

The institutional sustainability of public-private governance arrangements

The case of EU biofuels sustainability regulation



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The rise of public-private governance arrangements (PPGAs)



- Authority increasingly shifted from governmental to private actors
- Implementation through private actors takes place through less hierarchical modes of governance

Mode of Governance	Authority		
	Public	Hybrid	Private
Hierarchical	National policy; Supra-national organization		
Market	EU ETS (shadow of hierarchy)	Compliance market in carbon (CDM)	Carbon neutrality; company- and industry-wide emission trading
Networks	C40; Cities for Climate Protection Campaign	WSSD partnerships (e.g. Renewable Energy and Energy Efficiency Partnership)	CSR and business-NGO self-regulation (e.g. Carbon Disclosure Project)

New Modes of Environmental Governance¹



The EU biofuels sustainability regulation I

- **Binding 10 percent target for biofuels in the Renewable Energies Directive (RED) adopted in 2009**
 - Bound to certain sustainability criteria
 - GHG emission reductions, no raw material from certain areas, etc.
- **Compliance with criteria through voluntary certification schemes**
 - Private organizations (industry schemes, company schemes, multi-stakeholder roundtables, etc.)
 - 7 schemes ratified so far
 - 18 more to come



The EU biofuels sustainability regulation II

– Schemes recognized so far

Criteria	2BSvs	Bonsucro	Greenergy	ISCC	RBSA	RSB	RTRS
Scheme operational	July 2011	June 2011	Before 2010	Jan. 2010	Oct. 2011	Feb. 2012	Aug. 2011
Biomass coverage	All kinds of biomass	Sugarcane	Sugarcane	All kinds of biomass	All kinds of biomass	All kinds of biomass	Soy
Geographic focus of certification	France	South America	Brazil	Global	Global	Global	South America, China, India
Scheme owner	Closed group of French agriculture and biofuel associations	Multi-stakeholder initiative	Company scheme	Multi-stakeholder scheme (initiated by German gov't)	Company scheme	Multi-stakeholder initiative	Multi-stakeholder initiative

– A hybrid mode of governance (a PPGA)

Mode of Governance	Authority		
	Public	Hybrid	Private
Hierarchical	National policy; Supra-national organization		
Market	EU ETS (shadow of hierarchy)	Compliance with EU RED sustainability criteria for biofuels through voluntary certification schemes	Carbon neutrality; company- and industry-wide emission trading schemes
Networks	C40; Cities for Climate Protection Campaign	WSSD partnerships (e.g. Renewable Energy and Energy Efficiency Partnership)	CSR and business-NGO self-regulation (e.g. Carbon Disclosure Project)



Institutional sustainability I

- **Discontent with three pillar model**
 - Ecological, economic, and social sphere
- **Institutional sustainability: adds a political-institutional dimension**
 - Emphasizes not only the ‘what’ of sustainability, but also the ‘how’
- **Many different, but similar approaches to institutional sustainability in German academic discourse**
 - We focus on the HGF-approach by the Helmholtz Association
 - Six basic principles of institutional sustainability
 - Responsiveness, reflexivity, steering capacity, balance of power, self-organisation, and compliance with expectations¹

Institutional sustainability II



- Operationalizing the concept of institutional sustainability by building an edifice of institutional sustainability

Principles of institutional sustainability:

➤ **The Foundation:**

Rule 1: Responsiveness

Rule 2: Reflexivity

➤ **The Pillars:**

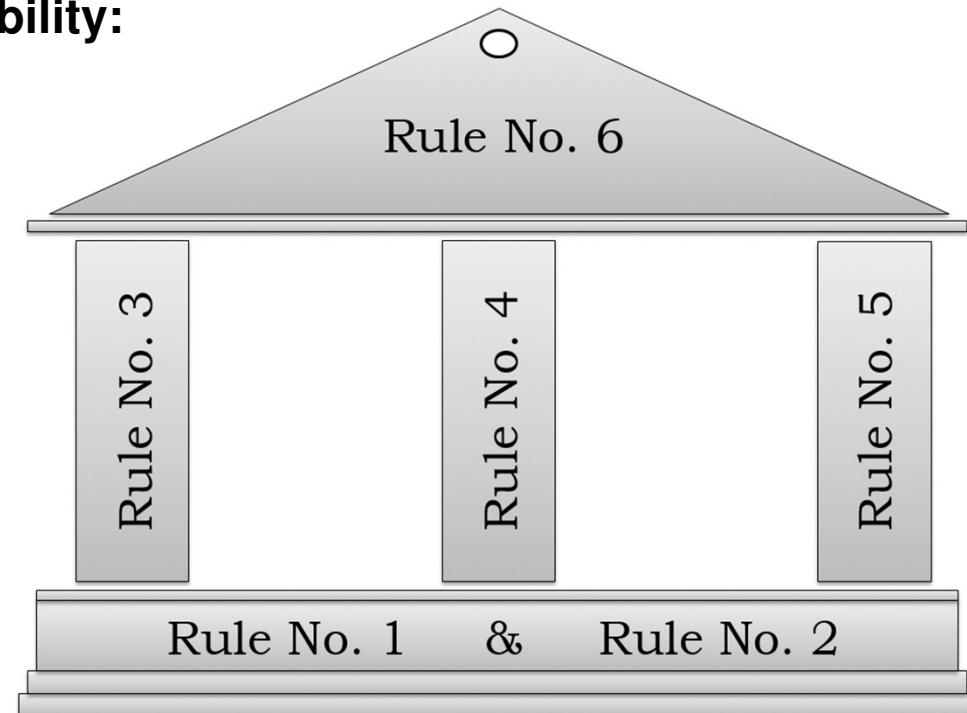
Rule 3: Self-organisation

Rule 4: Steering capacity

Rule 5: Power-leveiling

➤ **The Roof:**

Rule 6: Compliance with expectations



Applying the concept of institutional sustainability to the EU biofuels sustainability PPGA I



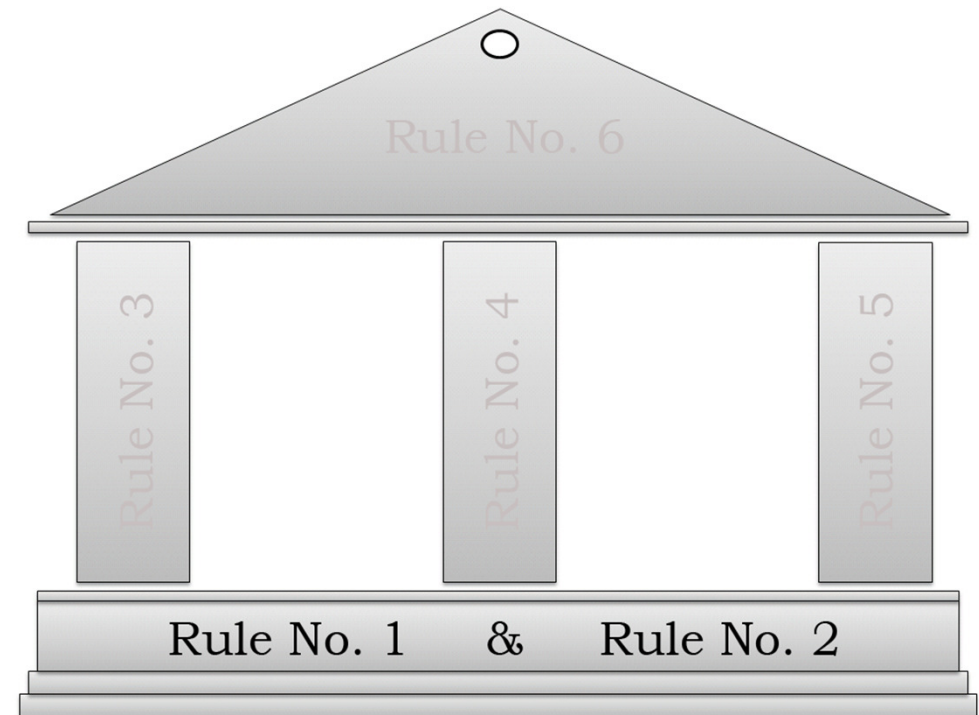
- **Rules No. 1 & 2: Responsiveness & Reflexivity**

