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## ***From polycentricity analysis to poverty analysis. Using IAD in social policy***

### ***Summary***

Vincent and Elinor Ostrom devoted their entire academic careers to studying polycentric systems. Their work has influenced mainly research on common-pool resources. The purpose of this paper is to show how analysis of polycentric systems could be used in social policy studies. It is done by outlining the new institutional framework for development. This framework synthesizes Institutional Analysis and Development Framework created by Elinor Ostrom with Amartya Sen's capability approach. The application of the new institutional framework for development is demonstrated through the analysis of poverty.

**Key words:** Elinor Ostrom, Vincent Ostrom, Amartya Sen, Institutional Analysis and Development Framework, capability approach, poverty

### ***Introduction***

This text attempts to synthesize the Institutional Analysis and Development Framework (IAD) of Elinor Ostrom with the capability approach of Amartya Sen. Under the name of the new institutional framework for development, this synthesis demonstrates the benefits

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provided by the combination of such a sophisticated analytical tool as IAD, with a clear criterion for the evaluation of social realities offered by the capability approach. The synthesis of the achievements of two Nobel Prize winners allows an in-depth evaluation of the reality around us, an analysis of the determinants underlying it, and identification of the ways aimed to change that reality.

The idea to combine the two concepts follows from their shared axiological pedigree and mutual complementarity. Both Sen, and Ostrom, focus their discussions on the topics of freedom and self-governance. They agree that individual freedom should comprise the basic criterion for evaluation of social life. But whereas Sen's work on the capability approach offers mainly theoretical arguments supporting this thesis, IAD created by Ostrom offers mainly analytical tools which help to distinguish the factors determining individual freedom. Consequently the new institutional framework for development resulting from synthesis of the works of the two authors offers students of social policy two mutually complementary perspectives. First, a clear criterion for the evaluation of social reality, i.e. a modern concept of freedom; whose roots date back to the works of Adam Smith and John Rawls. Second, an analytical tool which indicates factors influencing individual freedom, and consequently implying the ways to increase such freedom. As a result, the new institutional framework for development perceives such a central issue for social policy as poverty mainly as a threat to an individual's self-determination. It perceives poverty as a threat to human freedom and offers ways to increase that freedom. Thus the new institutional framework for development represents a liberal strain of thinking on social policy.

This paper starts with a brief presentation of idea of policentricity which was central for work of Vincent and Elinor Ostrom. In the next section I focused on the Institutional Analysis and Development Framework created solely by Elinor Ostrom (IAD). The analysis of IAD ends with an indication of the obstacles which have so far impeded the implementation of IAD into research on social policy. Consequently I point out Sen's capability approach as an opportunity to overcome those obstacles. A further part of the article presents the new institutional framework for development, which synthesizes the achievements of E. Ostrom and of Sen. The paper ends with an example of how the new institutional framework for development may be used to analyse poverty. It demonstrates how one of the central subjects to social policy could be understood by simultaneous references to the concepts developed by Sen and E. Ostrom.

### *Polycentricity*

Vincent Ostrom was the first to analyse polycentricity and Elinor Ostrom had collaborated with him in the beginning and later expanded his work. Vincent Ostrom's interest in polycentricity followed from his research on public services management in US metropolitan areas. He opposed the advancing process of the centralization of those services' provision and production. He found the inspiration for his dissent in the works of Michael Polanyi (Polanyi 1980; Ostrom 1999; Aligica, Tarko 2012).

According to Polanyi, there are two basic types of political order: intentional, direct, and spontaneous, polycentric. The former is characterised by the existence of superior authority, which controls the realm of its governance in a centralised way. On the other hand, the polycentric order is characterised by having no single superior authority, just a system of universal rules instead. Within the polycentric order there are many autonomous, but interdependent, entities aiming to assert their own interests. Interactions between those entities are regulated by universal rules. According to Polanyi, these characteristics of polycentric order give it an advantage over the direct one.

Following in Polanyi's footsteps, Ostrom created his own concept of polycentricity. It is composed of two dimensions – a normative and a descriptive one. In the normative dimension, polycentricity is connected with the ideas of self-governance. Self-governance is understood as a form of sustainable social organization, which allows for collective problem-solving, attainment of shared goals and joint conflict resolution (McGinnis 1999, p. 3). According to Ostrom, self-governance is a value per se, which makes it advisable to support autonomous, if interdependent, civil communities.

