Paths and pitfalls for decentralisation

What effect is decentralisation having on the quest for sustainable forest management in the Asia-Pacific region?

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MANY national governments in the tropics and elsewhere have been re-thinking their role in the management of forests. In recent years up to 60 have opted for a decentralised approach, in which authority over the management and use of forests is—in theory, at least—transferred to lower levels of government. Last April, a workshop convened in support of the United Nations Forum on Forests (see TFU 14/2 and also page 7 of this edition) explored this phenomenon and recommended ways of improving its implementation. This article, which is based on a paper presented at the workshop, examines the decentralisation process as it has occurred in Asia and the Pacific.

Decentralising to the federation: Members of the Federation of Vista Hills Kalongkong Upland Farmers Associations, which is managing a forest in Buenavista, Bayombong, Nueva Viscaya, the Philippines, discuss the terms of their community-based forest management agreement, which was developed with assistance from ITTO project PD 21/97 Rev.2 (F).

Why decentralise?

Much of the current impetus for decentralisation stems from concerns regarding democratic governance that go well beyond forest issues. Furtado (2001) summed up the perceived advantages and disadvantages of decentralisation in relation to democratic governance. Among other things, it was thought that decentralisation would:

- ensure the provision of social services in a given locale;
- draw on local knowledge and preferences;
- give people at local levels a stronger sense of ownership over projects and programming, thus making these more sustainable;
- enhance the public accountability of bureaucrats, elected representatives and political institutions, thus ensuring greater responsiveness in government;
- promote local self-reliance; and
- promote monitoring, evaluation and planning at the local level and enhance community participation in decision-making.

Furtado (2001) found no evidence that greater decentralisation automatically leads to improved governance or reduced corruption, and Blair's (2000) study of democratic local governance in six countries is similarly equivocal about the gains made. While the progression from participation to representation to empowerment to benefits for all, and thence to poverty reduction, seems appealingly logical, many of the cases studied by Blair had not progressed far beyond initial or nominal empowerment. Whether that reflects barriers or temporary inertia in a slow process is unclear.

What is decentralisation?

The popular conception of decentralisation is that it is a shift from top-down governance towards bottom-up governance. While this is often involved, decentralisation is more complex than that and embraces at least three different forms (Klugman 1994):

- *deconcentration:* the transfer of administrative responsibility for specified functions to lower levels within the central government bureaucracy;
- *delegation:* the transfer of managerial responsibility for specified functions to other public organisations outside normal central government control, whether provincial or local government or state-owned companies or corporations; and
- *devolution:* the transfer of governance responsibility for specified functions to sub-national levels, either publicly or privately owned, that are largely outside the direct control of the central government.

In addition, *privatisation* is one particular variant of devolution that has been receiving widespread attention in a number of countries in recent times. Some would argue that privatisation is not a form of decentralisation but it clearly meets the definition of devolution given above.

Much of the interest in decentralisation is based on the notion that it can improve fairness through the delegation of administration and/or devolution of governance from central government to local communities and thereby help address the goals of poverty alleviation and/or sustainable

forest management (Ferguson 1996). It may also serve goals of maintaining ethnic cultures or assisting disadvantaged minority groups.

Case-studies

We studied decentralisation processes in 21 countries in the Asia-Pacific region, spanning a wide range of forestry contexts and political conditions. Here we highlight some of the paths and pitfalls involved; the lessons learnt from these case-studies are shown in a separate box.

Devolution to district governance

The Philippines and Indonesia are two countries that have taken radical steps to devolve governance to districts and in doing so have created new issues for forest management. In both cases, the re-organisation has as yet failed to transfer the resources that might make the devolution of forest management effective.

In the Philippines, the central forestry agency (DENR) is said by some to have only devolved the difficult responsibilities and to have retained those that represent real power (Chandrasekharan 2003). In Indonesia, district governments have, in some cases, allocated concessions that overlap existing concessions (Rukmantara 2003), and there are concerns that devolution may have shifted corruption to local power elites (Suwondo 2002).

