

EUROPEAN UNION TROPICAL FORESTRY PAPER 4

**GETTING AID DELIVERY RIGHT: HOST COUNTRY, DONOR AND
INTERNATIONAL COMPLEMENTARITY FOR GREATER AID
EFFECTIVENESS IN THE FOREST SECTOR**

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EXECUTIVE SUMMARY

This study considers the implications for aid delivery of the rapidly changing international context of development assistance to the forest sector.

Forestry aid has always been complex, because of the multiple values which tropical forests represent, the long time frames they require and the extra-sectoral influences upon them. But in recent years, it has become even more complicated as national forestry services have had to cope with shifting donor goals, widening national and international constituencies, and reductions in their own capacity.

The paper first considers the implications for aid effectiveness of changing aid agents, decentralisation of both donor and recipient delivery systems, growing capacity for institutional learning and of attempts to promote wider national ownership of aid processes. These changes have led to a significant broadening in the range of actors involved in aid-funded forest management, with civil society organisations and the private sector both being engaged in new ways by aid donors, with variable degrees of success. Civil society organisations, particularly NGOs, have proven effective in watchdog and advocacy roles, but rather less so in handling the policy and tenurial dimensions which are integral to forest management. Delegation of project management to private consulting firms is one response to the political and economic pressures which donors now face, though this can create new problems in relation to both institutional learning and the capacity for innovation and experimentation.

Host governments, for their part, have often been forced into yielding up part of their control over the forests, and when this has been achieved through the use of aid conditionalities, has been only partially successful at best. The growing diversity of the structures through which governments are attempting to manage forest services has added an extra dimension of complexity, and has in some cases tended to generate new conflicts of interest between the various parties involved.

Along with these changes, donors have begun to address a number of the more generic problems associated with international aid, problems which are often magnified in the case of forests because of the conflicting global and national functions which they serve, the centrality of the policy dimension, and, in some countries, the strength of the industrial lobby. This has led to growing interest in sector-wide approaches to draw together the various international and national players.

The paper examines the experience of sector-wide initiatives of three types: firstly, the Tropical Forestry Action Programmes (TFAPs) of the 1980s, which had some success in terms of increasing donor investment in the sector, but which are generally viewed as having failed, in large measure because of their inability to engage wide

national participation and to draw donors together into a coordinated approach. Secondly, there are the World Bank-sponsored sector-wide approaches (SWAPs), which have shown some promise in social sectors such as health and education, though rather less so in relation to the management of natural resources. The experience of sector-wide programmes in these other sectors offers some clues as to where and in what ways successful nfps might be developed. By and large, the prospects for fully coordinated and integrated SWAPs in the forest sector are not good, though experience is likely to vary country-by-country, according to the qualities of the forests and the functions which they serve.

The third class of initiatives reviewed in the paper are the national forest programmes (nfps), which received strong international endorsement in the IPF Proposal for Action, and ongoing support through the Intergovernmental Forum on Forests. As presently conceived, nfps present certain advantages in this sector, not least because of the acceptance by the international community of the value of a flexible and incremental approach, geared to the capacity and potential of each national situation. The paper examines the nfp approach in detail, considering its ability to address some of the key challenges in aid delivery (ownership, decentralisation, institutional learning and donor complementarity) identified earlier in the paper.

The paper concludes by placing nfps in the wider international context, in which the dominant international forces are currently the various conventions (particularly the Convention on Biological Diversity, the Framework Convention on Climate Change, and the Convention to Combat Desertification). The question is posed as to the likely ability of the country-level nfp process to lead the drive to sustainable forest management without the benefit of international support, such as a global instrument.

A number of arrangements are under consideration through the IFF process, ranging from a continuation of the status quo – legally non-binding ad hoc deliberations – through to a full legal instrument harmonised with the existing conventions. However, there is a continuing risk that the complexities of the sector, and the diversity of the arguments will again threaten to eclipse the ‘management, conservation and sustainable development of all types of forests,’ as UNCED has it, by other more partisan concerns.

ACRONYMS

BFMP	Berau Forest Management Project
CBD	Convention on Biological Diversity
CBO	community-based organisation
CCD	Convention to Combat Desertification
CGIF	Consultative Group on Indonesian Forests
CITES	Convention on International Trade in Endangered Species
COP	Conference of the Parties
ETFAG	European Tropical Forestry Advisor Group
FAO	Food and Agriculture Organisation of the UN
FCCC	Framework Convention on Climate Change
GDP	Gross Domestic Product
GEF	Global Environmental Facility
HIPC	Highly Indebted Poor Countries (Debt Reduction Initiative)
IFAG	International Forestry Advisers Group
IFAP	Indonesian Forestry Action Programme
IFF	Intergovernmental Forum on Forests
IMF	International Monetary Fund
INGO	International Non Governmental Organisation
IPF	Intergovernmental Panel on Forests
ITFF	Inter-agency Task Force on Forests
ITTA	International Tropical Timber Agreement
ITTO	International Tropical Timber Organisation
IUCN	International Union for the Conservation of Nature and Natural Resources (World Conservation Union)
LDC	Less Developed Country
NEAP	National Environment Action Plan
nfp	national forest programmes
NGO	non-governmental organisation
NORAD	Norwegian Agency for International Development
ODA	official development assistance
OPM	Oxford Policy Management
PEAP	Poverty Eradication Action Plan
PFA	Agricultural Frontier Project
RAMSAR	Ramsar Convention on Wetlands
SFDP	Social Forestry Development Project
SFM	sustainable forest management
SIDA	Swedish International Development Authority
SIP	Sector Investment Programme
SWAP	sector-wide approach
TFAP	Tropical Forestry Action Programme
TMF	Tropical Moist Forest
UN	United Nations
UNCED	United Nations Conference on Environment and Development ('Earth Summit', Rio de Janiero, 1992)
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
WRI	World Resources Institute

1. INTRODUCTION

1.1 The nature of the forest sector

Aid to the forest sector has always been complex, because of the long time-frames implied by the management of tropical forests, the multiple-level values the forests represent, and the extra-sectoral impacts upon them (see Table 1). But it is becoming more complex and ambitious in its aims. First of all, donors' goals in forestry have changed. There has been a slow shift, from concern mainly to support forests as a productive national resource, to a broader engagement with their support for livelihoods, their provision of environmental services, and their international as well as national and local values. In the last fifteen years, much more explicit recognition has also been given to the wide variety of players with an interest in the resource, and aid to the sector has increasingly recognised that there are likely to be many competing visions for forests, which have to be negotiated. The chief areas of potential conflict are currently that:

- while forests may be nationally owned, they are used locally by rural people who may make up two-thirds of the nation's population;
- private commercial forestry and predominantly aid-funded public sector forestry run side by side and to some extent in competition; and
- international pressures for the creation of protected areas may come up against national and local preferences for forest use, because forests represent international as well as national public goods.

1.2 Changes in aid policy which impact upon tropical forests

Other more general changes in aid policy, aid styles and donor priorities have all been reflected in the case of forestry. Most important of all are the changes in the role of the state in the societies of the developing world. Until the mid-1980s, these countries were mainly concerned with nation building and social integration, which implied a dominant role for the state. But in the past decade the emphasis has shifted to a dramatically reduced role for the state. As a result there has been a scaling-down of public sector roles, a reduction of recurrent costs, a decentralisation of political power and the redefinition of the role of central government as a broker adjudicating between different interest groups (Carney and Farrington, 1998).

A wider range of actors – the private commercial sector, non-governmental organisations and community-based organisations – have benefitted from this streamlining of government activities. These organisations are now involved in the delivery of services in ways previously denied to them: for instance, in the case of forests, including the provision of global and national public goods formerly viewed as the unique preserve of the state. Development debates reflect these changing roles –

stressing partnerships, democratic accountability and authority, pluralism and the strengthening of civil society.

The implications of the changes, as regards equity-oriented international development assistance, have been wide-ranging and profound. Aid has moved away from relatively easily managed service and infrastructure delivery projects towards attempts to radically influence public policy and create greater national capacity and ownership. Furthermore, as the diversity of stakeholders recognised as legitimate has grown, so has the suspicion that aid delivery systems were not responding with sufficient rapidity to the new challenges posed.

1.3 The challenge of effective aid delivery in the forest sector

When the Overseas Development Institute's major analysis of European Commission and Member States' support for the forest sector, *The EU Tropical Forestry Sourcebook* (Shepherd et al., 1998), was undertaken two years ago, donors interviewed expressed their concerns in three particular areas:

- the need to examine the changing role of governments as aid delivery agents in the light of their own processes of decentralisation;
- the need to review the effectiveness of decentralised donor aid mechanisms, and the impact these have on donor coordination and institutional learning; and
- the need for innovative arrangements for donor coordination.

As a follow-up to the *Sourcebook*, ODI held a 2-day workshop in Merton College, Oxford, in September 1999 on 'Diversifying Development Assistance Strategies in the Forest Sector: Lessons from European Experience', to focus more closely on aid delivery problems and solutions (see Annex A). This paper builds upon the discussions at the workshop and, in response to the critique which emerged from it, considers how systems of aid delivery in the sector might be improved.

Aid to forestry is often difficult to manage ("2% of the money and 98% of the problems" as the World Bank famously said some years ago) and is tending to decline (Madhvani, 1999). There are also features of the sector which create particular problems of public governance. Yet the long time-frames, national and global public goods aspects, and welfare concerns provide important justifications for international involvement in the sector. So does the need for aid to the forest sector to engage both locally and at the national level in a policy context where it may need to address such issues as legislative and tenurial constraints, forest pricing and taxation, and institutional evolution.

For all these reasons, more effective – and ideally simpler – aid delivery mechanisms are needed. If the sector is to survive and thrive, funding for forestry must be seen as worthwhile and manageable by governments and donors alike.

Table 1: Features of the forest sector with implications for aid delivery

Feature	Consequences	Implications for aid delivery
Long time-frames	High cost of support Consistent field presence needed	Favours national agencies and long-standing donor relationships Challenges institutional memory Disfavours local NGOs
Provision of global and national public goods	Strong international agenda Need to regulate market forces	Demands capacity to interpret international conventions and national policy for local-level realities Strengthened national regulatory capacity vital Sometimes a strong INGO role
High extraction value of Tropical Moist Forest	Private sector and government interest Potential for rent-seeking behaviour	Donors relatively uninfluential – need to work with private sector Governance issues important NGO implementers weak players
Importance of tenurial and legislative constraints	State and government are central players Much forestry carried out privately on public land, limiting devolution potential	Donor actions to expand / modify policies likely to be required: a vital aspect of some forestry projects CBOs and local organisations vulnerable if policies ignore or disfavour them
Important extra-sectoral issues	Need to promote inter-sectoral policy coordination	Donor collaboration and extra-sectoral awareness crucial
Most non-industrial funding of forests is via development assistance	Changing donor fashions make longer-term trends and options difficult to manage	Need for an interest in innovation and experimentation Support for in-country process vital. Need for agencies which can: <ul style="list-style-type: none"> • take process project approaches • monitor change effectively • maintain institutional memory
Community-based management favoured by donors	Government may be reluctant to lose control to civil society Often more supportive of commercial and private sector forest exploitation	Local actors and poverty prioritisation need support by donors at policy level Process project approaches and resident technical assistance usually essential Local officials need retraining NGOs have comparative advantage

1.4 The issues addressed in this paper

This paper looks particularly at the implications for aid effectiveness of changing aid delivery agents, of decentralisation and of improved institutional learning. It tries to go beyond the statement that donors should work together more effectively, and considers what the comparative advantage of different donors might be and

how best they might complement one another. Above all, it examines the changing implications for aid delivery of the increasingly international context with which aid at the national level to the forest sector must be congruent.

Section 2 examines the ways in which aid relationships between donors, partner countries and aid delivery agents have been changing in recent years. Donors, especially

bilateral donors, have changed their aid strategies in the following ways:

- Firstly, there has been an increased interest in the co-management of forests, in an attempt to arrive at management patterns which deliver benefits from forests to a wider range of people.
- Secondly, a more experimental ‘process’ rather than ‘blueprint’ approach to forestry projects has become much more common, especially among bilateral donors.
- Thirdly, the range of aid partners has widened. The role of civil society, both non-governmental organisations (NGOs) and community-based organisations (CBOs), has grown greatly over the last decade, while that of the private sector, both in-country and as an aid delivery agent, has similarly become more prominent.

However, at host country level, this period of innovation has coincided with resource cutbacks and staff redundancies in the forest sector (though sometimes a build-up of capacity in the environment sector). Thus new ideas and new approaches have too often encountered a demoralised force who found it difficult to respond positively.

The paper moves on, in section 3, to examine four areas noted by donors as problems for successful aid delivery: ownership, decentralisation, institutional learning and the need for more effective donor collaboration:

- Increasing national ownership of aid processes is a goal of most donors, yet donors themselves are not always able to support a context in which ownership can develop. They may impose excessively rigid timetables for disbursement, or may undermine existing administrative structures, for instance. Or they may be insufficiently aware of other competing claims on the attention of their interlocutors.
- Donor decentralisation, intended to bring decision-making closer to the country level, has probably worked better for some of the mainstream sectors funded through aid than for support to forests. Forestry experts cannot be posted to all country offices/embassies and decisions about the sector may thus lack institutional support.
- Learning from projects funded, by both donors and host governments is generally recognised to be a problem area. Projects, with their finite lives, alternately accumulate and disperse trained staff and experience, and it is often difficult to capitalise adequately on experience. Linkages between wider societal change and project goals are not always explicitly made, and both privatisation and decentralisation layer additional difficulties onto the process.
- As total aid volume for forest sector activities seems set to shrink, it becomes more urgent for donors to be aware of one another’s comparative advantages and to use

them. For instance, donors with a high advisory to financial resource ratio are more suited to innovative piloting activities, while donors with larger financial resources, but less capacity to manage process, are invaluable at a later large-scale implementation phase.

