



Integration and coherence of climate change adaptation policy with finance and trade policies

Samuli Pitzén, Paula Kivimaa, Mikael Hildén &
Claire Mosoni Cascades - Receipt Conference,
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Climate change impacts affect trade and finance

- Progressing climate change leads to a growing need for societal functions and public institutions to adapt to its effects;
 - a wide array of policy changes are needed, not only in the specific domain of climate governance, but across different administrative sectors and on different levels of governance.
- **Effective policy integration is often viewed as a solution**

Trade and finance policies

- cover significant parts of the global economic activities;
- connect countries and regions, making policy outcomes susceptible to impacts of climate change occurring across the globe;
- face particular challenges in adapting to climate change because **responses require institutional, political, and cultural changes** rather than ‘technical fixes’. [see “the resilience manifesto”, Nicola Ranger]

Research questions

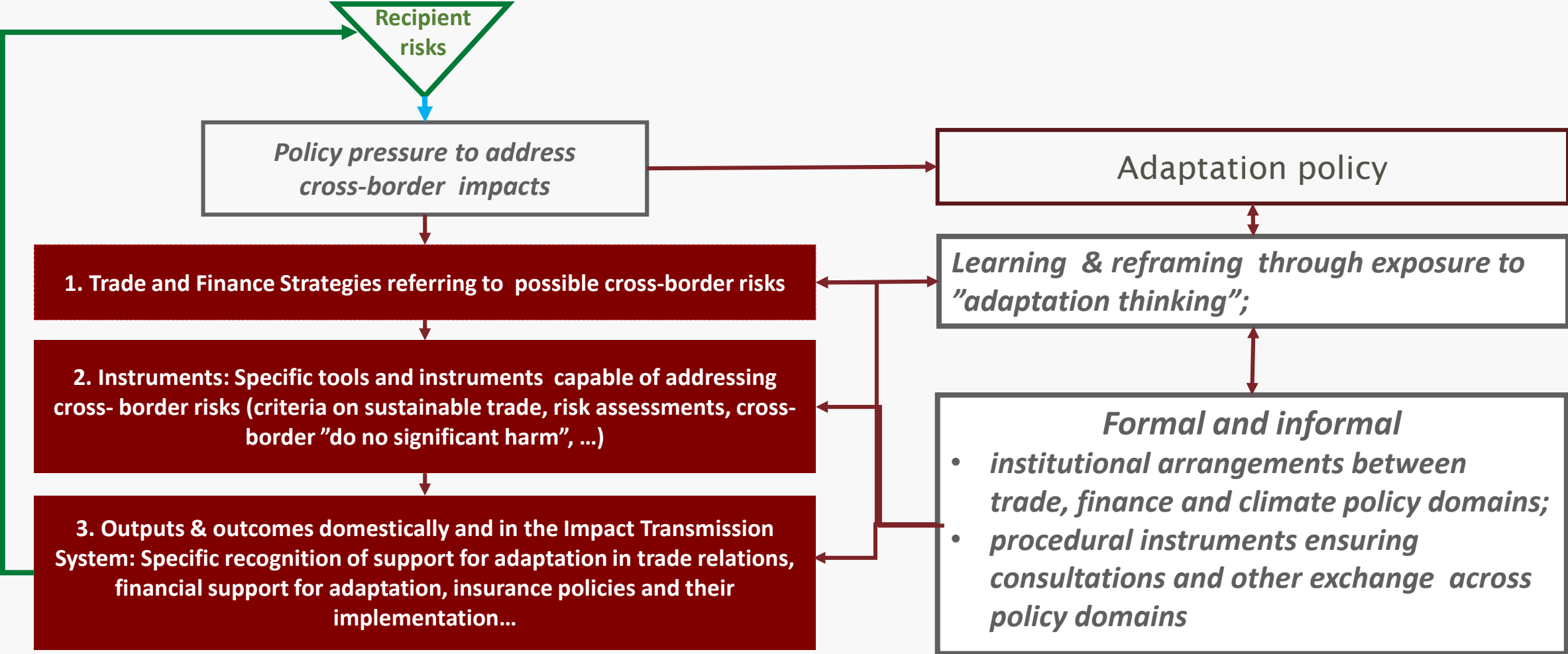
RQ1: How and to what extent is climate adaptation policy integrated into EU trade and finance policies, and what are the obstacles to policy integration?

RQ2: To what degree does policy integration contribute to the coherence in responses to cross-border impacts of climate change?

