



Possibilities and Limits to ‘*public-financed PES*’ Implementation

An Application on “Forests for Water” Management

Guillaume de Buren – IDHEAP, Chair of Public Policies and Sustainability

Swiss-Asian Summer School

Lee Kuan Yee School of Public Policy, Singapore - 2013, 12 July

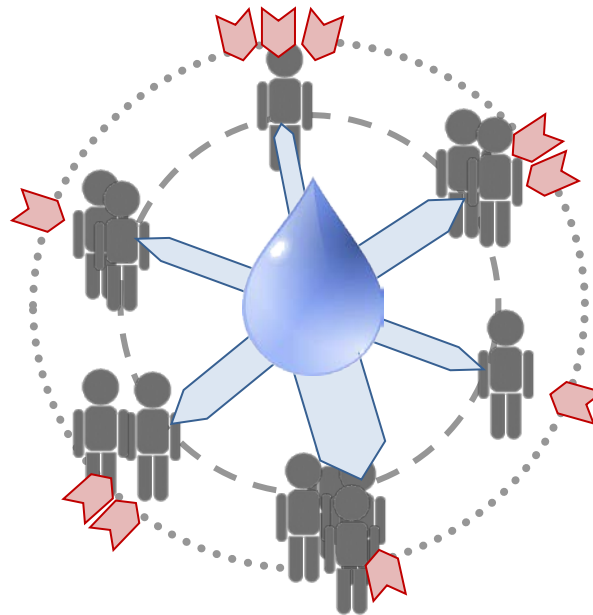


Swiss Graduate School of Public Administration
Lausanne, Switzerland

What is Natural Resources Management (NRM)?

What is managed is not the natural resources but **the uses** made of them **by actors**.

Institutions are “*humanly devised constraints*” influencing actors’ uses of resources.



In short my interest is focused on **how institutions influence the behavior of actors** and, *vice versa* **how actors influence the institutions**.

Actors choose to mobilize one or another institution. This is highly strategic !

Institutions: what are we talking about?

Types of institutions	Concrete examples	Types of actors
<i>Stemming from the ground</i> Propriety, land tenures <i>«Property Rights System»</i>	Property titles, easements, etc. <i>Central issue in Resource Economics</i>	right-holders (owners, etc.) or not
<i>Stemming from a collective policy process ($\neq \Sigma$ of private interests)</i> Public regulations <i>«Public Policies»</i>	Implementation outputs (permit, limitation, etc.) <i>Central issue in Public Policy Analysis</i>	Beneficiaries or targeted actors
<i>Stemming from a bi-/multilateral agreement ($= \Sigma$ of private interests)</i> Negotiated agreements <i>« Institutional Arrangements»</i>	Agreements, private or administrative contracts <i>Central issue in New Institutional Economics</i>	Parties or not

My thesis tries to grasp all those institutions and their interactions

It is a conceptual input in the “*Institutional Resource Regime*” analytical framework.

(Knoepfel et al 2001, 2003, Aubin 2007, Gerber et al. 2009, etc.)



Application of my research on “Forests for Water”



