and robust data; and the need of a consistent approach to include imports and exports in the formulation of policy mixes for resource efficiency.

#### Q&A:

In the discussion following the presentation, it was highlighted that it might be favorable to 'test' certain policy instruments just in a selected number of Member States before rolling policies out to the whole EU (since some policies need to be 'tried out' first). In this regard, Mr. Nesbit suggested that differences of political cultures and attitudes in the 28 EU Member States might also be inspiring for the formulation of innovative policy approaches.

#### **Presentation:**

**"Translating policies from research into practice: the "grand societal challenges" beyond the policy mixes"**

- **Martin Hirschnitz-Garbers, Ecologic Institute, Germany &**
- **Francesca Montevercchi, Vienna University of Economics and Business, Austria**

In their joint presentation, Martin Hirschnitz-Garbers (Ecologic Institute) and Francesca Montevercchi (Vienna University of Economics and Business) addressed the 'grand societal challenges' that need to be taken into account for implementation of policy mixes in the EU context.

In the first part of the presentation, Martin Hirschnitz-Garbers highlighted the need for more comprehensive policy mixes rather than for singular instruments in order to address the challenges of resource efficiency. He argued that policy mixes are required due to the high complexity, interdependency of factors, and large-scale nature of problems related to resource efficiency. This implies that one must take into account a multitude of actors, multi-level governance issues, and the unintended side-effects which might derive from policy implementation. Thus, the traditional 'one target – one instrument' approach will not be sufficient to achieve resource efficiency.

Mr. Hirschnitz-Garbers then gave an overview of how to conceptualize policy mixes, based on the experience of the DYNAMIX project. In the process of policy mixing, first targets and objectives must be clearly defined and then an inventory of policy instruments compiled that could help achieving the targets and objectives defined. From this inventory, those instruments should be selected for a policy mix that are considered most promising in terms of effectiveness, direct costs, and transaction

costs. During the implementation of the policy mixes, proper enforcement and monitoring needs to be considered.

Finally, Mr. Hirschnitz-Garbers pointed out that the implementation of policy mixes needs to take into account the public acceptance and political feasibility. In particular, low public acceptance of policy mixes can hinder their effectiveness or even be a barrier in the implementation.

The second part of the presentation was held by Francesca Montevercchi (Vienna University of Economics and Business), who expanded on the concepts of public acceptance and ‘windows of opportunities’, as outlined in the DYNAMIX “Report on governance assessment: public acceptability”. At first, Ms. Montevercchi highlighted that there are some severe challenges for the implementation of policy mixes from a public acceptability perspective. The above mentioned report highlights that social and political challenges tend to be at odds with resource efficiency issues. Environmental issues are often given less priority than, for instance, economic development, unemployment, the state of the public finances, and immigration. In addition, not all citizens in the EU trust those who govern them or believe that they will be listened to, and only 40% of Europeans agree that “their voice counts in the EU”<sup>1</sup>. Finally, policy proposals are discussed in the real-world by people who have competing concerns, aspirations, fears, and priorities.

Ms. Montevercchi also mentioned that the acceptability of policy instruments can be increased with the introduction of specific mitigation measures. These include, for instance, the right sequencing (e.g. gradual introduction of policy instruments) or the exploitation of the right ‘windows of opportunity’. The latter refers to a temporary increase of public acceptance regarding the introduction of certain political instruments due to favorable framework conditions, media attention, etc.. In addition, such ‘windows of opportunity’ might also derive from the acquisition of new information (as for instance after new scientific discoveries, as well as with the occurrence of environmental disasters), able to change or mitigate the dominating discourses driving the public opinion on certain issues.