Decentralisation tends to be more successful under a 'strong' central government than under a weak one. It is often constrained by a tendency for centralisation or 'clawing back' the whole or part of what was decentralised

Devolution to village governance

Nepal and the Republic of Korea provide examples of long-standing devolution to villages, one level of government below that of districts. The Republic of Korea established forestry cooperatives to undertake forest protection modelled on the 15th-century self-regulated rural organisations known as *sanrimgae*. These have achieved considerable success in advancing reforestation based on mutual self-help, aided by financial and technical assistance

from the central government. However, landowners have sought to reduce the interference of the central government in the functioning of the coordinating bodies and to improve economic efficiency through effective recentralisation to a provincial level (Yoo 1997, Lee & Lee 2002).

In Nepal, villages were made responsible for the planting and protection of trees on government-owned waste lands and in return obtained all rights to the produce. They also managed the protected forests and received 75% of any revenue derived. However, the responsibilities and authorities gained by the villages were often unclear (Singh & Kafle 2000). Subsequently, intermediate levels (provincial and district) of governance have been involved in order to coordinate activities and allocate funds. In addition, community-based participation below the village level was introduced in an attempt to reduce the political wrangling that often characterised village units.

Decentralisation involving customary ownership

Customary or communal ownership, where every individual in the community has a right over forest property, is a decentralised situation and is the common form of land tenure in Pacific Island countries.

In Papua New Guinea, the national government issues timber permits under which it manages the forest on behalf of the customary owners for the 30–50-year duration of the forest management agreement. Management is generally implemented through a developer, including harvesting and the construction of infrastructure. Many landowner companies that were issued timber permits to develop their own resources have contracted foreign companies to conduct logging on their behalf, often on terms that may be inappropriate for, or disadvantageous to, them.

Fiji Pine Limited, a state-owned corporation in Fiji, manages pine plantations on land leased from various communities (*mataqali*). Although the communities are represented on the board of directors, dissatisfaction developed among many of the individual communities regarding the magnitude of the lease payment and other revenues, the degree of employment of ethnic Fijians (especially at managerial levels), and the dissociation of decision-making from the local landowners (Ferguson et al. 2001). This highlights the difficulties of the collective privatisation of management where land is communally owned and where disparities not only exist between communities but also between their expectations of privatisation and those of the national government.

Devolution through privatisation

Under the Household Responsibility Scheme, China has effectively privatised the ownership of trees in forests (but not the land on which they stand) to individual households (Wang et al. 2004). Due to the large populations living in some forest regions, each household may only gain

a small area of forest, usually less than two hectares. The fragmentation of forest ownership and management on this small scale generates low economic efficiency by restricting the application of some technologies such as large machinery and pesticides and may also create ecological problems regarding water quality and biodiversity by fragmenting natural ecosystems. Considerable experimentation is under way in China on the development of more viable kinds of partnership such as various forms of shareholding companies and joint ventures that may enable a more efficient scale of operation and greater access to capital and technology.

Partial reversal of devolution

The issues raised by decentralisation processes differ in unitary and federal systems of governance. In a unitary system, the one central government controls the powers of other levels of government. In a federal system (in which political power is divided between one central and several provincial governments), the powers of the provincial governments derive from the constitution and are not subject to change at will by central government.

In the Australian federation, the control of all land management, including forests, is devolved to the states by the Constitution. Over the past thirty years, however, media interest in and focus on forest issues has increased greatly. As a result, the federal government became involved in the forestry debate through a variety of indirect controls, leading to vigorous political disputes between the two levels of government, especially when parties of different political persuasion were in power. These disputes became so serious that both levels of government recognised the dangers and agreed to develop a joint approach through what are known as regional forest agreements. In effect, this approach formalised and rationalised a role for the federal government in forest management, which the states had previously regarded as solely their prerogative.

Lessons learned from the Asia-Pacific experience of decentralisation

Preparation

1. The objectives of decentralisation are good governance marked by improved efficiency and equity, transparency, accountability and people's participation; balanced and sustainable development; and the empowerment of the people. Achieving an appropriate balance between empowerment of people at different geographic levels (eg national vs district) or in different local communities is the issue.

2. Decentralisation is not a panacea, nor is it always efficient or equitable. It is a possible way of improving democratic governance and, in doing so, it may assist poverty alleviation and/or sustainable forest management, but it is not in itself a sufficient measure. Decentralisation is a long-term process, to be accomplished in phases.

