


# Chapter 5: Policy




# Key Questions

1. What is “policy”?
2. How can you fairly and effectively change people’s behavior?
3. What specific policy responses are available?
4. What is the appropriate policy mix?

# What is “Policy”?

- ▶ Policies can be considered at two different levels.
    - The **Broader Policy Framework** (such as national policy) is important for lake basin management because it establishes the founding principles of lake basin management: institutions, legislation, rules and incentives, community and private sector participation, and finance.
    - **Specific Policy Tools** (policy responses) often take the form of economic signals or incentives, as well as rules and regulations, and are designed to create specific outcomes.
    - This unit focuses on these more narrow **Policy Tools**.
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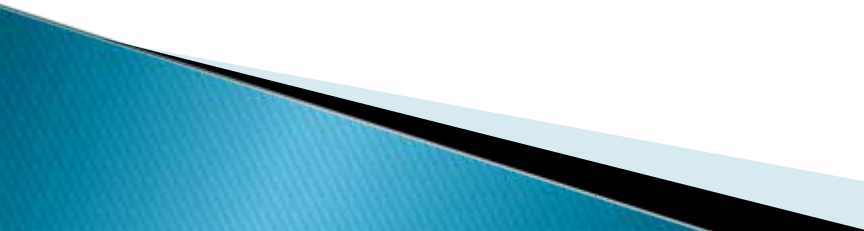
# Range of Policy Tools

- ▶ Three of the most common types of policy tools are:
    - Command and control type policies (rules and regulations)
    - Policies that use existing markets (and often use price signals)
    - Policies that create markets (and often create price signals).
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# Range of Policy Tools

- ▶ Two other important kinds of tools also exist but are dealt with in other chapters
    - See Chapter 6 for Policies that engage the public (public awareness, voluntary groups, the mass media, others)
    - See Chapter 7 for Policies for technical interventions (construction of sewage treatment plants, water diversions, others)
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# Command-and-Control

- ▶ Command-and-control policies include:
    - Industrial effluent standards
    - Ban on certain pesticides
    - Restrictions on fish net size
    - Zoning of land use
  - ▶ CAC policies are very popular because:
    - They specify the desired outcome
    - They are relatively simple to design and implement
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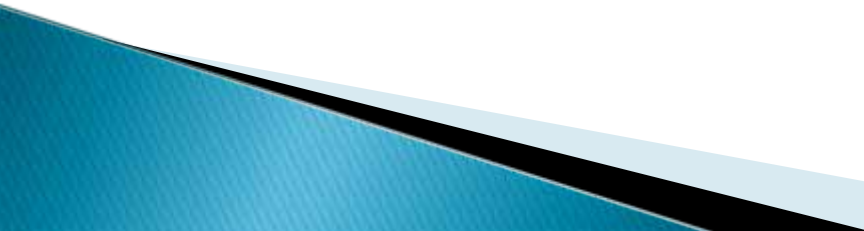
# Command-and-Control

- ▶ However, there are several drawbacks:
  - They might be economically inefficient.
    - [Ballatore](#) provides a simple case study for how to compare command-and-control with other policy tools based on “effectiveness”, “efficiency”, and “equity”.
  - Monitoring and Enforcement are always needed but often neglected.

# Command-and-Control

- ▶ In summary, CAC approaches are more likely to succeed when:
  - the number of individuals or units to be managed are small or there are easily monitored points
  - the institutional structure to monitor and enforce sanctions exists and is effective
  - individuals and society have respect for government and institutions
  - there is a sense of “shared responsibility” for management of the lake basin and its resources

# Economic Instruments

- ▶ Economic Instruments are policy tools that either use markets or create markets to influence behavior.
  - ▶ They include:
    - Sale of licenses to access resources
    - Subsidies
    - Effluent charges
    - Fees for use of natural resources
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# Economic Instruments

- ▶ One of the most successful cases of application of economic instruments in a developing country is the Environmental User Fee System in the Philippines.
- ▶ The EUFS was levied in stages on various polluters of organic waste to Laguna de Bay, the largest lake in the Philippines.
- ▶ [Santos-Borja2](#) describes the implementation and success of this program in detail.


# Economic Instruments

- ▶ Economic Instruments often meet resistance because they require people to pay for something that was once free (but not without cost!)
- ▶ Knowing the right “price” is usually difficult; hence, outcomes are not as clear as with CAC.
- ▶ Using Pilot Projects first can help the implementing agencies. See [Santos-Borja1](#) for yet another innovative Carbon Finance plan.

