

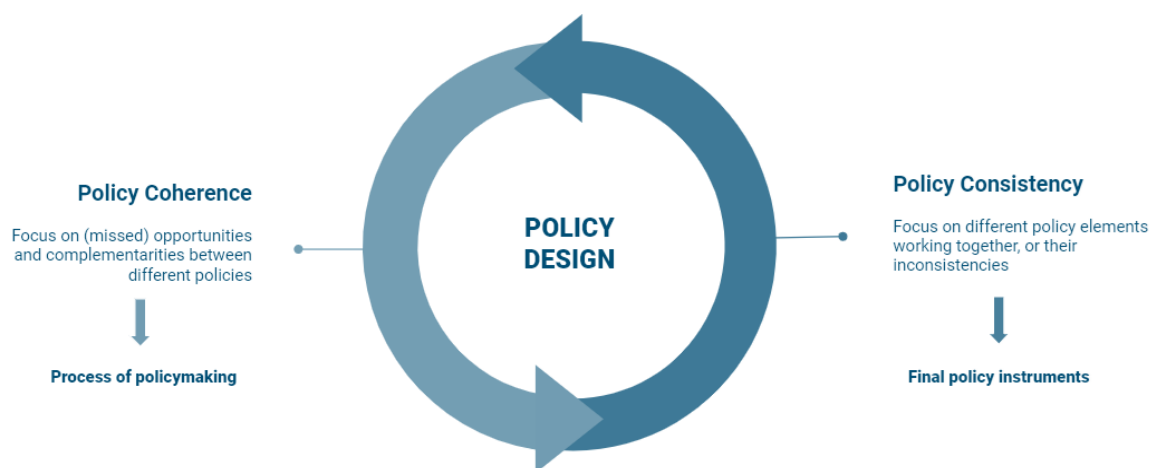
# Trade-offs & Tensions between Wellbeing Economy Policies

Managing trade-offs and  
Power dynamics in  
Public policy

## About the guidance

A number of connections emerge between different wellbeing economy policy objectives. This is a complex and multifaceted field that tackles interconnected aspects of our economic, social, and ecological systems. This guidance is meant to support policymakers, and those working in a policy setting, deal with these connections and possible conflicts. To use this resource in a multi-stakeholder setting, the tone should be adapted to fit the audience.

To create policies that work, as you design the measures and instruments to build an economy designed for wellbeing, it's important to take steps to ensure that the improvement of one objective does not come at the detriment of another. For this, it is essential to consider the interlinkages and synergies between policy objectives for **policy coherence** across policy areas and **policy consistency** in the final policy instruments.



Sometimes, different aspects of a wellbeing economy can appear at first to be incompatible and/or contradictory. That is why it is essential to work towards coherence within the process of policymaking and consistency between individual elements that impact how effective policies are.