3. Decentralisation does not mean doing away with controls. Decentralisation tends to be more successful under a 'strong' central government than under a weak one. It is often constrained by a tendency for centralisation or 'clawing back' the whole or part of what was decentralised.

4. Careful design and development of the legal basis of decentralisation is a desirable precursor to change, to ensure that the rights and responsibilities are clearly defined and based on adequate consultation, sanctions and grievance procedures, and on systems to implement and monitor them.

5. Decentralisation measures, especially those involving devolution, need to address systemic corruption in existing and potential new structures before initiating change to ensure that corruption is not simply shifted to other levels of government.

Process

6. In a formal sense, democratic governance generally rests on the majority-rule principle. However, an array of other forms of decision-making exist, such as consensus by veto, consultative processes through third parties or the bureaucracy, and direct bureaucratic action in the case of natural disasters. The forms chosen also need to recognise the historical and cultural setting.

7. Where regulation is separated administratively from delegated or devolved forest management, regulatory functions should generally be conducted at least one level of the bureaucratic hierarchy above the latter to provide sufficient independence from local politics and power elites.

8. Collective bureaucratic units may be needed to deal with transboundary issues or provincial/ national issues in a federation and deserve special attention in terms of their legal basis to achieve an effective partnership.

9. Information is vital to the functioning of a modern democracy and more attention needs to be given to promoting information about decentralisation goals and strategies through the media and other means of dissemination to assist conflict resolution. The increasing prominence of national media may lead to a partial reversal of decentralisation, especially in federal systems.

10. The positive role of conflict resolution through public debate needs to be recognised and fostered, especially where majority-rule decision-making is involved. Consensus-by-veto approaches should be confined to those situations in which there are only a few stakeholders of comparable strength. Consultative processes by third parties or the bureaucracy and even direct action may be more appropriate than either of the former modes in some situations.

Devolution

11. In addition to providing a proper legal basis and resources, devolution to lower levels has to involve a meaningful transfer of authority to be acceptable and to work effectively. It also has to maintain horizontal equity by ensuring a fair distribution of fiscal and other resources across the units. Too much decentralisation (autonomy) may lead to neglect of the overall national picture and failure to implement nationally planned priorities. Successful efforts can enhance participation, increase the regional share of income from forests, result in better service delivery and improve the sustainability of forests.

12. Devolution to village levels is more likely to be effective when adapted to traditional systems of governance and aimed principally at poverty alleviation and fuelwood supply. Where aimed at commercial wood production, the scale of operation may pose an impediment and require the formation of village collectives.

13. Devolution to customary ownership units is necessary where land or resource ownership has traditionally been customary. The formation of collectives may then have to be encouraged to provide a commercial scale of wood production, leading to sensitive issues of representation in their governance. Small-scale logging and sawmilling can be operated through customary units but require substantial support and a cost-effective framework for certification.

Privatisation

14. Privatisation represents an efficient and self-regulating form of decentralisation in relation to the supply of commercial forest goods and services and tends to be conducive to private investment in the sector. But forest production also often involves the supply of non-market goods and services, including those of environmental protection. The legal basis of property rights for private and quasi-private forest management units therefore needs to be well defined, and to include opportunities for participation by all stakeholders in developing the rules, as well as provision for sanctions and grievance procedures.

Conclusion

Democratic governance has many variants but one dominant characteristic: it enables non-leaders to exercise control over leaders through voting. This reduces the scope for leaders to progressively assume and exercise greater powers in their own interests and the consequent threat of tyranny (Michels 1911). Democratic governance involves several overlapping sub-systems, including those dealing with governance, bureaucracy, markets and information (Ferguson & Chandrasekharan 2004); the characteristics of, and interactions between, those systems need to be understood when changes such as decentralisation are contemplated.

The precepts on which decentralisation has been commonly advanced are not yet well-established. The democratic process itself is a work in progress, not a known and fixed target. Decentralisation needs to be tailored very carefully to the situation and may not always be the answer to sustainable forest management or to the alleviation of forest-related poverty. It is, however, worthy of consideration as governments and other stakeholders seek viable paths to sustainable development.

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A background paper by C. Chandrasekharan provides detailed case-studies for most countries in the Asia-Pacific region and can be obtained through editor@ itto.or.jp