

Adaptive Governance and Wisconsin's Green Tier Program: Performance in a Changing World

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Introduction

The fields of public administration and environmental management are by necessity intertwined. Humans are by nature social, and have developed both formal and informal shared rules for allocating and protecting limited resources of land, water, and more recently air resources. There are probably nearly as many systems for managing natural resources as there are communities on earth. However, because human populations continue to grow, and because land, water, and air resources remain relatively constant, our need to find and agree upon resource management approaches that provide valuable ecosystem and human services becomes increasingly pressing.

This paper is in partial fulfillment of the requirements of Public Administration 895, Performance Management. The purpose of paper is to discuss Wisconsin's Green Tier Program as a case study of "adaptive governance" in natural resource management. This paper will first describe the purpose and structure of Green Tier. Next, it will discuss new governance, adaptive governance, and adaptive co-management ideas as foundations for developing, maintaining, and monitoring an adaptive governance system and outline a framework for thinking about adaptive governance performance and capacity of Green Tier. It will end with an analysis of Green Tier's existing performance measures and adaptive governance capacity using the proposed framework and recommend a small number of next steps.

Information for this paper was gathered by reviewing new governance, adaptive governance, adaptive co-management, and performance management literature as well as Green Tier related reports and a diversity of materials from the Green Tier website. Information was also collected

through a facilitated a meeting about adaptive governance with Wisconsin Department of Natural Resources (WDNR) staff, and personal communications with WDNR staff, Green Tier Advisors (some of which are Green Tier participants) and other stakeholders.

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Wisconsin's Green Tier Program

Wisconsin's Green Tier program was created by Wisconsin Act 276 in 2004. The program is administered by the Wisconsin Department of Natural Resources (WDNR) Bureau of Cooperative Environmental Assistance (CEA). The purpose of Green Tier is to:

- Provide incentives for participants (typically businesses and communities) to perform above base compliance levels established by environmental laws and administrative rules, to address unregulated environmental problems and prevent potential problems.
- Enhance cooperation among Green Tier participants, natural resource stakeholders, and the WDNR and providing "improved legal standing for this cooperation"

- Lower the transaction cost of environmental performance
- Provide recognition and incentives for environmental performance that are proportional to the environmental benefits accrued. (WDNR 2006)

The Green Tier program pursues its purpose through the development and implementation of contracts and charters, formalized Green Tier Advisors group, and other supporting agency activities. The program uses International Organization for Standardization (ISO) 14001 certified Environmental Management Systems (EMS) (or a system CEA determines to be functionally equivalent) as a foundation for environmental management and monitoring. It has two “tiers”. Tier I requires “no recent civil or criminal judgments”, development of an EMS (or the functional equivalent) within one year of admission to the program, annual performance review with WDNR staff, prompt response to any non-compliance discovered through an annual performance review, and ongoing environmental improvement. (WDNR 2006). Tier II requires an EMS prior to admission and a stronger compliance record than Tier I. Potential Tier II participants negotiate commitments to “superior environmental performance” in exchange for regulatory flexibility. Both Tier I and Tier II participants receive a “single point of contact” within CEA to help streamline their interactions with the agency and to support them in reaching their performance goals. They also receive the minimum inspection schedule required by law.

Contracts

Green Tier contracts are formalized agreements with Tier II participants that specify the “participant’s commitment to superior environmental performance and the incentives to be provided to the participant” by the agency.

Charters

Charters are a type of contract that allow entities to come together in a legally binding agreement to work toward specified goals and increasing participation in Green Tier. Goals can be related directly to environmental performance, or can support participation from a given sector (e.g. agriculture or an electric utility) or around outputs that are thought to lead to superior environmental performance (such as stormwater best management practices). Charters may provide additional incentives beyond those participants receive in Tier I or Tier II.

Environmental Governance Paradigms: New Governance, Adaptive Governance, and Adaptive Co-Management

This section provides, if not a theoretical foundation, a paradigmatic foundation for discussing Green Tier's interest in adaptive governance and its current capacity to monitor and evaluate performance on adaptive governance goals and design principles.

New Governance

New governance is characterized by common goals among a set of stakeholders representative of those with vested interest in the issue at hand. It tends to be discussed as results-based, with a flexible and learning-oriented approach to system rules. Rules can be formal or informal. They can be monitored and enforced by government and non-government actors. New governance models describe shared responsibilities among stakeholders as well as shared accountability for results. The following characteristics of new governance are outlined by Scott and Trubek (2002):

- Participation and power-sharing
- Multi-level integration

- Diversity and decentralization
- Deliberation
- Flexibility and revisability
- Experimentation and knowledge creation

A UW-Madison Public Affairs student workshop report released in 2006 (Beckstrom et al, hereafter referred to as the La Follette Report) cites Salamon (2002) to distinguish between classic public administration and new governance models as shown in Table 1.

Classic Public Administration	New Governance
Program/Agency	Tool
Hierarchy	Network
Public vs. Private	Public & Private
Command and Control	Negotiation and Persuasion
Management Skills	Enablement Skills

Table 1. A comparison of more common public administration characteristics and new governance characteristics.

Sable and Simon (2004) describe new governance as “experimentalist”, in keeping with its emphasis on flexibility and learning. This experimentalist mindset discussed in law and public administration literatures converges with similar management concepts emerging from ecology, geography, and ecosystem management.

Adaptive Governance

Adaptive governance is similar to new governance in its emphasis on social and organizational learning, flexible institutions that allows complex systems to self-organize, representative stakeholder involvement, and the need to create crosswalks among organizations through social networks. Increased local control and cross-scale interactions are seen as important (Folke et al.

2005). The adaptive governance literature most frequently addresses environmental governance. It sometimes adds a layer of definition to new governance that focuses on coupled social-ecological systems and using ecological and social system resilience as a governance target. However, discussions of resilience and ecosystem dynamics tend to be more common in the adaptive co-management literature. A brief discussion of adaptive co-management is included below for comparison and the additional conceptual foundation it provides.

Sholtz and Stiftel describe adaptive governance as, "[involving] new governance institutions capable of generating long-term, sustainable policy solutions to wicked problems through coordinated efforts involving previously independent systems of users, knowledge, authorities, and organized interests". They identify representative stakeholder participation, functional decision processes, the use of scientific knowledge and learning, development of shared stakeholder and public understanding of the system being governed, and the ability to achieve goals and five challenges that adaptive governance faces

Dietz et al. (2003) describe the requirements for effective adaptive governance: adequate information, conflict management, rule compliance, physical, technical and institutional infrastructure, and change preparedness.

Adaptive Co-Management

Adaptive co-management is defined by Folke et al. (2002) as “a process by which institutional arrangements and ecological knowledge are tested and revised in a dynamic, ongoing, self-organized process of trial-and-error”

The “instrumental rationale” of adaptive co-management, according to Plummer and Armitage (2006), is to “address resource issues via collaboration while concomitantly encouraging ecologically sustainable livelihoods.” Adaptive co-management is mentioned briefly here to illustrate a gradient in the literature that is pertinent to environmental governance. New governance focuses institutional process in ways that apply broadly to programmatic goals. Adaptive governance focuses on institutional processes with environmental, social, and economic sustainability goals. The adaptive co-management literature tends to place a greater emphasis on the natural sciences than adaptive governance literature, resulting in more balanced discussions of natural and social systems.

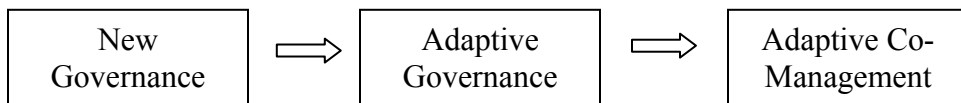


Figure 1. Discussions of new governance, adaptive governance, and adaptive co-management fall on a continuum from a focus on social systems to a focus on integrated social-ecological systems.

