

A report on IAS funded workshop held on 16 June 2026

at Surrey Business School

Local Action, Global Impact: Policy Pathways for Decentralised Environmental Governance

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1. Theme

Environmental governance is a cornerstone of how societies confront crises, navigate trade-offs, and safeguard long-term ecological and human resilience. While national and international frameworks establish broad climate agendas, their effectiveness ultimately depends on implementation at the local level. Subnational governments are, therefore, at the forefront of climate action—responsible for land-use planning, utilities, waste management, transportation, and disaster response—while also investing in adaptation and driving just transitions.

Nevertheless, the relationship between central and subnational governments in climate policy remains rather underexplored. Central governments often emphasize international commitments and uniform standards, while local authorities prioritize economic growth and immediate community needs. Examining this little explored interplay exposes tensions, accountability gaps, and opportunities for innovation. Stronger vertical coordination across levels of government and horizontal collaboration across regions can deliver more effective, equitable, and context-sensitive outcomes.

This workshop, entitled "Local Action Global Impact: Policy Pathways for Decentralised Environmental Governance," is supported by the Institute of Advanced Studies at the University of Surrey and has been convened by Professor Sarmistha Pal (Surrey Business School) and Professor Jean-Paul Faguet (Department of International Development, London School of Economics). It convenes academics and practitioners engaged in the study and practice of economics, development studies, political science, environmental policy, and the design of decentralised governance frameworks. In doing so, it offers a meaningful platform to explore how governance solutions may be tailored to local contexts, how communities can be effectively mobilised, and how accountability mechanisms can be strengthened at the subnational level. Equally, the workshop foregrounds a set of fundamental challenges — among them the coordination of multi-level actors, questions of equity in the distribution of environmental responsibilities and benefits, and the broader effectiveness of decentralised policy interventions.

2. Outcome

I hosted the workshop "Local Action, Global Impact" at Surrey Business School jointly with Jean-Paul Faguet of LSE, bringing together leading scholars and policymakers from academia,

and international organizations to explore how local institutions can address some of the world's most pressing environmental challenges.

The workshop highlighted the critical role of subnational governments, communities, and local actors in shaping climate and environmental outcomes. From climate governance and intergovernmental fiscal relations to biodiversity conservation, forest management, common-property resource governance, and environmental enforcement, the workshop examined how local actions can generate global impacts, assessing the relative roles of sanctions, conditional rights, incentive payments, political representation, local fiscal autonomy within a broader framework of various fiscal policy instruments.

We were privileged to welcome **Luiz de Mello (OECD)** as our keynote speaker, who discussed the role of subnational governments and intergovernmental relations in tackling climate change and environmental sustainability.

The programme featured outstanding contributions from:

- ◆ **Diana Weinhold (LSE)** spoke about conservation strategies in contested environments and dynamic adaptation by land users.
- ◆ **Som Somanathan (ISI Delhi - online)** examined the effect of 1993 Forest Act in Nepal on community forest management and biodiversity outcomes.
- ◆ **Anomitra Chatterjee (LSE)** presented a paper on experimental evidence regarding enforcement and extraction strategies from common resources.
- ◆ **Juliano Assunção (CPI Global- online)**'s paper examined the impact of environmental sanctions on deforestation and forest restoration in the Brazilian Amazon.
- ◆ **Alex Pfaff (Duke University - online)** examined on how conditional resource rights can incentivize voluntary conservation.

The event concluded with a policy panel chaired by **Jean-Paul Faguet (LSE)**, featuring discussions on role of local political representation by **Marislei Nishijima** (University of Sao Paulo) jointly with Sarmistha Pal (Surrey Business School), public/private technology adoption by **Tarokh Bhardo** (Surrey, Economics) and fiscal policy (**Ehtisham Ahmad**, IMF & LSE, online) for local environmental governance.

At a time when climate and environmental challenges increasingly require coordinated action across levels of government, this workshop provided a unique platform to bridge research, policy, and practice.

At the conclusion of the workshop, participants voted unanimously to pursue a journal special issue rather than an edited volume. Consequently, Jean-Paul and I are developing a special issue proposal for *World Development*, a highly regarded ABS 3* journal published by Elsevier. This issue will compile the workshop presentations—excluding Tarok Bhardo, who declined—alongside invited papers to achieve a target of 12 articles. Confirmed external contributors now include Professors Arun Aggarwal (University of Notre Dame), Krisztina Kiskatos (University of Groningen), and Jean-Paul Faguet, and we are currently in discussions to include Professor Vijayendra Rao (Northwestern University). We shall keep you informed about our progress in this respect.

The event was a major success, marked by enthusiastic participation and lively debates from everyone in attendance. Many noted that the workshop's intimate setting was perfect for exploring the core issues in rich detail. The intellectual energy extended well past the formal presentations, carrying over into a brief visit to Guildford Castle and a wonderful dinner at the Giggling Squid in the town centre.

N.B. Details of the papers presented are available from the Workshop brochure.

Policy pathways for decentralised environmental governance

The workshop collectively identified a broad set of policy pathways for improving efficacy of decentralised environmental governance. These policies span institutional reforms, fiscal decentralisation, community participation, regulatory enforcement, incentive design, and technological innovation. The key policy recommendations are summarised below.