Section 4 reviews the capacity of sector-wide initiatives to deal with some of the forest sector issues raised in sections 2 and 3. Tropical Forestry Action Programmes (TFAPs), sector-wide approaches (SWAPs) and national forest programmes (nfps) are examined in this way. The international community, endorsed by the Intergovernmental Forum on Forests (IFF), appears to have thrown its weight behind nfps.

In section 5, the ways in which nfps, in particular, can address problems raised in sections 2 and 3 are analysed. It is argued that the international support which nfps receive from the IFF process is likely to engender more donor acceptance of them than alternative models have been able to command. And, in the absence of any kind of legally-binding instrument, nfps are currently the only mechanism in existence for negotiating a coherent approach to forests in the context of other pre-existing conventions. Section 6 contains the paper’s conclusions.

2. THE CHANGING RELATIONSHIPS OF ACTORS IN AID DELIVERY

2.1 Donors

The recent focus of many donors on poverty, democracy and good governance not only influences their choice of partner countries, but also leads to a broader engagement with forestry in-country. Beyond the traditional forestry aid partners, donors try to engage more directly with other parts of government, with local people (sometimes through CBOs and NGOs), and with the private sector. Along with this broadening has come the realisation, if not always the acceptance at national level, that other interest groups bring other preoccupations. Forestry must now concern itself with the nature of the support of forests for livelihoods, with land tenure, with the environmental services the forest provides and with its international as well as its national and local values. Forest sector programmes must deliver aid in a participatory way, and must engage with forests in a wider land-use context.

As a result, the last decade has seen some donors invest heavily in support of partial devolution of forest management to local people. From the community forestry systems of Nepal and joint forest management in India to the fuelwood management and marketing systems in the dryland forests of the francophone Sahel, donors have been questioning the exclusive right of the state to determine the destiny of forests. At the same time, there has been some uncertainty about the criteria for successful devolution, and the necessary balance between local needs and desires, forestry department capacity and donor competence in aid delivery.

There are particular challenges to implementing such projects, since they demand a skillful process approach. Aid delivery agents must be able to: deal successfully with civil society, the state and other donors; redefine institutional arrangements within forestry departments and between stakeholders; identify and address policy or institutional impediments to change; and resolve conflict. For aid delivery agents accustomed only to implementation, the innovative work implicit in devolution projects may be too alien. The capacity to decide when the devolution of forest management is unlikely to succeed, or is no longer relevant, is essential as well. Forcing devolution by means of conditionality, for instance, is unlikely to be effective. Similarly, the devolution of forest management may ultimately become less relevant, as the pace of urbanisation increases and direct dependence on forests decreases.

The logic of greater aid effectiveness for sustainable forest management, bearing in mind both the intrinsic challenges posed by tropical forests, which are now more clearly recognised, and changing preoccupations and goals, is that donors must seek ways of working together economically and productively, as never before. This cooperation must clearly be in support of, and not antagonistic to, meaningful and constructive national ownership – implying not just host government ownership but also a wider national involvement than has often been the case in the past.

2.2 Host government capacity

Paradoxically, at a time when more and more is being demanded of the state in terms of forest management, most forestry departments are shorter of resources than ever before, and are being asked increasingly to divest themselves of staff. Thus new ideas and new approaches come to a depleted and demoralised force. Reluctance to share authority over and funding for forest futures with so many new actors is understandable, even while alliances have to be built between a wider range of stakeholders than before, and capacity developed to do so.

Genuine attempts to increase civil society ownership of resources (both literally and figuratively) have been made in recent years, through the devolution of forest management to local people. Donors have often pushed for a partial handover of forest management rights to local people, with both livelihoods and sustainability issues in mind. At the same time governments have often been reluctant to yield up their rights over forests, even where their management has been poor. No doubt some of this reluctance has had a financial basis, being motivated by the fear of losing rights to revenues, both direct from timber resources and from other lucrative natural resources including minerals.

Governments have also had reason to fear the effects which such devolution might have on their own political stability. Where the forest still constitutes a zone for expansion and a safety valve to relieve population pressures elsewhere in society, the principle of devolution

may take on threatening ethnic and social dimensions. Devolving land and tree tenure rights to rural communities in such conditions may well have repercussions on the political domain, and will also demand difficult decisions beyond the forest sector (Brown, 1999).

In short, if governments are to take on many of the changes now demanded of them they are going to need support: more funds and staff to manage the changes, and also more political support to see them through in situations where the safest political strategy is probably to do nothing at all. The dilemma is that poor relations between host governments and their donors, particularly in the high forest zones, may well conceal the genuine challenges which the former face. Again, the fostering of ownership is central to any legitimate future scenario, albeit often in very unpropitious conditions.

The context of administrative and political decentralisation for some governments means restructuring and redefining power relationships. Donor programmes which focus on decentralised aid delivery can thus exacerbate power struggles if they are not in step with national processes.

Finally, many developing countries now have a number of government agencies with an interest in forests. In addition to the forestry agency, which may be a separate ministry, or part of a ministry of agriculture or natural resources, departments concerned with wildlife and with tourism may often have strong forest interests. From the late 1980s onwards, most countries have also had an environmental protection agency, located within a ministry or with a cross-ministerial remit. While the focus of these agencies was commonly on the ‘brown’ pollution end of the environment spectrum in the early years of their existence, they are now increasingly concerned with ‘green’ environmental issues and have a much stronger say in the management of the country’s forests than was the case in the past. In many countries there are now unresolved conflicts of interest among these bodies, and the need for their resolution by a government-endorsed body with the authority to bring them to the table.

2.3 Civil society roles

In recent years, a central place in donor thinking on aid delivery in all sectors has been given to attempts to widen the spheres of public participation and accountability. The term ‘civil society’ has been used as a metaphor to describe this broadening participation, and to highlight the need for a balance in power and authority between government, the commercial sector, and a diversity of civic actors in the interests of good governance.

ODA (1993) has emphasised the importance of a strong and representative civil society if societies are to claim the attributes of good governance: high levels of public legitimacy, accountability and respect for human rights and the rule of law, and pressures on performance of governments. Paul (1991) points to the important roles which civil society organisations, particularly NGOs, can

play in giving a voice to local people and community-based organisations who lack the authority and access to make themselves heard on their own. Chapter 27 of Agenda 21 refers to the ‘vital role’ played by NGOs in the “shaping and implementation of participatory democracy.... Independence is a major attribute of non-governmental organisations and is the precondition of real participation”.

Interest in civil society roles in governance also feeds into, and overlaps with, other debates about civic development, such as those concerning social capital (Putnam, 1993), social exclusion (O’Brien et al., 1997; de Haan and Maxwell, 1998), democracy (Veit, 1998) and public accountability (Moore, 1998; Ribot, 1996a, 1996b, 1999).

Arguments in favour of increased involvement of civil society in forest management have largely supported the wider view of civil society roles. Box 1 highlights some of these. The areas of claimed NGO comparative advantage include a low-cost approach and comparative efficiency of resource use; strengths in poverty outreach and participation; capacity for local institutional development; holistic orientation; ability to handle knowledge-intensive activities at village level, particularly in contexts of decentralisation; independence of view and hence capacity for public advocacy.

While NGOs are widely seen as the main vehicle for the growth of civil society in the forest sector, there are a number of counter-arguments which draw into question NGO capabilities, particularly in relation to the management of hightimber-value tropical moist forests. These relate to the centrality of the policy and tenurial dimensions. Here, NGOs clearly lack the rights and authority of government, and may lack capability and engagement. Neither are NGOs well placed to intervene to restrict access to natural resources and limit user rights (important areas in relation to protected area management and forest conservation, particularly in socially complex environments).

One of the case studies presented at the ODI workshop in Oxford, the Agricultural Frontier Project (PFA) in Central America, centred on civil society organisations delivering locally-specific aid to the forest sector (Box 2).

The PFA experience indicates the kinds of tensions that can arise when there is innovation and decentralisation at the field end of aid delivery, but where at the centre the donor maintains traditional accounting and control mechanisms.

2.4 The private sector

Three categories of private sector agencies are currently important in the forest sector: private companies engaged in the management of plantations, private companies engaged in commercial exploitation of natural forests, and consulting firms which are undertaking project management for donors.

Private companies managing plantations and exploiting the forests for commercial gain

Relations with private plantation companies are relatively unproblematic, but there is wide donor agreement that lack of effective engagement with private companies engaged in commercial exploitation of natural forests is often a major barrier to aid effectiveness. Relations need urgently to improve if international concerns for sustainability are to be embedded in management processes.

While the early optimism surrounding certification has not been realised, it is still a process with wide potential benefits for sustainable forestry. Though a much larger number of developing countries have been interested in testing and evolving locally appropriate criteria and indicators for sustainable forest management, these have as yet to impact adequately on private logging companies and the standards to which they are required to conform. This is partly because criteria and indicators for Sustainable Forest Management may be poorly understood by either the company or the government agents whose task it is to monitor their activity.

Box 1: Potential roles for civil society aid delivery agents in the forest sector

- capacity building for forest management at local level, particularly in contexts of devolution
- campaigning for policy change
- watchdog role regarding government and private sector forest activities and performance
- small-scale pilot projects using innovative environmental approaches and techniques (for example, support to local communities in areas relating to sustainable forest use, such as non-timber product marketing)
- opening up channels of communication between local, national and international actors in the local context

Box 2: Civil society organisations as aid delivery agents

Agricultural Frontier Project (PFA) in Central America

Management of local forestry-related 'mini-projects' by civil society organisations is the main focus of the PFA project in Central America. Funding local actors directly, this project proposes a real devolution of power. The main success of the project has been in strengthening the capacity of community-based organisations to develop locally appropriate programmes. However, control-oriented management and excessively bureaucratic procedures have undermined this devolution. In addition, there has been little evidence of replicability outside the project area.

The context

With the end of civil conflicts in the region, Central American countries have been embarking on structural adjustment projects which have, in many cases, exacerbated conditions for the poorest. The recent natural disasters (Hurricane Mitch and the forest fires) have devastated infrastructure and had a huge impact on the environment of the affected areas. These factors have encouraged donors to renew emphasis on support to rural areas and to work with local organisations. Central America has well-developed networks of local level institutions which range from producers' associations to community development groups.

Programme aims and objectives

Working principally in five countries, the project funds local organisations directly and promotes horizontal exchanges between project partners. It aims to enable the development of local solutions to problems in agriculture, agroforestry and forest management, and, at the regional level, to enable local experience to be disseminated to other countries and to feed into policy-making.

The tendency to control

The objective of the project has been to devolve aid delivery to local-level institutions so that they can carry out activities which support sustainable livelihoods. Although the project aims to be participatory and to decentralise aid delivery through local organisations, it has had a centralised, control-oriented structure which has militated against devolution. As a result, local-level organisations have had to become strong to be able to comply with complicated administrative procedures and to carry the financial burdens related to delays in disbursements.

Opportunities lost for institutional learning

Linkages between the field and regional and national policy-making fora have been weaker than expected, as information from the field has had to focus on administrative issues. Documentation on the project experience was limited and monitoring and evaluation inadequate. This has limited the opportunity for learning lessons and building on project strengths. However, horizontal linkages between community organisations have enabled learning and some dissemination of information within the countries.

Source: Davies, 1999

As a result, a form of forest sector support being discussed by some donors in relation to countries with tropical moist forest and an important logging industry, is the provision of forestry expertise to such companies, to work alongside them and to support redirection of some of their activities. Box 3 shows how one project in Indonesia worked directly with a parastatal concessionaire, and highlights some of the advantages of this approach.

Consultancy firms managing donor projects

Using private sector consultancy firms has become common place for donors wishing to reduce their core costs and hoping to be able to access a wider and more diverse skills base. Their use may be the result of a policy or an economic decision, or both. Several countries with strong monitoring and evaluation capacity have been evaluating the impact of this approach, in terms of cost-

effectiveness, performance and transparency. Box 4 highlights some of the strengths and weaknesses of the use of consulting firms.

If a donor decides to implement most of its aid through consulting firms, then its own procedures need to adapt in response to this decision. There are three main areas in which donor effectiveness may be brought into question as a result of the out-sourcing of the management of much of its aid programme: direct project experience; experimentation and innovation; and the generation and retention of institutional memory.

None of these present insuperable problems, but it would seem that smaller donors have been reluctant to spend the money on building in staff and systems for dealing with these potential areas of weakness, because they feel it

Box 3: The private sector as an aid delivery agent

Berau Forest Management Project in Indonesia

Working directly with a private sector agent with strong links to government can be rewarding both for beneficiaries, who are able to gain political support for their activities, but also for the private sector as a whole. This kind of engagement can set the example for other private sector bodies in the area and beyond, as the Berau Forest Management Project illustrates.