A Design Framework for Adaptive Governance

After reviewing the new governance, adaptive governance, and adaptive co-management literature, the following categories seem to synthesize observations and analyses from case studies coming out of different disciplines, while still allowing their distinct contributions to speak. Note that to function effectively, these standards need to be applied at appropriate multiple scales and centers of governance (Gunderson and Holling 2002, Folke et al, 2005). Walker et al. (2006), Dietz, Ostrom, and Stern (2003), Berkes, Colding, and Folke (2003), and Anderies, Janssen, and Ostrom (2004) contributed significantly to this formulation.

- System Boundaries – are well-defined
- Program Goals – are well-defined
- Information and Indicators
 - Agreement on necessary information and indicators.
 - Often for key ecological and social leverage points in the system.
 - Meet scientific standards and decision-maker needs – right information for right audience.
 - Input, output, and outcome information and indicators are considered.
 - Local and aggregated information.
 - Baseline information when appropriate to help determine program impact.
- Rules about Rules
 - Rules are followed, with “reasonable” tolerance for violations.
 - Graduated sanctions for rule violations are agreed upon and used.
 - Rule enforcers seen as effective and legitimate.
 - Rules are congruent with ecological conditions.
 - The benefits and costs of participating in the governance system are proportionally equivalent.
 - Authority is allocated to multiple scales in the system.
 - Institutional and rule variety are present (providing increased resilience).
- Conflict Management and Resolution
 - Power differentials mitigated or minimized.
 - Communications and decisions are transparent.

- Diversity and representative participation, especially in rule development and implementation.
- Clear accountability mechanisms for all parties.
- Low-cost strategies are available and used for dealing with conflict.
- Capital and Capital Reserves – There are sufficient capital (human, social, physical, financial) and capital reserves that can be easily accessed or converted. Social capital was mentioned most often, and included the following concepts:
 - Leadership
 - Social networks
 - Social memory
 - Trust
- A Culture of Learning – The governance system and individuals operating in it learn in ways that improves existing structures and processes. Learning also leads to changes in goals and directions as new information and conditions arise. Institutionalized mechanisms for learning (learning forums) (Moynihan in press) are in place and there is a willingness to experiment.

The categories listed here will provide the framework for analysis of Green Tier’s adaptive governance performance and performance metrics later in this paper.

Performance Management and Evaluation of Green Tier

Green Tier Adaptive Governance Goals

In a meeting facilitated by the author, a small number (5) of WDNR staff were asked, “Why does Green Tier want to be adaptive?” The question was further described by asking what goals WDNR staff would want to achieve though implementing an adaptive governance model. The question was asked to provide a preliminary foundation for examining Green Tier’s existing adaptive governance metrics and capacity in light of the design framework categories generated from other case studies. The discussion generated listed the following adaptive governance goals:

- Tap unique capabilities of stakeholders.
- More effectively address discrete problems.
- Modify responses based on changing state of the management environment (management responses track changing management conditions) – this point refers to both the ability to modify existing approaches and to develop and implement completely new approaches (single- and double-loop learning).
- Respond to changing expectations of stakeholders.
- Find new approaches to allocating resources.
- Use resources more efficiently.
- Integrate and engage additional multiple stakeholders to address environmental issues
- Help others (internally or externally) accomplish their goals (e.g. Green Tier participants, environmental NGOs, other Bureaus or Sections w/in WDNR).

These goals are consistent with the design framework categories, though in some cases provide additional specificity that could be used to generate high priority performance metrics within a performance management system. The goals are addressed further in the Analysis section of this report. Notes from the discussion can be found in Appendix A.

Proposed Benchmarks and Evaluation Strategies

Green Tier, as an innovation in environmental management, has been the subject of two in-depth analyses organized by the LaFollette School of Public Affairs and the University of Wisconsin Law School, both at the University of Wisconsin-Madison. It has also been studied discussed by UW-Madison student papers and by interns with the CEA. The Law School paper identifies and discusses a suite of benchmarks that attempt to meet the needs of a program trying to align and succeed with new governance principles. Benchmarks are categorized under what Sabel and Simon (2004) define and three features of developing new governance programs: stakeholder negotiation, continuous improvement and rule revision, and transparency. Please see Appendix B for this list of benchmarks.

The La Follette Report also identifies performance measures (see Appendix C). It goes further to provide potential evaluation tools and a timeline for completing a Green Tier program evaluation.

Both of these reports highlight similar issues to those emerging from the adaptive governance case study literature, though perhaps with some different emphases. Because of these similarities, the degree to which the two previous reports are being used by CEA and why are

discussed briefly in the analysis section of this paper in hopes of furthering Green Tier's capacity to adaptively govern.

Current Indicators and Benchmarks In Use

Participant Performance Metrics

Participants in Green Tier are subject to different measurement and reporting responsibilities, based on level or type of participation (contract vs charter). Similarities among participant types include the use of a suite of general environmental, economic and social indicators that can measure overall program results, the use of an EMS and third party audits, and an annual reporting requirement. For Tier 1 participants, these measurement and reporting responsibilities are required if participants would like to maintain the benefits of Tier 1 status.

For Tier II participants, participation contracts contain additional performance requirements as agreed upon by the participant and WDNR. The performance requirements are vetted through an interested persons group and public comment period required by statute. The Green Tier Advisors recently forwarded recommendations for Green Tier performance metrics to the WDNR Secretary that includes the suite of general environmental, economic and social indicators, and are ultimately intended to:

- Measure progress toward achieving superior environmental performance as compared to goals outline by both WDNR and Green Tier participants.
- Ensure that regulatory flexibility provided to Green Tier participants is proportional to the environmental benefits.

- Support continuous improvement of the Green Tier program’s ability to achieve program goals.

Participants are required to pick from the general indicators those that apply to their contract or charter, and establish specific indicators for their operation that will feed into measurement of the general indicators. In essence, the general indicators are meant to aggregate results from individual contracts. All reports are posted on the Green Tier website.

Charter participants outline the goals of the charter in their contract. Charters do not uniformly address the generic suite of environmental, social, and economic indicators, though the Dairy Business Association (DBA) charter notes “strongly encourage[s]” individual Tier I or II participants to use the generic suite in their measurement and reporting. Charters have some portion of the contract that outlines stakeholder participation, with the Clean Waters Initiative, whose current signatories include a large developer, Dane County, the City of Madison, the City of Sun Prairie, and the WDNR being a notable exception. The stakeholder participation aspect of an approved charter is most often fulfilled through engagement of an “interested persons group.” The requirements for this group outlined by charters and individual Tier II contracts tend to be fairly robust, articulating representativeness and diversity as goals. Again using the DBA charter as an example, “Final membership of the IPG shall represent a diverse range of interests, including the environmental community, and shall be jointly approved by the Parties.”

WDNR/Green Tier Program (State Level) Performance Metrics

WDNR is monitoring the state-level performance of its program in the following ways:

- Informal and formal monitoring of transparency and stakeholder participation benchmarks (Beckstrom et al. 2006).
- Soliciting and receiving unsolicited feedback from Advisors and other stakeholders at the state level.
- Survey of Green Tier participants addressing the relationships between WDNR and Green Tier participants (LaFollette Report Relationships Criterion 8).
- Focus group of Green Tier participants to collect information on WDNR/participant relationships and business value.
- Annual meeting of participants, potential participants, WDNR staff, Green Tier Advisors, and environmental and media representatives.
- “Generic” suite of indicators that can be collected at the participant level, but generalized to the state program level. Environmental indicators are the current focus, with economic indicators a second priority.

CEA is currently forwarding a Green Tier Advisors recommendation to the WWDNR Secretary that generally outlines an approach to state-level performance indicators. See Appendix E for this recommendation, which includes the generic suite of performance indicators.

Analysis of Green Tier’s Adaptive Governance System Based on an Adaptive Governance Design Framework

This section of the paper examines how well Green Tier’s current management systems and performance indicators are fulfilling the tenets of the adaptive governance design framework introduced earlier. The observations in this section are made in the spirit of adaptive

governance, and recognizing that learning and continuous improvement are essential and expected.

