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Beyond Efficiency – Exploring the Political and Institutional Dimensions of Market-based Instruments for Ecosystem Services

International Workshop

Protestant House of Education (Evangelische Bildungsstätte)
Isle of Schwanenwerder, Berlin, Germany

13-14 March 2012

- Call for Papers -

We invite abstracts for papers that discuss market-based policy instruments in environmental governance and, more specifically, in the provision of ecosystem services. Papers should pay special attention to (A) the discourse on and politics of market-based instruments (MBIs) for ecosystem services, (B) polycentric or multi-level governance contexts of MBIs, and/or (C) their performance and assessment. The starting point for discussion is that, while MBIs feature prominently in national and international policy discourses, the debate tends to be narrowed down on their economic aspects, in particular on their cost-effectiveness or efficiency. Here, *cost-effectiveness* usually refers to the relationship between resources expended (costs) and the accuracy and completeness with which specific goals or policy objectives are achieved, while *efficiency* denotes the resources expended related to the (monetary) values of policy outcomes. Our objective is to broaden the debate by specifically exploring the political and institutional dimensions linked with MBIs for ecosystem services in order to generate new insights into their design and performance within *and* beyond the realms of cost-effectiveness and efficiency.

Background

For decades, market-based policy instruments have raised interest among academics of various disciplines, most notably economists and political scientists. In the early 1990s, this interest spilled over to policy makers. The development and application of payment schemes, tradable certificates, and other policy incentives have been pushed by various societal actors around the globe – through such international processes as the Millennium Ecosystem Assessment, the Stern review and the “TEEB” initiative on the economics of ecosystems and biodiversity. In accordance with this trend, MBIs have been introduced with greater frequency in environmental, agri-environmental, land-use and resource-use policies, in particular to foster the provision of ecosystem services. Often presented as a cost-effective

panacea, they are increasingly complementing – and partly even substituting – command-and-control policies, direct provision of goods and services by the state, and forms of community governance. There is, however, a need to explore the performance of MBIs beyond efficiency and to also investigate their role within political processes ('politics') and institutional contexts ('polity'). Exciting new perspectives are emerging within the social sciences that address such issues, though often at the more general level of instrument analysis and not yet linked to MBIs *for ecosystem services*.

– With regard to the social and political processes surrounding MBIs, interpretative research approaches, for instance, have started to examine the social and political *discourse on MBIs*, its global spread, and its delegitimizing effects on 'conventional' policy instruments. Looking at the social construction of policy instruments, recent research points out, among other things, that policy instruments are not 'neutral' devices, but rather structure public policy according to their own logic, for example, by driving forward a certain representation and problematisation of the issues they address. They also exercise specific symbolic functions. For example, MBIs are often connoted as having economic and social efficiency, though their actual configurations are not necessarily superior to other instruments in terms of efficiency. Moreover, policy analysts are exploring determinants of instrument choice and the political dynamics and development pathways of MBIs, including their emergence and stabilisation, differentiation, and possibly collapse. MBIs for ecosystem services are sometimes socially contested, so that political struggles surround their introduction or implementation, as has been shown both for developed and developing countries. Examples include the introduction of Global Trading Emission Schemes as well as support programmes for biofuels.

Political scientists and institutional economists alike point to the fact that MBIs are usually developed and implemented within political and economic structures that are characterised by highly diverse *institutional arrangements and polycentric governance structures*. In polycentric systems, ecosystem service provision is governed by a broad range of diverse authorities with partly overlapping jurisdictions and partly private organisations with responsibilities defined in multiple ways – from all levels of aggregation and all sectors of the economy. The intricacies of such polycentric or multi-level governance structures are exemplified by policy making and implementation processes in the European Union: power over the design and implementation of MBIs for ecosystem services in EU Member States is shifted not only upwards, to responsible EU and international organizations, but also downwards to regions, cities, and communities as well as 'outwards' to civil society

and non-state actors. For polycentric or multi-level governance systems to function properly, complex sets of flexible and reliable institutions are needed.

Finally, the political implementation of MBIs for ecosystem services has led to a substantial body of both theoretical and empirical *assessments of their performance*. Featuring prominently, environmental, institutional and other economic studies have linked the performance of MBIs in terms of cost-effectiveness and efficiency to specific features of many environmental goods and ecosystem services, including their limited excludability, complexity and unclear cause-effect relations, a lack of low-cost measurability and valuation as well as unclear or ineffective property rights over them. While other strands of the social sciences assess instrument performance with regard to further criteria like equity and legitimacy, the body of research applying such criteria to the performance of MBIs for ecosystem services is still relatively small. Likewise, systematic comparisons of the performance of MBIs versus that of alternative (non-market-based) instruments governing the same matter are still missing.

Objectives

Based on interpretative, institutionalist, and economic perspectives, the workshop aims at adding to the present cost-effectiveness and efficiency-centred debate on MBIs for the provision of environmental goods and ecosystem services in three ways, by

- (1) enhancing understanding of the discourse on and politics of MBIs;
- (2) taking account of the intricacies linked to the various roles of and interdependencies between MBIs in a polycentric, multi-level governance context; and
- (3) addressing conceptual and empirical issues related to the performance and assessment of MBIs, particularly beyond the question of cost-effectiveness and efficiency.