Swiss Graduate School of Public Administration
Lausanne, Switzerland

Forest services for ground water

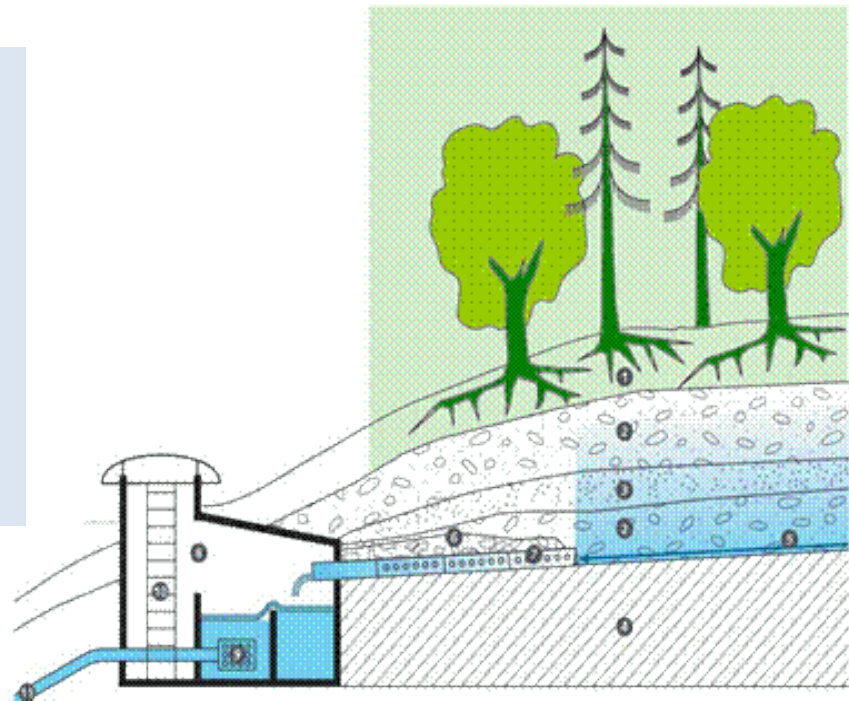
Forests provide an active protection of groundwater through the natural filtration and purification processes provided by forest soil during infiltration.

The issue of water quality and quantity depends also on the type of forestry.

Some facts:

In Switzerland, 47% of groundwater protection areas are located in the forest (Brändli, 2010).

In Lombok Island, 50% of the springs dried up following deforestation since 1985 (BLHP, Provincial Service of Environment and Research).

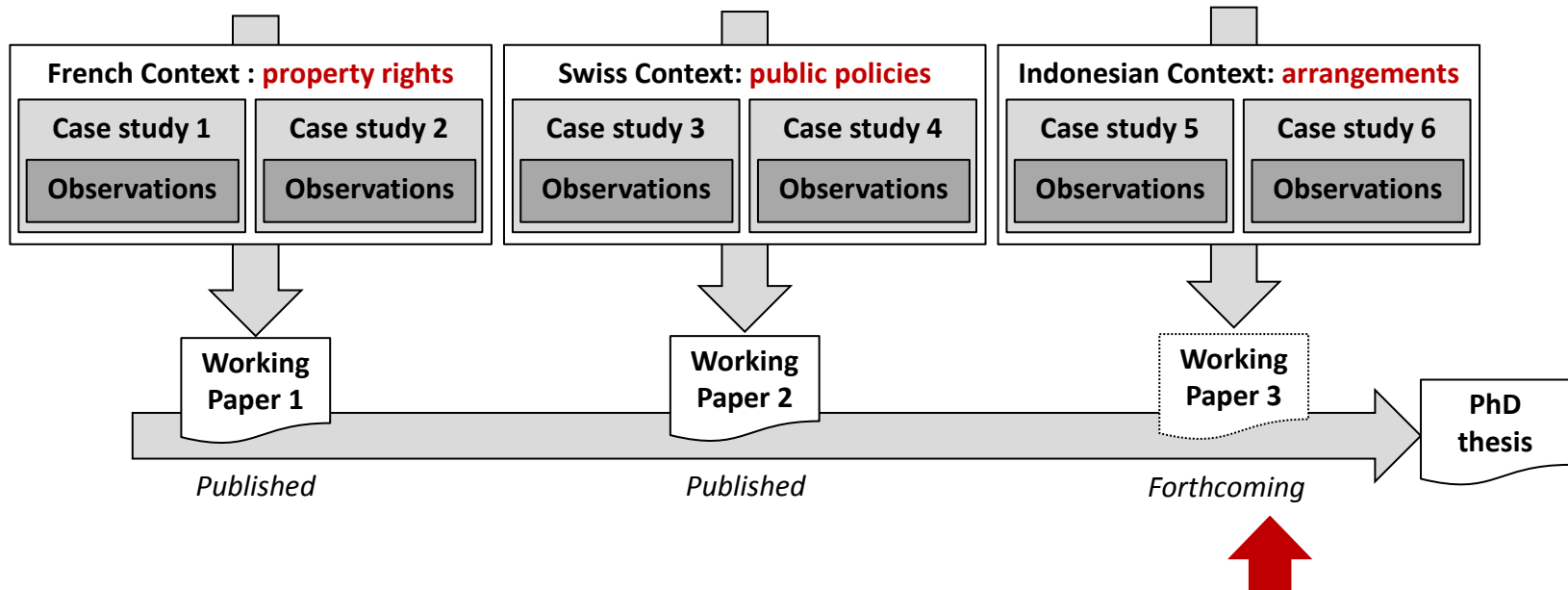


Research design

Each institutional context favors one type of institution, but never exclusively.

