Good Governance

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Introduction and problem statement

Governance of ecosystem services (ES) and natural capital (NC) is one of the four major challenges addressed by OpenNESS. The term governance indicates a mode of steering that differs from state-centred top-down command-and-control approaches, as it is marked by the inclusion of a variety of actors or stakeholders beyond the state, but does not necessarily exclude any involvement of actors representing the state. Beyond this basic definition there is no consensus in the literature about the exact meaning and operationalization of the governance concept across different (sub-)disciplines and different conceptual approaches within these disciplines (e.g., Jessop, 2002; Hajer and Wagenaar, 2003; Pierre and Peters, 2000; Rhodes, 2007). What is particularly contested is whether the term itself has a normative connotation, i.e. whether the shift from government to governance is favourable per se, or just a matter of fact.

This last issue is important for the governance of ES & NC in general (e.g., concerning the inclusion of stakeholders). Even more so as there are very different modes of governance, including market-based mechanisms, networks, and cooperatives; all having context-specific advantages and disadvantages (Drissen et al., 2012). This debate becomes even more controversial, however, by the fact that many scholars assume that the concept of ES is in favour of market-based modes of governance, which also challenge state regulations (Gómez-Baggethun and Ruiz-Pérez, 2011; Sikor, 2013). Thus, Market-based Instruments (MBI) are often perceived as "better" compared to other governance mechanisms.

But what are appropriate criteria for the evaluation of governance modes? This question becomes even more relevant with the notion of "Good" Governance. The term "Good Governance" was coined by the World Bank in the 1990s to denote structural adjustment policies in general. But this normative approach was considered controversial from the beginning - sometimes criticized for being too ideological. A couple of years later the World Bank itself questioned the success of these policies (see Gisselquist, 2012 for an overview). This example clearly indicates that the term and its normative connotation raise some challenges: the precise (set of) normative criteria for evaluating governance may vary over time and may be disputed between different stakeholder groups and, thus, need to be reflected carefully. In this context, the following interlinked questions should be considered:

1. What is the specific (major) aim or purpose governance is "good" for (e.g., contributing to nature protection or improving human well-being)?

2. What are the normative criteria for evaluating governance: are they related to the outcome of a specific governance mode (e.g., effectiveness) or to the governance process itself (e.g., legitimacy, transparency)?

3. Who defines Good Governance? Are (all) affected stakeholders involved, and if so, how? How is Good Governance implemented and who is involved in the implementation?

All three questions address complex issues which may become even more complex when applied to the governance of ES & NC.

What are adequate normative criteria?

The second question emphasises the basic criteria against which governance modes are evaluated. Several criteria are used in the scientific literature, often in divergent interpretations: should the quality of governance be measured in terms of the outcome (e.g., effectiveness in reaching a certain target), the output (e.g., whether any policy measure is established, regardless of its effects), or the throughput (i.e. concerning the quality of the governance process, see Rauschmayer et al., 2009)? For ES & NC, effectiveness and inclusiveness (e.g. in terms of broad stakeholder participation, see question 3) are often

required; but also efficiency is sometimes mentioned. For evaluating the effectiveness of ES & NC governance, first of all we need to further identify its goal(s) (see next section). The notion of Good Governance needs clarity whether we expect a good result (outcome) or a good process, or both - and how both expectations are linked to each other. This challenge can be addressed through participatory evaluation, as the quality of such processes is very hard to objectify and to grasp empirically. Moreover, governance may not be the best answer to all kind of environmental problems and may create specific governance failure (i.e. failure emerging from the specific governance mode of steering, distinct from market or state failures; see Jessop, 2002). For example, sometimes governance instruments like Payments for Ecosystem Services (PES) are questioned for such kind of problems because they may not only undermine pre-existing regulations and produce negative outcomes, but also may violate resource users' rights and ethical values due to the often non-participatory process of implementation (Gómez-Baggethun and Ruiz-Pérez, 2011; Kronenberg and Hubacek, 2013; Sikor, 2013). Thus, to avoid governance failures, additional measures (e.g., participatory processes, forms of adaptive governance and institutional learning) are required (e.g., Dietz et al., 2003).

Moreover, effectiveness used as a criterion in policy evaluations often addresses only the practical implementation of specific policy targets, i.e. the implementation in an action plan or in regional or local policy measures (e.g., integrating land-uses in spatial planning). Effectiveness in a broader sense, however, should also address the final outcome of the policy, in our case the socio-ecological impact (see the SP on effectiveness). To analyse the impact of the underlying governance processes, however, a different approach is required which must include an analysis of ecological consequences of certain policy measures.