The symbols after each sub-heading in this section provide a quick summary of Green Tier's current performance and capacity in each point of the design framework. A "+" indicates full performance and capacity; a "0" indicates mixed results, and a "Δ" indicates an area in need of further development. A "+0" indicates higher performance and capacity than "0", with the potential to develop further in some areas.

System Boundaries (+)

Green Tier pays attention to system boundaries at state and participant levels. Program boundary is clearly the state boundary; conversations occurring as contracts and charters are developed discuss whether the contract applies to the company or facility, or which parts of the business operation.

Program Goals (0)

While goals and management objectives in contracts and charters are clearly spelled out, state-level goals are unclear. A Green Tier fact sheet describes the purpose of the program, but does not articulate clear program goals. WDNR staff in the adaptive governance working session also identified this as a gap.

Information and Indicators (Δ)

This element of the design framework is most applicable to CEA's goal of being able to respond to the changing state of the management environment. It is also where environmental

performance is measured. Information and indicators serve multiple purposes for multiple audiences. A set of “nested” output indicators (the generic suite) designed to function at both state and local levels is in place. Collection of information on these indicators is currently part of the contract negotiation process and subject to the participants’ ability and willingness to collect the information. This strategy is in keeping with the voluntary nature of the program. It recognizes that if the costs of participation are too high, businesses will not engage.

However, lack of consistent information on enough measures across the program creates challenges in demonstrating program impact. Sometimes information and indicators at the participant level are not structured to demonstrate program level impact. Baseline data may be unavailable, or participants are collecting information that cannot be meaningfully aggregated at the program level. One WDNR staff person expressed the challenge of articulating cumulative program impact for annual reports.

One option that may be useful for WDNR, participants, and stakeholders, is to express indicators in the generic suite as both absolute and normalized values. The current environmental indicators are absolute numbers (e.g. total fuel consumption). The Advisor’s recommendations suggest that indicators should be normalized when possible, however, the general indicators are not currently structured this way. Normalized values will express improvements per unit of production. Absolute values will more meaningfully express environmental impact.

Some inputs are monitored at the participant level, but are not systematically monitored at the state program level. Workload concerns are consistently mentioned at Green Tier Advisors

meetings and in personal communications with CEA staff. In addition, two of the preliminary adaptive governance goals identified by CEA and WDNR staff at the adaptive governance meeting were to “tap unique capabilities of stakeholders” and to “use resources more efficiently”. Information on program inputs is needed to assess progress toward both of these goals.

The adequacy of monitoring and reporting at both the state and participant levels is one of the most challenging design principles for Green Tier navigate. Green Tier is a voluntary program that embraces flexibility and reduced transaction costs with WDNR as a benefit to participants. Conversely, concern about metrics and monitoring (which takes time and resources) has been expressed by environmental advocacy groups in Wisconsin, despite the adoption of a suite of consistent indicators. For example, in an October, 2007 memo from Midwest Environmental Advocates to CEA, MEA expresses concern about a “Lack of available metrics to determine ‘superior environmental performance.’”

Finally, there is uncertainty about whether the way information is collected and expressed is useful for target audiences including elected officials at state and local levels, WDNR staff in other bureaus, participants and potential participants, environmental and social scientists, and a diversity of stakeholder groups. Environmental stakeholders in multiple personal communications have expressed the view that Green Tier is complex and that there is a high transaction cost to understanding the program. Certainly stakeholders need to understand the program to be motivated and able to participate meaningfully in decision-making. The

perception of program complexity may deter participant entry and civic participation in Green Tier, and may in essence reduce program transparency.

Rules about Rules (0)

Successful adaptive governance systems tend to be reasonably tolerant of violations, and provide graduated sanctions when they do occur. Environmental advocates have long argued that WDNR enforcement is lax due to capacity limitations and political unpopularity. Conversely, farm and industrial sectors maintain that rule compliance is time consuming and sometimes incomprehensible task due to the multiple rules, contacts, inspections, and agencies involved. One could interpret this dichotomy as indicative that a “reasonable” tolerance has been achieved, or that the rules are more fundamentally broken because they satisfy no one.

Also consistent with successful adaptive governance, the primary environmental rule enforcer, WDNR, is seen as legitimate, but WDNR’s capacity to effectively monitor environmental performance is limited, particularly related to water. One of the appeals of Green Tier contracts and some charters (see EccoDev and Clear Waters Charters on the Green Tier website) is that they provide additional performance monitoring that WDNR is not able to provide through third party auditing or inspections. Given limited government resources, this strategy seems to be supported by Green Tier participants and environmental advocates alike (Caneff and Saul, personal communication).

An additional concern about current rules is that environmental performance benchmarks (rules about acceptable performance) are frequently based on the technical capacity and perceived feasibility of performance, not on whether the benchmark will ensure achievement of

environmental goals like a suitable climate, public health targets, or maintaining swimmable lakes that are not choked with algae. This is a fundamental concern for all environmental governance that is broader than Green Tier, and needs to be addressed by WDNR as a whole. Finally, in successful adaptive governance strategies, all parties see the benefits of the rules and participation in the system as proportional to the costs. Green Tier is currently working on a process and a “balance sheet” for determining and monitoring proportionality. It remains to be seen how the proportionality system will work in practice and how it will be received by Green Tier stakeholders.

A final facet of rule application in adaptive governance pertains to multiple rule enforcers and rule scales. Charters with delegated monitoring and informal rule enforcement responsibility, third party audits as part of an EMS, and interested persons groups are examples of rule enforcement that goes beyond the state level and beyond WDNR. In these cases, rule enforcement occurs formally as part of contracts (including charter contracts) and informally through social capital and networks. The only formal monitoring mechanism for this facet is through annual performance reviews and reports. WDNR is not able to effectively monitor or learn from this aspect of adaptive governance, however, it may be a lower priority because it is already built into the statute and the WDNR’s theory in use. (Argyris and Schön 1996)

Conflict Management and Resolution (+0)

CEA attempts to minimize power differentials through decision transparency, wide distribution of information, and meetings open to participation by any interested persons. Rule development and implementation at the state level is also open to all interested persons. At the contract and charter level, there is some discretion given to participants, however, to date, no interested person has

been excluded. Proactivity through transparency and public engagement is the primary low-cost strategy for dealing with conflict. Experimentation, such as CEA and the Advisors agreeing to use a new dairy sector charter to test the effectiveness of using the Green Tier logo on consumer products, is also a conflict management strategy. Additional information and indicators would also support conflict management and resolution. Specifically, if WDNR, participants, and stakeholders agree upon the information to be collected and how it will be collected either before or during a conflict, that information will provide a solid foundation for shared understanding and learning.

Capital and Capital Reserves (Δ)

Any governance structure needs sufficient built, financial, social, and human capital to be effective. Adaptive governance also emphasizes the need for capital reserves to be easily accessed and converted. At the adaptive governance meeting with the author and WDNR staff, the need for resources to gather and manage information were highlighted, as well as the need for cross-scale, cross institution communication mechanisms. WDNR staff also highlighted the need for flexible capital reserves that would allow the governance to respond to new opportunities and changing management conditions quickly. It is worth noting that human and financial capital were uniformly highlighted in personal communications with WDNR staff. Finally, WDNR identified the ability to “tap unique capabilities of stakeholders” as an adaptive governance goal, and social capital as important for ensuring the Green Tier is adaptive. There are currently few performance measures or processes in place to evaluate Green Tier’s use of capital and availability of capital reserves. CEA has conducted a survey of Green Tier participants that examines the relationship between program participants and WDNR (see Appendix D). The bureau has also conducted a focus group of participants to explore participant

expectations, impediments, business value and perceptions of program improvements (see Appendix E). Similar information could be collected in future years and supplemented to provide important information on social capital. CEA is not currently collecting information on leadership, social networks, social memory, or trust, four design principles identified in the adaptive governance literature that relate to social capital.