In the descriptive dimension, Ostrom points out two levels where a polycentric system may emerge. On the first level, which can be called the management level, the polycentric order is considered in the context of the production of public goods, necessary to meet the needs of a community (Ostrom, Tiebout, Warren 1961). If a given community can choose freely, e.g. a waste disposal company or security provider, we are dealing with a polycentric order. The polycentricity at the management level appears whenever communities are able to choose the producers of social services. Therefore in order to emerge polycentricity requires independence and autonomy of the communities and the existence of many service producers.

Ostrom thinks that for polycentricity to be able to come into play at the management level requires the existence of polycentricity also at the political level (Ostrom 1999, pp. 52–57). This is because polycentricity at the political level enables and guarantees the functioning of polycentricity at the management level.

Polycentricity at the political level is characterised by the existence of multiple, interdependent decision-making structures with very limited governance competences. In other words, under the polycentric system the authority is exercised by several narrowly specialised and mutually independent institutions. The danger of imbalanced distribution of power is minimised. Authority is not concentrated within a single pivotal centre, but is evenly distributed among several political actors.

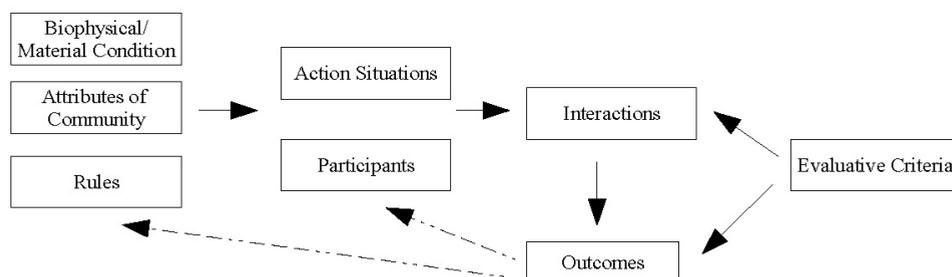
Ostrom developed the polycentricity concept mainly during his research on management of water resources and police administration systems (McGinnis, Ostrom 2011, pp. 17–18), only to become more focused on analysing polycentricity at the political level later in his academic life (Ostrom 1994; Ostrom 1997; McGinnis, Ostrom 2011, pp. 19–23). Elinor Ostrom in turn stayed focused on polycentricity at the management level (Ostrom 1990; Ostrom 1992; Ostrom 2005). Her research interests have increasingly referred to the issues related to the problem of the administration of common-pool resources. Carrying out research all over the world, she tried to answer the questions of

how it is possible to manage common-pool resources effectively through self-governing communities of their users.

### *Institutional Analysis and Development Framework (IAD)*

The research of E. Ostrom on self-organized resource governance climaxed in IAD. IAD is an extensive analytical scheme (Chart No. 1), which presents in an orderly manner the factors – as well as the linkages existing between them – which influence the process and quality of the public goods management (Ostrom 2011, p. 8).

**Chart No. 1. Institutional Analysis and Development Framework**



Source: adapted by the author from: (Ostrom 2011, p. 10; Ostrom 2005, p. 15).

At the very foundation of IAD there is an assumption<sup>2</sup> the quality of common-pool resources management is determined by interactions between users of those resources (Ostrom 2005, p. 5). Management quality results from those interactions. Interactions themselves usually proceed according to some pre-set forms. Those forms were named action situations by Ostrom.

An action situation can be characterised using seven clusters of variables: (1) potential participants of the action situation, (2) positions that might be occupied by the participants within the action situation, (3) potential outcomes of the interaction between particular positions, (4) actions assigned to a position, (5) the extent of control over the action situation connected to a position, (6) information available to a position, and (7) the costs and benefits assigned to each action and each potential interaction outcome (Ostrom, 2005, p. 32). The entire action situation is in turn influenced by three clusters of exogenous variables: (1) biophysical/material conditions of the environment; (2) attributes of the community within which the action situation is located, and (3) the rules shaping up the action situation (Ostrom 2005, p. 15).

<sup>2</sup> The IAD version presented in this paper is based on the IAD elaborated in *Understanding Institutional Diversity* (Ostrom 2005).