I conducted 6 case studies in 3 different institutional contexts (one for each type).

In order to control the other variables, we have drawn an **embedded research design** that allows us to compare our object in different institutional contexts.



This presentation focuses on “negotiated regulation”

Types of institutions

Concrete examples

Types of actors

Stemming from the ground

Propriety, land tenures
«Property Rights System»

Property titles,
easements, etc.

right-holders (owners,
etc.) or not

Central issue in Resource Economics

Stemming from a collective policy process ($\neq \Sigma$ of private interests)

Public regulations
«Public Policies»

Implementation outputs
(permit, limitation, etc.)

Beneficiaries or targeted
actors

Central issue in Public Policy Analysis

Stemming from a bi-/multilateral agreements ($= \Sigma$ of private interests)

Negotiated agreements
«Institutional
Arrangements»

Agreements, private or
administrative contracts

Parties or not

Central issue in New Institutional Economics

Focus of this presentation



Contracting as a public intervention

Public administrations conclude contracts with various actors.

Purchasing (to buy s.th. necessary for public service provision)

e. g. Purchasing of a purification plant or buy the forest.

Public Private Partnership (to delegate a public service provision)

e. g. Delegation of water purification service to a private company on a long term.

Bilateral contract with individuals (to modify a behavior or offer a compensation)

e. g. Compensation of a forester, who agrees not to exploit his forest.

Incentive used as an implementation tool (pay to reach a political goal set in a regulation)

e. g. European “Voluntary” Agro-Environmental Subsidies.

Conventional easement (without expropriation for public utility)

e.g. Access to a water catchment or to lay a pipe on someones land.

... etc. many other possibilities are observed.

The existence of a “contract” is not a relevant criteria because we observe them in all three types of institution. Rather the criteria is the bi-/multilateral agreement.

The legal regime differs according to the contract (*i. e. private or administrative law*).

The possibility for public administrations to conclude contracts depends very much of the legal tradition (*i. e. Common law vs. Civil law; Germanic tradition vs. French tradition, etc.*).

Use of negotiated arrangement to protect the environment

Since the 1990s, **Payments for Environmental Services (PES)** have been promoted.

(Neo)classical definition:

A voluntary payments from the beneficiaries of environmental services to the providers of the environmental service.

e. g. the water consumers pay foresters in order to maintain the forest.

In the last 5 years, **Ecological Economists** have enlarged the definition to include public interventions, compulsory payments, etc.

Simultaneously many **public administrations** are promoting PES in order to go beyond the limits of traditional environmental policies.

The question is :

“to what extent public payments can or cannot be assimilated to PES?”

In fact, despite their importance in literature, **few so-called PES meet the definition.**

Examples of public payments

Negotiated arrangement

Rather than regulating, the public administration negotiates in order to influence behaviors, obtain support for implementing a public service, etc.

Requirement of a legal basis.

Possibilities and limits defined by administrative law (*e. g. not obvious in Switzerland and Indonesia, but common in France*).



It is a PES

e. g. Agreement with foresters on logging limitation in a catchment area.

Incentive policy implementation

Implementation of provisions defined by a legislative body (politics) in a regulation.

It is an output of a public policy, that privileges incentive over constraint.

The provider is a candidate to whom the administration decides to allocate funds.

Legally there is no bi-/multilateral agreement, but a unilateral decision.



It is not a PES.

e. g. Public subsidies for catchment protection in a forest area.

We observe many confusions between those two types of public payments.

Not every public payment corresponds to the PES concept.

