In the search of explaining Local Regulatory Arrangements in Crans-Montana

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Outline of the presentation

- Water and tourism
- Crans-Montana: context
- The Local Regulatory Arrangement (LRA)
- The LRA in Crans-Montana
- A reading of this case through the lens of NIE
Water and tourism (1)

- Tourism implies an unusual water consumption
  - Peaks of consumption
  - Great fluctuation of inhabitants of the tourism resort

- In consequence, in the field:
  - Necessity to calibrate infrastructures following the highest number of users
  - Difficulties in planning the needs
  - Strong and punctual intersectoral rivalries
Water and tourism (2)

An interesting context to study:
- How do stakeholders interact?
- What is the functioning of institutions?
- What makes the system work on the long term?
The case of Crans-Montana

- One ski resort in the Swiss Alps divided between six municipalities
- Crossed-interdependencies between more or less touristic municipalities and unequal allocation of the resource
The implementation of a Local Regulatory Arrangement (LRA) (1)

- Facing specific challenges and unusual water management needs
- Actors interpret the rules in function of local needs
- This is translated by the implementation of a *Local Regulatory Arrangement* (Bréthaut 2013, Schweizer 2014): a tailor-made arrangement
- What is an LRA?
The implementation of a Local Regulatory Arrangement (LRA) (2)

- LRA is a concept
  - developed within the Resource Group (IDHEAP)
  - allowing to analyse how rules are effectively implemented, how they are materialized on the ground

- It considers that stakeholders hold some more or less important room for manoeuvre related to the extent of formal rules (PP / PR)
The implementation of a Local Regulatory Arrangement (LRA) (3)

- Analysing the dynamic of implementing the rules
- Therefore, the LRA represents
  - the combination between the *rules in use* + arrangement at the margin (Schweizer 2014: 86)
  - “a more or less robust (from the jurisdictional point of view) decision-making process combining formal rules (public policies and property rights), self-organisation and informal arrangement and defining rights for the use of a natural and/or infrastructural resource system” (Bréthaut & Nahrath, in review)

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**Local Regulatory Arrangements (LRA)**

<table>
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<tr>
<th>IRR of urban water networks</th>
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<td><em>Formal legal provisions</em></td>
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<td>Public Policies and Property Rights</td>
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<tr>
<td>- Provisions at the national level</td>
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<td>- Provisions at the regional level</td>
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<tr>
<td>- Provisions at the local level</td>
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**Regulatory framework**

- Actors configuration
- Self-organisation
- Informal arrangements

Source: Bréthaut 2013 / Bréthaut & Nahrath (in review) / Nahrath et al. 2013
Crans-Montana : An evolutive LRA for water management

I. Début XXIème siècle :
- Usage de l'eau pour l'irrigation et l'approvisionnement en eau potable des habitants
- Pas d'échanges d'eau intercommunaux
- Gestion communale et verticale de l'eau et des réseaux
- Gestion horizontale de l'irrigation

II. 1910-1950 :
- Montée en force du tourisme
- Échanges d'eau entre les communes
- Transferts d'eau horizontaux et intercommunaux
- Échanges d'eau informels

III. 1950-2010 :
- Croissance de la fréquentation touristique et stabilisation
- Pénuries répétées d'approvisionnement
- Création de grandes infrastructures de transfert de l'eau
- Institutionnalisation de la collaboration intercommunale

IV. En voie d'émergence :
- Montée en force de l'usage de l'eau pour la production hydroélectrique et pour l'enneigement artificiel
- Maintien des échanges d'eau entre communes
- Transferts d'eau horizontaux et intercommunaux
- Espace fonctionnel en voie de formalisation
- Volonté de formalisation de l'informel et tentative de maintien de la flexibilité
Crans-Montana: today’s LRA for water management

- Implementation of the LRA through formalised and unformalised arrangements
- A LRA characterized by its flexibility but weak robustness
- A LRA influenced by the cross-dependencies of the communes
- A flexible and informal regulation
A reading through the lens of NIE

- Which variables to explain the stability of stakeholders relationships?
- Why (and how) does the system work on a long-term basis?
- A reading of the case through the lenses of New Institutional Economics
  - Governance structure
  - Functioning of institutions: routine and opportunism (Williamson 1985)
  - Understanding the institutional embeddedness (Williamson 2000)
The case of Crans-Montana shows how actors decide not to formalise agreements.

By doing so, stakeholders maintain simple and flexible arrangement particularly suitable to the tourism context.

They diminish the cost of transaction by limiting the number of involved parties and by avoiding the necessity to involve policy makers in the daily practices.

The system shows therefore great adaptive capacities based on evolutive and relational contracts.

Remaining question: What about the robustness of such system?
Functioning of institutions: routine and opportunism

- **Routine**
  - Long-lasting and effective functioning of the system
  - A routine at the operational level: simple, flexible and adaptive arrangement
  - Nevertheless, a growing will to change

- **Opportunism**
  - The choice to formalize specific sectors of activity: tourism vs water
  - Reducing transaction costs for better flexibility
  - A system structured around key stakeholders
    - Multipositional as a framework for action
    - Limited “leaders” able to understand the complexity of a moving and unformalized system

**Robustness = cross-dependencies + routine + multipositionality of limited actors using opportunism**
Understanding the institutional embedment

- A hybrid model → through Market and Hierarchy
  - Weak incentives
  - Strong conscious adaptation
  - Low number of formalized contracts
→ Tending to a common-pool system? (Ostrom 1990, 1992)

- Governance modes strongly influenced by the first level of institutional embedment
  - Assumption: institutional infusion (Bréthaut & Nahrath 2011 / Nahrath et al. 2012)
Thank you for your attention