IAD also described the attributes of the individuals participating in the action situation<sup>3</sup>. Ostrom points out two of their main attributes: the type of information reaching particular individuals and mental models generated by individuals on the basis of such information (Ostrom 2005, pp. 104–109). Those mental models are perceptions of the reality generated by the participants of the action situations. Those perceptions in turn constitute the basis for the decisions they make.

The last element of IAD is comprised by the evaluative criteria, which allow for the evaluation of the outcomes of interactions taking place within the action situations (Ostrom 2005, pp. 66–68). Those criteria may refer to quite diverse values, such as effectiveness or equality.

The indebtedness of IAD to the polycentricity concept is particularly visible when Ostrom analyses the linkages between particular actions situations. The way in which a particular action situation is structured depends on the outcomes of interactions taking place in other actions situation.

Particular situations may be interlinked horizontally or vertically (Ostrom 2005, p. 57). In her hierarchy of action situations, Ostrom identifies the following situation levels: operational situations, collective-choice situations, constitutional situations and meta-constitutional situations. Situation which is higher up in the hierarchy influences the rules of action situations located below it.

In the context of further deliberations it must be pointed out that IAD is strongly rooted in the rational choice institutionalism. Ostrom devoted much attention to linkages between decisions made by individuals and their institutional environment (Ostrom 2005, p. 4).

Ostrom assumes that people act rationally. But this is a bounded rationality, greatly diverging from the rationality assigned to agents in neoclassical economics models (Ostrom 2005, p. 118). An individual guided by bounded rationality is not a rational egoist, because he/she does not have complete information about the situation within which he or she happens to act. People are unable to assess coherently all potential outcomes of action situations. They also do not aim at maximization of their material gains (Ostrom 2005, p. 101). A rational egoist appears only when people are placed within an institutional environment prompting them for selfish behaviours (Ostrom 2005, s. 118).

Institutional environment is also important when considering cooperation issues, because only proper rules and norms allow individuals to initiate effective cooperation. The issue of cooperation is in turn central to proper governance of common-pool resources – a pivotal theme for IAD (Ostrom 2005, pp. 119–254).

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<sup>3</sup> Under the IAD model presented in the book *Understanding Institutional Diversity* (Ostrom 2005) the actions situations and its participants comprise a separate framework element – the action arena, but owing to the fact that the difference between the actions arena and action situation was not quite clear for many recipients of the Ostrom’s concept, the “action arena” term ceased to be used. (Ostrom 2011, p. 9).

IAD is an analytical tool strongly linked to the rational choice institutionalism. Such a research perspective is used within IAD not only to analyse effectively the social interactions, but first and foremost to build institutional solutions allowing self-governance of common-pool resources. In other words, IAD is a tool aimed to enable the creation of effective polycentric systems.

What is the usefulness of such an expanded analytical framework for social policy? The concept of polycentricity and IAD are used mainly in research dedicated to the issue of common-pool resources protection (Ostrom 2011, pp. 21–24; Basurto, Kingsley, McQueen, Smith, Weible, 2009; Bushouse 2011). Nonetheless Ostrom herself suggested that IAD was a universal analytical tool, which can serve the purpose of designing action situations other than common-pool resources management. Nevertheless IAD has not been used so far in the studies on social policy. Still there are relevant references to polycentricity in social policy. Those are related to the idea of co-production. Several studies have been carried out to examine how recipients of social services co-participate in their delivery (Pestoff, Brandsen, Verschuere, 2012). However, none of the studies have used IAD.

In this article I do not want to propose using IAD for better understanding the implementation processes of social policy. Instead I wish to use that part of the reflections of E. Ostrom's work which refers to the issue of the empowerment of individuals. Besides being an institutional framework for enhancing self-governance, IAD is also an institutional framework for the empowerment of individuals. When analysing the list of factors conducive for effective and efficient governing of common-pool resources, E. Ostrom also analyses the list of factors conducive for the empowerment of individuals. According to E. Ostrom, self-governance is possible wherever individuals capable of rational, self-sufficient and responsible action meet. The fact that IAD offers the possibility to define the conditions favourable for the advancement of individual's empowerment, complements another concept, much closer to social policy, namely Sen's capability approach.

