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The New Institutional Approach to Environmental Governance

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What is New Institutionalism?

- ❑ A discipline-crossing social science research tradition in economics, political science, IR, sociology, etc.
- ❑ Acknowledges the importance and centrality of institutions in social and economic life.
- ❑ A variant of rational choice theories which admits that information is costly (transaction costs exist) and that agents' cognitive capacity is limited.
- ❑ Shares the neoclassical and rational choice theories' assumption of utility or welfare maximisation as the individual goal and sometimes as collective goal.
- ❑ Other elements and influences include game theory, evolutionary theories, etc.
- ❑ More qualitatively oriented than neoclassical economics.
- ❑ Not particularly strong in environmental research.

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What is environmental governance?

- Hollowing out of state? Absence of government? => Descriptive & restrictive take on EG.
- Resolution of environmental conflicts through the establishment, reaffirmation and change of institutions. => functional & extensive take on EG.
- Environmental conflict is an analytical, not a descriptive concept: conflict of values, goals or interests the key.
- Institutional arrangements emerge to resolve conflicts, not to coordinate, optimise on transaction costs, or maximise social welfare.
- Social justice – both distributive and procedural justice - is central to environmental governance.

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Why multi-level environmental governance?

- Multiple causation?
- To overcome collective action challenges?
- To minimise / optimise governance costs?
- Because of economies of scope, or path dependency
- Because of different scales of benefit & cost
"catchments" of multi-functional resources?

	Nested	Differentiated
Top down		
Bottom up		

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Situation

Resource attributes:

- Rival / non-rival use
- Difficulty of exclusion
- Mobility, storage etc.

Community attributes:

- Numbers
- Heterogeneity
- Information
- Social capital

Structure

Property regime

- Res Nullius
- Common property
- (State property)
- Private property

Institutional design

- Tier structure
- Organisation of functions
- Rule formulation
- Transaction costs

Performance

Performance criteria:

- Allocative outcomes
- Distributive outcomes
- Ecological outcomes
- Procedural implications

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Resource & user attributes & conflict:

	Rival	Non-Rival
Easy Exclusion	Private Goods	Toll Goods
Difficult Exclusion	Common-Pool Resources	Pure public goods

- NIE offers concepts for context sensitive and nuanced analysis of governance challenges.
- Different resources generate different kinds of governance challenges (see table on the left).
- Resource attributes e.g. multiple use, mobility, fluctuations also important.
- User attributes e.g. numbers, heterogeneity, also shape governance problems and highlight their contextuality

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Environmental governance schemes are ownership arrangements:

Established View	Better View?
1. Private property	Private ownership
2. State property	Redundant – resolves to 1 & 3
3. Common property	<u>Collective ownership</u> , including many national policies & MEAs
4. Res nullius / open access	Res nullius ≠ open access



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Aspects of design of governance institutions:

- Tiers (constitutional, institutional and operational tiers) and levels (uniplanar vs. multi-level)
- Organisation of generic governance functions
- Formulation of key governance rules for each of the generic governance functions