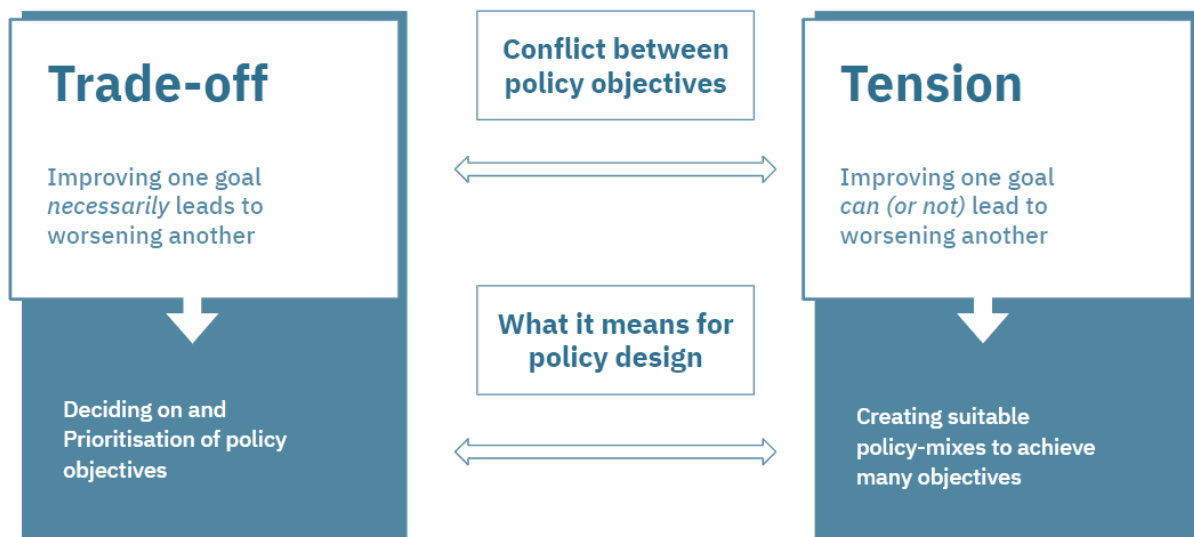
### Benefits of managing trade-offs and tensions:

- Reduce conflicts between different policies by promoting programs that are better interconnected and mutually supportive
- Make better use of resources and cost effectiveness by removing overlaps and realising economies of scale
- Help represent the full diversity of the community it serves by bringing in more actors and interests

### Being clear about what needs to be solved: trade-offs vs tensions

Coming up with a strategy for a wellbeing economy demands a high amount of coordination and integration between different aspects of the economy. It touches upon diverse areas that are essential for life, such as housing, transport, labour, and health. One policy challenge that emerges is how to deal with tensions and trade-offs coming from different, yet interlinked, policy objectives.

To manage these conflicts, the first step is to differentiate what are tensions and what are trade-offs.



Understanding which is which makes it easier to find solutions where there seems to be no possible answer for policy coherence challenges or conflicts.

For example, in the debate during the COVID-19 pandemic, some politicians argued that lock-downs or closing down economic activities could lead to unacceptable economic consequences for poorer parts of the population. However, there were very good policy mixes that allowed the achievement of the needed health measure while guaranteeing enough income and life essentials for the most vulnerable groups. New Zealand, Finland and Bhutan, for example, were able to [successfully contain the initial waves of the pandemic by taking a Wellbeing Economy approach.](#)

To find this policy mix, it is essential to identify whether the apparent conflict between wellbeing economy policy objectives is a tension or a trade-off.

**Policy mix:** the combination of instruments, resources and common objectives across different policy areas and governance levels

## [Achieving a wellbeing economy: a process for coherence](#)

Understanding what needs to be solved is just the first step in managing trade-offs and tensions. We present below a process that aims to support you in identifying policy inconsistencies and co-creating solutions to achieve coherence and consistency in your wellbeing strategy.

There are five parts to this process. Below you will find a description as well as resources on methods to help you achieve each step. Note that each step builds on the previous one.

### **1. Clarification of objectives and priority setting**

Define which policy areas around wellbeing and which objectives within these areas you will focus on. This means defining where coherence should be increased.

It is important to define clear priorities between policy objectives because this is the basis for decision making. Priorities should be accompanied by policy targets where possible. This facilitates their understanding and measurement.

You also need to identify the actors and stakeholders involved. Community engagement and participatory priority setting enhance public support and help to overcome future challenges to implementation.

**Exemplary methods:** High-level roundtables with decision makers, co-creative objective setting (see [overview on co-creation](#)), visioning exercises with communities (see [overview on visioning process](#))

## 2. Assessment of existing policy mix

Assess current policy instruments in place and evaluate whether these are consistent with your wellbeing vision. For this step, it is important to clarify how each measure impacts the policy objectives (i.e. does it help or hamper the achievement of the objectives?)