### ***IAD and capability approach***

The capability approach [CA] created by Sen is closely related to IAD on the one hand, and offers different evaluative criteria than those applied by Ostrom on the other. Two notions are central within the capability approach: functionings and capabilities. Functionings are the conditions and activities comprising the individual's current way of life. Capabilities are sets of functionings among which an individual can choose from (Sen 2000, pp. 74–76; Sen 2012, pp. 320–321). In other words, capabilities are ways of life available to individuals. The capability approach concept was created to formulate more adequately than before the goal of social development. Sen is of the opinion that social development should not be identified exclusively with an increase in the pool of material resources, but first and foremost should be linked to making it easier for people to fulfil their aspirations (Sen 2000, pp. 24–25). The societies where people can choose

from among many ways of living, i.e. functionings, are at lesser risk of poverty, or social exclusion. Hence as the title of the Sen's book suggests, development is freedom.

The capability approach concept shares several features with IAD. Similarly to Ostrom, Sen raises in his deliberations the issue of empowering the individuals – their capability to make conscious choices. The difference between Sen and Ostrom consists of the fact that Sen analyses the issue of empowerment mainly in normative terms. For him, enabling people to act in an independent way is the central goal of social development and the main factor stimulating such social development. Enabling human agency is a pivotal method of combating all types of deprivations (Sen 2000, XI).

For Sen the issue of freedom is directly linked to the issue of responsibility. People are unable to act responsibly, if they cannot make autonomous decisions. Freedom allows us to refrain from an action or to act in one way or another (Sen 2000, s. 190). Without such capabilities, it is difficult to speak of responsible decisions.

Sen and Ostrom also similarly view the place of institutions in social life. Sen states straightforwardly that individual freedom is dependent on several social arrangements (Sen 2000, pp. XI–XII). Human freedom is dependent on institutional arrangements functioning in economic, social and political life (Sen 2000, p. 53). At the same time the effectiveness of particular institutions should be assessed by the extent to which they contribute to the enhancement of human capabilities.

Hence similarly to Ostrom, Sen is concerned with the linkages between human empowerment and social institutions. Both authors address the topic of nexus between the characteristic of individual actions and his or her social environment.

Recognising the linkage between the characteristic of individual's actions and their institutional environment, Sen and Ostrom also agree that efforts made within public policies should be targeted mainly at the enhancement of rational and autonomous individual actions. The institutional change is intended to increase the scope of freedom. The difference between Ostrom and Sen concerns where and for what exact purpose such human empowerment is to be released.

Ostrom is focused on supporting the autonomy of communities – the independence at the level of collective action (Ostrom 2005, pp. 255–288). This follows directly from her studies on the phenomenon of polycentricity. The American researcher seeks to formulate such regulation of local communities that would allow them to operate both autonomously and effectively. For Ostrom those two goals are combined – autonomous governance is the most effective way of the functioning of local communities. In the polycentricity concept, the freedom to make sovereign decisions is both a constitutive and instrumental goal.

On the other hand, Sen devotes a lot attention to the issue of freedom at the level of individuals. He is of the opinion that the greater independence of individuals' actions, the greater is individual responsibility for these actions. This increased responsibility in turn contributes to social development. Also in that case, freedom is treated in both constitutive and instrumental terms. For Sen, human freedom is relevant per se, but it is also treated as the most important instrument of social development.

Both for Ostrom and for Sen, freedom is a pivotal criterion for the evaluation of social life. The difference is that Ostrom makes the evaluation from communitarian perspective, while Sen – from the liberal one. The American political scientist points out to independence of community, while the Indian economist – to independence of the individual. This difference in the distribution of accents translates into different areas of interest of the two researchers. Ostrom focuses on the analyses of common-pool resources governance, while Sen focuses on the issues related to social development.

Such focus on issues connected with governance of common-pool resources constitutes a fundamental limitation in the use of IAD, or more broadly speaking, of the polycentricity concept within social policy. Although issues related to independence of communities, or governance of common-pool resources, are important for social policy; much more important are the problems connected with social inequalities or social development. Those issues are addressed by Sen. However in his case the focus on issues connected with social development did not translate to the same extent as in the case of Ostrom, into the development of a comprehensive analytical tool.

Sen is well aware of the fact that social development depends on many institutional factors. In that context he speaks about the issue of social realisation. In his polemics with John Rawls, he points out that it does not suffice to identify the few key rules aimed at informing a just society; we should also analyse how those rules can be implemented in various areas of social life. Sen himself in several publications demonstrates how the individual's possibility to make choices – which is a central notion for him – is determined by several factors. He describes how gender influences individual capabilities, how issues related to ownership rights influence choices made by individuals, or how individual choices are influenced by the shape of political systems. Those analyses can be accused of lacking a systematic approach. Particular examples of linkages between freedom of individual's choices and the surrounding reality are picked up quite randomly. It is easy to gain an impression that Sen is convinced that individual freedom is influenced by so many factors that they can be hardly described in a systematic way. The latter effort was undertaken by E. Ostrom, who created IAD.

Hence from the perspective of social policy, a reflection on polycentricity led to creation of a very interesting analytical tool, namely IAD, which nevertheless applies evaluative criteria that cannot fully align with the expectations of social policy. On the other hand, Sen proposed evaluative criteria of social interventions, which are highly inspiring for social policy, but he hardly developed any institutional analysis. Therefore, bearing in mind the aforementioned intellectual affinity of both concepts, one can aim at a synthesis of the two concepts. Below I will only sketch, as a new institutional framework for development, the direction towards which attempts at such synthesis may develop.

### ***A new institutional framework for development***

First and foremost, under the new institutional framework for development<sup>4</sup> the main stress must be laid on evaluating the condition of the individual, instead of evaluating the functioning of communities. The main evaluative criterion should be comprised not by the issue of the quality of collective governance of common resources, as is the case under IAD. The central issue should be constituted by the condition of particular individuals comprising the analysed community. The said condition should be described with the use of the capability approach created by Sen.

It seems that from the perspective of the capability approach, of central importance are Ostrom's reflections concerning the rules governing given action situations<sup>5</sup>. To evaluate the condition of individuals by the choice options available to them, one should first and foremost focus on the rules related to who may participate in a given situation (rules governing boundaries of particular situations), on the rules related to what information and what control is held by an individual occupying a particular position. All those norms define to what action situations, i.e. to what areas of social life, particular individuals are admitted. They also define what positions can be occupied by individuals within those situations, and what information and scope of control over a given situation they have. Capabilities available to each individual are to a large extent determined by what areas of social life are available to them and what their position within those action situations is.

Nevertheless, access to particular action situations does not depend solely and exclusively on the rules of social life. As has been already pointed out, under IAD people's access to information is very important (Ostrom 2004, 104–109). Ostrom is interested in the impact of information on the perceptions of reality by people and the impact of those perceptions on the decisions they make. Beyond any doubt, this issue is important also for Sen, when in the context of reflections on social development he points out the necessity to keep social life transparent (Ostrom 2000, pp. 39–40). This transparency allows the individuals to reach reliable information about the world around them. Nevertheless the capabilities of individuals are not determined solely by the information reaching them.

It must be pointed out that for the information reaching individuals to be comprehensible and correctly interpreted, it is necessary for such individuals to have proper skills and competencies. People should be able to efficiently process the information reaching them. For that reason, their educational background does matter. Additionally the

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<sup>4</sup> The notion of "framework" has been used deliberately in reference to how Ostrom understands the distinction between framework, model and theory (Ostrom 2011, pp. 8–9).

<sup>5</sup> Ostrom differentiates seven rules on: (1) boundaries of particular action situations, (2) positions available within particular situations, (3) actions that may be taken by persons occupying particular positions, (4) information available to persons occupying particular positions, (5) the scope of control over a given situation available to persons occupying particular positions, (6) possible results of action situations, and (7) payoff available to persons occupying particular positions (Ostrom 2005, p. 189).

capability to process information is determined by an individual's intellectual efficiency. The latter factor refers us to the issue which is not directly related to information processing, i.e. an individual's physical condition.

A certain action situation can be formally available to individuals, but their health conditions may prevent their participation in the action situation. Actual availability of an action situation can be determined – besides health – by many other specific features of individuals, such as place of residence or financial means in their possession.

It is worth pointing out that besides universal factors conditioning access of individuals to specific action situations, i.e. ones that influence the availability and quality of participation in a given situation, one can also identify particular factors. The latter factors include those features of an individual that have great impact on the availability and quality of participation in a given social situation, and which are conditioned by rules governing this specific action situation. For example, for a significant period of the development of European democracies the issue of participation in elections was determined by factors such as gender. Besides gender, one can include belonging to an ethnic group or age groups among particular factors of participation.

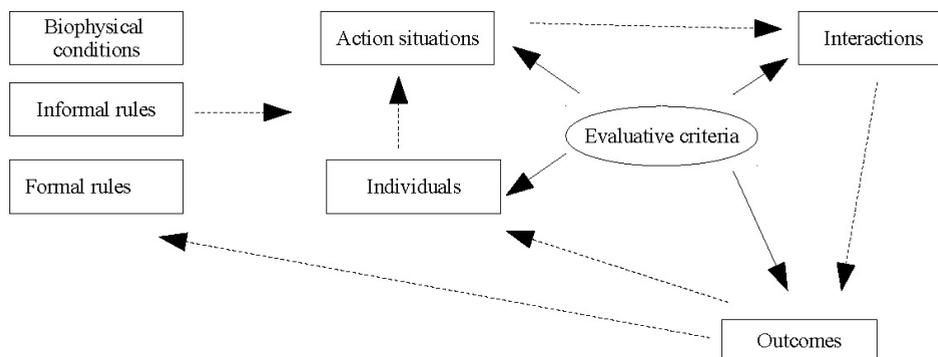
Besides rules governing a given action situation, according to IAD assumptions, the process of such an action situation is influenced by two more external factors – the biophysical condition and features of the community within which a given action situation is located. Biophysical factors define material limitations of the decisions made within a given situation (Ostrom 2004, pp. 22–26). From the perspective of the capability approach concept, this translates into something quite obvious – even if a given action situation is governed by very egalitarian access rules, but resources available in a given situation are very modest, the capabilities of particular individuals will be very limited.

Another important element influencing action situations under IAD is the community to which participants of the action situation belong (Ostrom 2004, pp. 26–27). Ostrom seems to consider it an important element of the analytical tool she created for two reasons. First, the character of the community defines informal rules and norms of the action situation. Social life has both an official and unofficial side. Therefore in the context of the new institutional framework for development, it is important to ask the question in the extent to which formal and informal rules in a given action situation interplay with each other and whether they support independence of individuals to an equal extent. This is because formal rules are very often conducive for the emancipation of individuals, while in the same time informal norms still significantly limit their capabilities.

Another element which has to be taken into account in the new institutional framework for development is the issue of polycentricity. Under IAD the polycentricity is expressed mainly by taking into account (horizontal and vertical) linkages existing between different action situations. The hierarchical structure of various types of action situations discussed earlier in the context of Sen's concept suggests that the sources of many limitations of individual capability should be sought not so much at the level of operational situations, but rather at the level of collective-choice situations, the constitutional situations or even

metaconstitutional situations. Our access to particular areas of social life and our capabilities to act within them are largely determined by decisions of political – or even ethical character.

**Chart No. 2. New institutional framework for development**



Source: elaborated by the author.

Chart No. 2 presents major elements of the new institutional framework for development. The main assumptions underlying this framework assert that capabilities of particular individuals are determined dynamically within several social interactions taking place in various action situations. Consequently individuals' capabilities to make choices are influenced by:

- formal and informal rules that govern the action situations concerning: boundaries of particular action situations, manning of positions, access to information and scope of control;
- universal factors conditioning individuals' access to action situations: health, education background, possessed information;
- particular factors conditioning access of individuals to action situations (e.g. gender, nationality, age);
- material resources available in a given action situation (e.g. financial or natural resources);
- results of decisions made within other action situations.

As has been signalled before, the new institutional framework for development is just an outline of the synthesis of IAD and of the capability approach concept. The combination of those two research perspectives is intended, on the one hand, to enable a systematized analysis of the impact of multiple elements on the course of social interactions, and to allow for the evaluation of the results of those interactions with the use of social policy's *sui generis* perspective of capability approach, on the other. Our life opportunities and differences emerging between them are determined by, and within social interactions, in which we participate in every day.

### *New institutional framework for development – the potential for use*

The new institutional framework for development can be used to analyse many phenomena related to the issues of social development. To demonstrate the potential for the use of the new framework within social policy, the further part of the article will show how it can be used to analyse poverty. Thus I will demonstrate the benefits that may come from the combination of research on polycentricity with reflection on the individuals' capabilities.

The issue of poverty is very frequently addressed in Sen's works<sup>6</sup>. The Indian economist thinks, and he is not alone in this conviction, that poverty should not be identified solely and exclusively with income poverty. In his opinion, it is much more important to understand poverty in terms of capability poverty (Sen 2000, p. 103), because poverty largely restricts individual's capability of self-determination (Sen 2000, 87).

Such poverty conceptualisation follows directly from how Sen understands social inequalities. As already mentioned, it is his conviction that at the core of social inequalities, there are differences between capabilities of individuals to choose the types of functioning they value most, rather than income differentials. People differ in their capabilities to act and have lifestyles which are important for them. In this context the differences in resources owned by individuals are of secondary importance, because they are only means for achieving lifestyles preferred by these individuals. As a consequence, Sen identifies poverty with drastic limitation of individuals' capabilities to choose the valued lifestyles, rather than with drastic reduction of resources owned by individuals. Poverty proves to be individuals' incapability to choose living in health, incapability to undertake education, or employment.

Certainly Sen is well aware that individuals' capabilities are greatly determined by incomes, or resources owned by them, but this relationship is influenced by many other factors (Sen 2000, p. 90). The Indian economist distinguishes two groups of such factors: socially sanctioned capabilities of individuals to acquire resources and their capabilities to convert those resources into desirable functionings (Sen 2000, p. 88).

Sen deals with issue of socially sanctioned individuals abilities to acquire resources by analysing the phenomenon of famine (Sen 1981). He points out that famine results not so much from the lack of resources (mainly lack of food), but it arises first and foremost from the rules governing access to those resources. Some people starve because they have no entitlements to use resources which are badly needed (Sen 1981, pp. 154–166). For example they are incapable of earning enough money to purchase the food they need. Consequently famine, the extreme form of poverty, may appear in situations where there is no significant reduction in the volume of produced food but there is a sudden change in

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<sup>6</sup> The conceptualisation of poverty presented by Sen emerged in the context of research on developing societies. Initially it didn't meet with favourable response from social policy researchers in developed countries (Sen 1983; Townsend 1985; Sen 1985). Nevertheless presently Sen's analyses enjoy growing interest also among people concerned with the issues of poverty in developed societies (Hick 2012).

the entitlements concerning access to food. For example, a dynamic development of cities accompanied by an increase in food prices could lead to a situation in which agricultural workers are at some point unable to earn enough money to buy the food they need.

Another factor influencing individuals' poverty analysed by Sen is their capability to convert their resources into something they value. Sen points out that we differ in our abilities to transform resources into things or a way of life which is important for us. For example, ill people usually need more resources than healthy ones to achieve their basic functionings. In that case, the factor influencing the relation between resources and functionings is not individuals entitlements but by the characteristics of these individuals.

Departing from identification of poverty with low level of incomes, along many other authors, Sen also points out to its multidimensionality. He indicates that in many "spaces" of social life one can speak of poverty as a choice capability restriction (Sen 2000, p. 93). The examples he quotes concern, among others, restrictions of access to health care. Consequently according to Sen, a poor person is not necessarily one who has a very restricted resource of material goods, but one who is incapable of undertaking treatment required for their health.

It can be concluded from Sen's works (Sen 1983; Sen 1985) that there is some universal set of spaces, in which – regardless of their cultural or state identity – individuals should have satisfactory choice capabilities. Nevertheless, in each society this satisfactory level of choice is achieved differently. For example, as a result of different social norms in Poland and India, the conditions to be met by individuals to appear in public space without feeling ashamed differ between those two countries. Then again, it turns out that poverty is not related directly to the issue of resources owned by individuals, but it is also influenced by social factors.

The Sen's understanding of poverty can be reduced to the statement that poverty results from interrelated influence of three factors: material resources, individual features and social norms. However, Sen does not present any model that would help organise those factors in a satisfactory way. He does not show how those factors influence each other. This gap can be bridged by the interpretative potential of E. Ostrom's works, which underlies the new institutional framework for development.

Referring to the claim underlying the new institutional framework for development, it can be stated that significant deprivation of individuals' choice capabilities, i.e. poverty, is determined dynamically with several social interactions shaped by various types of action situations. Therefore poverty is an individual feature maintained by several repeating social interactions taking place in various areas of social life. The extent to which individuals will be capable of realising their fundamental functioning, depends largely on what are the major formal and informal rules governing the action situations which define the individuals' potential to use material resources. This element of the new institutional framework for development refers to the issue of entitlements addressed by Sen, but greatly expanding thereupon<sup>7</sup>. It indicates that not only legal rules, but also various types

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<sup>7</sup> Sen is aware of the restrictions entailed by his concept of entitlements (Sen 1981, pp. 48–50).

of informal norms and principles of social life, influence the availability of goods. This is because formal and informal rules of social life determine whether given individuals have access to the action situations that determine their access to resources, what place they occupy within such action situations, what access to information and what range of control they have within such situations.

The extent of functionings available to individuals depends also on their particular and universal features sets. As already mentioned, various features of individuals may influence the capabilities of their participation in action. Consequently, using Sen's terminology one can say that they define individuals' capabilities to acquire resources. Following further along the tracks of the Sen's analyses, we can also indicate that those individuals' features are also relevant because they determine individuals' capability to transform the resources they own.

Available resources comprise another element of the new institutional framework for development which is clearly related to the issue of poverty. In the concepts presented by both Sen and Ostrom, it is important not only to identify the level of resources "owned" by particular individuals, but rather to identify the resources that are to be allocated within particular action situations: in the family, labour market, or within the social assistance system. The fact of possession of some goods by individuals depends on how norms and rules governing a given situation link such individuals to resources.

Nevertheless it must be borne in mind that individuals may occupy privileged positions within a given action situation and still be perceived as poor ones. This happens if resources held in a given action situation are very limited. Therefore people can remain poor when they are entitled to receive social assistance benefits, but at the same time an inadequate number of resources are available to such social assistance systems.

The issue of action situations and the resources available in such situations refers us back to the last element of the new institutional framework for development, i.e. results of decisions made within other action situations. They usually define the rules governing particular action situations in which a poor individual functions. At the same time they define what resources are available in particular action situations, because availability of goods and rules governing their acquisition are usually defined outside daily situations in which poor people function. They result from political or administrative decisions made in "higher located" action situations.

The decisions made within other actions situations define also something that might be called "social poverty thresholds". Those are the standards of social life one has to meet not to be recognised as a poor person. Decisions made in other action situations define, e.g. what conditions one has to meet not to feel ashamed in public space. Those decisions, frequently made at the level of entire societies, determine the relative dimension of poverty.

As can be seen, the reference to the new institutional framework for development brings order into Sen's analysis of poverty. It locates particular elements of the analysis on the extensive – and based on significant body of research – social interactions model created by E. Ostrom. Thus we obtain not only a useful – but probably requiring further

development – model explaining the phenomenon of poverty, but at the same time also a tool helping to plan actions aimed at reducing this phenomenon. The new institutional framework for development allows in the same time for performance of a systematic analysis of specific examples of poverty and for identification of the ways to reduce it.

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### *Streszczenie*

Vincent i Elinor Ostrom swoje zawodowe życie poświęcili badaniu policentryczności. Ich dorobek naukowy wpłynął przede wszystkim na rozwój badań związanych z problematyką zarządzania wspólnymi zasobami. Dlatego też celem niniejszego artykułu jest zwrócenie uwagi na możliwości, jakie dla rozwoju polityki społecznej niosą prowadzone przez tę parę badaczy studia nad policentrycznością. W tekście zostaje naszkicowana nowa instytucjonalna rama rozwoju łącząca w sobie elementy Ramy Analizy Instytucjonalnej i Rozwoju oraz podstawowe założenia koncepcji możliwości wyboru Amartya Sena. Przydatność nowej instytucjonalnej ramy rozwoju jest zademonstrowana na przykładzie analizy fenomenu ubóstwa.

**Słowa kluczowe:** Elinor Ostrom, Vincent Ostrom, Amartya Sen, Rama Analizy Instytucjonalnej i Rozwoju, koncepcja możliwości wyboru, bieda

### *Cytowanie*

Pieliński Bartosz (2014), *From polycentricity analysis to poverty analysis. Using IAD in social policy*, „Problemy Polityki Społecznej. Studia i Dyskusje” nr 2(25)2014, s. 21–36. Dostępny w Internecie: [www.problemy polityki społecznej.pl](http://www.problemy polityki społecznej.pl) [dostęp: dzień, miesiąc, rok]