The context

Forestry has become an extremely important industry for the Indonesian economy. Total output from the sector is around US\$8 million, which amounts to 7% of GDP. If the non-quantified products and services were included in the official statistics, the contribution to GDP would be above 10%. Indonesia's powerful timber industry is resisting change to the existing system of forest exploitation. This, coupled with the recent financial and political crises and the weak capacities of forestry agencies, has created a difficult context for forestry projects.

Project aims and objectives

The project aim is to ensure that the forests continue to provide diverse raw materials as well as environmental and socio-economic services. The project plans, implements and evaluates field trials and permanent sample plots, and monitors and assesses technical, financial and management components of sustainable forest management operations with an emphasis on reduced-impact logging. It involves local communities in planning and implementing community development programmes.

New partners

The partner in project implementation is INHUTANI I, a state-owned concession holder and logging company that is often allocated concessions revoked from private sector companies due to poor management.

It has responsibility for promoting good practice and developing village-level development activities. This organisation has worked particularly well with the project management. Any results that the project will achieve will be far more credible and acceptable to Indonesia's private sector forestry companies than those of a project implemented only through government agencies.

Providing the link between local activities and central decision-makers

The BFMP project has been able to establish a positive working relationship both with national level political forces (through the ministry) as well as with local level actors. As a result local activities have been complemented by a reasonable level of political support. Strong ties were developed between project management and the implementing partner, a state-owned concessionaire, and the project headquarters are located within the ministry. This has meant that information from the project has been available at ministry level, and both the implementing partner and the project management have been honest about problems and looked for solutions jointly. At the same time, through its participation with CGIF (a donor coordination mechanism), it has access to a more international arena.

Source: Enters, 1999

illegitimate to divert money from in-country aid totals. Yet without doing so, they risk wasting much of the rest of the aid budget.

Finally, tensions can be caused by ambiguous relationships between the donor headquarters in the north, the consulting firms contracted by that office, the donor in-country office and the host government. It is often the case that the donor in-country office is not fully aware of the contracts given to consulting firms to work in its area of responsibility, and has no line-management authority over them, and little control over the dealings they may have with the host country government. Again, aid delivery

norms seem not to have caught up with new realities, with a resulting slippage in effectiveness.

Box 4: Strengths and weaknesses of the use of consulting firms

Strengths	Weaknesses
<ul style="list-style-type: none"> • Donors save money by out-sourcing capacity instead of retaining a large TA staff. 	<ul style="list-style-type: none"> • Donors fail to build up their own in-house skills based on good quality field experience.
<ul style="list-style-type: none"> • Firms have good technical expertise. 	<ul style="list-style-type: none"> • Firms may lack social science skills.
<ul style="list-style-type: none"> • Firms have wide comparative experience (regionally, internationally). • Firms have wide sector experience which usually encompasses experience of working with different donors, both bilateral and multilateral. 	<ul style="list-style-type: none"> • Decentralised projects require social skills, familiarity with process approaches, a willingness to be experimental, and capacity-building abilities. Few consulting firms have a comparative advantage here: many prefer to implement blue-prints against a clear-cut contract.
<ul style="list-style-type: none"> • Firms are responsive to client interests and demands. 	<ul style="list-style-type: none"> • Donor over-reliance on a small number of people and companies. • Firms wanting to renew contracts may choose to reinforce donor views.
<ul style="list-style-type: none"> • Firms which work closely and almost exclusively with one donor (e.g. some Scandinavian firms) may be a better repository of institutional memory than the donor. 	<ul style="list-style-type: none"> • Consultancy firms can be protective of knowledge as a source of commercial advantage, which is inconsistent with 'learning culture' approaches.
<ul style="list-style-type: none"> • Firms have good evaluation capacity and ability to learn from past experience. 	<ul style="list-style-type: none"> • Possible reluctance to share findings from failed projects, for commercial reasons.

3. THE KEY CHALLENGES IN AID DELIVERY

3.1 The problem of low ownership

The notion of ownership is at the heart of the aid delivery debate. The desire to enhance national ownership is central to the restructuring of development assistance initiatives, whether one is dealing with major changes to aid relationships (as with national forest programmes and sector investment programmes – see Section 4) or merely the terms of reference laid down for specific project interventions. To say that establishing ownership is universally perceived as an essential condition for success may be a truism, yet low levels of national ownership are still the norm in most forest-sector interventions.

Part of the problem lies in the peculiarities of the aid relationship, regardless of the sector, particularly in countries with high levels of aid dependency (see Moore, 1998). But the characteristics of the forest sector also play their part. Thus, ownership is likely to be particularly problematic where there is a powerful forest industry which is more influential with national government than the forest sector donor community. Similarly, some of the debates about the global importance of forests may cause conflicts between national governments and donors. Although the right of national governments to determine the destiny of their own forests has been steadily endorsed through the IPF and IFF processes, it is clear that often the environmental dimension has come to dominate debates in the sector, and the global agenda is promoted to the detriment of the

national interest, sometimes with heavy over-reliance on punitive conditionalities (Dubash and Seymour, 1999).

Nor is donor policy always entirely consistent, even at the strategic level. The professed desire to see national governments spearhead the drive to ownership may well prove still to be in conflict with aid delivery mechanisms. This is seen where consulting firms or other aid subcontractors are held to predefined objectives, rigid timetables for delivery and standards negotiated outside of the host country. Where (as in the case of the Cameroonian *plan de zonage*) an aid contractor is funded on a performance basis but contracted to provide services of an essentially participatory and process-oriented kind, it is only to be expected that participation is interpreted in a rather restricted and 'cost-effective' way (Brown, 1999).

Promoting ownership

Ownership of ideas, objectives and methods is in the interest of all stakeholders. But this shared vision cannot be dictated or bought. It is more likely to result from a process over time, and should be built into programme or project strategy from the start. Where it is lacking – as in the case of the Mount Elgon Project (Box 5) – then even potentially positive and productive interventions may suffer from a crisis of identity and direction which severely limits their success. Clarity and agreement about roles and responsibilities between the different actors within the process is key; without it projects can become dominated by political manoeuvres.

Box 5: Challenges to aid delivery – where there is no owner

The Mount Elgon Conservation and Development Project in Uganda

Devolution of project responsibility does not automatically increase ownership, as the case of the Mount Elgon Conservation and Development Project in Uganda demonstrates. This project was originally managed by an international NGO, IUCN, but in its third phase, implementation was handed over to the government. The donor has taken a ‘hands-off’ approach. However, as government institutions with overlapping roles compete for project control, the project has effectively become ‘free-floating’ – owned by no one.

The Context

Uganda has been undergoing huge changes in both policy and the institutional context. Political and administrative decentralisation is having an impact on the forest sector as districts formulate their own development plans and local-level agencies are gaining more responsibilities. Restructuring of government agencies has resulted in reductions of personnel and division of responsibilities to different agencies. As a result, there is considerable lack of institutional capacity within government. The forest sector has become the domain of a variety of competing government agencies whose responsibilities overlap, and whose long-term visions for development of the areas conflict.

Government policy on National Parks has been to protect the forests by excluding the local communities. This has been achieved through large-scale evictions at a very high social and economic cost.

Project aims and objectives

This project operates in and around the Mt. Elgon National Park in Eastern Uganda where a combination of high human population densities and reliance on subsistence agriculture has led to high levels of dependence by local communities on the park’s resources, as land shortage has become more acute in surrounding areas. Among other things, the project seeks to promote the active involvement of people living in communities adjacent to the Park in the management and conservation of natural resources in and around it. In so doing, it seeks to reconcile and integrate the management of the Park with local social and economic needs.

Inappropriate institutional arrangements?

The Ministry of Lands, Water and Environment is the project’s implementing agency. However, the Uganda Wildlife Authority has the responsibility for community activities within the Park. Technical assistance to the implementing institutions is still provided by IUCN’s Uganda Country Office. Funding for the project is provided by NORAD, with cost-sharing by the Government of Uganda.

Tensions between the two government institutions under whose authority the project fell have had the result of stalling project activities as reports held up by one or another agency delayed donor disbursements. In addition, this has limited political support to crucial project activities and effectively curtailed any potential input into government policy.

Donor learning from the project has been extremely limited, as the donor has not been present at project level and, although the project reports periodically, donors have very little knowledge of project activities, let alone any successes. IUCN, which has a long-standing relationship with the project, has been relegated to an advisory position, limiting its own involvement and learning.

Undermining local potential

Project activities have been centred on human resource development. Training has been quite extensive, with a variety of local actors (both government and non-government) participating. These activities aim to strengthen local capacity. However, the project chose to bypass the existing district administrative system, undermining these already weak local institutions. This has curbed any potential for local ownership, and limited the possibility for the training to be translated into new attitudes or activities.

Source: Golooba-Mutebi, 1999

3.2 Decentralisation

Decentralisation of aid management is one of the ways in which donors are attempting to improve aid effectiveness. It has proved to be a difficult process, involving the redistribution of power and major organisational re-

structuring. Even in the most decentralised of structures, conflicts still occur between centre and periphery. Tensions arise between locally-placed staff who feel that they know the situation well, and central-level staff who feel that they have a more global view and are more neutral. Allowing for full consultation of all staff involved

Table 2: Different models for decentralised donor aid management

Options	Characteristics	Strengths	Limitations
Centralised	<p>Functions at centre :</p> <ul style="list-style-type: none"> Policy Budget Decision-making Negotiation Procedures and standards Accountability <p>Local functions</p> <ul style="list-style-type: none"> Monitoring and evaluation No cost changes within the contract at centre <p>Information flows up to centre</p>	<p>Less costly</p> <p>Favours larger projects</p> <p>Easier to resolve conflicts at project level, as political involvement is lessened</p>	<p>Standardised approaches may not be suitable</p> <p>Need for global coherence can preclude local variations – administration and control can become main focus, this may be difficult for process-type projects</p> <p>Weak feedback from the local level can have serious implications for policy-making</p>
Regionalised	<p>Geographic regional offices which develop regional policy, project supervision and technical support (global policy at centre and project implementation at local level)</p> <p>Information flows from local to regional, and from region to centre, and between regions</p>	<p>Potential for inter-country linkages</p> <p>More cost-effective to have specialist technical support teams</p>	<p>Neither global nor local outreach</p> <p>Regional offices can become isolated islands</p> <p>With this ‘additional layer’ between the local level and centre, information flows are more complex</p>
Localised	<p>Within a centrally agreed budget, the local donor can choose projects, partners and consultants</p> <p>Policy-making a result of dialogue between centre and region</p>	<p>More tailor-made programmes</p> <p>Can defend local interests</p> <p>Partner organisations may find it easier to deal with local donor</p> <p>Can encourage donor coordination (cost-effectiveness)</p> <p>Can benefit institutional learning as lessons learned have immediate application</p> <p>Ownership enhanced as there is wider participation of local actors</p>	<p>Communication flows need a much greater emphasis so as to contribute to institutional learning</p> <p>Higher turnover of staff – shorter learning curve</p> <p>Less policy coherence and fewer global linkages</p> <p>Fewer specialists on the ground – but can force donor to look for local/regional technical assistance</p> <p>Can become vulnerable to local political pressures</p>

and verification of available information from all sources often involves duplication of functions. This can become costly for donors, and can unduly expend staff energies. Table 2 outlines some models donors have used and some of the trade-offs involved.

Information flows

One of the major changes highlighted by attempts to decentralise aid management is the effect on the types of information flowing between the centre and the regions. Weak feedback to the centre can have serious implications for policy-making, particularly when associated with cut-backs in central staffing and a broadening of central competences (see Box 6). Consideration also needs to be given to the value of horizontal exchanges of information between countries and regions. While funding has often been forthcoming for project-level exchanges, ensuring that these provide learning processes for the wider community is more challenging, as is feeding these experiences into policy.

3.3 Institutional learning

The picture of the last 20 years in forestry has been one of positive evolution. There has been a broader recognition in many countries that forests are for more than timber; that they have many more *de facto* owners than the narrow ownership understood by the state; and that a wider range of disciplines than foresters can and should be productively involved in forest management. Moreover,

these truths were perceived far earlier in aid projects to the forest sector than they were in the forestry research context. In the same way, the definitions of sustainable forest management which have evolved since the Rio Earth Summit of 1992, and which have been tested through various Criteria and Indicators processes, all include environmental and social components as well as the familiar economic components which were originally generated in the more narrow context of sustained yield forestry.

Nevertheless, individual projects are often felt to have failed, and there is broad unease that institutional learning from the funding of forestry has been poor. Formal processes have lagged several years behind the best information available, and it is often unclear how consensus is reached about appropriate approaches.

There is clearly a need to shorten the learning loop, and to ensure that the best practice which will ultimately be arrived at is understood and employed at an earlier stage. Otherwise, the lessons which particular projects generate are often effectively lost to all but those involved in them.

Perennial difficulties for donors

Many of these difficulties are recurrent. Donors seem often to have been reluctant to spend sufficient time and money on ensuring good quality learning from the projects they fund, or they make a nominal allocation and do not follow it through. Project phases, with their attendant staff

Box 6: Increasing effectiveness of local-level actors

Social Forestry Development Project in Indonesia

The SFDP project in Indonesia illustrates the importance of providing political support at the national level. In this project, local actors were supported through a range of activities, but ultimately were left vulnerable to both local and national political forces opposing the decentralisation of power.

Project aims and objectives

(See Box 3 for Context) The SFDP is one of the oldest active forestry projects in Indonesia. Its principal goal is the development of a community-based forest management system that provides for natural forest management, including timber harvesting, processing and marketing, by local communities. The project began as a forestry project but gradually became an agricultural / rural development project with a forestry component.