A second step in this part is to assess the interaction between policy objectives to identify tensions or trade-offs between them. Map out both positive and negative interlinkages between objectives and measures to explore which conflicts are likely to unfold.



## Example

You are carrying out a session to map out trade-offs and tensions. You decided that you want to investigate the area of housing and housing policies. First you need to define cross-cutting objectives (step 1 in this guidance). With this in mind, you define that you are looking at 'how housing policy supports building a wellbeing economy'. Based on this, you could assess the interaction between policy objectives and instruments to identify trade-offs and tensions between their expected contribution.

### For this, you want to steer the debate . You can ask questions like:

- To what extent does the policy instrument X contribute to objectives linked to achieving social wellbeing in the community? And how does this contribute to enhancing ecological wellbeing?
- What are the main types of interaction between the policy instruments?
- How can we think beyond the current set of instruments in order to achieve both objectives?

### Here is an illustration of how to approach the role of housing in building a wellbeing economy:

#### 1 – Think of policies which support housing

This could be shared or communal housing schemes. Another example being progressive taxation on property.

#### 2 – Map existing policy instruments

What is already in place? Maybe there are already instruments to support shared housing such as priority areas for communal projects for example, lower prices for purchasing community/ municipality ground through lower taxes or more favourable mortgage terms.

#### 3 – Identify trade-offs, tensions and synergies

Shared housing can help families afford housing and support community building. At the same time, sharing public and guest spaces reduces residential space. This can help decarbonize homes by minimising floor area and energy-intensive appliances. Visible here is a synergy between objectives.

Property taxation schemes can make buying a bigger house or apartment cost more money. This helps to enhance distribution and also decarbonize homes by lowering floor space. But such a tool can disproportionately affect larger families. Thus there are tensions related to wellbeing. The way such an instrument is designed will matter to decrease the tension.

For this analytical exercise, it is important to:

- Take the time horizon into consideration. What appears as a trade-off in a static setting can sometimes become a tension in a dynamic setting
- Analyse whether a different conceptualization can transform trade-offs into tensions, e.g., by focusing on prosperity instead of growth

**Exemplary methods:** Policy inventory, intervention logic development, cross-institutional impact assessments, multi-criteria analysis

### 3. Policy integration

With the mapping from part 2, the way objectives and policy measures interact become clear and easier to manage.

**For tensions:** address tensions by developing complementary policy instruments which decrease the tension. Find creative and meaningful solutions by involving the community and a diverse set of stakeholders.

**For trade-offs:** now that you know them, explicitly communicate trade-offs to provide a base for decision making and make your process more transparent.

Finally, you need to tackle **tensions between the actors' objectives** involved. This ensures coherency between the wellbeing economy policy design process and ongoing activities. This requires continued investment in relationships between actors, and open discussions about how implementation is going.

For this, it is essential to identify potential synergies between ongoing and planned activities and how they can be leveraged, as well as finding formats for actions required to improve cross-area interaction. This step should involve as many relevant and responsible actors as possible.

**Exemplary methods:** co-creative policy labs, desk research, reports

#### 4. Evaluation of proposed updates and impact assessments

In this step, scientific actors or someone with a bit more distance from the process can examine the plausibility of the updated proposals. An impact assessment needs to be carried out if significant impacts are expected to come out of the wellbeing economy policies.

**Exemplary methods:** Research by external experts, impact, and indicator assessments

#### 5. Implementation, Monitoring, and Evaluation

Define the implementation plans. To overcome common challenges with implementation, it is helpful to engage citizens in the policy process actively. This can (and should) be done in the visioning and objective-setting phase, and also when it comes to monitoring and adaptation.

Set up a monitoring system for the policymaking period as well as the period after implementation. This helps to:

- Ensure one factors in the adaptive and reactive nature of policymaking
- Foster policy learning for a wellbeing economy transition

**Exemplary methods:** multi-stakeholder action plan, development forums, stakeholder mapping, community implementation