# ADAPTIVE GOVERNANCE: A FRAMEWORK FOR SUPPORTING VALUABLE AND VALUED POLICY CHANGES

STEVE HATFIELD-DODDS*

*CSIRO (AUSTRALIA).*

Adaptive governance is a concept from institutional theory that focuses on the evolution of formal and informal institutions for the management and use of shared assets, such as common pool natural resources and environmental assets that provide ecosystem services. This literature can be characterized by small set of broad tenants, or working assumptions, that provide a richer and more useful guide to human decision making and collective choice processes than standard economic policy frameworks.

The paper argues that the idea of adaptive governance provides a useful a reference point for examining the dynamics of institutional change, and thus define adaptive governance as 'the evolution of rules and norms that better promotes the satisfaction of underlying human needs and preferences given changes in understanding, objectives, and the social, economic and environmental context'.

This suggests four ways the concept of adaptive governance, and its associated theoretical framework, can contribute to understanding and achieving sustainability. First, by clearly articulating the requirements for desirable changes in governance, the theory of adaptive governance helps to identify impediments or obstacles to these changes, and the development of well targeted remedies. (This mirrors the hugely influential role of the concept of market failure within economics, but extended to include both market and institutional failures in their broadest sense.) Second, the adaptive governance literature provides an integrative framework for understanding collective action and political decision making, providing a bridge between social, economic, and biophysical perspectives on the dynamics of interdependent social and ecological systems (including economics, sociology and social psychology, institutional theory, ecology, systems dynamics, and complex systems science). Third, the concept focuses our efforts on policy interventions that have the potential to be both 'valuable' and 'valued' – judged through both technical efficiency criteria (delivering net benefits) and more subjective political criteria about attractiveness and adoptability. This highlights that achieving adaptive governance requires attention to both 'technical' market and technology issues (such as might be explored through the notion of market failure), and to the processes of social learning and collective choice that frame market activity through evolving legislation and social norms. Last, the language and framing of adaptive governance can provide a constructive entry point into policy discussions where mainstream economics might otherwise block alternative perspectives. This is because the adaptive governance framework is consistent with key tenets of 'economic theory' and 'economic culture' while challenging important blind spots and weaknesses in mainstream economic culture – including by integrating empirical insights from behavioral economics and institutional experiments literature.