- **What do they mean?**

Ability to perceive impulses (outside-in) and to reflect on own impacts (inside-out)
→ ‘societal interface’ of an institution

- **What criteria?**

No direct criteria, compliance with these principles becomes manifest in compliance with the other principles



Applying the concept of institutional sustainability to the EU biofuels sustainability PPGA II



- **Rule No. 3: Self-organisation**

- **What does it mean?**

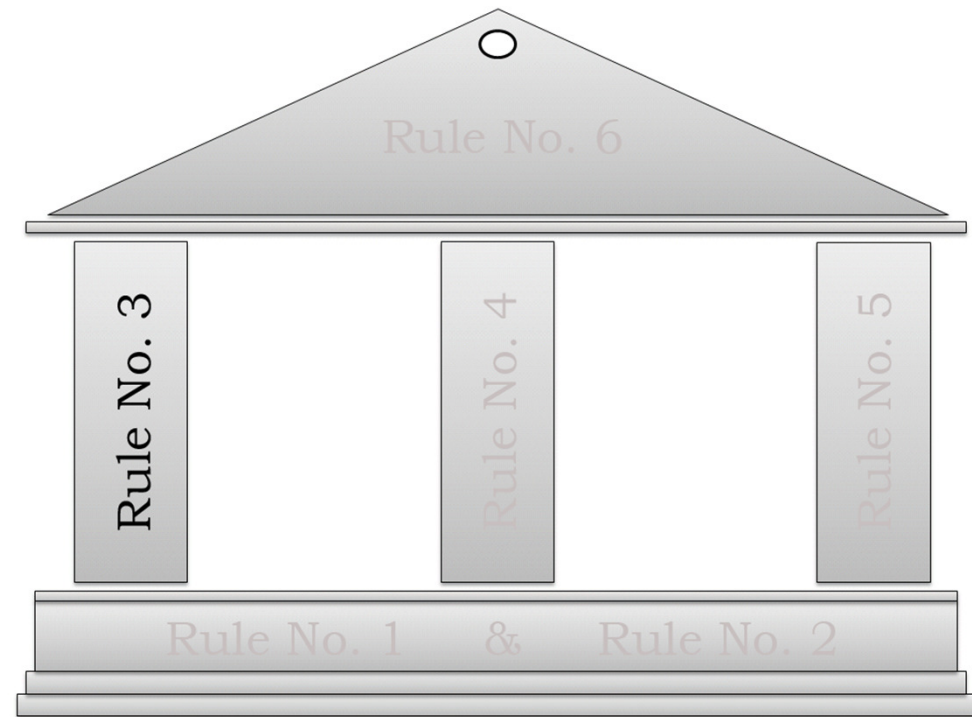
Ability to act independently without compromising the relations to the ‘outside world’

- **What criteria?**

Accountability & conflict resolution

- **What results?**

Only partly fulfilled → most roundtable schemes at least partially address these issues, while the industry-led or company schemes do not



Applying the concept of institutional sustainability to the EU biofuels sustainability PPGA III