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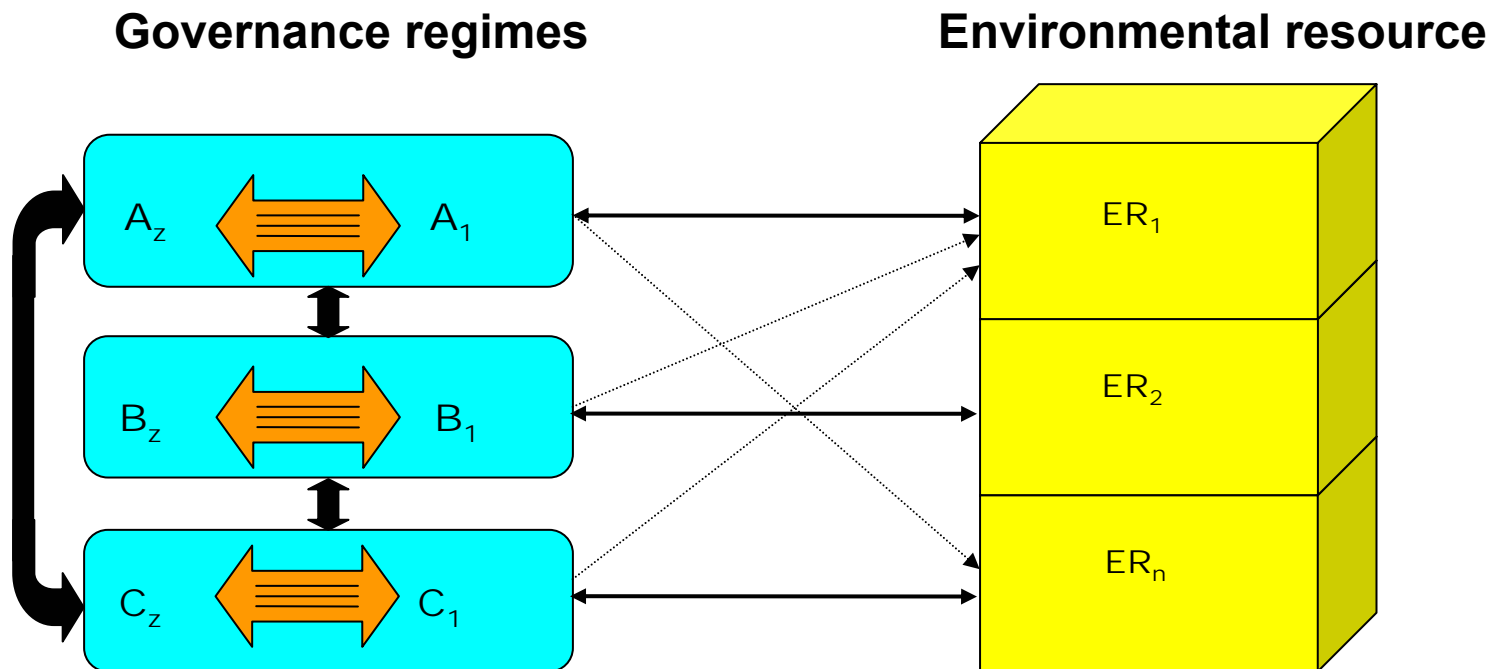
Governance functions:

1. exclusion of unauthorized users;
2. Sharing of benefits of authorized resource use by regulating it;
3. provisioning the resource and sharing the costs of doing so;
4. monitoring of resource users;
5. enforcement of compliance with rules;
6. resolution of conflicts;
7. collective choice

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Environmental governance schemes and environmental resource systems:



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Governance Goals

- Rational choice theories: welfare or utility of choosing agents the only motivation / goal
- But agents may be motivated by welfare, seek intrinsically valuable outcomes, or follow rules.
- In this kind of radical pluralism, agents motivated by different values can make same or different choices in the same situation.
- Pluralist collective choices are a matter of distributive and procedural justice
- Multiple goals are likely to emerge. Their attainment is influenced by transaction costs.

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Transaction costs include the costs of:

- seeking information
- conducting negotiations,
- making decisions,
- specifying contracts / institutions,
- monitoring compliance with contracts / institutions
- enforcing contracts / institutions

Transaction costs exist because of:

- Limited cognitive capacity
- Incentives to withhold information
- Physical attributes of goods and resources
- Existence of real time
- Institutional arrangements

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Transaction costs & governance:

- ❑ TAC originating from “situation” influence what governance solutions actually address and how;
- ❑ Institutional design can cause high TAC, reduce effectiveness and influence governance outcomes;
- ❑ TAC influence to what extent involved groups can participate and make their interests to count;
- ❑ Institutions constitute and position agents differently vis-à-vis environmental decision-making.
- ❑ Institutions also influence the relative power of agents by defining the procedures of recognition and hearing; these can differ for groups of agents.

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Conclusions:

- NIE offers analytical concepts that foster nuanced and contextual analysis of environmental governance
- Many possibilities exist to go beyond the bounds of existing literature – white areas in the scholarly map.
- Multi-level governance of large and complex resources is an area where there are particularly good opportunities to leave a “mark”.
- Theoretically, there is scope for work on cross-fertilisation between strands of literature, e.g. NIE, participation, and social justice



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