# Policy Mix

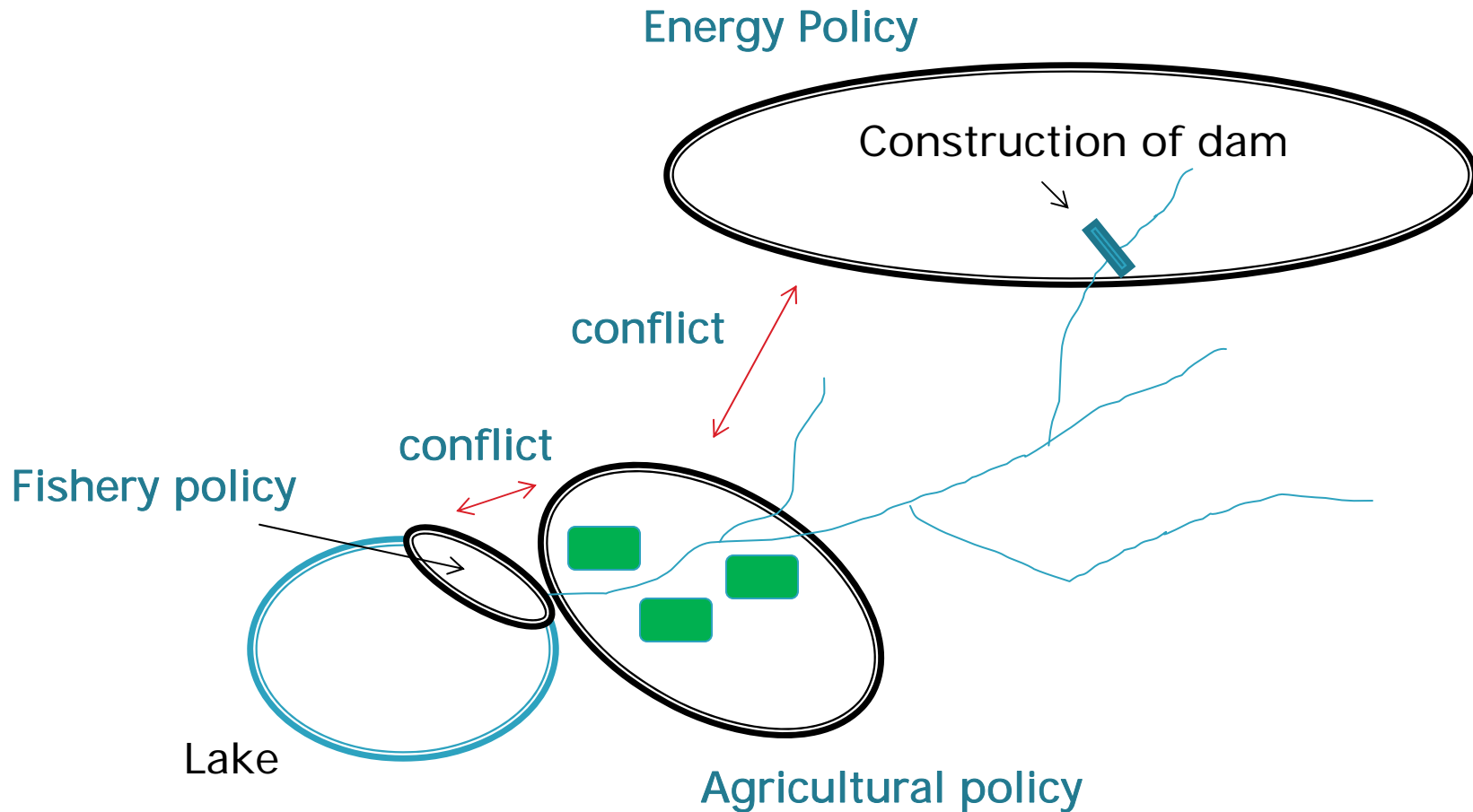
- ▶ Successful policy making is almost always a combination of several different policy instruments.
  - ▶ Economic incentives and CAC can be used simultaneously. Education, participation, and public involvement can further promote acceptance of these policies.
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# What makes policies effective?

1. Build “political will”
  2. Involve the stakeholders
  3. Ensure administrative sustainability
  4. Be equitable
  5. Actively work toward policy integration
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# The Broader Policy Framework

- ▶ While there may be little an individual person or lake basin management authority can do to affect national and/or international policy, it is important to note the following:
  - Policies need to be harmonized.
  - To harmonize policies, participation of diverse stakeholders is the key.
    - [Skinner](#) provides an insightful discussion on engaging Indigenous Peoples in management of Lake Atitlan, Guatemala.
  - Linking lake basin management policy to other policies (see next slide) will attract more stakeholders.



A lake basin contains varieties of fragmented policies (such as energy, agricultural, and fishery policies). Potentially, they can conflict. For instance, dam construction to meet the increased energy demand decreases availability of water for agriculture.

# Transboundary Lake Basins

- ▶ Policy harmonization is especially difficult but important in transboundary lakes.
  - ▶ National policies in transboundary lakes do not have to be identical, but lake managers need to ensure there is no conflict among the policies.
  - ▶ Ethical attachment to a lake can be shared among nations. This is a good starting point to resolve conflicts.
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# Final Thoughts

- ▶ Policy making---finding the right mix of policy tools to achieve a collective goal---is more art than science.
- ▶ It is valuable for lake basin managers to learn about the details of implementation of policy tools at other lakes.
- ▶ Tapas provides some interesting thoughts on just how all these things can be brought together at the national level (Bangladesh).