What is governance good for?

The first question is very much relevant for the governance of ES & NC: what are the specific aims or purposes of governance processes? The effectiveness of governance can only be measured against self-defined aims or purposes, be it nature protection or improving agricultural productivity. However, as a cross-cutting concept, which is not restricted to environmental aims like nature protection, aims of ES & NC governance may vary across a broad spectrum and stimulate trade-offs. What is good for nature protection may not be good for provisioning services or human well-being. In particular, the quality of governance processes may be measured differently whether a specific aim is considered (e.g., protection of biodiversity), or whether a broader approach is taken into consideration addressing the balance between biodiversity conservation and human well-being. This broader approach is the reason why the ES & NC concepts raise high expectation for mainstreaming the concept in different policy fields. At the same time, it complicates the search for Good Governance enormously; and being aware of this complexity is important. One often ignored implication of the notion of mainstreaming ES & NC is that aims from several policy fields must be balanced and that there is a need for policy integration or policy coherence between different policy fields (Ring and Schröter-Schlaack, 2011; Primmer and Furman, 2012). We can expect that this will raise conflicts of aims (policy trade-offs), but also conflicts of interests and thus is linked to the power relations involved.

Conflicts between aims raise normative concerns, too: How to balance, for example, biodiversity protection and human well-being? The reasons behind the conflicting aims under scrutiny and the expectations involved should be recognised. Identifying the interests underlying such conflicting aims can reveal underlying power structures; yet, rearranging them is likely to reveal the limits of governance. Dominant interests may impede a solution where ecosystem service trade-offs and conflicting aims need to be balanced. Unequal power relations are an important source for potential governance failures, and probably also one major reason for the degradation of ecosystems and the decline of biodiversity. For the governance of ES & NC, this implies that we have to address also the power relations related to existing or emerging modes of governance (see Turnpenny et al., 2014; Keune et al., 2013).

Who defines "Good" Governance?

This question also raises concerns about who is asking for "good" governance. The expectations differ depending on which stakeholders at which level drive the changes in governance. A national political organisation, a local level administration, and a scientific research project are likely to use different evaluation criteria for governance. For policy makers, existing modes of regulation and the strategies or

political institutions involved may be seen as given entities, whereas scientists may question the established procedures (e.g., the European multi-level governance system) and suggest alternatives. This, in turn, raises concerns how to organise adequate participatory processes, but also about the scope of Good Governance. Is the quality of governance related to the implementation of predefined criteria (like the criteria of "good ecological status" in the EU Water Framework Directive), or are we looking for a new approach to water governance using the concepts of ES & NC to identify "better" forms of governance?

Because of the normative implications of the terms ES & NC, stakeholder involvement and inclusive participatory processes are required for the governance of ES & NC as a rule (Menzel and Teng, 2009). This includes serious reflections about range, type, and degree of stakeholder involvement. Stakeholder involvement can vary from information and consultation up to co-design and joint control over the whole process (see SP on stakeholder participation, Hauck et al., 2015). Additionally, the notion of inclusiveness and inclusive governance raises concerns about who should participate. One opportunity is to involve the responsible administration and some representatives of the most influential stakeholder groups only. At the other extreme, the process may engage all potentially affected people personally (to name only the extremes in a gradient). Involving everyone directly affected is often not feasible, but including only those with vested interest may tend to ignore concerns from a broader audience. Thus, finding an appropriate balance for a certain case is required, but not easy to achieve. In any case, an appropriate level of stakeholder involvement is a must.

Conclusion

Governance of ES & NC requires attention and a critical focus on what is governed, for what purpose, and by whom (Paavola and Hubacek, 2013). Identifying and reflecting the normative goal(s) from a stakeholder perspective is even more important when Good Governance is aimed at. For the governance of ES & NC in particular the role of economic arguments are under discussion as the introduction of the concepts are often justified in economic terms either as cost-effective mode of steering or as providing incentives for new business models. Both arguments must be analysed carefully as there is an intensive debate about whether MBIs are also effective and fair, or whether new business models stimulate a commodification of nature (McCauley, 2006; Gómez-Baggethun and Ruiz-Pérez, 2011). A narrow understanding of ES & NC, however, may be criticised for being biased and ignoring the challenges of balancing different policy aims (Vatn et al., 2014). Mainstreaming can be advanced also through policy integration and improved coherence (the integration of different policy fields in a vertical or horizontal way, see Schleyer et al., 2015; Turnpenny et al., 2014). Expectations for Good Governance vary depending on how narrow or broad the approach to mainstreaming is: from a more sectoral- and efficiency-oriented approach to a more policy-oriented approach which addresses the complexity of potential trade-offs and conflicts.