The isolation of the field

The project is a highly decentralised one in a context where political and administrative decentralisation has been strongly opposed. The project was 'swimming upstream' for many years, but now that decentralisation has political support, it has recently found itself in a much more enabling environment.

Regulatory committees formed at central, provincial and district level had the effect of increasing the bureaucracy of the project. These committees often lacked knowledge of project activities and yet had a strong bearing on them.

In a context favouring central control, the project has attempted to decentralise responsibility to local institutions, but these have lacked capacity and political support and have become vulnerable to local power struggles. In one instance, illegal loggers burned down the project office. The complex procedures and bureaucracy of the project made the local communities feel they had little ownership of the project.

Source: Enters, 1999

changes, are often short, and inside the donor agency desk officers may change with great frequency. Project documentation, while often voluminous, may not make clear what lessons were learned – and by whom – in the project. Finally, the very nature of a project is that, however good, it is a temporary institution, temporarily staffed; at the end of its life, its staff, its learning, its publications and its ethos are dispersed and have no further home. It would also seem to be the case that donors have found it difficult to explain what they have learned by negative experience, and that there is often a great deal of pressure on them only to tell positive stories for Ministries of Finance and for the general public in the home country.

Some projects tell a stronger story because they have attached to them university researchers whose task it is to document the project, provide the consultancies for it, and publicise successes. This system worked well in the case of the Nepal-Australia project and in some of the SIDA-funded forestry projects in India and Tanzania. But few bilateral, let alone multilateral, donors fund the research aspects of projects with a sufficient eye to broader outreach and dissemination. This task has been undertaken more effectively by rather different institutions such as the Ford Foundation.

In the past it has been extremely difficult for learning to outlive projects and eras, and it has been necessary to ask individuals who were involved what the long-term view might be. Increasingly, however, electronic methods of data storage make material much more easily accessible – if only the right data can be put into the system in the first place. Donors – but more immediately project managers – probably need assistance with this. They need to be able to draw on professional writers, and to make sure that summaries of learning from particular projects are stored where they can be used.

Finally, there are issues from which new insights need to be drawn, which may not directly emerge from projects themselves. For instance, changes in land-use policy, urbanisation rates, international fluctuations in the prices of crops which compete with, or encourage the continued existence of, forests, all have implications for the devising of good forestry interventions. Research going on in these areas needs to be drawn to the attention of donors effectively, through such mechanisms as policy briefs and key sheets.

Newer difficulties generated by decentralisation and privatisation

Donor learning is now challenged from many new directions. Firstly, donors themselves, as we have seen, are decentralising many of their operations to country or region level. This offers the opportunity for greater learning at these levels, but in fact may not have this result. For instance, it has proven difficult for donors to maintain a forestry specialist in each of its decentralised centres, and forestry projects may be managed locally by a generalist who is unaware of forestry innovation elsewhere and unable to access it readily for application locally. In this case, s/he will also be unlikely to feed relevant information

back to headquarters in the donor capital. Visits from a roving forestry adviser may not fully compensate.

Secondly, the increasing trend for projects to be managed by consulting firms may impede the flow of learning. At worst, firms may insist on retaining the information from the projects they manage and on only partial sharing. In particular, for reasons of perceived future employability, they may be excessively unwilling to share negative lessons. But even where this is not the case, informal discussions of ongoing project progress may no longer take place in ministries or embassies, but in isolation from those they might influence. NGOs, on the other hand, may be much more open about the processes they are managing, but may be weak at self-monitoring and evaluation, and lesson-learning.

Generating a good quality flow of information both to and from decentralised aid agencies and contracted aid delivery agents is clearly complex. It will make the effective learning of lessons even more difficult in the future than in the past unless more thought and resources are devoted to redesigning the pathways for institutional learning in step with changes in aid delivery structures.

Institutional learning challenges faced by donors as the implications of other conventions for forests become clearer

Because of the focus on conservation, foresters have had a relatively strong control over forests. A sustained period of donor experimentation has struggled to fit forests and local people together, to some effect.

But forest management is becoming more complicated. The implications of the management of forests for biodiversity and possibly for carbon storage needs, as well as for human use, are exceedingly complex. And the overall decision-making framework arrangements needed at local, national, regional and international levels for fitting these different needs together, are in their infancy. Robust arrangements for discussion and negotiation at national level are needed to complement the necessarily much less tightly focussed international discussions.

3.4 Aid delivery and donor complementarity

At a time when more interests converge and more complex demands are being made on the forest sector, it seems that aid levels for forests are dwindling, as the 'Rio effect' wears off. As a result, donor complementarity for effective aid delivery takes on an ever greater importance. What are the comparative advantages of different kinds of donors in the sector, with the financial and advisory resources they have at their disposal?

A picture of the balance between the contributions to forestry of different kinds of agency, from the financial point of view, can be gleaned from the Table 3, compiled for the Second Session of the Intergovernmental Panel on Forests in 1996.

Table 3: Official development assistance to the forest sector in 1993 (US\$m)

Bilateral	Agency	% of total Budget	
non-European		20	307.1
Europe MS		26	394.6
EC		14	214.0
TOTAL bilateral		60	915.7
Multilateral			
Development Banks	WB 18%	27	420.3
UN Multilateral Agencies		13	208.5
	WFP	8	121
	UNDP	2	33.5
	ITTO	1	15.5
	FAO	0.9	14.1
	GEF	0.6	10.3
	Others	0.5	10
TOTAL multilateral		40	28.8
Grand TOTAL		100	1,544.5

Source: UN Economic and Social Council, 1996

The ratio of bilateral to multilateral aid was around 60:40 in 1993, with non-European bilaterals contributing about 20% of the total (the US being the largest donor), EU Member States about 26% (Germany being the largest donor) and the European Commission contributing about 14%.

Among the multilaterals, the development banks contributed about 27% (the World Bank 18%, or two-thirds, of this) and the UN multilateral agencies 13%. In the latter case, finances were spread fairly unsatisfactorily from the forestry point of view, with 8% being spent on WFP food-for-work projects in forestry, and a total of only 4.5% going for forestry through UNDP, ITTO, FAO and the GEF.

The European Union

Among bilateral donors, the European Member States form the largest block, and with the Commission, constitute two-thirds of all bilateral aid. The big five are Germany, France, the Netherlands, the UK and the Commission, with the Scandinavian donors close behind. Their ability to coordinate their approaches to aid delivery has considerable potential leverage, and several of the Member States have already worked together closely. Their main challenge is to find ways for their financial resources in the forest sector to complement those of the Commission more effectively.

From the structural and political point of view, it would make sense for the European Commission to be able to lead in EU tropical forest policy formulation, but at present this is rarely possible. The other large Member State forestry donors have a better advisory to financial

resource ratio than the EC, and more capacity to undertake monitoring and evaluation, and to aim for institutional learning. They are thus better able to work on policy, legal and institutional issues in a flexible, consultative and practical way, and have more capacity to learn from innovations introduced.

Donor complementarity in Europe may currently best be served by the Member State undertaking innovative policy and piloting work, while the financial strength of the Commission follows up at the larger-scale implementation stage. The European Tropical Forestry Advisor Group (ETFAG) and other informal contacts have been important among this group.

Relationships between bilateral donors inside and outside the EU

The non-EU bilateral donors vary to the extent that they regularly work with those within the EC. Through the mechanism of the International Forestry Advisers Group (IFAG), some of these donors meet regularly and evolve policy together. In the context of the host country, more collaborative forms of aid delivery could build on the fact that many do already work together informally. In cases where donors with very different approaches to support to the forest sector are causing problems for one another, in-country mechanisms for encouraging better communication are clearly needed.

Relationships between bilateral donors and UN multilateral agencies

Positive and fruitful complementary relationships have been forged in the past, and currently, between bilateral donors and FAO, UNDP and the ITTO. Among the

multilaterals, FAO has been of special importance. It was in charge, with UNDP, of the TFAP process, is now coordinating information on the nfp process, and administers projects in most parts of the world. Its forestry department probably still has the largest cluster of foresters working together on tropical forestry issues in the world (though CIFOR now approaches it in this respect). The FAO's Funds-in-Trust Programme 'Forests, Trees and People' has been highly influential over twenty years in shifting forestry's middle ground towards an acceptance of forests as places where local livelihoods, as well as timber production, are of importance. Similarly, bilateral donors are working actively with UNDP's PROFOR Programme. The links between bilateral donors and the huge World Food Programme investment in forestry (mainly tree-planting under food-for-work programmes) are less clear, and it seems also to be the case that the GEF's portfolio of forest projects in support of biodiversity has not yet linked closely with the aid delivery preoccupations of the bilaterals.

From the aid delivery perspective, the potential complementarity between bilateral and multilateral donors has some similarities to that between the EU Member States and the European Commission. The best bilaterals have proved themselves to be in the forefront of innovative, experimental approaches to better aid to forestry. Multilateral partners may at times lend bilaterals additional weight and resources, but are often constrained by their more formal relationship with government. The bilateral agencies have the ability to maintain flexibility and engage with civil society and the private sector as well as government. This may be more suited to the current changes in the forest sector.

Relationships between bilateral donors and the Development Banks

All bilateral donors in the forest sector need to work closely with the World Bank, aware that the Bank's lending power across a whole range of sectors means that it will also be given serious attention in the forest sector by host governments. At the same time, the Bank also has well-known drawbacks which bilateral donors can often make good. Its chief weapon to encourage change in the forest sector has been conditionality, which has not proved to be very effective (Ross, 1996). The fact that it is making loans not grants has, in the past, encouraged it to support commercial forestry, to the partial detriment of social and environmental issues. It is now seriously reconsidering these aspects of its past forestry portfolio.

Two-thirds of the money going into forestry from development banks comes from the World Bank. The rest comes from several smaller banks, of which the Asian Development Bank is the largest. Smaller banks have generally not had the World Bank's capacity for self-evaluation, and have had less exposure to debates about change in the forest sector.

An enhanced recognition of, and determination to use, donor capacity and complementarity in the forest sector is

of increasing importance, the more so as donors move towards more complex ways of working together (see Section 4).

4. THE OPTIONS – SOME FUTURE SCENARIOS FOR AID DELIVERY

Past experience has taught that, without strong sectoral support, forestry is likely to become marginalised in international aid debates. Aid to forestry is currently at a critical juncture, requiring substantial resources – both financial and intellectual – to handle the increasing complexity of the demands upon it. In such a situation the danger is that governments and their donors will be encouraged to shift their attention to other less demanding and controversial sectors, less likely to generate hostile publicity and offering more immediate benefits. The attention currently being given to forest sector-wide initiatives thus assumes a particular interest.

4.1 Moves towards a more sectoral approach

Forest sector development programmes have been implemented in some of the more heavily forested industrialised countries since the 1960s (Oksanen, 1999). However, the extension of the concept to the tropics is a fairly recent innovation, promoted widely only since the end of the 1980s (Ball, 1999). While in one sense, then, national forest programmes (nfps) have a history, and follow on from previous initiatives, in another they are being promoted, and seen, as new (Aho, 1999). The pressure for a formulation of this kind comes from several sources:

- long-standing attempts to create a framework and strategy for the management of tropical forests, to respond to international concerns about levels of tropical deforestation and biodiversity loss. First the FAO-UNDP (and World Resources Institute (WRI)) Tropical Forestry Action Programmes (TFAPs) of the mid-1980s, referred to as National Forest Action Plans (NFAPs) in some countries from 1989 onwards, and then the World Bank's National Environmental Action Plans (NEAPs) sprang from these.
- international processes concerning forests set in train following the Earth Summit in Rio in 1992 – the Forest Principles and Agenda 21, the Intergovernmental Panel on Forests (IPF) and finally the Intergovernmental Forum on Forests (IFF). The clear message at Rio in 1992 was that developing countries with forest insisted on their sovereign right to make their own decisions about it. Thus the TFAP model, led in the case of each country by the largest donor rather than the country itself, was formally superseded, on these grounds and others, despite fairly successful TFAP processes in some countries.

- broader pressures within the development assistance community, responding to the perceived failures of much international aid to achieve its purposes. These pressures have led to the promotion – most prominently by the World Bank – of the sector-wide approach (SWAP). To support and implement the sectoral approach, the sector investment programme (SIP) provides a currently favoured implementation instrument, alongside other tools such as structural adjustment programmes, public expenditure reviews, civil service reforms, short-term adaptable programme loans, etc. (Akroyd and Duncan 1998).

This section looks in turn at three different approaches which attempt to bring together governments and their aid donors to generate a more coordinated approach – TFAPs, SWAPs and nfps. Evidence from the first two (respectively, in the forest sector and outside it) is used to provide clues as to the ways in which successful nfps might be developed. It will be argued that conditions in the forest sector are generally such as to favour a modest and incremental approach in which increasing levels of donor coordination provide the main vehicle for sectoral coordination, and the means to encourage national ownership and sustainable management.

4.2 Tropical Forestry Action Programmes (TFAPs)

The context for current attempts to promote national forest programmes is the TFAP experience of the 1980s. The Tropical Forestry Action Plan was officially launched by FAO in October, 1985, with the aim of “harmonizing and strengthening...cooperation in tropical forestry” (FAO, 1987; Winterbottom, 1990; Humphreys, 1996). The Plan had its origins in two convergent strands of thinking: FAO’s desire to increase international funding to forestry, and WRI’s attempts to raise international awareness of the accelerating destruction of the world’s tropical forests. These two strands were drawn together in 1987, when the programme was revised, giving greater emphasis to the threat of deforestation, within a common framework the main priority of which was to increase support for tropical forestry.

