

## Step 6. Identifying synergies, conflicts and trade-offs

Once the potential impacts of a proposed policy have been enumerated, the next step is to identify the major synergies, conflicts or trade-offs across the economic, environmental and social domains. The aim is to compare the positive and negative impacts in the different domains and to tease out potential conflicts. For example, regulations to control polluting emissions will have positive environmental effects, but possibly also negative impacts on economic competitiveness. Similarly, reforms to eliminate environmentally-harmful subsidies can have positive ecological and economic outcomes, but also negative social impacts by endangering the welfare of certain labour groups and communities.

This step, which in practice is also closely linked to Step Seven (mitigating measures), is the most contentious. Unlike economic impacts, it is often difficult to assign monetary values to environmental and social impacts. Because qualitative (social) aspects are not so easily quantifiable, some argue that economic factors will be given more weight in assessments and overshadow the potential ecological and social concerns, even though these impacts may be equally or more severe than the economic impacts.

However, there are a number of approaches for comparing economic, environmental and social impacts on more or less equal terms. For example, a large number of methods for multi-criteria analysis exist to rank and compare sustainability impacts in the different pillars (Table 7.1). These methods differ in terms of the decision rule used on compensation and the type of data they handle. Compensation or compensability refer to the possibility of trading-off negative impacts (*e.g.* high pollution levels) against the positive effects of another criterion (*e.g.* income growth). There are basically three ways to compensate for trade-offs:

1. A fully compensatory method allows the weak performance of one criterion to be totally compensated for by the good outcomes of another.
2. A partial compensatory method sets limits to the ability to compensate.
3. A non-compensatory method allows no trade-offs. In other words, “weak sustainability” allows natural or environmental capital to be traded off against produced or manufactured capital, while “strong sustainability” does not allow for such substitutions.

SIAs can also incorporate various kinds of information expressed in different units: quantitative figures such as monetary values; physical quantities such as pollutant emissions; and more qualitative measures of human capital and social values. The measures of different types of impacts can be standardised and ranked or rated according to their perceived degree of importance.

Whatever the choice of methods, it is important to leave the final assessment of the impacts to a combination of multi-criteria analysis and democratic deliberation.

Table 7.1. Selection criteria for multi-criteria analysis methods

Method	Compensatory	Partial-compensatory	Non-compensatory	Quantitative data	Qualitative data	Mixed data
Multi-attribute value theory	†					†
Weighted summation	†			†		
Analytic hierarchy process	†					†
Preference ranking organisation method for enrichment evaluations		†				†
Novel approach to imprecise assessment and decision Environments		†				†
REGIME		†			†	†
Dominance method			†		†	

Source: Adapted from Sustainability A-Test ([www.SustainabilityA-test.net](http://www.SustainabilityA-test.net)).