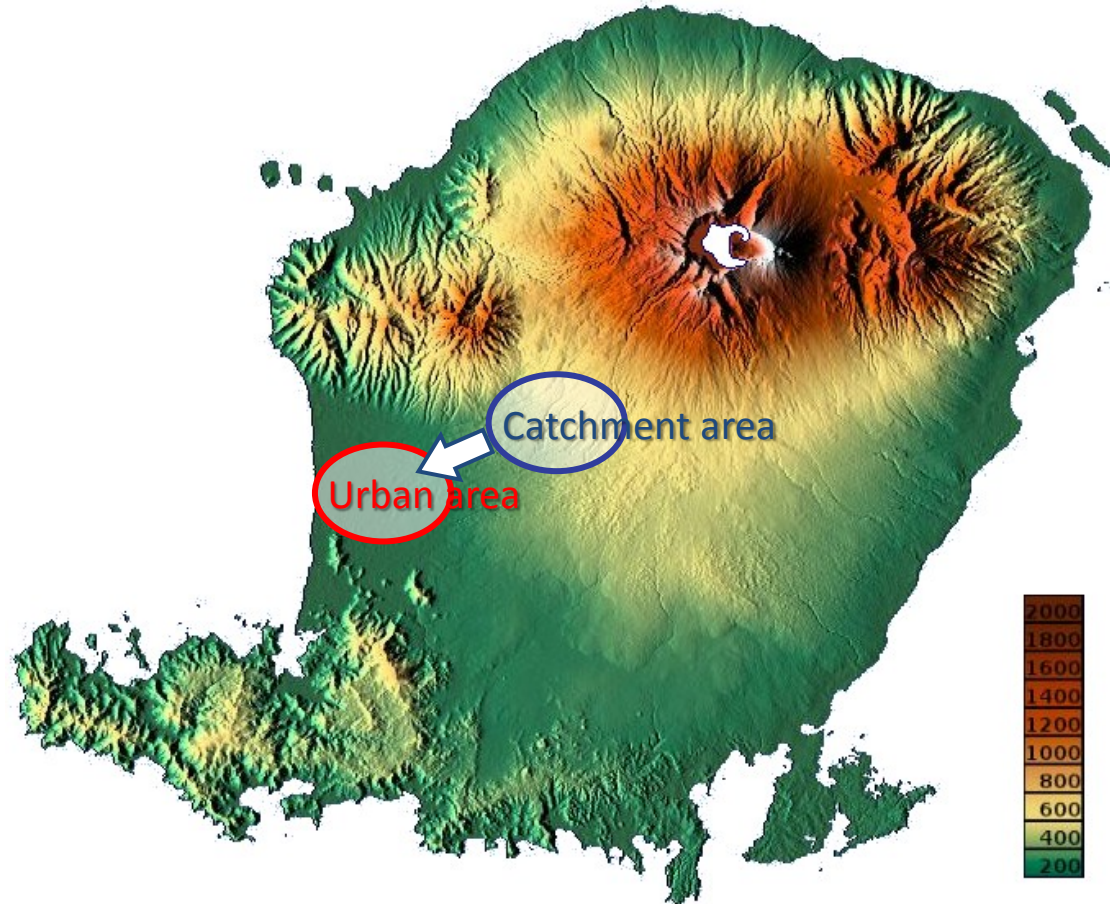
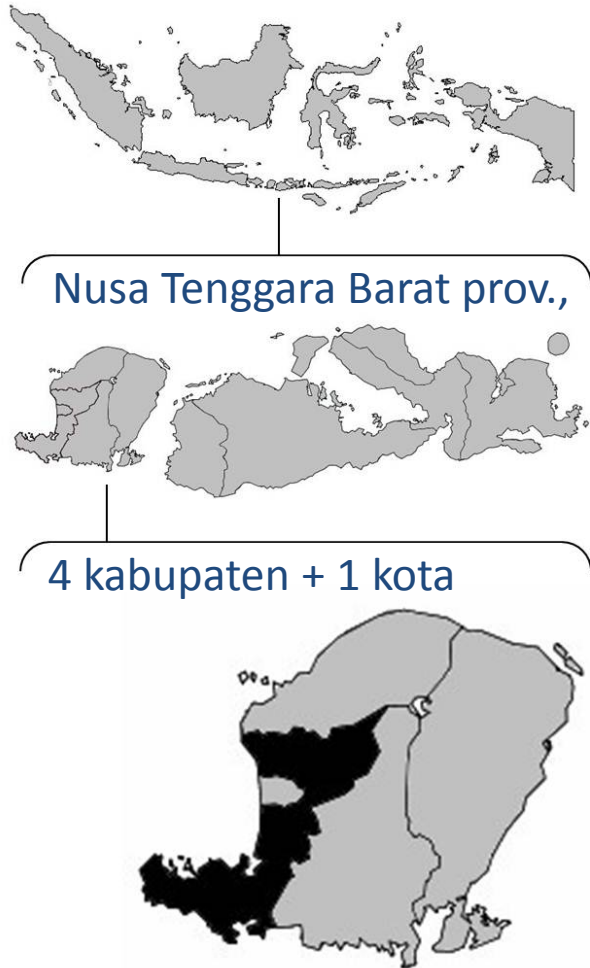