A Culture of Learning (+0)

There is significant evidence of a culture of learning within CEA and Green Tier as a whole. Advisors meetings, comprising agency staff and a diversity of stakeholders, frequently build in learning and promote an atmosphere of learning. Meetings are open and are often attended by people other than CEA staff and Advisors Legislative staff, consultants, environmental groups, and Green Tier participants are some examples. In addition, Green Tier and its pre-cursor have demonstrated a willingness to experiment, a culture of learning hallmark. The Environmental Cooperation Pilot Program on which Green Tier was based, was a new governance experiment. More recently, the Green Tier Advisors were uncertain about the impacts of using the Green Tier logo on consumer products. Some potential participants view use of the logo for marketing as a significant incentive to work with CEA. However, some Advisors expressed concern about the ambiguity of the logo's message to consumers (i.e., what does a Green Tier logo mean when it appears on a product label?). Instead of blocking use of the logo, the Advisors recommended piloting its use and closely monitoring the results. In addition, stakeholders are integrated into the process of Tier II companies through interested persons groups. These groups meet with the participant and discuss local issues and progress related to the contract. Interested persons groups are an important way for Green Tier participants and community members to learn about each other's needs in the context of environmental performance. Two important impediments to

learning, also mentioned in the Information and Indicators category, are the perceived complexity of Green Tier by some stakeholders, and the lack of performance information to use in the learning process.

Internally, CEA staff meet quarterly to discuss current activities and issues. Moynihan (2007) describes the importance of routine forums for organizational learning. CEA staff interviewed for this paper indicated that they see these meetings as learning sessions, as well as activity updates, though one staff person indicated that the learning component of the quarterly meetings used to be more overt and structured. Staff expressed challenges learn from the various reports and information generated for Green Tier, citing a combination of resource constraints and higher priorities as impediments.

A Word About the Relationship of This Analysis to Other Performance Measurement Recommendations for Green Tier

It worth noting that Green Tier may be one of the most studied environmental policy initiatives in Wisconsin's recent history. The two most in-depth recommendations for performance indicators and evaluation strategies (the La Follette and Law School reports) recommended examining parameters that are in many cases similar correspond to the adaptive governance categories listed in this analysis. Relationships, transparency, stakeholder involvement, transaction costs, and environmental performance are just a few examples of commonalities.

In some cases, CEA staff have been able to take advantage of these recommendations, as they did in the case of the participant survey and the focus group. In other cases, staff have cited human and financial capital limitations (time, money, and performance measurement expertise),

the high priority of increasing participant numbers, and cultural factors that have restricted the collection and use of performance information as part of an adaptive governance framework. Finally, Green Tier is a young program, and regardless of resources, needs time to develop core operating procedures that older programs already have in place. These factors need to be considered by anyone supporting the development of Green Tier as an adaptive program.

Conclusion

The WDNR CEA and the Green Tier program have put a number of adaptive governance design principles to work. Based on the preceding analysis, System Boundary Definition, Conflict Management and Resolution, and a Culture of Learning are the three adaptive governance categories that are currently most fully developed. Green Tier could benefit from further development of the Information and Indicators and Capital and Capital Reserve categories. Specifically, WDNR, CEA, and the ability of Green Tier to achieve superior environmental performance in an adaptive governance framework may benefit from:

- Clarification of program goals at the state level.
- Development and use of more environmental performance measures that are linked to the capacity of the ecological system to persist in a desirable state.
- Systematic monitoring of other aspects of adaptive governance.
- Continue discussions about adaptive governance concepts, goals, and measures with Green Tier Advisors, participants, and other stakeholders.
- Increased resources for 1) the collection and use of selected high priority performance information and 2) maintenance of minimum capital reserves to respond quickly to changing management conditions. These resources may be housed in various places within the Green Tier adaptive governance system (i.e. both within and outside of

WDNR). Clearly, additional resources are not a universal fix. However, WDNR is trying to build trust in a new way of operating with both the business and environmental communities. The program cannot be fairly assessed without adequate resources to accomplish, measure, and communicate the accomplishment of program goals.

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Appendix A. Design Principles of Adaptive Governance and Adaptive Governance Meeting Notes

Design Principles of Adaptive Governance

Rebecca Power
for the Wisconsin Department of Natural Resources
Bureau of Cooperative Environmental Assistance
November 27, 2007

Primary sources for this presentation include:

- Walker et al 2006
- Dietz, Ostrom, and Stern 2003
- Birkes, Colding, and Folke 2003
- Anderies, Janssen, and Ostrom 2004

Definitions

- Social-ecological systems - a set of people, their natural and human-made resources, and the relationships among them (Janssen 2006)
- Resilience - the “capacity of a system to experience shocks” while maintaining its identity.
- Adaptability - the “capacity of the actors in a system to manage resilience”
- Transformability – the “capacity to create a fundamentally new system when the existing system is untenable.”
- Governance - . . . rules, processes and behaviour that affect the way in which powers are exercised . . . particularly as regards openness, participation, accountability, effectiveness and coherence. (EU white paper 2001)
- Rule - 1 a: a prescribed guide for conduct or action, or c. an accepted procedure, custom, or habit (Merriam Webster online)
- Broader than “administrative rule” – think “fair play”

When Adaptive Governance Has Been Most Effective

- Resources and resource use can be monitored
- Rates of change are moderate
- Resources, resource users, technology, economy, social conditions
- Dense social networks, i.e. frequent face-to-face, trusting communications
- Lowers cost of monitoring rule compliance
- Entry of “outsiders” into the system is minimized
- Users support effective monitoring and rule enforcement

Design Principles of Adaptive Governance

- Are the system boundaries clearly defined?
 - Where
 - Who
- Is there agreement on shared goals?
- Are there sufficient information and indicators?
 - Stocks, flows, processes of resource systems
 - Human-environment interactions
 - E.g. - VHS in fish
 - Human-human interactions – Examples:
 - WDNR and Participants
 - WDNR and Legislature
 - WDNR and environmental NGOs
 - Participants and local stakeholders
 - Evaluation information (inputs [including workload], outputs, outcomes) (Hatry 2007)
 - Adequate monitoring from regulator and user perspectives
 - Local and aggregated information
 - Baseline information to help determine program impact
 - Meet scientific standards and decision-maker needs – right information for right audience
- Conflict management and resolution
 - Are power differentials minimized?
 - Are communications and decisions transparent?
 - Is there diversity and representative participation, especially in rule development and implementation?
 - Are there clear accountability mechanisms for all parties?
 - Are there low-cost strategies for dealing with conflict?
- Rules about rules
 - Are rules followed, with reasonable tolerance for violations?
 - Are graduated sanctions for rule violations in place?
 - Are rule enforcers seen as effective and legitimate?
 - Are rules congruent with ecological conditions?
 - Are the benefits and costs of participating proportionally equivalent?
 - *Note: Rules can be formal or informal*
- Is there sufficient physical, technical, and institutional infrastructure? Examples include:
 - Pollution control technology
 - Infrastructure to gather and manage information (including human resources)
 - Monitoring devices and methods

- Cross-scale, cross institution communication mechanisms
- Are there sufficient capital (human, social, physical, financial) reserves that can be easily accessed or converted?
- Is authority allocated to multiple scales in the system?
- Is there institutional and rule variety?
 - Examples: State statutes and administrative rules; individual contracts and charters; local ordinances; interested persons groups
- *Note that rules and infrastructures meant to foster adaptability and resilience may actually reduce it.*
 - Farm subsidies
 - Some environmental regulations
- Is a culture of learning fostered and maintained? (Moynihan forthcoming, 2008)
 - Learning to improve existing structures and processes
 - Learning to develop new structures and processes
 - Learning forums – institutionalized mechanisms for learning
 - Willingness to experiment
- Is social capital developed and maintained?
 - Leadership
 - Social networks
 - Social memory
 - Trust

Meeting Notes

Attendees: Tom Eggert, Caroline Garber, Mark McDermid, Rebecca Power, John Shenot, Carla Wright

Why Do We Want Green Tier to be Adaptive? What are the goals we would want to achieve though implementing an adaptive governance model?