Thematic interviews supported by document analysis paint a picture of how actors in climate, trade and finance see policy responses to cross-border impacts of climate change

#	Scale of the representative organization	Organization	Main expertise
1	European Union	European Commission	Adaptation
2	France	Other public actors (e.g, banks)	Finance
3	European Union	European Commission	Adaptation
4	European Union	European Commission	Adaptation
5	European Union	European Commission	Adaptation
6	European Union	Other public actors	Finance
7	European Union	Other public actors	Finance
8	Finland	Government bodies	Trade
9	Global	Other public actors	Finance
10	Finland	Government bodies	Trade
11	European Union	European Commission	Trade
12	Global	Other international bodies	Finance
13	Global	Other international bodies	Trade & finance
14	Finland	Other public actors	Trade
15	Global	Other international bodies	Trade

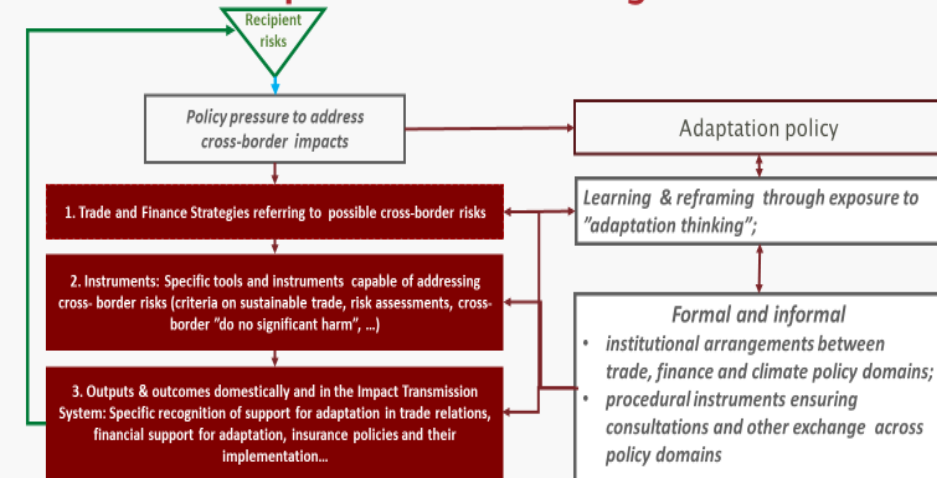
Policy responses of organisations dealing with cross-border impacts of climate change



Results: formal & informal integration

- **Formal integration** of climate change adaptation policy into EU trade and finance policies is in its early stages;
- The interviewees mainly described **informal processes** and policy objectives around climate change adaptation, whereas few raised actual policy instruments, their implementation, or the assessments of policy outcomes;
- The informal processes have contributed to progress on the general **policy level (level 1)**, whereas **implementation (level 2)** is only emerging. The interviewees recognised the complexity of cross-border climate impact transmissions, but lacked tools and in some cases also mandate to address them in a way that would make **responses (level 3)** coherent across borders, organisations and policy domains.

Policy responses of organisations dealing with cross-border impacts of climate change



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Policy integration for achieving coherence in dealing with cross-border climate risks starts with informal processes

- From the adaptation policy actors' perspective, integration efforts resemble 'orchestration' (Abbot et al 2012) which *enlists "intermediary actors on a voluntary basis, by providing them with ideational and material support, to address target actors in pursuit of governance goals"*;
- For integration to develop it is essential that policy actors find common ground to initiate the institutional connections between policies for climate change adaptation, trade and finance;
- Trade and finance policies have a long history [though not always glorious or benign] of addressing cross-border issues. Contrary to normative Environmental Policy Integration, which has been seen as a means for unidirectional influence, **cross-border climate policy integration should build on co-creation and mutual learning across policy domains.**

Abbott et al., 2012: Orchestration: Global Governance through Intermediaries
<http://dx.doi.org/10.2139/ssrn.2125452>

Challenges need to be recognised

- Informal encouragement and cooperation are important, but pure informality often suffers from lack of accountability, transparency and coherent strategies (Kivimaa, 2022)
- Informal integration has received rather little attention in the literature on policy integration and coherence. Examining its effectiveness is methodologically demanding.
- Coherence between policy domains can arise even in the absence of integration, and integration at a strategic level is no guarantee for coherence at the level of policy outcomes.
- “Deep integration” at the level of processes, outputs and outcomes is likely to increase the probability of coherent outcomes but may reduce agility needed in a dynamic world.



Thank you!

samuli.pitzen@syke.fi

mikael.hilden@syke.fi

Web: cascades.eu

Email: info@cascades.eu

Twitter: [@CASCADES-EU](https://twitter.com/CASCADES-EU)