PES on my field research



Swiss Graduate School of Public Administration
Lausanne, Switzerland

Lombok island (Indonesia)



Activities in the field

 **Pemerintah Kabupaten Lombok Barat
dan Pemerintah Kota Mataram**
**PERUSAHAAN DAERAH AIR MINUM
MENANG - MATARAM**
Jl. Pendidikan No. 39 Telp. 632510 - 637536 Mataram - Lombok

1 

REKENING AIR

Bin/Th : Nopember/2009
Gol. : 2B

No. Samb. : 02-01-00017 / AH0007301

Angka Meter		Perincian Harga Air		Harga Air		
M3		M3	Tarif	Rp		
Akhir	854	10	500	5,000	By. Administrasi	11,800
Awal	836	8	850	6,800	By. Pemeliharaan	6,000
Pakai	18				Tagihan Air	5,000
BA	0				Denda	22,800
Restitusi	0				Materai	0
Total	18				Total Tagihan	0
					Jasa Lingkungan	22,800
						1,000

Dua Puluh Delapan Ribu Delapan Ratus Rupiah

Tanggal Lunas : - - Jumlah 28,800

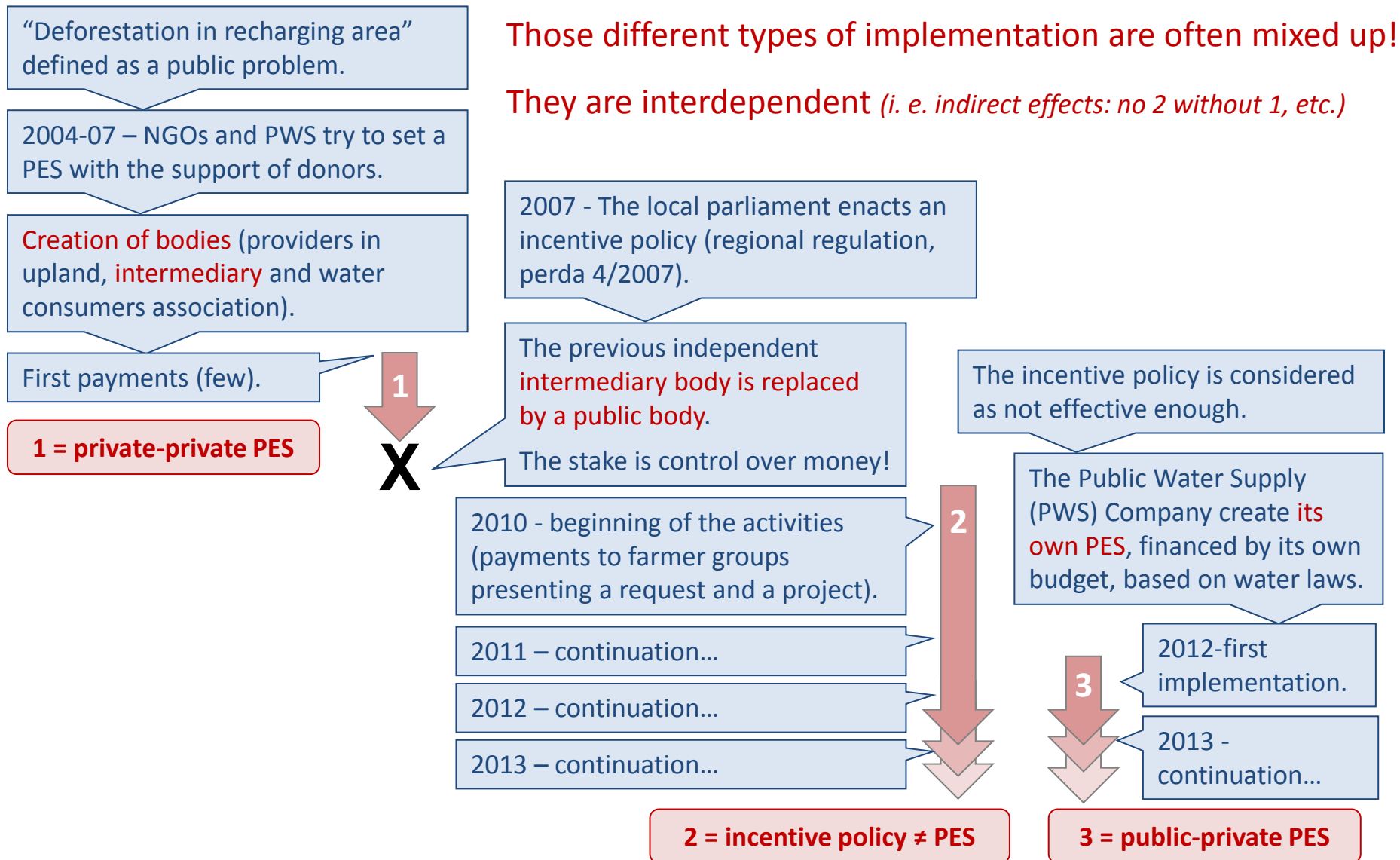
Pelaksana Kas : NURUL (BANK NTB AMPENAN)
Retribusi : 5,000 Perda No. 4 Tahun 2005

Direktur Utama

H. SUHAILY, ST



“PES” implementation in West Lombok Regency



Synthesis: which institutions are implemented now in Lombok?

Types of institutions	Concrete examples	Types of actors
Propriety, land tenure «Property Rights Systems»	Land owners have been expropriated from the catchment area.	Land holders (owners, etc.) or not
Public regulation «Public Policies»	Incentive policy encouraging local actors to reforest (<i>perda</i> 4/2007).	Beneficiaries or targeted actors
Negotiated agreements «Institutional Arrangements»	The public water supply company pay locals for reforestation activities.	Parties or not

Even in a weak institutional context, all 3 types of institutions are implemented.

To understand the reality, it is not possible to focus only on one type.

Conclusion

It is not important to know if a payment scheme is a “PES” or not, but...
it is essential to differentiate between the different types of institutions in order to use an appropriate analytical framework.

In this respect, the confusion between PES and incentive policies is problematic.

- Rational choice theories are dismissed to understand policy process which driven by non-rational political games and power struggle issues!
- Public Policy Analysis is not appropriate to explain negotiated arrangements!

The recent enlargement of the definition of PES by Ecological Economists generates a confusion between institutions.

The “*Institutional Resource Regime*” framework is designed to grasp two types of institutions and explain their articulations. The integration of the third type (negotiated arrangement) in the IRR is not conclusive (but progressing).

At that point, we see an urgent need for more interdisciplinary approaches!



Thank you for your attention

More on this topic on my Internet page:

www.idheap.ch/e/Guillaumedeburen (or Google my name)

On the same issue:

Schweizer, Dupuis & de Buren Guillaume (2013). "[Innovative implementation by non-state actors in environment-related areas](#)". ICPP-Grenoble

Contact: Guillaume.deBuren@unil.ch



Swiss Graduate School of Public Administration
Lausanne, Switzerland



A research supported by the

SWISS NATIONAL SCIENCE FOUNDATION