Open Problems / Issues to be discussed

1. How to balance the outcome and process quality criteria by which governance is evaluated? What does this mean at different levels (e.g., for the EU or at case study level) and under different ecological and social conditions (e.g., in terms of the quality of governance processes at local level: what are outcomes for ecosystem management, how can we estimate the quality of the governance process)?

2. How to balance scientific trade-off analyses with conflicting policy goals? How can policy coherence be enhanced? Again for different levels: at EU-level, at member state level, and at regional/case study (implementation) level?

3. What are appropriate degrees of stakeholder involvement and control in the governance of ES&NC under certain socio-ecological conditions?

4. How to develop and implement good governance procedures under real-world conditions?

Significance to OpenNESS and specific Work Packages[1]:

WP1 (Key challenges and conceptual frameworks): Discussion of conceptual underpinnings across the four challenges, in particular related to their normative goals: how is the quality of governance processes (i.e. GG) linked to human well-being, the sustainable management, economic and non-economic valuation and societal competitiveness? (see Potschin et al., 2015; 2016).

WP2 (Regulatory frameworks and drivers of change): Analysis of the quality of governance processes in terms of outcome (effectiveness) and process legitimacy (inclusiveness) at different levels (EU and member states and with regard to specific conditions at case study levels) (see Schleyer et al., 2015; Bouwma et al., 2016).

WP3 (Biophysical control of ecosystem services): How are sustainable management of ES & NC supported by governance processes? How can governance processes be improved in terms of ecological effectiveness?

WP4 (Valuation of the demand for ecosystem services): How are different kinds of valuation methods (monetary, cultural, and ethical) balanced under real conditions of governance processes and how can these processes be supported? (see Kelemen et al., 2015).

WP5 (Place-based exploration of ES and NC concepts): What in the governance processes advances reaching the set goals and what improves the process in the specific ecological, socio-economic, and cultural conditions in the case studies? (see Grizetti et al., 2016).

WP6 (Integration: Synthesis and Menu of Multiscale Solutions): Analyse the different options of stakeholder involvement and their implication for the effectiveness and inclusiveness of governance processes.

Relationship to four challenges[2]

Human well-being: How is human well-being addressed (e.g., inclusion of a broad variety of cultural perceptions?) and balanced with other aims (e.g., biodiversity protection)?	**Sustainable Ecosystem Management:** Depends on inclusive and effective governance processes: what does that mean in practise?
Governance: How are normative considerations linked to the design and analysis of governance processes?	**Competiveness:** Represent a specific policy goal which must be balanced with other goals and must be addressed by appropriate processes.

Recommendations to the OpenNESS consortium:

We should avoid using the term Good Governance as a buzzword and create both transparency and critical reflection on this topic. What is required, thus, is to create clarity about normative issues such as goals, values, and ownership, as well as the processes of governing ES & NC.

We are looking for place-based approaches to ES & NC management; but to avoid governance failures even for these local or regional approaches EU and Member State regulations play an important role. Thus, we need to "unpack Brussels": what are the European regulations good for and what are their limits?

Because of the traps and challenges involved in the term Good Governance, we should be very careful: there cannot be a one size that fits all! What may be a good governance process in some case studies may be limited in others.

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[1] For a brief description of the OpenNESS Work Packages see: http://openness-project.eu/about/work-packages.

[2] There are certainly more societal challenges; the reduced number presented here is due to the four major challenges mentioned in the work programme of FP7 to which OpenNESS responded.

'Must Read' Papers:

Dietz, T., E. Ostrom, P. Stern (2003): The Struggle to Govern the Commons. *Science* 302: 1907-1912.

Paavola, J. and K. Hubacek (2013): Ecosystem services, governance and stakeholder participation: an introduction. *Ecology and Society* 18(4): 42.

Background papers:

Bouwma, I, et al. (2016): Adopting a new concept: Ecosystem Services in EU policies. Ecosystem Services (submitted).

Driessen, P.P.J. et al. (2012): Towards a Conceptual Framework for the Study of Shifts in Modes of Environmental Governance – Experiences From The Netherlands. Environmental Policy and Governance 22(3), 143-160.