- Tap unique capabilities of stakeholders
- More effectively address discrete problems
- Modify responses based on changing state of the management environment (management responses track changing management conditions) – this point refers to both the ability to modify existing approaches and to develop and implement completely new approaches (single- and double-loop learning)
- Respond to changing expectations of stakeholders (Rebecca’s note: is this bullet a subset of the previous bullet?)
- Find new approaches to allocating resources

- Use resources more efficiently
- Integrate and engage additional multiple stakeholders to address environmental issues
- Help others (internally or externally) accomplish their goals (e.g. Green Tier participants, environmental NGOs, other Bureaus or Sections w/in WDNR)
- To maintain relevance of Green Tier
- Recognize interdependency/relationships between events, actions, actors in the Green Tier “system”
- Learning – we don’t know what we’re doing!
- Ability to move on once a process for solving a problem is underway

Topics missing from the Presentation List of Design Principles

- Externalities
 - Internal “no-go” situations – programs that are not yet ripe for Green Tier
 - Level of support from higher administrative levels
 - Are there willing participants? (Rebecca’s note: I wonder whether this is an externality. Is having willing participants perhaps a reason you’d like Green Tier to be adaptive?)
 - USEPA
- Future orientation

Adaptive Governance - Key Design Principles Selected by the Group

These are the principles the group determined would be most important to address if the goals identified in the “Why Do We Want Green Tier to be Adaptive?” section are going to be met.

- Shared program goals for Green Tier (state level)
- Information and indicators
 - Evaluation information (inputs [including workload], outputs, outcomes)
 - Meet scientific standards and decision-maker needs – right information for right audience
- Conflict management
 - Are power differentials minimized?
 - Are communications and decisions transparent?
 - Is there diversity and representative participation, especially in rule development and implementation?
 - Are there clear accountability mechanisms for all parties?
 - Are there low-cost strategies for dealing with conflict?
- Sufficient capital (human, social, physical, financial) reserves that can be easily accessed or converted
- Social capital
 - Leadership
 - Social networks
 - Social memory
 - Trust
- Sufficient cross-scale, cross institution communication mechanisms

- Culture of learning
 - Learning to improve existing structures and processes
 - Learning to develop new structures and processes
 - Learning forums – institutionalized mechanisms for learning
 - Willingness to experiment
- Future orientation

Appendix B. Benchmarks from the 2005 UW Law School Report

Benchmark	Title	Description
1	Initial communication between the WDNR and PCPs	This benchmark focuses on how Charter negotiations are initiated – specifically analyzing the degree to which the WDNR proactively recruits eligible entities vs. those entities seeking entry into the Charter program.
2	Amount of control devolved to the PCPs in the drafting and formation of the Charter	This benchmark examines the relationship between the WDNR and the PCPs in the drafting of the Charter. It looks at how involved the PCPs are in the actual drafting of the language, and examines how cooperative the process of negotiations and drafting was in the creation of the Charter.
3	Participation of third-party stakeholders and the general public	This benchmark examines the most uncertain aspect of the negotiation process – the role of third party participation in the formation of the Charter. It focuses on three discrete issues: (a) the types of third parties that are or should be involved, (b) the points of engagement for third party participation, and (c) the level and form of contribution that third parties are making.
4	Revision in response to public comments	This benchmark reflects the actions taken to incorporate or address comments received from the public concerning the Charter at various phases of its creation.
5	Ability of the Charter to identify target environmental issues that should be tracked and evaluated	This benchmark measures the ability of the Charter mechanism to identify specific environmental issues that are of concern to Charter participants and the WDNR.
6	Tracking and evaluation of generic cross-Charter environmental issues	This benchmark looks at how well a set of “generic” environmental issues are tracked and evaluated across the collection of Charter agreements. Through the standardization of environmental goals, the WDNR is better able to track the success of the Charter agreements and Green Tier.
7	Ability of the Charter to either identify or provide a means to identify “baseline” performance data for each target area to be addressed by participants	This benchmark examines the mechanisms for identifying baseline data for further performance evaluation. It reflects the industry-specific measurements that are the stated goals of a charter.
8	Evaluation of mechanisms for collection of data concerning participant strategies, actions and results	This benchmark continues to evaluate the EMS, particularly in how effective the systems are for tracking of information. It examines the manner and frequency of data collection.

9	Ability of the Charter to provide for mechanisms for performance data to be shared between the	This benchmark examines how well a Charter is able to disseminate the data it has collected to the stakeholders. participants, the Charter, WDNR, and other stakeholders to promote continuous revision and improvement
10	Specification of a streamlined process for agency approval of new technologies and/or strategies	
11	Identification and specification of an amendment procedure for the Charter	This benchmark evaluates how easily a charter may be amended, incorporating revised procedures into a more formal agreement.
12	Ability of the Charter to allocate significant compliance assurance responsibility to the Charter organization and its participants	
13	Ability of the Charter to provide incentives to the Charter Organization for thorough, accurate, and transparent monitoring of its participants	
14	Level of access to information by all relevant stakeholders throughout the Charter process	This benchmark measures the availability of information to the WDNR and other stakeholders. Additionally, it measures the type of information made available, the frequency of the access to relevant information, and the timing of the information provided.
15	Quality of dialogue and informational exchange between the relevant stakeholders	This benchmark measures the quality of informational exchange between WDNR and the Charter, the Charter and its members, and the Charter and other stakeholders. Specifically, this benchmark focuses on whether there is a higher quality of dialogue and whether there are new forms of communication and interaction between the parties that did not exist before the Charter.
16	Established measures and procedures for assessing transparency	This benchmark looks at whether there are established procedures in the Charter to measure transparency. Specifically, this benchmark focuses on how the Charter plans to adjust or modify their internal procedures to ensure transparency in the Charter process.

Appendix C: Green Tier Criteria and Benchmarks from the 2006 La Follette Workshop Report

Criterion	Title	Description	Benchmarks
Process			
1	Transparency	The level of stakeholder and the WWDNR access to information throughout the Green Tier application and negotiation process.	<ul style="list-style-type: none"> - Does the Green Tier applicant provide access to documents necessary to the application process? - Are all documents verified and accurate? - Is the Green Tier applicant willing to share these documents? - Are all relevant documents posted online? - Do community stakeholders have access to essential information? - Do community stakeholders have access to knowledgeable personnel within the applying business or the Wisconsin Department of Natural Resources to answer their questions? - Are all documents from the negotiation process period posted online as outlined in the statute? - Are community stakeholders able to participate within the public comment period, hearings or informational meetings? - Are community stakeholders made aware of these meetings and comment periods?
2	Stakeholder participation	The extent to which stakeholders from the WWDNR, industry, and the community have an opportunity to participate in the negotiation and drafting of the Green Tier agreement.	<ul style="list-style-type: none"> - Are public comment periods held? - Does the public have the opportunity to request a hearing or an informational meeting as outlined in the statute? - Is a public hearing or informational session held? - Are public comments considered after the comment period is over? - Have the WWDNR and Green Tier applicant considered the comments? - Meeting minutes should be collected to check whether both participants considered the comments adequately. - Are public stakeholders given the opportunity to participate in Tier 2 negotiations?
Participants' Costs and Benefits			
3	Transaction costs	The costs to the businesses of applying for, negotiating, and implementing a Green Tier	

		agreement as well as the costs to the WWDNR of recruiting participants for participation in Green Tier, promoting the program and developing the Green Tier brand, reviewing the applications, negotiating the agreement, and monitoring the business's implementation of the agreement.	
4	EMS costs and benefits	The costs to the businesses of implementing and maintaining an EMS system, the benefits to the business associated with their EMS, the costs to the WWDNR of monitoring EMS conformance, and the benefits to the WWDNR of a business implementing an EMS.	
5	Benefits	The extent to which the incentives offered by Green Tier create measurable benefits for participating businesses and the WWDNR.	
Environmental Results			
6	Direct environmental indicators	The achievement of environmental goals set by Green Tier participants in their contracts with the WWDNR as well as the broad environmental indicators relevant to all Green Tier participants.	
7	Learning and innovation	The extent of the efforts of Green Tier businesses to work with others in their supply chain or in their industry as a whole to develop innovative solutions to increase their environmental performance.	
Relationships			
8	Relationship between WWDNR and the business community	How Green Tier businesses perceive the WWDNR before and after participating in the Green Tier program.	
9	Relationships within the WWDNR	The extent of the learning and trust taking place <i>within</i> the WWDNR as a result of Green Tier.	
10	Relationships between the community and Green Tier businesses	The effect of each business's participation in Green Tier on their local community.	