Thus, from the start (though increasingly from 1987), there was a tension between two sets of interests. Winterbottom expresses it thus:

FAO and various aid agencies viewed the TFAP primarily as a mechanism to harmonize development assistance in forestry, while WRI and others saw the TFAP as a vehicle to launch a broadly-based program to address the root causes of deforestation (1990:4).

The TFAP focused on five linked areas of action:

- forestry in land use;
- forest-based industrial development;
- fuelwood and energy;
- conservation of tropical forest ecosystems; and
- institution building.

The main instrument to achieve benefits in all these areas was to be increased official development assistance (oda) to forestry. Through increased donor investment, partner countries were expected to experience a wide variety of improvements – to jobs and incomes, food security, agricultural productivity and land use, export performance in the sector, public participation in forest management, and protection of forest biodiversity (Winterbottom, 1990:5). The programme centred on the preparation of national forestry action plans.

The TFAP approach was intended to take full account of the extra-sectoral influences on the sector (in particularly the need for sustainable agriculture), and also to involve full participation of all elements of the national community, including civil society. However, in the event, the emphasis on increasing investment to the sector-led to the marginalisation of other concerns, with negative results. The causes of deforestation were down-played, while the lack of mechanisms for wide public involvement prevented the programme from generating the kinds of political commitments which could have championed more rational and sustainable management. Other factors, some of them situational, intervened to divert the programme from its goals.

The Tanzanian TFAP is an interesting case in point. Though one of the more promising examples, it eventually failed for a number of reasons (see Box 7):

- national-level policy changes with which it would have been able to cope if other more fundamental problems had not also been present;
- national-level changes which fatally undermined it;
- credibility gap between plans and implementation mechanisms; and
- the failure of donors to work together cooperatively.

While the broader definition of forest issues which arrived in a sense half-way through Tanzania’s TFAP process were perhaps hard to foresee at the start, they were issues to which Tanzania needed to adapt in due course. Much more depressing is the sense that donors worked against one another competitively, without respect for the hard work which many Tanzanian officials had put into designing the TFAP process, and without building on what was already in place. Given the extent to which nfps will, in reality, build on past TFAP experiences in many countries, and the huge investment which was made in TFAPs, further analysis of why donor coordination failed, would make a useful input to future nfp preparations.

The TFAP model now looks narrow, top-down and less than coherent. In practice, donors tended to choose from a ‘shopping list’ of projects and often selected currently fashionable initiatives rather than elements which would have provided more core support to the forestry sector. Nevertheless, forestry was one of the first to try to implement a global approach to a sector. The TFAP was an important initiative in its day which pressured the aid

Box 7: Challenges for the Tanzanian TFAP 1990-94

Extra-sectoral changes in the 1990-94 period to which TFAP had to adapt:

- substantial macroeconomic and political change;
- adoption of a multiparty political system;
- privatisation of some parastatals and government operations;
- changes in the national development planning and budgeting system.

Changes in the natural resources sector which invalidated many assumptions made when the original TFAP documents were drawn up:

- the World Bank's impatience with TFAP, and its determination to launch its own instruments – Forest Sector Reviews and National Environmental Action Plans, regardless of coherence for recipient countries;
- the development of a national environmental policy and a new Division of the Environment, responsible for environmental issues, set up in the Vice President's Office.

TFAP failures:

- The original goal was narrow: “promoting self-sufficiency and export growth in forest-based products and services; raising efficiency in production and utilisation”;
- TFAP tried to capture all key issues within and beyond the sector: the plan had 12 programmes, 100 proposed projects. It thus lacked strategy, priorities, focus;
- TFAP intersectoral approach was pursued with only limited success. Inter-sectoral committees were suitable for planning, but few mechanisms for intersectoral or multidisciplinary implementation were devised;
- TFAP was conceived as a unified, comprehensive plan, but donors chose community forestry and land husbandry to fund, and left research, conservation and forest industries under-funded. In the event, limited financial support from the government and the donor community was received in comparison to initial pledges.

As a result, as implementation progressed, enthusiasm for TFAP drained away, mainly because of:

- disappointments concerning TFAP funding;
- changing political priorities;
- failures to enact needed changes in policy, legislation and public administration in a timely way.

Source: Shepherd et al., 1999

community, particularly the World Bank, to develop a more sectoral approach.

4.3 Sector-wide approaches (SWAPs)

The second class of programmes from which the current attempts to develop a more coordinated form of aid delivery in the forest sector may have much to learn is the sector-wide approach (SWAP). This approach is currently strongly favoured by the World Bank, and has been attempted in a number of sectors – particularly in social sectors such as health and education, and natural resource sectors such as agriculture.¹ The theoretical underpinnings of the approach are to be found in a series of World Bank-inspired documents: most notably a seminal paper by Harrold, on sector investment programmes (1995) and

Johnson and Wasty's assessment of the criteria for ownership (1993).

According to Jones (1999:4), the sector-wide approach “attempts to bring all donor support to a sector within a common management and planning framework around a government expenditure programme”. This is in response to a number of generic problems with which aid-funded development programmes are almost universally beset. Such problems include (Harrold, 1995; Akroyd and Duncan, 1998):

- poor host country ownership;
- lack of sustainability, caused by the inability of the project approach to create a policy environment conducive to sound management;
- fragmented development projects which fail to create synergy;
- excessive fungibility, so that, directly or indirectly, donor money may be used for purposes other than those intended;
- poor record of conditionality as a positive development tool;

¹ The pressures towards sector-wide approaches are likely to increase as the implications of the recent Highly Indebted Poor Countries (HIPC) debt relief initiative are realised. This requires that qualifying governments take charge of their own poverty-reduction strategies, in wide consultation with civil society, and in general take on a much more proactive role in the management of development assistance programmes, sectoral programmes included, giving proof of good intentions and performance over a period of years.

- inability of even conscientious governments to handle the diverse range of projects which their international partners initiate.

The SIP is a tool to support the overall approach. This concept tends to be used rather loosely to imply any aid programme which supports the goals of the SWAP, though the true SIP combines six key attributes (Harrold, 1995):

- 1 it is sector-wide, covering current and capital expenditure;
- 2 it must be based on a clear sector strategy and policy framework;
- 3 it is fully under the control of local stakeholders – not just governments but also beneficiaries, civil society and the private sector;
- 4 it is supported by all the main donors who progressively subordinate their individual development assistance to that of the overall programme;
- 5 all donors seek to support common implementation arrangements, phasing out separate projects in favour of a pooled approach;
- 6 there is greater reliance on local capacity than on external technical assistance.

The approach requires a number of preconditions which are often difficult to meet – effective planning and management capacity within the host government, economic stability and sound, integrated financial management. However, its virtues in helping to counter the existing weaknesses of much international aid (the need to create a favourable policy environment, increase local ownership, and so on) are widely recognised.

The issue of ownership occupies a particularly important place in thinking about SWAPs. Johnson and Wasty's analysis of the generally negatively correlated relationship between aid performance and levels of local ownership has underlined the centrality of this issue. The ideal is characterised by Killick (1998:87) thus:

Government ownership is at its strongest when the political leadership...with broad support among agencies of state and civil society, decide of their own volition that policy changes are desirable, choose what these changes should be and when they should be introduced, and where these changes become built into parameters of policy and administration which are generally accepted as desirable.

Wide participation is inherent in the model, though this is within the framework of a central coordinating role for the state, as a means, *inter alia*, of overcoming the tendency for donor funding of NGOs to bypass government and dissipate efforts (OPM, 1998:31).

Whatever the sector, the approach is relatively high-risk. The areas of concern are several. For example:

- attempts to establish SIPs may fail because of inadequate government capacity, lack of national consensus, a divided donor community;
- the approach may demand high and unrealistic levels of management capacity in the host government, and discount the massive levels of aid dependence of many less developed countries;
- the intention to promote local ownership sits rather uneasily with the World Bank's championing of the sectoral investment process: what is intended to offer an alternative to Bank conditionality may end up bringing in conditionality by another route;
- the approach is regarded suspiciously by some bilateral donors, who see it as a vehicle for World Bank domination (OPM, 1998:2).

Nevertheless, increasing numbers of donors and governments are signing up to the process, with interest being particularly strong in the Nordic countries. Overall, the World Bank retains a dominant position, however, and the sector-wide approach is still strongly associated with it.

The record in other sectors

It is instructive to examine the experience of some other sectors in the development of the sector-wide approach, as a way of shedding light on likely futures for nfps.²

SWAPs combine familiar approaches ("Large elements of the sector approach embodied in SIPs are good practice in terms both of public administration in the recipient country and of aid management." OPM, 1997:17) with new agreements between government and its partners on the sector strategy and the demands which this makes for donor coordination under government management. Success is dependent on a number of factors, including the nature of the sector, and has been easiest to achieve where:

- all parties are agreed on the need for a sector strategy;
- there is also an agreement that the sector is in crisis and is in need of concerted restitutive action; and
- there are only a few donors to be coordinated.

Some issues may cross-cut sectors (for example, public sector pay) and in such cases, capacity for cross-sectoral action will also be required.

Success has differed quite markedly according to the sector, and also the particular country under consideration. The high aid dependence of African countries, for instance, has been a major impediment to national government ownership, and also has strong implications for government capacity. In sectoral terms, the greatest successes have been achieved with health, education (primary/secondary) and road programmes. Natural resource programmes (of which the major examples to

² The discussion draws heavily on the various reviews prepared by Oxford Policy Management (OPM), most notably OPM (1997), Akroyd and Duncan (1998), and Jones (1999).

Box 8: Prospects for sector-wide approaches in the forest sector

i. Policy environment: effective sector programmes require a positive policy environment in which both the government and its main partners are agreed on the need to support the drive for sustainability. Many tropical countries lack such a positive environment, and in general, the higher the value of the standing timber, the less likely is there to be a recognition that the sector is in crisis and that something needs to be done. Again, with a few notable exceptions, donor attempts to promote a progressive policy environment are often treated guardedly, and donor conditionality has had little impact.

ii. A strong sense of government and national ownership: again, these levels of ownership are often lacking, and tropical timbers may well figure as a resource which is de facto 'owned' by the logging industry, and not by the society at large. Barriers to the broader involvement of citizens include tenurial rules inherited from colonial times, which alienate most forest dwellers from the resource, and which post-colonial governments have failed to challenge.

iii. Consensus on the roles of government: the low consensus on the role of the state in support of other natural resource sectors tends to be magnified in the forest sector, where the service may be excessively close to the industry, is afforded many opportunities for 'rent-seeking behaviour', and has no incentive to support the rural population in its forest needs.

iv. Consensus between government and donors: in such an environment donors may be in conflict with government. Conventions flowing from the Earth Summit, applicable to donors and most national governments alike may nevertheless cause tensions in which it would appear that global environmental mandates, backed by donors, are overriding considerations of national sovereignty.

v. Consensus among donors: donors in the forest sector are often divided amongst themselves. Those with strong private sector timber companies or active environmental lobbies at home in their own countries may see issues differently from those without them. Aid delivery policies, including commitments to poverty, good governance and decentralisation may encourage donors to seek for different things from support to the forest sector.

vi. Participation of civil society: the notion of civil society playing an active role in forest management and public governance is an attractive one. So far, successes in this area have been greatest in areas where forests are of low commercial value and competition for them predominantly local. In tropical moist forest areas, the presence of international commercial companies and local commercial interests, and sometimes of conservation NGOs as well, has usually left local civil society with a very weak voice. Only where local land-rights have been strengthened and assured, so that competing local interests in forests have to be negotiated with local people, can true civil society participation have become effective.

vii. Need for a coordinated approach: in sectors such as health and school education, there may be differences of opinion and interest between the parties, but there is generally wide acceptance that the government must play a central coordinating role, and that coordination itself is vital. Health, education (and roads) are also of strong direct personal interest to both urban and district-level civil servants. This is not necessarily so in the case of forests. To non-specialist government officials, forests may be of only remote concern, not worth the effort of coordination, while to directly concerned government officials there may be personal financial advantages in a chaotic and non-transparent sector.

viii. Extra-sectoral implications: it is arguable that the forest sector is more affected than most by extra-sectoral influences which, especially in the case of agriculture, estate crops, mining and tourism, may be a great deal more powerful than the forest sector itself. Clearly, the greater the number of sectors that need coordinating, and the more powerful each of them is, then the more difficult will it be to derive a consistent approach.

ix. The weakness of government forest authorities: forest ministries are often kept in a rather subordinate position within national governments, particularly in unstable states. In TMF-dominated countries, the major power lies with the Finance Ministry and/or the President, the timber industry being a particularly useful vehicle for political patronage. It can be observed that cycles of industrial activity (award of concessions and export licences) may well parallel electoral cycles in an interesting way. The forest sector is also one in which capital can easily be liquidated to meet a country's (or regime's) financial liabilities and is thus highly subject to macroeconomic forces (Richards, pers.com). In countries which have other kinds of forest, the forestry authority may be tucked inside a Ministry of Agriculture or Natural Resources.

x. The role of the World Bank: the Bank may often be the best placed to coordinate the donor community, and leverage governments to accept what are seen as their responsibilities. At the same time, the Bank may have lost some of its interest in TMF countries – given their high indebtedness / low creditworthiness, the attention which they attract from the international NGO community in terms of environment and governance, and the reluctance of many governments to court this adverse publicity.

date have been in agriculture) and higher education programmes have been notably less successful.