The workshop focuses on MBIs that govern management strategies (for example, natural resource management and multifunctional agriculture) and processes (for example, climate change) affecting the provision of ecosystem services. In geographic terms, the focus is on *Europe*, but references to MBIs designed for or implemented in other cultural landscapes of the world are also welcome.

Empirical case studies are as welcome as theoretical and conceptual reflections from the perspectives of political science, sociology, institutional economics,

environmental economics, political economy or other strands of social science. A variety of academic angles on how to describe and analyse the links between MBIs, ecosystem services, land use, and nature protection will provide useful insights for the further development of theories and empirical methodologies.

We particularly welcome papers that address issues within the following three main categories:

A. The discourse on and politics of MBIs for ecosystem services

– Contributed papers may

- analyse the social construction of MBIs for ecosystem services, the symbolic functions attributed to them, the narratives, norms and – for example, political, economic, and land use – practices linked with them;
- explore the discourse on MBIs for ecosystem services, its characteristics, its impact on policy-making and socio-ecological governance, and its relationship to power;
- discuss the rise of MBIs for ecosystem services in environmental governance (within European countries, at EU- or international level) and the drivers of their introduction, including the role of discourse and expertise, power, change agents, policy learning, policy diffusion, or institutional interaction (for example, through case studies that investigate why policy-makers choose MBIs over alternative policy instruments);
- empirically investigate instances of social contestation, political conflict, and/or hegemonial stabilisation surrounding the introduction and implementation of MBIs for ecosystem services (within Europe);
- examine the political dynamics and development pathways of specific MBIs, including timing, sequencing, path-dependency, and co-evolution with embedding structures (for example, land use patterns, agricultural production modes, and technologies);
- analytically or empirically explore the implications for democracy – with regard, for example, to transparency, citizen participation and devolution, political accountability and parliamentary control, the role of lobbies and experts – of individual MBIs for ecosystem services or of the shift towards MBIs more generally.

B. MBIs in a polycentric or multi-level governance context

Contributed papers may

- investigate (top-down, bottom-up, or lateral) processes of influence and interaction in the shaping of MBIs for ecosystem services across different administrative levels, examining, for instance, the role of international policies and governance structures for the emergence and design of MBIs at EU and/or EU Member State level;
- explore the evolution of the international discourse on MBIs for ecosystem services and its impacts on policy making at different geographical scales;
- analyse the role of state and non-state actors (and hence of participation and devolution) in shaping MBIs within polycentric or multi-level governance systems;
- look into the relation between international policies and local practices (i.e. agricultural, forestal, and other forms of land use) for the market-based provision of ecosystem services;
- analyse the interaction between MBIs and other relevant policy instruments at the same and/or at different administrative levels;
- address problems related to design and effective implementation of flexible and reliable institutions to ensure effective polycentric or multi-level governance systems.

C. Performance and assessment of MBIs

Contributed papers may

- address conceptual, methodological and empirical challenges for the assessment of MBIs for ecosystem services;
- analytically or empirically assess the performance of MBIs for ecosystem services with regard to any of the following criteria: environmental effectiveness, cost-effectiveness, efficiency, political feasibility and practicability, transparency and democracy, equity, and societal legitimacy. What factors increase or decrease the instruments' performance with regard to these criteria? Where and how can trade-offs between different criteria be identified?;
- analytically or empirically compare the performance of MBIs for ecosystem services with the performance of other (for example, command-and-control) policy instruments governing the same matter. Which types of instruments are



most suitable for the provision of a specific ecosystem service or for a given resource use problem or (socioeconomic, institutional, cultural, etc.) problem context?

- look into the combination and complementarity of MBIs and other policy instruments in order to improve policy performance with regard to one or more assessment criterion/criteria.

Contributors are encouraged to state into which main category their paper would fit best. However, papers addressing cross-cutting issues are also welcome. Selected papers from the workshop will be published either in an edited book or in one or two special issues of distinguished journals in the fields of political science, sociology, institutional economics, or environmental economics.

Keynotes

The workshop will include keynote presentations from leading researchers in the fields of political science, sociology, institutional economics and environmental economics working on the issues addressed above:

- Patrick LeGalès, SciencePo Paris (France)
- Bas Arts, Wageningen University (The Netherlands)
- Konrad Hagedorn, Humboldt-Universität zu Berlin (Germany)
- Joshua Farley, University of Vermont, Gund Institute for Ecological Economics (USA)
- Christoph Görg, University of Kassel / Helmholtz Centre for Environmental Research - UFZ (Germany) (t.b.c.)

Participants

The workshop aims to provide an interdisciplinary forum for about 20 PhD students, post-docs, and senior researchers from all fields of political science, sociology, institutional economics, and environmental economics, and other social sciences.

Please send an **abstract** of about 400 words to Christian Schleyer or Franziska Wolff **by 16 September 2011**. Notifications of acceptance will be sent out by 15 October 2011. Final papers are due by 15 February 2012.

Costs of participation in the workshop will be covered. Participants are expected to bear expenses for transportation and accommodation themselves. To a limited extent, we can provide additional travel support to people who would be unable to attend the workshop otherwise. If applicable, send a self-formulated request for financial assistance together with your abstract.



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