Gisselquist, R. (2012): What is good governance? United Nations University, UNU-WIDER, WIDER Angle newsletter.

Gómez-Baggethun, E. and Ruiz-Pérez, M. (2011): Economic valuation and the commodification of ecosystem services. *Progress in Physical Geography* 35(5): 613-628.

Grizzetti, B. (2016): Ecosystem services for water policy: 5 cases studies across Europe. Environmental Science and Policy (submitted).

Hajer M. and Wagenaar, H. (eds.) (2003): *Deliberative Policy Analysis. Understanding Governance in the Network Society*. Cambridge University Press: Cambridge.

Hauck, J.; Saarikoski, H.; Turkelboom, F. and H. Keune (2016): Stakeholder Analysis in ecosystem service decision-making and research. In: Potschin, M. and K. Jax (eds): OpenNESS Ecosystem Service Reference Book. EC FP7 Grant Agreement no. 308428. Available via: www.openness-project.eu/library/reference-book.

Jessop, B. (2002): Governance and metagovernance: On reflexivity, requisite variety, and requisite irony. In: Heinelt, H. et al. (Eds.). Participatory governance in multi-level context. Opladen, Leske+Budrich, 33-58.

Kelemen, E. Et al. (2015): Preliminary guidelines for integrated assessment and valuation of ecosystem services in specific policy contexts. EU FP7 OpenNESS Project Deliverable 4.3, European Commission FP7.

Keune, H., Bauler, T. and Wittmer, H. (2013): Inquiring into the Governance of Ecosystem Services: An Introduction - Ecosystem Services, Pages 63-69 [science/article/ pii/B9780124199644000056](science/article/pii/B9780124199644000056)

Kronenberg, J. and Hubacek, K. (2013): Could payments for ecosystem services create an "ecosystem service curse"? *Ecology and Society* 18(1): 10.

McCauley, D. (2006): Selling out on nature, in: Nature, Vol.443/7

Menzel, S. and Teng, J. (2009): Ecosystem Services as a Stakeholder-Driven Concept for Conservation Science. *Conservation Biology* 24(3): 907-909.

Pierre, J. and Peters, B.G. (2000): *Governance, politics and the state*. Houndsmill, London, Macmillan Press.

Primmer, E. and Furman, E. (2012): Operationalising ecosystem service approaches for governance: Do measuring, mapping and valuing integrate sector-specific knowledge systems? *Ecosystem Services* 1: 85–92.

Potschin, M. et al (2015): Preliminary Guidelines for testing the draft conceptual frameworks in case study areas using methods and data resources developed in WPs 2, 3 and 4. EU FP7 OpenNESS Project Deliverable 1.3. European Commission FP7. Will be updated as final guidelines in November 2016.

Potschin, M. et al. (2016): Final Conceptual frameworks for the analysis of ES and NC in relation to the challenges of HWB, SEM, governance and competitiveness., and how these issues can be communicated and resolved in different place-based context". EU FP7 OpenNESS Project Deliverable 1.2. European Commission FP7

Rauschmayer, F., Berghöfer, A., Oman, I. and D. Zikos (2009): Examining processes or/and outcomes? Evaluation concepts in European governance of natural resources. *Environmental Policy and Governance* 19: 159-173.

Rhodes, R. A.W. (2007): Understanding Governance: Ten Years On. *Organization Studies* 28(8): 1243-1264.

Ring, I. and Schröter-Schlaack, C. (Eds.), (2011): Instrument Mixes for Biodiversity Policies. POLICYMIX Report, Issue No. 2/2011, UFZ, Leipzig http://policymix.nina.no

Schleyer, C., et al. (2015): Opportunities and Challenges for Mainstreaming the Ecosystem Services Concept in the Multi-level Policy-Making within the EU. *Ecosystem Services* 16: 174-181 (http://dx.doi.org/10.1016/j.ecoser.2015.10.014).

Sikor, T. (2013): The justice and injustice of ecosystem services, Routledge, Abingdon/New York.

Turnpenny, J., Russel, D. and Jordan, A. (2014): The challenge of embedding an ecosystem service approach: patterns of knowledge utilisation in public policy appraisal. *Environmental and Planning C* 32: 247-262.

Vatn, A., Barton, D.N., Porras, I., Rusch, G.M. and Stenslie, E. (2014): Payments for Nature Values. Marked and Non-Market Instruments, Norad report 5/2014, Oslo.

Reviewer: Marion Potschin (UNOTT)