Key variables for success include the extent to which there is consensus on the role of the government and other parties; how legitimate the presence of each of the parties is felt to be; and the potential for conflict over these points.

Implications for the forest sector

Assessment of the relevance of such experience to tropical forest management needs to take account of the significant variations within this sector. These variables are partly ecological and partly spatial, though national variations in tenure regimes, and the strength and authority of the forest agency, and of current forest policy, are all important as well.

The most obvious area of division is between countries with a significant and powerful timber industry and those where the benefits of forest exploitation are open to a wider range of citizens. This division largely, though not entirely, correlates with the distinction between tropical moist forest and other kinds of tropical forest. Who gains and who loses in a coordinated sector approach is a crucial issue in the Tropical Moist Forests (TMFs) where the potential losers may be very powerful. In other kinds of forest, the costs and benefits may be more evenly spread. Box 8 considers some of the features of the forest sector, particularly in countries in which TMFs dominate, as these are the most problematic and the most in need of coherent planning and management.

The obvious conclusion to be drawn is that a sector approach to forests truly under national ownership but also capable of delivering benefits in both environmental and social terms, will not be attractive to all. This is likely to be especially the case in the TMF countries, while countries with low forest cover or with dry or low commercial value forest would seem to have far stronger incentives to work positively with donors towards a sector approach.

4.4 Nfaps

Nfaps have long been considered desirable in the tropics, but only since IPF/IFF has there been strong international interest in their support. Among the conclusions of IPF (1995-7) was not only that all countries should develop their own nfaps, but that this would provide a major vehicle for international cooperation to the forest sector. IFF (1998-2000) took this process further, and laid down the main elements for international support.

The terminology of the approach is summarised by Aho as follows:

National forest programmes are what countries implement. Sector programme support is what the international community and partners provide and deliver. Forest partnership agreements are a tool for cooperation between national and international partners for planning and implementation of national forest programmes through sector programme support (1999:10).

The main elements of the nfp, and the principles on which it is based, are indicated in Box 9. Supporters of the approach have stressed the role of the nfp as a development tool enabling countries to fulfil their national and international commitments progressively, and that the concept is not intended to provide a single model or programme of activities; hence the emphasis on iterative processes and long-term dialogue (Aho, 1999:11). The sector programme support strategy stems from essentially the same grounds as the sector investment programme – namely the critique of project aid (low ownership, poor linkages between project and sector-level performance, weak sustainability). To date, this has led to a relative down-playing of the importance of the forest partnership agreement, for fear that this would wrest authority away from the host government towards the donor community (Skala-Kuhmann, 1997:5).

4.5 The experience with nfaps to-date

Nfaps have already begun to be implemented quite widely. Of 190 countries surveyed by FAO, at least 142 had launched an nfp process, and 86 are now in an advanced stage, implementing projects (Ball, 1999). What the nfaps involve is very variable, however, and by no means all of them would conform to the ideal model of the SWAP. In 107 of the 135 cases examined in detail by FAO, for example, the term nfp was used rather loosely to cover a wide variety of processes; “any national process that covers forests, forest land and/or tree planting, development or conservation [that] has been started or is ongoing,” (Ball, 1999). Certain themes were common to a greater or lesser extent in many programmes, with participatory mechanisms functioning in 51% of cases, and the overall process receiving external donor support in 63%. While the impression given is that many nfaps are emerging as a result of the re-packaging of existing attempts at forest sector coordination, rather than a radical change of direction, this is probably positive, making best use of previous investments of local capacity and donor resources in policy analyses, project-level experience and staff re-orientation. Of the nfaps reviewed, 75% are currently moving forward while 37 (25%) have stalled, 30 in the planning phase and 7 after having reached implementation.

4.6 Lessons for the forest sector

Not only do SWAPs and nfaps have a great deal in common, as Box 10 shows, but both take forward many of the components of TFAPs which were already in place a decade and more ago. The TFAP column in the box uses the example of the Tanzanian TFAP, which was one of the more successful TFAP exercises. The key elements of each process underline the close parallels between the three reviewed.

All three approaches challenge the host government to generate a strategic vision, to improve its management capacity and to engage with the private sector and civil society. In the case of the donor community, TFAPs failed to bond donors sufficiently together in support of the forest

Box 9: Nfp instruments and principles

The nfp instruments

- national forestry statement (policy commitment for sustainable forest management)
- forest sector review
- identification of key issues and priorities
- forest policy formulation
- strategy development
- action plan for one planning cycle
- investment programme for the public sector

Principles of nfps (FAO, 1996; Aho, 1999, extract)

- national sovereignty and country leadership always respected
- consistency with international agreements ensured
- partnership and participation of all interested parties encouraged
- decision-making processes transparent and inclusive
- customary and traditional rights recognised and respected
- land tenure and ownership arrangements secure
- holistic and inter-sectoral approaches to forest development/conservation favoured
- ecosystem approaches applied, integrating conservation of forest biodiversity and sustainable use with people's cultural and spiritual values
- long-term iterative process of planning, implementation and monitoring
- focus on capacity building of the country
- consistency of policy and institutional reforms in the sector with national policies and global commitments
- systematic awareness raising on forestry issues at all levels of society
- systematic promotion of national and international commitments to sustainable forest management and development

Source: Skala-Kuhmann, 1997

sector as a whole; nfps are more challenging in this regard; and SWAPs demand the most coordinated approach of all, with a progressive surrendering of the right to independent action. A further distinction is that both nfps and SWAPs envisage a long-term support framework, while TFAPs sprang from an emergency call to action with the longer term implied but less clearly defined.

Earlier sections of this paper have underlined the fact that the forest sector suffers to a high degree from just the sorts of problems which the sector-wide approach is intended to solve. Conditionality has a poor record in the forest sector (Spears, *pers. comm.*), especially so in countries where the financial muscle of the industrial lobby far outweighs that of most donors (Ross, 1996), and where projects have proved to be a relatively weak instrument for addressing policy issues concerning tropical forests. Levels of ownership of many such forestry development programmes by government are notably low, and the aid environment may be characterised more often by conflict than by synergy.

On the face of it, therefore, the forest sector looks to be a prime case for a broader approach. However, for the time being, both donors and national governments have backed

off from forest partnership agreements and support for a full-scale sector-wide approach in the forest sector. Recent experience in other sectors would support this hesitation. There is rather more enthusiasm for national forest programmes, however. Nfps have the advantage of providing an umbrella for a wide variety of attempts at integrated forest planning and management, few of them necessarily as coordinated as the archetypal sector-wide programme. It is possible to start small and incorporate donors and components piecemeal.

Box 10: Review of similarities between sector approaches, national forest programmes and TFAPs

Tanzania TFAP 1988–9, and 1991 onwards	National forest programmes	Sector approaches
<ul style="list-style-type: none"> reviewed past policies and development efforts prepared an action plan with development and institutional support programmes undertook wide rural consultation gave support to the process of drafting a new legislative and policy framework for the sector developed information and monitoring systems for the forest sector; and trained regional, district and local level staff to improve planning capacity across sectors 	<ul style="list-style-type: none"> national forest policy statement, indicating the government's commitment to sustainable forest management sector review process, laying out the main features of the forest sector and its relationships to other sectors policy, legislative and institutional reform process (sectoral and cross-sectoral) sector strategy complemented by short-term action plans, including investment programmes, coordination, participatory mechanisms, and monitoring and evaluation 	<ul style="list-style-type: none"> a strategy for the sector, indicating respective roles of the state and the commercial and non-commercial private sectors where appropriate, coordinated with strategies for other sectors indicating key policy measures needed both within and outside the sector
<ul style="list-style-type: none"> presented project profiles for the implementation of the plan 		<ul style="list-style-type: none"> a joint management framework
<ul style="list-style-type: none"> formulated a long-term development strategy and established targets, specifying roles of private sector, public sector and external funding 	<ul style="list-style-type: none"> a financing strategy, identifying the roles of the public and private sector, and international oda 	<ul style="list-style-type: none"> an expenditure programme integrating government and donor contributions, and specifying public expenditure priorities funding commitments (government and donors)
(Shepherd et al., 1999)	(Oksanen, 1999)	(Akroyd and Duncan 1998; OPM, 1997)

5. AID DELIVERY AND NFPS IN THE CONTEXT OF NATIONAL AND INTERNATIONAL CHANGE

Nfps share many of the goals of the TFAPs and NEAPs of the past, but they do so in a doubly changed context. The structures through which the forest sector must now work in developing countries are much more complex than they were a decade ago, both as a result of changes in donor-initiated aid delivery, and because of country commitments made since the Rio conference. This section examines the robustness of the nfp concept in these two contexts.

5.1 Nfps and national-level aspects of aid delivery

How far can an nfp approach address some of the key challenges in aid delivery – ownership, decentralisation, institutional learning and donor complementarity? It would seem that some aid delivery problems become more manageable in an nfp framework, provided the country has a genuine desire to take charge of its forest programme.

Ownership

One key way in which nfps ought to differ from TFAPs and many other externally applied instruments is that not just the host government but also the donors may need to change the ways in which they do business.

Governments which have been aid dependent for many years are likely to need to start slowly and modestly when they embark upon an nfp. They need donors and donor aid delivery agents who can maintain a flexible time-frame and a process approach and, while facilitating policy processes and decision-making, will not take over. Not all donors, under current conditions, can work in this way: donors under pressure to disburse large sums to a particular timetable may find nfps difficult, especially in the early stages.

Where a country's main problem is a genuine desire to resolve the complexities of a forest sector increasingly fought over by a variety of different local, national and international interests, a country nfp process is likely to be espoused as valuable once it is well understood. Where, however, the host government is fighting past donor

prescriptions and is trying to avoid accountability in order to keep a system of patronage and indirect political benefit in place, then better ownership of the aid process is not really that country's priority. It would be a mistake for these countries to be forced into some kind of false nfp process, in order to please donors. Donors will have to decide whether or not to continue to work in other ways in such countries. Many would argue that maintaining some presence is essential, against better times.

Assuming, though, a positive process not a reluctant one, issues of the ownership of knowledge become simpler through an nfp process. Since the days of TFAPs, computers have come into their own, with all their potential for the long-term storage of information. Once knowledge about past projects and current initiatives is stored on websites and CDs rather than in archives, and is accessible to all – and countries can insist on this from their donors – then the ownership of the long-term process of the evolution of forest interventions becomes something for the country, rather than for each separate donor. Instead of each end-of-project being a moment at which people, knowledge, documentation and institutional understanding are broken up and dispersed, it can remain with the country in a form where it can be referred to readily.

The evolution of strong ownership concepts will not move forward at the same pace everywhere, and past experience would suggest that many aspects of the nfp process will be a good deal less threatening and more negotiable in areas of low-value rather than high-value forest.³

Nfps and decentralisation

In what ways does a donor commitment to decentralisation fit with a commitment to the nfp process?

If *donor aid management is decentralised* to the national level, to an aid office or to the donor embassy, there are clear potential advantages for close productive relationships with a country nfp process. It is easier for the host country to deal with the donor's agents, for instance, and access to financial decision-making is closer.

But these potential advantages may not be actualised. While national aid management offices or embassies may greatly improve the donor's opportunity to have a constructive input into nfp processes, this depends entirely on the staffing of these donor outposts. Some donor decentralisation has led to fewer specialists on the ground, and to very overburdened staff. If there is no representative who has much interest in forests or the nfp process, dialogue between local donor representatives and host country nfp processes will be of little value.

It has been noted earlier that there are important donor complementarities between innovators and implementers. On the whole, the bilateral donors with strong

commitments to forests must be relied on as the innovators, and it is their vision which must drive the later implementation phases which other donors can fund: this ability to innovate and inspire is an essential part of the donor mix. If donor decentralisation should turn the innovators into overburdened implementers, then it has not fulfilled its most vital function.

Similar problems may occur at the national level. If the host country is in the process of *in-country decentralisation of management functions to the district level*, some of the problems which may beset the donor decentralising to national level are replicated in-country by decentralisation to the district. Especially in Africa, the experience of 'districtisation' has been that there are not enough foresters for each district to have one. Indeed, the natural resources portfolio may not be held by any kind of natural resource specialist at all.

If donor aid delivery is to complement and support the evolution of good quality nfps in the context of country decentralisation, it may well have to focus additional resources on making sure that district-level voices are heard as national-level debates take place. Appropriate aid delivery agents for this task will be especially important.

Nfps and institutional learning

It was noted earlier (Section 3.3) that both decentralisation and privatisation challenge donor learning, and demand much stronger levels of commitment to learning. In addition to these changes in aid delivery modes, external changes in the issues the forest sector as a whole must now address and have a competence in, mean that a great range of new issues, from biodiversity to carbon storage, must become more familiar to national employees at all levels in the sector, and to donor employees at all levels.

In the context of nfps, it becomes clear that a responsive and helpful two-way learning process is essential. Nationals running nfp processes need a great deal of information from the international level, and from other countries grappling with the same issues. Donors, in addition to trying to provide this information, need to be able to direct the learning from the national-level process back to the donor home country, and through headquarters to others working on nfps.