- **Rule No. 4: Steering capacity**
- **What does it mean?**

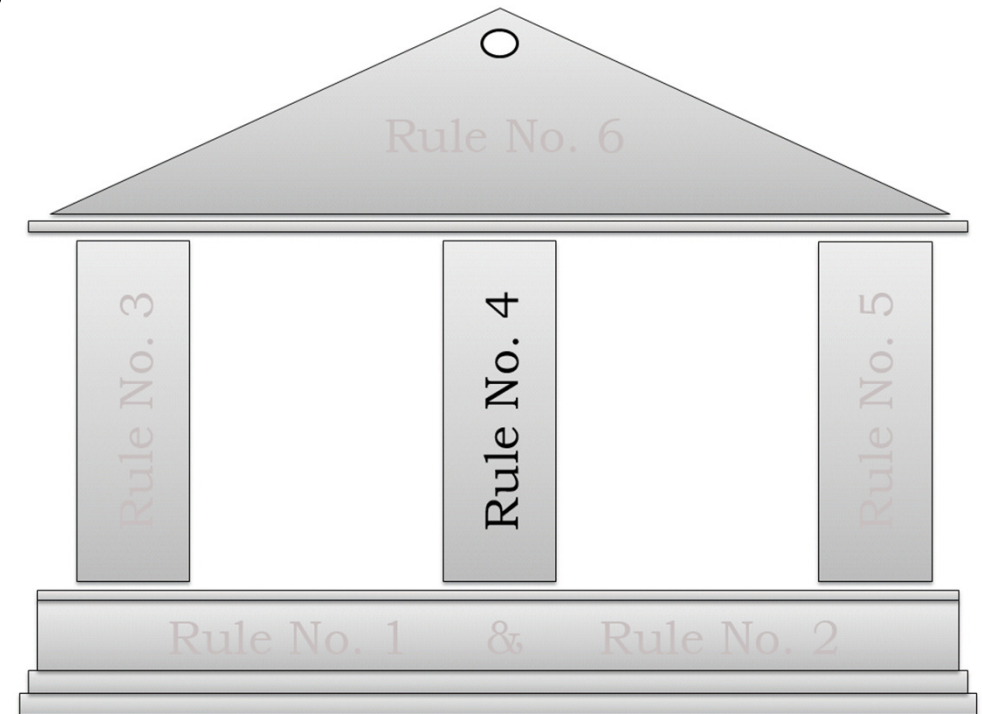
Capacity to safeguard the institution's contribution to the sustainability goal

- **What criteria?**

Possibilities for state intervention and recognition validity

- **What results?**

Only rudimentarily fulfilled → no control of schemes inbetween the rather long recognition interval and no specifications regarding corrective action in this time



Applying the concept of institutional sustainability to the EU biofuels sustainability PPGA IV



- **Rule No. 5: Power-levelling capacity**
- **What does it mean?**

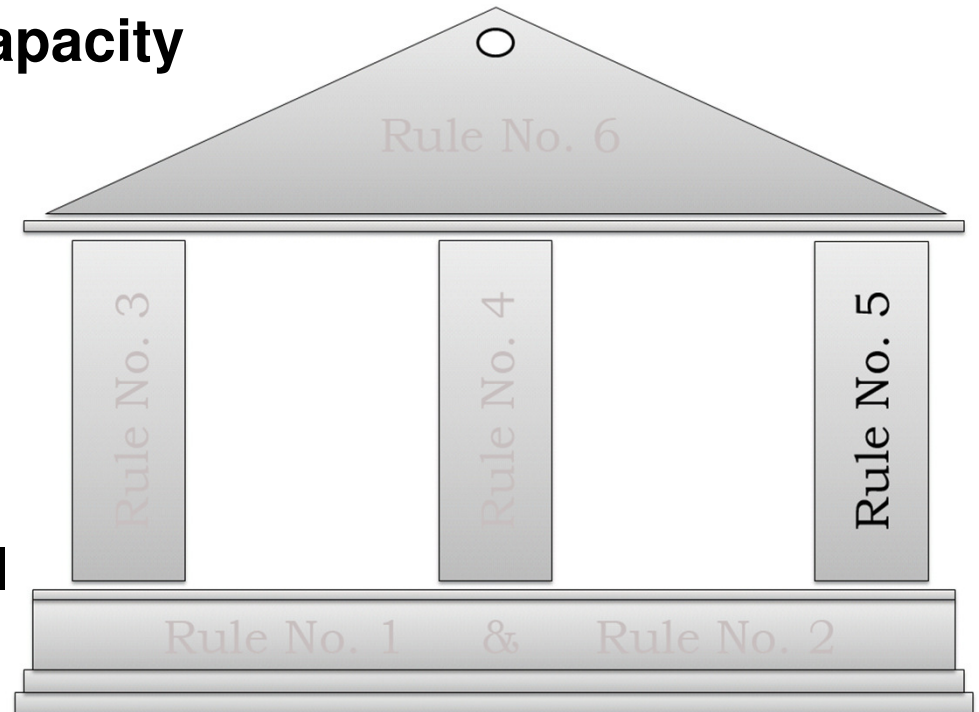
Ability to reduce power imbalances between affected stakeholders