Mr. Hirschnitz-Garbers held the last part of this joint presentation. He concluded at first that monitoring targets are important when applying policy instruments in order to understand if there might be unintended negative side effect (e.g. increased unemployment, tax revenues, etc.). He then argued that the policy mix design process does not only rely on picking the right instruments, but also on understanding their appropriate timing and sequencing. Political and social acceptance are important factors for policy mixes to be effective in practice, as well as the existence of long-term, stable policy frameworks (e.g. to ensure continuity of the policies in case of elections and changes of governments), and cross-departmental, multi-layered and polycentric governance.

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<sup>1</sup> See: Vanner, R, Bicket, M, Elliott, B, Harvey, C (2015). Public acceptability of DYNAMIX policy mixes. DYNAMIX project deliverable D5.4.2. Report on governance assessment: public acceptability; London: PSI.

## Discussion

In the discussion following Session 1, participants asked then if the DYNAMIX project considered regulations as driver for innovation when designing the policy mixes. Mr. Hirschnitz-Garbers explained that regulations are part of the DYNAMIX policy mixes. He then mentioned that there is a general tendency for policy-makers to consider just the costs of regulation, but only rarely see regulation as drivers of innovation. Using innovation for achieving policy objectives is usually not so straightforward and one should consider that innovation generated by businesses could also increase their overall resources use – innovation does not automatically lead to resource efficiency.

## Session 2: First findings of 3 policy mixes for resource efficiency

### **Presentation:**

#### **“Results and implications of 3 policy mixes for resource efficiency (overarching, land use and metals”)**

- **Tomas Ekvall, IVL, Sweden (metal policy mix)**
- **Martin Hirschnitz-Garbers, Ecologic Institute, Germany (overarching policy mix)**
- **Martin Nesbit, Institute for European Environmental Policy (IEEP), UK (land use policy mix)**

In their joint presentation, Tomas Ekvall (IVL Institute), Martin Hirschnitz-Garbers (Ecologic Institute) and Martin Nesbit (IEEP) gave an overview on targets, individual policy instruments, and the assessment of the policy mixes examined within the DYNAMIX project.

### **Metal policy mix**

In his presentation, Mr. Ekvall provided an overview on the metal policy mix developed within the DYNAMIX project. At first, the proposed target for the scenario in this field is a virgin metal use reduction by 80 % by 2050. The policy objectives in the scenario comprise an increase in recycling rates, increase in material efficiency, and replacement of metals with other materials when possible.

The policy mix includes a number of instruments: taxes (taxes on materials and environmental taxes); producer responsibility; technical requirements for products; removal of harmful subsidies; and some soft instruments (i.e. information, communication and education instruments, implementation of sharing systems, funding to research and creation of advanced recycling centers). The optimal sequencing of the policy mix to achieve the target implies an incremental increase of the taxation on virgin material until 2050, supported by a steady long- term implementation of soft instrument.

The assessment results of this policy mix suggest that taxes are an effective instrument for achieving the policy objectives. In particular, environmental taxes are the most effective part of

policy mix (but maybe most difficult part to implement, mainly in the context of public acceptance), especially if supported by the implementation of softer instruments (supporting instruments) to make the policy mix more publicly acceptable.

### **Overarching policy mix on resources**

In his presentation, Mr. Hirschnitz-Garbers outlined the key points of the overarching policy mixes, based on a ‘guiding vision’ for 2050. In particular, consumers and consumption patterns are in the focus. The policy implementation process faces several challenges deriving from a complex web of drivers, requiring the implementation of a mix of instruments.

The first proposed policy mix is the ‘Circular Economy tax trio’, which includes a virgin material tax, a land fill tax, and an incineration tax. The second policy instrument is a feebate schemes, meant as measures to incentivize purchase of environmentally beneficial products, and penalize purchase of environmentally harmful products. The third group of policy instrument includes soft measures, as the schemes for enabling shifting from consumption to leisure.

The qualitative assessment of policy mixes performed within the DYNAMIX project highlights the following: 1) smart utilization of tax revenues can help in easing opposition and winning public support (e.g. for the implementation of the tax trio); 2) feebate schemes are generally implementable from legal, economic, social and public acceptance perspective; and 3) so-called “from consumption to leisure” policies might create unfairness issues, which can be mitigated with the adoption of voluntary (rather than mandatory) schemes.