A great deal of the learning which has taken place over the last decade or more lies archived in documents which are difficult to access and read. These have not been used to their fullest extent either in the country where the learning was generated or with the donors. Some of this knowledge takes on new meaning in the context of an nfp process, and may be worth salvaging. Electronic methods for document storage and retrieval have improved so much recently that it begins to be possible to make use of the past in ways which were barely feasible even two or three years ago.

'Learning' is not the same as 'institutional learning' but it is clearly a prerequisite for it. For too long many donors have tended to make do with too little of the latter, if not the

³ Indeed, this is one of the conclusions of the recent Low Forest Cover meeting held in Tehran in October 1999 (J. Maini, *pers.com.*).

Box 11: Four types of international arrangements and mechanisms on all types of forests, and their associated options

Type I: An intergovernmental forum for policy deliberation

Option 1: Continue on-going ad-hoc intergovernmental forest policy deliberations

Option 2: Establish a new permanent intergovernmental forum for forest policy deliberations

Type II: A coordinating mechanism

Option 3: Establish a mechanism for improved coordination of existing arrangements on forests

Option 4: Mandate lead role to an existing forest-related organisation

Type III: A programme for forest policy implementation

Option 5: Improve legally non-binding instruments on forests

Option 6: Establish and implement a programme for forest policy implementation

Type IV: A legally binding instrument

Option 7: Extend the scope of existing legally binding instruments

Option 8: Restructure existing or create new regional legally-binding instruments on forests

Option 9: Negotiate a framework convention on forests, allowing for regional protocols

Option 10: Negotiate a new legally binding instrument on all types of forests.

Source: United Nations, 1999

former. But if support for the permanence and quality of information which is now needed for nfp processes at the national level becomes part of what donors themselves fund and support, it will almost inevitably be the case that they themselves have the opportunity of learning from it as well. It will be a relatively simple matter, once nfp knowledge management processes are set up for national forest sector purposes, to use that same information base to inform donor offices at country level and back in the home country.

The ownership which has been sought for country processes – of knowledge, documentation and institutional understanding – not only remains with the country in a useful form but contributes to donor institutional learning at the same time.

Nfps and donor complementarity

Section 3.4 of this paper set out the diversity of the main donors to the forest sector, and the potential for greater complementarity in their ways of operating with one another.

A major problem in the early stages of the implementation of an nfp in a particular country is the fact that some donors will already have become part of the process, and others will not. In the long run, it is important that all forestry donors within a particular country are prepared to operate within an nfp framework. In the shorter run, rules of engagement will be needed to protect the nfp process against competing demands upon those engaged in it from donors still outside it. In this regard, the nfp process has a great advantage over the TFAP because it has been endorsed by the IFF process; for instance, a senior World Bank forester wrote recently, “The Bank also recognises that support for national forest programmes has been expressed through the international political dialogue on forests that has

taken place in recent years, and that this alone makes the concept worthy of support.” (Douglas, 1999).

5.2 Nfps, international-level processes and aspects of aid delivery

Nfps would thus seem to have important potential in strengthening national-level aid delivery. This potential is only likely to be realised, however, if the nfp process is supported by constructive international processes. This is an area where the status of forestry⁴ has been becoming increasingly anomalous since the ‘Earth Summit’, Rio de Janeiro, 1992, and where action is urgently required.

Since Rio, the three Conventions agreed upon there have been ratified: the CBD (Biodiversity), FCCC (Climate Change) and CCD (Desertification). All three have strong implications for forests, but the lack of a forest convention has meant that there is no clear-cut entity for them to debate and negotiate with. They have a legal status which forests/forestry does not. For the latter, a series of non-legally binding decisions were set down in the Forest Principles and Agenda 21, and a debate has taken place within the forest arena over the last five years, first in the Intergovernmental Panel on Forests (IPF) and since 1997 through an intergovernmental policy debate in the UN ad-hoc Intergovernmental Forum on Forests (IFF) (Humphreys, 1996).

The Earth Summit took place at a point when the forestry profession itself was part way through a period of rapid

⁴ The negotiated UNCED wording is ‘management, conservation and sustainable development of all types of forests’. ‘Forestry’ is used here as a shorthand for this UNCED phrase.

evolution, and the IPF/IFF process has, especially through many of its intersessional meetings, provided important opportunities for conducting a series of debates internal to forestry, and obtaining agreement on a variety of key issues.

Although the need to relate ‘the management, conservation and sustainable development of all types of forests’ to a wider range of environment and development issues has been on the table since Rio, very little progress has been made towards this goal to-date (IFAG, 1999). The IPF and IFF, as ad-hoc and time-limited processes, have had limited authority to do so, no doubt, but it would also seem that the forestry profession needed time to consolidate its own position and digest some of its own internal change, before turning outwards to negotiate with others.

This was valuable, but it has had costs as well. Many other interests in forests exist, many of these other actors have rather different visions for forests from those expressed during the IPF/IFF process – they usually approach forests primarily through the lens of one or more of the other conventions – and many hold the view that ‘forests are too important to be left to foresters’. Thus, while the IPF/IFF process has been very important for mainstreaming some aspects of the broadening forest debate for a forestry audience, it has a large task ahead in bringing these issues to others, and in meshing them with the very different concerns and players working through other conventions. Meanwhile, the CBD CoP (Conference of the Parties) meetings have been considering forests, and the GEF has disbursed considerable quantities of funding to support what are sometimes very different visions for the future of forests from those which foresters might have chosen.

At the last IFF meeting (IFF4 in January/February 2000), decisions have to be taken about how to address these problems in the future. Options for future international arrangements and mechanisms to be discussed at the meeting centre on the alternatives indicated in Box 11.

Unless some kind of legal arrangement can be negotiated at IFF4 (one of the options 7-10), there is a risk that the option for sustainable forest management which ought to be at the heart of thinking about forests will be eclipsed. Forests could be swallowed up in response to a whole range of legal and non-legally binding provisions, both those negotiated since Rio and many earlier ones as well. Many of these have the disadvantage of considering only particular aspects of the goods and services that forests provide.

5.3 The impact of international processes on the national level

The fragmented nature of international forest actions has led to parallel and uncoordinated actions at the national level. These different frames of vision have translated, at country level, into different institutions for making decisions about forests which ought to be a great deal more

linked than they often are. The most common divide is between an older Forestry Department, perhaps located within an Agriculture Ministry, and a newer Environmental Department, Agency or Committee. From the days of TFAPs and NEAPs, these institutions were often in conflict, supported by different donors and working independently for different visions for the future of forests.

There has been an overwhelming need for national-level aid delivery mechanisms which deal cooperatively rather than competitively with all these institutions, and which can work with their staff and their donors for better forest synergy. It was with this in mind that nfps were endorsed at intergovernmental level and launched at the end of IPF4 in 1997, and have been widely taken up. They thus have a strong quasi-legal status.

The fact that nfps have come into existence much more recently than the Tropical Forestry Action Plans and Programmes means that they spring from a much more promising soil. Forestry’s experience with farmer tree-planting and the co-management of forests with local communities during the 1980s and 1990s has familiarised many practitioners with the multiplicity of stakeholders with forest interests and knowledge, and with the need for more multiple-use management. Many have become accustomed to taking local needs more into account, and to working with new partners such as CBOs and NGOs.

Many countries have re-drafted their forest policy and various bye-laws in order to simplify the right of local people to have some say in the management of forests or to sell trees they have grown. The forest sector has also had much increased interaction with private companies in recent years, and more experience with privatisation in general.

A variety of countries, as the three examples in Box 12 show, now have policy processes in train which are part of, or will lead to, an nfp.

This diverse experience is important for making nfps work: it also gives those in the forestry mainstream the right and duty to lead nfp processes. Those with environmental and wildlife interests, by contrast, have been more isolated both from local livelihood debates and from national-level policy processes. Looking at Figure 2 (overleaf), we see at the national level (mirroring Figure 1 (also overleaf) at the international level) the space in the middle where the concept of sustainable forest management sits, and where, logically, forestry agencies and their donors are also located as facilitators. The ‘traditional’ sectoral approach to forestry has lost much ground in recent years to concerns from beyond that sector. For forestry to be strongly and centrally positioned, those who manage nfp processes must be able to work dynamically with the new partners who are now part of the process. If they are able to do so, the sector is redefined in a challenging new way; if not, the common ground in the

Box 12: Country frameworks for nfps in three developing countries

Honduras possesses four basic elements constituting the framework for implementing the IPF Proposals: (i) The ‘New Agenda’, the general framework of action of the new government of Honduras for 1998-2002, which includes policies and strategic goals for the forest sector; (ii) PLANFOR, a sectoral 20-year strategic plan formulated in 1996; (iii) the ‘Honduran Forestry Cluster’, a joint initiative of the Honduran private sector and government aimed at improving the international competitiveness of the Honduran forest sector while also recognising the social functions of the sector; and (iv) the “Honduran Forestry Agenda”, a broad-based mechanism for dialogue and consultation on forest-related issues.

Indonesia’s national forest programme is contained within REPELITA VII, the five-year development plan for 1999-2003. REPELITA contains specific sections for each sector of the economy, including an outline of policy and core programmes with specified targets for the planning period. REPELITA VII internalises Agenda 21, the Indonesian Forestry Action Programme (IFAP), and the structural adjustment policy directives contained in the Letter of Intent signed with the IMF in January 1998. Indonesia has also established a Consultative Group on Indonesian Forests (CGIF), which has an important role as a participatory forum for dialogue on forest policy issues, coordination and information dissemination.

In **Uganda** the national planning framework, which was used as the benchmark against which the IPF Proposals of Action were evaluated, includes the following elements: (i) Vision 2025, a participatory process to develop a visionary planning framework for the next twenty-five years; (ii) the Poverty Eradication Action Plan (PEAP) which, among other issues, deals with the sustainable management and conservation of forests and their biodiversity, and (iii) the recently-approved Forest Sector Umbrella Programme which is also seen as providing the framework and structure for an iterative process of developing a national forest programme.

Source: GTZ, 1998

centre for broad approaches to forests is likely to be lost, and be replaced by conflicting and fragmented special interests (GTZ, 1998:9).

5.4 Aid delivery and nfps: conclusions

The national-international link which nfps provide is very important. Not only can nfps act as the means by which international legal commitments made by governments – and the inconsistencies between them – can be translated into local reality, but they are also the laboratory for those same processes at the international level. If it is difficult to negotiate the competing demands of different conventions internationally, it is potentially even more difficult to do so with different stakeholders, including donors of all kinds, at the national level. Yet it is at this level that the workability of conventions are tested and the inconsistencies between them highlighted.

It seems likely that countries with drier or lower value forests will lead the way and establish nfp norms, while TMF countries may hesitate and become involved later on. This was also the pattern for experiments in forest co-management with local people: consultation with civil society is a good deal less threatening where competition for the forest resource is less fierce.

To sum up, there are probably seven main reasons why nfps are so important, and stand a better chance of success than their predecessors:

- nfps offer roles for countries with all kinds of forest;
- nfps have come into existence at a time when a great deal of important evolution has taken place in forestry and when the sector is in much stronger shape than it was at the time of Rio to negotiate a future for forests with which a wide range of stakeholders would agree;
- nfps are the only mechanism in existence which can potentially bring all country-level stakeholders to the table. Foresters in many countries have the experience to back the broader approach to forests which is now required;
- because of their more incremental nature, nfps demand less, initially, of both governments and their financiers, and offer the prospect of a more gradual and less radical evolution towards integrated sector support;
- nfps have been endorsed by the IPF/IFF process. This strengthens their importance at the national level in a way which is unlike previous TFAP initiatives;
- IPF/IFF endorsement ensures that different kinds of donors – bilateral, multilateral and non-governmental – will work for effective aid delivery collaboratively rather than competitively;
- nfps offer a useful mechanism by which the international-level and national commitments can be articulated.

In the absence of any kind of legally-binding instrument for forests, the international forestry community and the IFF process are currently placing considerable emphasis on nfps, and in a sense nfps are being asked to hold the line for sustainable forest management and for broader

Figure 1: International conventions with important impacts on sustainable forest management



Note: SFM is used as a synonym for the UNCED wording ‘management, conservation and sustainable development of all types of forests’.

approaches to forests, until further decisions are taken. For a while they will be able to do so, while donor commitment to them lasts and while they are seen to be delivering positive outcomes in at least some countries and processes. But as other conventions begin to be implemented more explicitly at national level, and if no forest instrument can be negotiated, then different agencies in partner countries are likely to find themselves increasingly being pulled in different directions and by ideas from different bodies.

The IFF-proposed Permanent Intergovernmental Forum for Policy Deliberations will offer, at an international level, space to debate the conflicting implications of different conventions. There are thus grounds for favouring some form of legal instrument, in a world where other conventions already exist and are driving donor money and commitment. Despite the many obstacles relating to the status of forests as sovereign territory, the years since the Rio conference have already demonstrated the kinds of imbalances developing without such an instrument. It must be wondered whether nfps will be strong enough to offset these on their own.

6. CONCLUSIONS

6.1 Introduction

Aid to forestry has always implied a commitment to long time-frames. Furthermore, over the last 10-15 years, donors to the sector have concentrated many of their resources on dealing with local/national level conflicts over forest management goals and access rights by means of greater participation and devolution, and on giving greater weighting to forestry for rural livelihoods rather than for industry. More recently, they have also had to focus their attentions on the international as well as the local arena, and the international public goods and environmental services aspects of forests. Yet, just as the diversity of the issues in forestry has unfolded, forestry departments in many countries have been weakened as dwindling government resources, and sometimes structural adjustment, have forced radical downsizing. The whole sector has begun to look so complex that there is a real fear in some quarters that, unless funding for forestry is seen by donors as worthwhile, manageable, and likely to have an impact, it will gradually disappear.