- **What criteria?**

Equal participation and internal governance mechanisms

- **What results?**

The PPGA as a whole largely fails to exert a power-balancing influence, only a few roundtable schemes provide for a really equal participation of less resourceful stakeholders



Applying the concept of institutional sustainability to the EU biofuels sustainability PPGA V



- **Rule No. 6: Expectancy compliance**

- **What does it mean?**

Predictability and protection against arbitrariness of an institution

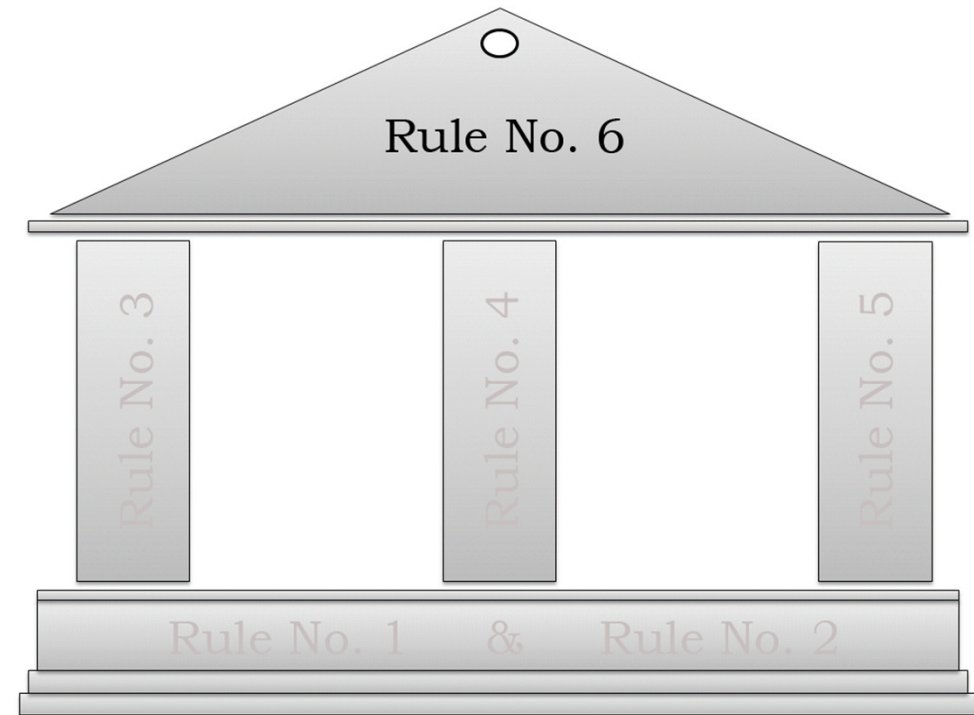
- **What criteria?**

Transparency

- **What results?**

Only rudimentarily fulfilled

→ Contractual basis for the shifting of authority is only scarcely made publicly available and only a few roundtable schemes are transparently documenting their work



Conclusions



- **On the EU's biofuels sustainability PPGA**
 - Fragile foundation, Woobly pillars & a leaking roof
 - PPGA design lacks guarantee for fulfillment of the criteria of institutional sustainability
 - Voluntary not mandatory engagement of certified schemes to fulfill sustainability criteria
 - Designing a powerful & effective PPGA appears to be extremely challenging
- **On the concept of institutional sustainability**
 - Appears to be practically of not much use (Implosion of criteria)
 - Criteria need to be context-applied to be of use (not one-size-fits-all)

Thank you for your attention.



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