Appendix D: Green Tier Participants Survey Results November, 2006

Survey Results: Green Tier Participants Survey

In the spring of 2006, the La Follette School of Public Affairs¹ published a report outlining the necessary components of an evaluation of the Green Tier program. The report highlighted several distinct areas that required analysis including the application process, participant costs and benefits, environmental results, and relationships. In response to this report, the WDNR's Bureau of Cooperative Environmental Assistance administered a survey of current participants in its Green Tier program in November of 2006 that was centered on the relationships category.² All of the 12 companies participating in the program at that time responded to the survey. What follows is a summary of the survey results.

The survey produced information on a variety of topics including:

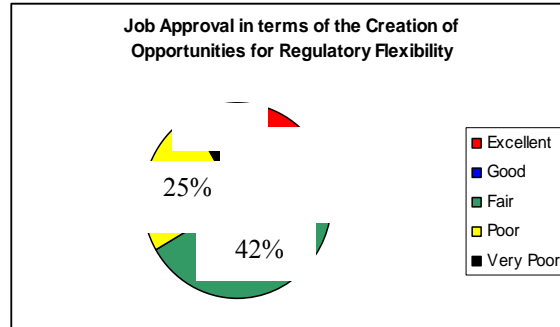
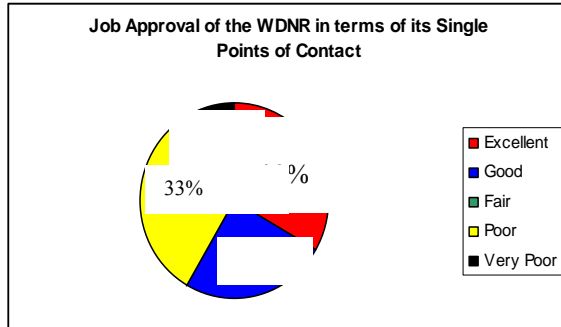
- Background Information & the Decision to Join Green Tier
- Relationship and Trust Building
- Business Value and Program Recognition & Expansion

Background Information

The purpose of obtaining this information was to gather information that could be used to recruit additional participants as well as to evaluate and understand the perspectives of current participants regarding their overall experience with Green Tier. Of special interest is the question asking participants to rate the job that the WDNR has done to ensure that the program's various incentives are being met. Incentives for the program include, among other things, the opportunity to improve relationships with the WDNR and local communities, working with a single point of contact, use of the Green Tier logo, and various types of regulatory flexibility. Interestingly, the most divisive question related to experiences working with single points of contact with responses evenly distributed from excellent to very poor. A similar pattern was noticed amongst respondents when asked to rate program performance in terms of creating opportunities for regulatory flexibility. Participants were most consistently impressed with the efforts of the WDNR to build relationships between the Department and businesses.

¹ Evaluating Green Tier: A Practical Guide for the Wisconsin Department of Natural Resources. Spring 2006

² Professional advice on the survey content was provided by Sharon Chamberlain, Chamberlain Research Inc.; Britta Johnson, an intern, constructed and administered the survey and produced this report.



In addition, there were several short answer questions in the survey that asked participants to identify: their primary reasons for participating, unexpected benefits and problems of the program, and overall suggestions for program improvement. What follows are general summaries of the responses given to these questions.

Factors that influenced participants' decision to join Green Tier:

- Developing/Improving relations with WDNR
- Personal desire for environmental achievement
- Looking for recognition for environmental achievements
- Balancing environmental and economic goals with regulatory needs

Unanticipated Benefits:

- Improved and proactive communication/partnering with WDNR
- Increased public recognition of environmental efforts

Unanticipated Problems:

- Regulatory burden is not being decreased
- High expenses (time & money) associated with the EMS
- Mixed buy-in from WDNR staff

Suggestions:

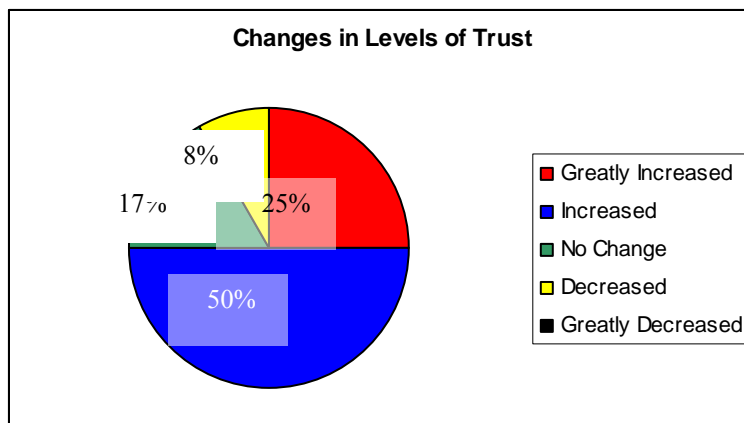
- Ensure gains (economic and regulatory) to offset the costs of superior environmental performance
- Bring more staff into the process to enhance their understanding of the program and help with the transition from the command-and-control relationship to one of partnership
- Increase the opportunities for companies to share their experiences and best practices
- Increase publicity of participants' achievements

Finally, participants were asked to rate the performance of the program as a whole on a scale ranging from excellent to very poor. Rankings ranged from "fair" (5 participants) to "excellent" (3 participants), with 4 participants ranking the program as "good."

Relationship and Trust Building

One of the goals of the Green Tier program is to alter and improve the relationship between the WWDNR and the businesses it regulates. While the relationship with the Department is clearly important, relationship building between participating companies and their local communities should also be considered, as this is often very important to the operational capacity of the business. The survey found that nearly two-thirds of participants experienced an improvement in their relationship with their local community since joining the program. Three-quarters of participants noted an improved relationship with the WWDNR since joining; however, one participant did note that the relationship had actually deteriorated.

An important aspect of this change in relationship is a multidimensional increase in trust. This trust is essential to if the Department wishes to move beyond a command-and-control framework. This survey contained several questions asking participants about changes in the level of trust in their relationship with the WWDNR. One approach to relationship building that the program takes is designating a single WWDNR employee to act as the “single point of contact” with the business. According to the survey, however, feelings expressed towards the impact of single points of contact on trust and relationship building were largely neutral.