Mr. Hirschnitz-Garbers concluded that the main challenges can be overcome by the step-wise and smart introduction of policy mixes. It is also important to disseminate and discuss the lessons learnt from voluntary initiatives and to encourage scaling-up as well as creating enabling framework conditions, e.g. for labor taxation.

### **Land policy mix**

Mr. Nesbit at first highlighted that the agricultural sector is quicker and more flexible than others in terms of changing needs and demands, and increased efficiency can effectively reduce land requirement. There is a general need to improve environmental efficiency of production and food consumption. Mr. Nesbit introduced some instruments proposed for the land policy mix, targeting in particular production and consumption. These concern a mix of regulation and taxes on emissions and land use to target production, and soft and behavioral policy instruments, such as information campaigns and food redistribution programmes, to target consumption.

Finally, Mr. Nesbit highlighted that the land policy mix does not require major technological breakthroughs and solutions, but rather a broader societal, cultural change which governments might find difficult to lead.

#### **Presentation:**

**“Flash input from policymaking”**

**Bettina Kretschmer, DG Environment, Belgium**

In her presentation, Ms. Kretschmer introduced the results from the major stakeholder consultation process run by the European Commission to support the preparation of the new Circular Economy Package. The consultation included: an online public consultation open to all EU citizens (that ran from 20 May to 20 August 2015), the organization of the stakeholder consultation conference "Closing the loop. Circular Economy: boosting business, reducing waste" (Brussels, 24/06/2015), and a consultation with the Member States.

The online public consultation received about 1,500 replies (45% from the private sector; 25 % from individuals; 10 % from civil society; and 6 % from public authorities). In total, 88% of the respondents claimed to be fairly well informed about CE. The Brussels conference gathered more than 600 EU stakeholders to discuss on the topic.

The stakeholder consultation highlighted the need to include a variety of specific instruments in the new Circular Economy Package, as eco-design, public procurement schemes, Extended Producers Responsibility schemes.

The consultation with the EU Member States (where about two-third of Members States participated), identified the lack of harmonization of rules across EU Member States as one of the biggest barriers. Finally, Ms. Kretschmer concluded by saying that in the near future, the European Commission will focus on the new Circular Economy Package, the 2030 Agenda and the Sustainable Development Goals, and on the new Commission's work program for 2016.

### **Discussion, wrapping up webinar & outcomes**

In the discussion following session 2, participants asked about the lessons that can be learned if the DYNAMIX objectives are not in line with European population priorities. Ms. Montevercchi answered by mentioning that there are 'more urgent' problems than the environment for the EU citizens (e.g. the situation with the refugees, unemployment issues, stability of the future, etc.) as also highlighted by the Eurobarometer survey (2014). Therefore, in order to increase public acceptability, resource policy should look for synergies with other policy areas and challenges, and use the potential of environmental policy issues to create new jobs, new skills, new professions, etc. More specifically, resource efficiency policy should look at other big societal concerns (for instance, obesity among children due to overconsumption of unhealthy or "junk" food, or the recent health concerns around meat consumption raised by the WHO), and look for synergies to implement policies that tackle more than one challenge at once (e.g. addressing health and environmental issues at the same time).

### **Closing webinar**

In concluding the webinar, Mr. Hirschnitz-Garbers highlighted that circular economy and resource efficiency are very much inter-linked, thus facing similar challenges. There is a need to re-think the value and potential of policy mixes in order to design them on a long-term basis, with the right sequencing, and a cross-departmental approach. Finally, any ex-ante assessments need to be done with a view towards practical implementation.

Mr. Hirschnitz-Garbers invited the webinar participants to the Joint DYNAMIX and POLFREE project Final Conference on resource efficiency policy that will take place on 15-16 February 2016 in Brussels.