1. Strengthening multilevel governance and intergovernmental coordination

The keynote by Luiz de Mello (OECD) emphasises that effective environmental governance requires stronger coordination between national and subnational governments. The key policies discussed include:

- Greater devolution of environmental responsibilities to local governments.
- Improved intergovernmental fiscal arrangements to finance local environmental policies.
- Better alignment between national climate targets and local implementation.
- Place-based environmental policies tailored to local ecological and socio-economic conditions.
- Stronger institutional coordination across different levels of government.

2. Fiscal decentralisation and local financing

Several presentations highlighted the importance of fiscal autonomy for environmental governance:

- Providing local governments with greater own-source revenue.
- Designing fiscal incentives that reward environmental performance.
- Improving climate finance available to municipalities.
- Linking environmental outcomes with intergovernmental fiscal transfers.
- Expanding local environmental expenditure to strengthen conservation efforts.

3. Community-based natural resource management

The Nepal community forestry study demonstrated the benefits of devolving resource management to local communities through:

- Community Forest User Groups (CFUGs).
- Local participation in forest governance.

- Community ownership and stewardship of forests.
- Decentralised biodiversity conservation.
- Long-term community management institutions.

Evidence showed that community forestry improves both forest cover and biodiversity, suggesting that empowering local communities can generate important environmental co-benefits.

4. Adaptive conservation planning

The Bolivia conservation study argued that conservation policies should move beyond static planning towards:

- Dynamic conservation strategies that anticipate behavioural responses.
- Policies accounting for developer adaptation and leakage.
- Conservation site selection based on strategic interactions rather than static threats.
- Adaptive policy design under contested land use.

5. Improved monitoring, enforcement and compliance

Several papers emphasised environmental enforcement:

- Higher probability of monitoring rather than simply increasing penalties.
- Combining sanctions with positive incentives or rewards.
- Maintaining credible government commitment to enforcement.
- Designing enforcement mechanisms that minimise free-riding.
- Avoiding monitoring evasion and spatial displacement.

Evidence from Brazil showed that environmental sanctions reduced deforestation while promoting forest restoration, with positive spillover effects on neighbouring landowners.

6. Incentive-based conservation

Alex Pfaff's presentation proposed innovative institutional incentives through:

- Conditional property rights linked to conservation performance.
- Voluntary conservation agreements.
- Improving de facto resource rights in exchange for conservation commitments.
- Aligning private incentives with public environmental objectives.
- Creating "win-win" arrangements where conservation improves local livelihoods.

7. Political decentralisation and local leadership

The policy panel highlighted the importance of local political institutions:

- Environmental outcomes depend partly on local political leadership.

- Local governments with stronger environmental preferences tend to increase environmental spending.
- Municipal autonomy enhances environmental policy effectiveness.
- Reduced political constraints enable more ambitious local environmental action.
- Electoral accountability can strengthen environmental governance.

8. Technology adoption

The programme also identified technology as an important policy instrument:

- Adoption of environmental monitoring technologies.
- Public-private partnerships in environmental innovation.
- Technology diffusion at the municipal level.
- Digital tools for environmental management and monitoring.

9. Evidence-based policy evaluation

Across many presentations, there was strong emphasis on rigorous policy evaluation using:

- Difference-in-differences methods.
- Regression discontinuity designs.
- Experimental evidence.
- Dynamic simulation models.
- Longitudinal environmental monitoring.

These methods help identify which decentralised governance arrangements are most effective.

Overall policy framework

Taken together, the workshop suggests that improving decentralised environmental governance requires an integrated policy framework built around:

- Institutional decentralisation: empowering subnational governments with clearer environmental responsibilities.
- Fiscal decentralisation: strengthening local revenue generation and environmental financing.
- Community participation: expanding community-based management of natural resources.
- Effective enforcement: combining credible monitoring, sanctions, and incentives.
- Adaptive governance: designing policies that anticipate strategic behavioural responses.
- Political accountability: strengthening local democratic institutions and leadership.

- Technological innovation: improving environmental monitoring and management through technology.
- Evidence-based policymaking: continuously evaluating policies using rigorous empirical methods.

Overall, the workshop emphasised that successful decentralised environmental governance depends not simply on devolving authority, but on equipping local governments and communities with the fiscal resources, institutional capacity, incentives, and accountability mechanisms needed to manage environmental resources effectively while aligning local actions with broader national and global environmental goals.

3. Acknowledgements

I would like to express my sincere gratitude to the Institute of Advanced Studies at Surrey and Nigel Gilbert in particular for funding this workshop. I am also much grateful to Professor Gilbert for kindly inaugurating the workshop. My thanks go to all the speakers, participants, and colleagues whose contributions made for a highly stimulating and impactful day of discussion. I am also deeply grateful to Vicky Blamey (Surrey Business School), as well as Louise Jones and Mirela Dumic (Institute of Advanced Studies), for their invaluable administrative support throughout the entire process. We could not have organised this workshop without their support.

Here are some photos from the day:





