

## EarthTrends: Featured Topic

Title: Democratic Decentralization of Natural Resources Management

Source: *Democratic Decentralization of Natural Resources: Institutionalizing Popular Participation*

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Virtually all developing countries are undertaking some type of reform to decentralize public decision-making. Under decentralization reforms, power is transferred from central government to institutions and actors at lower levels of political and/or administrative authority. The rationale behind decentralization is that these reforms foster increased efficiency and equity in development activities. By virtue of their proximity to the people they serve, democratic local institutions are likely to have access to better information about local conditions and better understanding of local needs and aspirations, and to be more easily held accountable by local populations.

### Decentralization and the Natural Resources Sector

For many reasons, natural resources management is particularly well suited to decentralization and local democratic control.

- Unlike sectors such as health and education, natural resources are a direct source of wealth as well as a target for investment. Thus, natural resources can help finance both development and local governance.
- Because most rural people in developing countries rely on natural resources for their livelihoods, democratic local governance requires popular input in decisions about

natural resources management and use.

- Effective management of diverse natural resources with multiple uses requires specific local knowledge. Controlling access to natural resources often generates overlapping claims and conflicts that must be settled locally.

At least 60 developing countries are decentralizing some aspects of natural resources management (Agrawal 2002). However, most current “decentralization” reforms are characterized by insufficient transfer of powers to local institutions, under tight central-government oversight. Often, these local institutions do not represent and are not accountable to local communities.

Nonetheless, the limited decentralization experiments that have taken place in various locations provide some important lessons.

### Assessing Decentralization and its Outcomes

To explore the issues surrounding natural resource decentralization and its social and environmental impacts, the World Resources Institute (WRI) conducted field studies in five African countries—Cameroon, Mali, South Africa, Uganda, and Zimbabwe—in 2000 and 2001. Additional case material—from Bolivia, Brazil, China, India, Indonesia, Mexico, Mongolia, Nicaragua, and Thailand—was supplied by other researchers participating in a WRI-organized conference on decentralization and

the environment held in Bellagio, Italy, in February 2002. Most of these studies focus on forestry, while a few explore wildlife and water management.

One key lesson from these decentralization experiences is that despite stated government commitments to decentralization, central governments and environmental ministries resist transferring appropriate and sufficient powers to local authorities (USAID 2000:3). Political leaders and civil servants resist meaningful decentralization for a variety of reasons, including fear of losing economic benefits from the control they presently exercise over natural resources.

Although measuring the effects of decentralization is difficult (see Box 1), it is clear that some decentralization experiments have produced positive outcomes. In Kumaon, India, decentralized democratic authorities have sustainably managed forests for over 70 years (Agrawal 2002). In Nicaragua and Bolivia, decentralized forest management has resulted in some local councils—where local councils were more open to popular influence—protecting forests against outside commercial interests (Pacheco 2002). Decentralizations in Bolivia, Cameroon, Nicaragua, and Zimbabwe have led to greater inclusion of some marginal populations in forestry decisions (Pacheco 2002; Oyono 2002a; Larson 2002; Conyers 2002; Mapedza 2002).

Some decentralization reforms have been associated with environmental problems. In cases from Cameroon, Indonesia, and Uganda, transferring exploitation rights to local bodies has reportedly

resulted in overexploitation of timber, primarily because of the need for income for local governments and local people. Some social problems have also been associated with decentralization. In some districts in Brazil, Bolivia, Cameroon, India, Indonesia, Mali, Nicaragua, Mexico, Senegal, Uganda, and Zimbabwe, elite groups have captured the benefits of decentralization efforts for their own use (Brannstrom 2002; Pacheco 2002; Oyono 2002b; Baviskar 2002; Resosudarmo 2002; Kassibo 2002; Larson 2002; Melo Farrera 2002; Ribot 1999; Bazaara 2002; Muhereza 2002; Mandondo and Mapedza 2002).

### Key Issues

Decentralization requires both *power transfers* and *accountable representation*. To identify appropriate and sufficient powers to transfer, principles of power distribution, called *environmental subsidiarity principles*, would be of great use. Such principles could be developed to guide the division of decision-making, rule-making, implementation, enforcement, and dispute-resolution powers among levels of government and among institutions at each level. Security of power transfers also matters. Local representatives remain accountable and subject to central authorities when their powers can be given and taken at the whim of central agents.

Secure powers and accountable representation go together, yet most decentralization reforms only establish one or the other. A partial explanation is that many central government agents fear, and therefore block, decentralization. To date, the potential benefits of decentralization remain unrealized because governments have not enacted the necessary laws, or where decentralization laws do exist, they have not been implemented.

Nevertheless, even partial decentralizations have borne some positive social and environmental outcomes. These include environmental standards, policies to improve equity, civic education, dispute resolution, and legal protections for activist organizations.

### The Way Forward

The potential of decentralization to be efficient and equitable depends on the creation of democratic local institutions with significant discretionary powers. But there are few cases where democratic institutions are being chosen *and* given discretionary powers. Ironically, a backlash is already forming against decentralizing powers over natural resources. Environmental agencies in Uganda, Ghana, Indonesia, Nicaragua, and elsewhere have argued that too much decentralization has caused damage or overexploitation

(Bazaara 2002; Resosudarmo 2002; deGrasi 2002; Latif 2002). These calls to re-centralize control over natural resources are premature.

Before decentralizations can be judged, time is needed for them to be legislated, implemented, and take effect. First, locally accountable representation *with* discretionary power must be established. Then, accompanying measures must be identified to assure environmental protection, justice, and freedom from conflict. To encourage the decentralization experiment and test the conditions under which it yields the benefits that theorists and advocates promise, decentralization must fully tested, monitored, and evaluated. Key recommendations for moving the natural resource decentralization experiment forward are outlined in Text Box 2.

**BOX 1****Measuring Decentralization's Outcomes**

Has decentralization really occurred? Can social and environmental change be associated with decentralized institutional arrangements? Characterizing decentralization involves evaluating changes in laws, and their implementation, and in local institutions, their powers, and their accountability. Measuring outcomes involves adequate data before and after decentralization, or direct observation of processes affected by new institutional arrangements. These institutional, social, and environmental changes often are difficult to identify and quantify.

Connecting outcomes to decentralization and separating these outcomes from other ongoing changes such as natural variability of biophysical processes is difficult. In Mongolia, for example, it is hard to attribute changes in livelihoods and natural resource management practices to decentralization because of the many overlapping sets of policy reforms. In China, simultaneous liberalization, logging bans, restrictions on steep slope woodcutting, and changes in property ownership all affect forest use and management, as well as local livelihoods, making it impossible to identify the unique effects of decentralization. How does one know whether decentralization is responsible for these outcomes? What are the effects of other phenomena?

In addition, measuring outcomes requires historic baseline data for before-and-after comparisons. Are seemingly inequitable outcomes less inequitable than what would otherwise have happened? How has inequality changed? In Mali, some local violence may be caused by decentralization, but has local violence increased overall since decentralization began?

Aggregating outcomes is another problematic aspect of measuring decentralizations. Some changes may act in countervailing ways, such as when democratization may lead to reduced forest cover if local people value income over conservation. How do we assess overall outcomes when some are positive and others are negative?

The majority of decentralizations, even the most lauded, are recent or have only been partially implemented. The Indonesian decentralization reform laws were enacted only two-and-a-half years ago and official implementation began only a year ago. Although the Malian decentralization began with elections for local authorities in 1999, the country's environmental department has not officially decentralized any significant powers.

For these reasons, the findings presented in this brief are preliminary. More in-depth research is needed.

SOURCES: Latif 2002; Mearns 2002; Xu 2002; Bazaara 2002a,b; Kassibo 2002; Resosudarmo 2002.

## BOX 2

### Recommendations from WRI's Study of Democratic Decentralization of Natural Resources

**1. Work with local democratic institutions as a first priority.** Governments, donors, and NGOs can foster local accountability by (1) choosing to work with and build on elected local governments where they exist, (2) insisting on and encouraging their creation elsewhere, (3) encouraging electoral processes that admit independent candidates (since most do not), and (4) applying multiple accountability measures to *all* institutions making public decisions.

**2. Transfer sufficient and appropriate powers.** Governments, donors, NGOs, and the research community should work to develop "environmental subsidiarity principles" to guide the transfer of appropriate and sufficient powers to local authorities. Guidelines are also needed to assure an effective separation and balance of executive, legislative, and judiciary powers in the local arena.

**3. Transfer powers as secure rights.** To encourage local institutions and people to invest in new arrangements and to enable local people to be enfranchised as citizens rather than managed as subjects, governments should use secure means to transfer powers to local authorities. Secure transfers can create the space for local people to engage their representatives as citizens. Transfers made as privileges subject local people to the whims of the allocating agencies and authorities.

**4. Support equity and justice.** Central government intervention may be needed for redressing inequities and preventing elite capture of public decision-making processes. Central government also must establish the enabling legal environment for organizing, representation, rights, and recourse so that local people can demand government responsibility, equity, and justice for themselves.

**5. Establish minimum environmental standards.** Governments should shift from a management-planning to a minimum-environmental-standards approach. Broad minimum standards can facilitate ecologically sound independent local decision-making.

**6. Establish fair and accessible adjudication.** Governments should establish accessible independent courts, channels of appeal outside of the government agencies involved in natural resource management, and local dispute-resolution mechanisms. Donors and NGOs can also support alternative adjudication mechanisms to *supplement* official channels instead of replacing them.

**7. Support local civic education.** Governments, donors, and NGOs can inform people of their rights, write laws in clear and accessible language, and translate legal texts into local languages to encourage popular engagement and local government responsibility. When there are meaningful rights, it is critical for people to know them. Educating local authorities of their rights and responsibilities can also foster responsible local governance.

**8. Give decentralization time.** Judge decentralization only after it has been tried. Give it sufficient time to stabilize and bear fruit.

**9. Develop indicators for monitoring and evaluating decentralization and its outcomes.** By developing and monitoring indicators of progress in decentralization legislation, implementation and outcomes can be evaluated and provide needed feedback that could keep decentralization initiatives on track. Rigorous research is always needed.

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