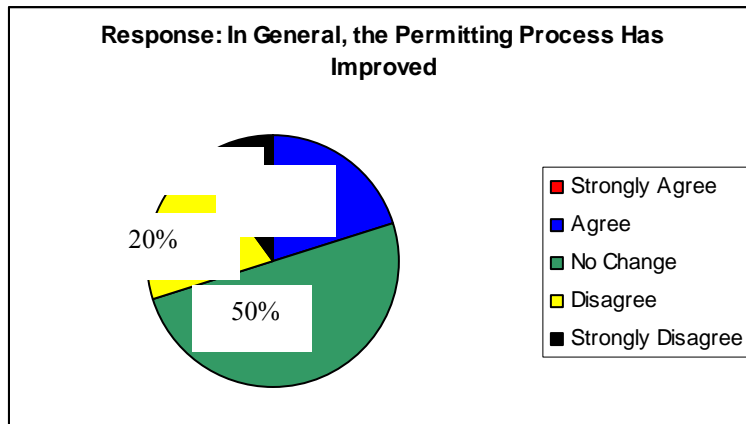
Linked to the idea of trust building are the ways in which the WDNR behaves while performing its regulatory duties. A few simple questions were able to reveal some of the opinions about the WDNR held by participants. Seventy-five percent of participants felt that the WDNR personnel who work with their company understand the unique needs of their business, with 80 percent feeling that these individuals care about the company’s interests. Seventy-five percent of participants also felt that WDNR personnel were open about current and upcoming regulatory activities and that they would provide them with reliable advice in regards to regulatory requirements responding to concerns in a thoughtful and prompt manner.

Business Value and Program Recognition & Expansion

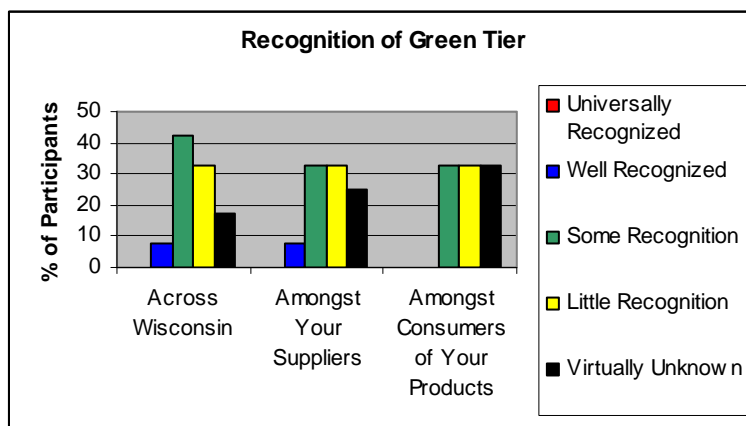
Limited information about whether and how Green Tier may add business value is available because this survey was not intended as a benefit-cost analysis. However, a component of the business value equation is the cost reductions that a company may experience because of a

reduced and improved regulatory environment. Significantly, no participants indicated that participation had reduced the costs of regulation for their company.

One general belief among participants at the time of joining the program was that they would receive improvements in permitting and monitoring processes. Participants' satisfaction with changes to the permitting experience is mixed. In terms of monitoring and inspection by the WWDNR, many companies saw no change; however, none reported a decline in the experience.



A secondary aspect of creating business value includes the “marketability” of participation. This is inherently linked to the recognition of Green Tier participation by the public. Without and adequate understanding of the program and what it means to participate consumers and producers cannot make fully informed decisions that could provide economic advantage to participants. The following table presents the participant’s perceptions of how well the program is recognized.



There is a unanimous sentiment amongst participants that the WDNR needs to do more to educate the public and Wisconsin businesses about Green Tier. It is also felt that more should be done to publicize the accomplishments of participants.

A final goal of the survey was to gather information on how participants are encouraging other companies to join the program. Nearly all participants have spoken with other businesses about

the program and its benefits. This communication was carried out through many channels including both oral and written communication and through participation in seminars and trade organizations. The survey went on to ask about the nature of the feedback that participants received from these companies; the responses were evenly distributed ranging from extremely positive to negative.

Appendix E: Green Tier Advisors Performance Indicator Recommendations

GREEN TIER ADVISORS RECOMMENDATION

PERFORMANCE INDICATORS (as amended following the August 3, 2007 Advisors meeting)

RECOMMENDATION

The following reflects revisions discussed during the August 3, 2007 Advisors meeting to the Performance Indicators Recommendation discussed June 11, 2007 by the Green Tier Advisors.

1. The Department require quantified environmental performance information on each of the Green Tier commitments made by the company.
 - The Department, in collaboration with each participant, should establish measures from the ‘suite of generic indicators’ related to those areas in which environmental commitments have been made. These measures are intended to obtain data on the related generic Environmental Indicators to enable comparative analysis of overall environmental performance. (In order to adapt the list of Generic Environmental Indicators over time to reflect experience gained and changes in measurement needs, the list will be periodically updated. The list attached to this Recommendation is the original list and has not been updated.)
 - The Department should use all available environmental performance information (including information that may be reported to the department for regulatory reasons), and work with participants to enhance the relevance and value of that quantitative data for documenting participant as well as overall program performance.
 - Wherever possible, measures should be normalized to account for changing business conditions. Measures must be included in the acceptance letters for Tier 1 participants, Tier 2 contracts or Charters.
2. The Department request that each Green Tier participant provide economic performance information that:
 - a. Describes the business value derived from the Green Tier Program such as improved working relationships, more efficient reporting/permitting processes, better supplier/customer relationships, etc.
 - b. Documents economic improvements attributed to participating in the Green Tier program such as more business, new/retained employment, cost savings, redirection of waste streams, etc.
3. The Department work with Green Tier participants to establish social performance metrics that establish a baseline for and that measure progress toward building a “trust-based” working relationship with the Department.

HOW WILL THE INFORMATION FROM PARTICIPANTS BE USED TO ADVANCE THE PROGRAM?

These recommendations provide the foundation for a formalized process of analysis for Green Tier participants to use in reporting a complete measurement of sustainability across environmental, social, and economical areas that will ultimately be used for measuring the effectiveness of the Green Tier Program.

Green Tier Performance Indicators are intended to.

1. Measure progress toward achieving superior environmental performance as compared to goals outline by both WDNR and Green Tier participants.
2. Ensure that regulatory flexibility provided to Green Tier participants is proportional to the environmental benefits.
3. Support continuous improvement of the Green Tier program's ability to achieve program goals.

The law requires participants submit an annual report on progress toward meeting the objectives contained in the EMS. The law also requires the department submit a progress report on the program to the legislature.

Attachment: Generic Suite of Indicators (developed September 2006)

The following Indicators are proposed for all Green Tier participants. In addition to this Generic List, it is expected that other indicators/metrics will come out of your Environmental Management System and would be used to document accomplishments. This Generic List is meant to help (company name) and the DNR document the relative success of the program.

Environmental Indicators

Some of the environmental indicators are already provided to the DNR. You would not be asked to report this information again if you have already reported it.

1.1 Water

- 1.1.1 Total water use
- 1.1.2 Total amount of phosphorous released into water
- 1.1.3 Total waste water produced

1.2 Air Emissions

- 1.2.1 Total greenhouse gas emissions
- 1.2.2 Total emissions of ozone-depleting substances
- 1.2.3 Total air emissions

1.3 Waste

- 1.3.1 Total solid waste produced

- 1.3.2 Total percentage of material ending up as waste
- 1.3.3 Amount/percentage of waste that is hazardous
- 1.3.4 Amount of mercury lost or released into the environment
- 1.3.5 Amount/percentage of waste recycled

1.4 Energy

- 1.4.1 Total energy used, listed by source
- 1.4.2 Amount/percentage of energy from renewable resources

1.5 Transportation

- 1.5.1 Total fuel consumption
- 1.5.2 Amount/percentage of vehicles using alternative fuels

1.6 Spills

- 1.6.1 Number of spills
- 1.6.2 Total amount of hazardous substances released due to spills

1.7 Land Use

- 1.7.1 Total amount of land owned and percentage that is permeable (not paved or covered)

1.8 TRI

- 1.8.1 Total TRI emissions

Economic Metrics

2.1 Total sales

- 2.1.1 Revenue brought in from annual sales before subtracting any costs.

