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‘Towards a sustainable innovation policy – Institutional structures, stakeholder participation and mixes of policy instruments’

Environmental policy and innovation policy regimes at national and EC levels require a more strategic principle and process based approach to policy coherence, in order to achieve greater integration. This paper investigates potential public-private institutional structures, forms of stakeholder participation, and development of mixes of policy instruments that could play a role in integrating environmental policy and innovation policy regimes into a *sustainable innovation policy* regime. These factors form part of guidance for improving policy processes for promoting sustainable innovation, currently being formulated in a research project under the UK ESRC Sustainable Technologies Programme, aiming to reflect the complexity of both innovation and environmental processes and systems.

This paper analyses three aspects of this guidance – the role of *public-private institutional structures* in policy development; forms of *stakeholder participation* and related consensual policy decision-making designed to include representatives of the innovation constituency; and approaches to the development of a more coherent and integrated *mix of policy instruments*. It draws on a project case study of EC Directives and other policy measures relating to alternative energy sources in vehicles; assessment of Integrated Product Policy as an attempt to achieve greater policy coherence; analysis of the Transition Management approach (developed by Kemp and Rotmans, and now being applied to innovation in energy policy by the Netherlands’ Ministry of Economic Affairs); and direct experience of involvement in EC policy processes.

Finally, potential institutional developments to move to a more *adaptive policy making* approach are considered. This would facilitate ‘*policy learning*’, by institutionalising policy review, learning and correction mechanisms, and so facilitate more rapid reaction to the dynamics of innovation. It is argued that such an approach could be beneficial to sustainable innovation policy, the development of more sustainable innovation systems, and also to the integration of environmental policy with other policy areas.