2.2 Profit or loss

- 2.2.1 Quantify the profit or loss during the most recent fiscal year

2.3 Workforce changes

- 2.3.1 Number of people employed, and the change over the previous year (using Jan 31 as the baseline date)

Social Metrics

3.1 Alternative Transportation

3.1.1 Amount provided to support alternative transportation options for employees

3.2 Income inequality

3.2.1 The multiple between lowest paid employee and highest paid employee

3.3 In-State purchases

3.3.1 Percent of purchases made from companies in the state

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Appendix F – Green Tier Participant Focus Group

Green Tier Working Session – January 22, 2007

Summary of Focus Group

Companies/Organizations Represented: Cook Composites and Polymer Co., Veridian Homes, Roundy's, American Transmission Company, Kimberly-Clark Corporation, Edgewood College, Storm Tec/representing Charter for Scrap Recyclers

Facilitator: Sharon Chamberlain, President, Chamberlain Research Consultants

Expectations

What are some important values for your business to achieve?

What other benefits were you hoping to achieve? (Probe for regulatory relief, environmental, dollars saved, public relations for company, etc.)

- The more we work together [Green Tier participant and WDNR], the more the single point of contact (SPOC) can understand what we're trying to accomplish and understand there's always some give and take. ... having a focal person that we can pick up the phone and call—who knows who we are and we know who he is—and with whom we can just continue that dialogue instead of having a different player...makes a huge difference.
- We want to be involved with some cutting-edge stuff that we can do as a company and maybe get a few brownie points from the WDNR and the community and whoever else there might be. We have a responsibility to be a leader.
- As a company that encounters a lot of permitting from different jurisdictions with multiple persons involved, we're looking at the one-stop shop. It's one person who understands who we are. We have a proven track record. Can we go in and get all these permits at one time, because we meet every two months (for our charter) with the WDNR, city of Madison and others? In the mean time, if anything comes up, e-mail, phone call, et cetera—it's like we're working together in the same company trying to achieve the same thing. So it's really an enhanced relationship, as well as the trust.

Are you achieving or working toward meeting those expectations? What yes? What not?

- We have a system with the WDNR in which we submit weekly photographs of each one of our sites to show them, almost as if it's in real time. Pictures can be filed away so a history develops throughout the course of the project. Instead of sending the inspectors out traveling the city, it's almost virtual reality from their desks.
- We have inspectors on all of our work to ensure that everything is being done in accordance with permits and to make sure that our commitments are being made. The company has also set up Web pages so the WDNR and the Public Service Commission have the opportunity to access material right away and voice any concerns. The experience has helped ensure that we're doing things better than even a year or so ago.
- After a year and a half putting together an EMS, the benefit of that work now is that the people who did the work were developing the EMS and basically agreeing on what could be done to support it. The added benefit is that additional staff added during EMS formation had a training tool because the EMS was in place. They knew exactly what was expected of them. Now is the EMS doesn't seem burdensome.

Impediments

What impediments are keeping you from achieving all you want?

- We joined Tier 1 with the hopes of making some improvements but it's taken a year of constant communication with our SPOC to even talk about one little change. The feedback we've been getting for the past year has been that's outside the WDNR's regulatory authority, or we need to be in Tier 2 to realize those benefits. ... In the past couple of years, we've had 10-12 major projects go through permitting, plus about 100 or so small projects. It's those 100-200 small projects that we can get off their plate and make it easier to focus on the big stuff.
- We actually had a *higher* frequency of inspections.

Incentives

Are the incentives for participation good? Should there be others?

How is the program working toward community involvement? Regulatory relief?

Use of logo and marketing materials? More trusting relationships?

- While developing a major distribution center building we found all kinds of unanticipated issues and lots of local issues, specifically the impact of the distribution center on property values. Green Tier provided a foot print; we got direction we didn't anticipate. This was important because we want to be a good community member.
- Green Tier has helped us create a liaison between our company and the WDNR. It actually gives us a vehicle to communicate on a much easier plane than we've ever done before.
- Green Tier has really helped our 'social license' to operate.
- Because of Green Tier we are not as intimidated with WDNR as we used to be. In the there were a lot of times it was our attorneys talking to WDNR's attorneys trying to figure out how we were going to get something accomplished. Quite frankly, that's just not an effective way for us to continue to do business is always having attorneys or advisors or consultants every time you turn around to talk to a state agency. I can remember early on in our conversations with the WDNR—it's like, 'Who's the attorney that's going to represent us in this? We don't go to the WDNR unless we have our attorney.' ... That's the last thing I think about today is pick up the phone and call our attorney to call the WDNR.
- During one particularly slow and frustrating permit application, a permit engineer seemed overwhelmed and we were just horrified at what we were going to see. ... So we called and talked with WDNR very openly, and they got some people involved who were more senior and understood how these types of permits could be written and structured for our type of operation.
- Normally we'd fear burning the bridge with the regulator. ... Through this process, it was no hurt feelings, no problem, but we just had to point out this was a path to a real problem. That was an example for us where I think there was a paradigm shift from the agency to say, 'How can we make this work, and who do we need to get involved?' ... I would not have attempted it in any other state. But we were striving for something more streamlined. ... I think it gave us that opportunity for dialogue, and the trust was there that we could talk openly.

Other business value you have experienced?

- It may help you grow your business. ... What can it do to bring on sales and enhance your image with the community? I think that's huge.
- It's a point of differentiation from other businesses.

What needs to happen going forward to increase the value? Make it a really good program for you?

- We want to expand sustainability dialogue and environmental-excellence dialogue with our community and other businesses.
- In terms of market development and product design, we're really stretching both WDNR and ourselves to see how we can partner with other Green Tier participants to see what we bring from a product standpoint that might be of interest to someone else who's in the Green Tier program.
- There are opportunities for working with a group to discuss how we can collectively improve our operations and what we can learn from others.

Improvements

Do you have suggestions for improvements to encourage other participants?

- The EMS process, and maybe what was viewed by our members as a roadmap toward ISO certification, was seen as very costly, very time consuming, a lot of paperwork, a lot of documentation, a lot of monitoring. That's hard for small businesses.
- One suggestion for WDNR to help would be to participate and facilitate identifying 'aspect and impact evaluation' for companies that are either coming into Green Tier [or] looking at Green Tier.
- A 'How to' Workshop (develop an EMS).
- We integrated our EMS with other management systems so we could borrow a lot of the framework and understand standards and what things needed to be set and adapted to our specific site location. ... For some sectors with many small businesses, the critical step may be getting one location to go the distance on ISO 14001 and have other facilities use that plan as a starting point for their own EMS.
- I think it goes back to where are you at with your business and your system to be able to incorporate something like this into the process. If you don't have anything set up right now, the initial set-up or start-up may be a little bit intensive. But once you're there, it may just become involved in your whole process and the cost goes away. It's part of daily business.
- More outreach would be good. There are a lot of people whose businesses could benefit from being in Green Tier but maybe don't trust WDNR or have had bad experiences. I think outreach to let folks know that we're [GT participants] here, we're changing, [and] this is a program that we want to encourage you into. These are things we can help you with. Finding ways to discuss that in business terms—not regulatory terms—is something that has to happen.
- WDNR needs some marketing training. But we can help and we can have a role to play. We can help with our customers. We can help with some of our suppliers. We can play a role in

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helping to get people involved.

- This has been brought up from the environmental side that Green Tier might be targeting the wrong people. ... There's this constant debate of: Do you let the troubled companies into Green Tier or do you target the good actors? There needs to be a good answer to that. It's not necessarily one or the other, but there needs to be a strategy because I think this is a solution that's looking for a problem. ... It takes a lot of courage from WDNR to go and engage a struggling company because it's not going to be politically correct to bring a company like that into a Green Tier-type of program. ... It could offer the biggest upside. Maybe that should be a target for Green Tier -- where you identify the struggling companies so you can provide the maximum benefit to the state but help them get systems into place so they can move to Green Tier status.
- I think people lose sight that this is a process—it goes on and on and on. When you start out, you're not going to be the best at anything. You're working to get better at everything. You do the aspect and impact analysis. You choose where you want to go at least initially, and you work to get there on a constant-improvement basis. You reach a goal and you say, 'What else can we take on and move forward with that?' and always try to get better.