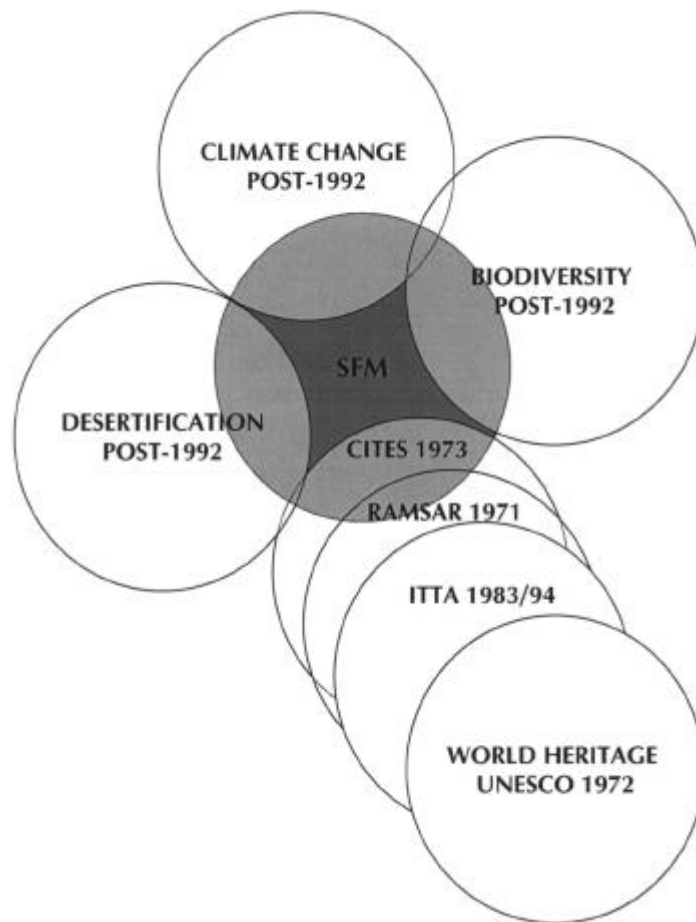


Figure 2: National-level policies with important impacts on sustainable forest management



Note: SFM is used as a synonym for the UNCED wording 'management, conservation and sustainable development of all types of forests'.

This paper has looked particularly at changing opportunities for aid delivery and aid effectiveness in tropical forestry. Within donor agencies, the key changes examined have been those concerning choice of aid delivery agents, decentralisation, and modalities for better institutional learning. At the country level, the key issue is ownership. But these changes are taking place in a larger context, which is also examined. Many of the issues which used to be donor-host country issues only, or were linked simply to donor-donor collaboration, now have to be re-examined in the light of the Earth Summit, the new conventions to which it has given birth, and above all the last four years of the IPF/IFF process. Through these processes, the national-international context for donors and their partners alike in the forestry sector is being re-formed.

6.2 Dealing with issues sectorally

The forest sector first attempted to grapple with developing country forest issues through Tropical Forestry Action Programmes (TFAPs) in the early and middle 1980s. Though narrow goals, limited host government ownership and donor reluctance to continue to subordinate their interests to an inadequate imposed framework slowly caused the collapse of most TFAPs, the model continued up to and after the Earth Summit in some places. The forest actions which followed from Rio were a second attempt at a sectoral approach, at an international level. World Bank experiences with sector approaches SWAPs are also of relevance. SWAPs, like some of the forestry initiatives, seek to address low host country

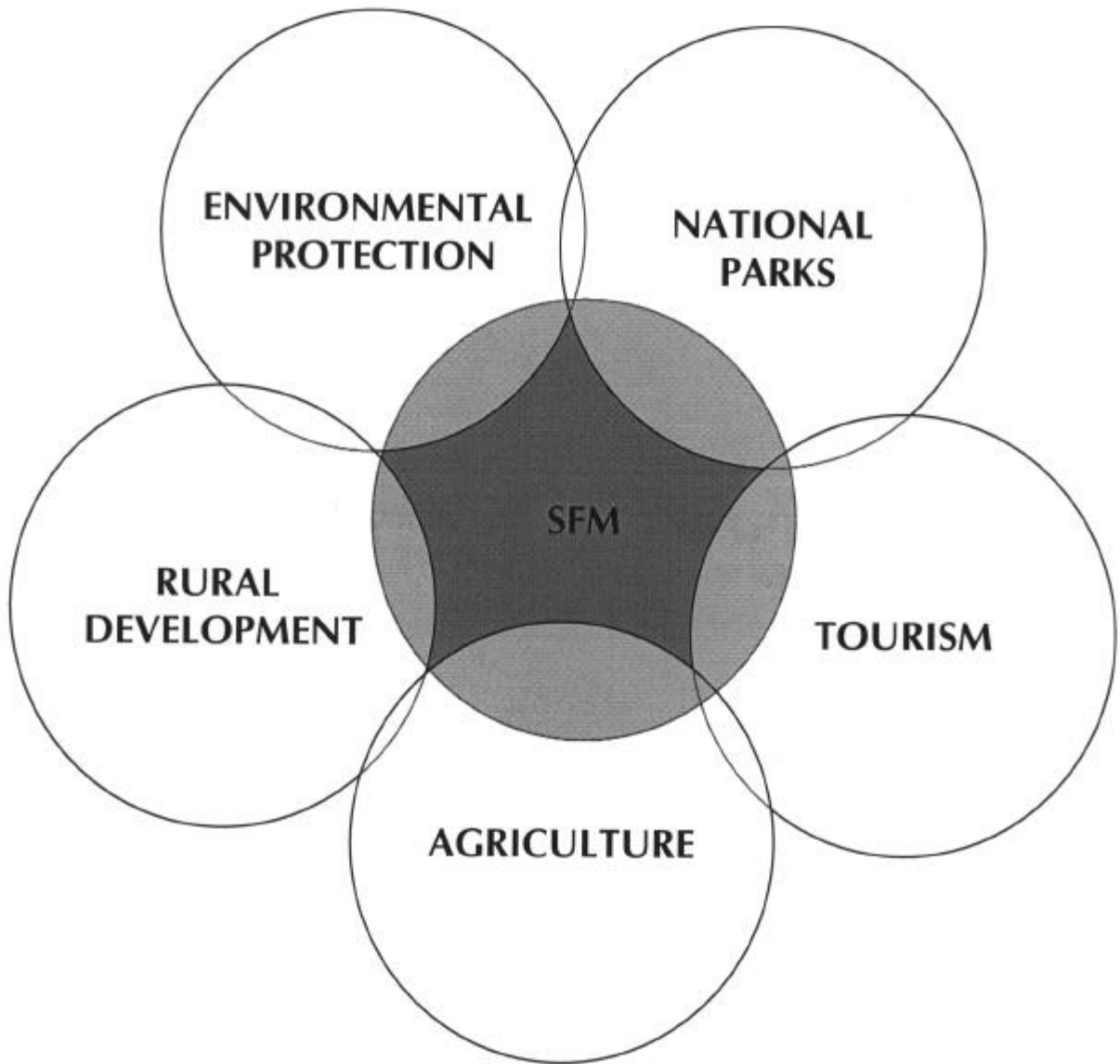
ownership because of sector fragmentation and the low sustainability of initiatives, but have been most successful in sectors where the delivery of benefits is relatively straightforward, such as health, education, and roads.

Nfps, endorsed at the end of the IPF process in 1997, constitute the forest sector's third attempt at sectoral initiatives. These, in many ways, combine national ownership issues with international commitments. Earlier experience suggests that a cautious stepwise approach to nfps is the best way forward, with a strong focus on ownership and commitment. Empirically, it may be the case that countries with limited or low-value forest cover are currently the most interested in them.

The pathway down which donors need to tread, as they engage with the nfp process, leads them to stronger and stronger commitments. Early stages already being discussed involve drafting donor codes of conduct and developing common reporting arrangements. Another step where the benefits are strong and obvious from the first, involves generating common lessons from experience and sharing them. The final, most difficult stages – pooling, funding and sharing management – seem distant for the moment.

6.3 Ownership issues

As more and more donors make poverty one of their key criteria for aid partner selection, it is clear that forest sector management issues for donors involve long-term commitment. But if donors are prepared to commit



themselves in a longer-term way to nfps in particular countries, and if, in return, the forest sector in those countries is prepared to work through an nfp process in some of the ways suggested, then ownership issues are likely to become less and less of a difficulty. Even where the process starts modestly with just one or two donors, the host country is driving, instead of being driven by, the process.

Ownership of data about past successes and failures must also stay with the country in accessible form: ownership can be much enhanced by placing this material, in digestible electronic form, with the host country and building comparative experience over time from the country's past and present initiatives.

Ownership issues are strongly linked to the nature of donor policy and capacity to use appropriate aid delivery mechanisms in an nfp context. If consulting firms are given blueprint rather than process projects to manage, with timetables negotiated outside of the host country, then host country ownership will again decline.

6.4 Decentralisation issues

Decentralisation of donor activities to an in-country office may strengthen donor involvement with the nfp process because of proximity, but may weaken it if nobody in the local donor office has a forest sector background. Engagement with nfps, from the donor side, ought to involve a commitment to providing proper capacity to the process either in-country or at regular intervals from the donor capital. It is vital that the relatively few donors who have the capacity to support nfps strongly through innovative processes reinforce, rather than weaken, their capacity if they choose to decentralise.

If the host country itself has decentralised its administrative structure, so that weight has shifted in the direction of the district level and away from the capital, donors will need to make sure that, in their package of support for nfps, they invest resources in making sure that the district level is heard at national-level debates. Again, good facilitators as aid delivery agents will be of especial value.

6.5 Institutional learning

Many failures of institutional learning would seem to spring from donor failure to recognise where their comparative advantage might lie. Some bilateral donors who would probably see themselves as 'management-intensive innovators' have not devoted sufficient time and money to making that strength good by ensuring that they and others make best use of the findings emerging from the projects funded. Much of the learning on which donors depend has become available only because individuals with the ability to make useful analytical syntheses were contracted by donors to do so.

Both the decentralisation of aid and the use of private consulting firms may further challenge donor institutional learning. Such changes have created the need for many other kinds of donor adaptation for maximum effectiveness, but these have not always been undertaken. Without increasing the resources devoted to institutional learning, donors run the risk of losing direct project experience and the knowledge upon which successful experimentation and innovation can be based.

Institutional learning has been a great deal more difficult at host country level, because there have been no mechanisms, other than personal memory, to make learning outlast projects. Increasingly, however, electronic methods of data storage make material much more easily accessible – so long as the right data can be stored where it can easily be used. Nfps challenge donors and host country governments to rethink their capacity to store and learn from past experience, and the institutional structures which are needed to maintain continuity.

Both donors and host country governments would seem to wish to maintain clear blue water between the older, narrower approaches of the TFAP process in the past and today's nfps. This is perhaps understandable politically, but at the same time it is a good example of the desire for constant renewal in the aid environment, and a reluctance to learn from the past: an aspect, in short, of many institutional learning failures. In reality, it would make sense to try to learn as much as possible from TFAPs' failures and also some of their successes. Not only were extremely useful syntheses of available data made at the time, but much was learned, both positively and negatively, about structures for managing the process. The relationship of country TFAPs/NFAPs to the international process was also instructive: for instance, it was at this level, not at the country level, that TFAPs came under fire and were finally abandoned.

6.6 Donor complementarity: management-intensive innovators and larger-scale implementers

More explicit recognition of donor complementarity would go far to make sure that resources were well used, and that comparative strengths were capitalised upon. It would seem that very large and very small donors are not well placed to fund the innovative, early phases of new initiatives such as nfps. These do not necessarily consume a great deal of money, but are very management-intensive and demand donor-funded technical assistance with excellent process and facilitation skills, and donors with the capacity to work effectively at international, national and local level. The larger donors, such as multilaterals and the European Commission, are probably best equipped to take over the implementation of nfps when they are moving into a larger-scale implementation phase where the host country is running the process.

6.7 International aspects

Since the Rio conference, the situation for aid delivery in the forest sector in many developing countries has been confused. There has been a good deal of money available for forests, but many new actors and at times a competitive rather than collaborative donor environment. It is for this reason that a mechanism such as the nfp, with its high-level intergovernmental endorsement, offers a real opportunity to those who wish to make use of it. For host countries and donors alike, it potentially offers a simplifying, framing arrangement for a way forward.

Recent findings from the “Six-Country Initiative – Putting the IPF Proposals for Action into Practice” (GTZ, 1998) yield many insights in this regard. The countries noted that:

- Demand for a wider range of goods and services from forests creates new challenges and draws on new stakeholders, and the traditional sectoral approach to forestry development has lost ground. Forestry has to respond to policies and other signals beyond the forest sector in a dynamic, intersectoral process of change.
- The additional costs which these changes demand are a challenge. Countries which need stronger national financing for the forest sector hoped that their burden of foreign debt servicing may be looked at afresh, noted short-term structural adjustment difficulties, and recognised that innovative financing mechanisms may provide a longer-term solution.
- The IPF Report and its Proposals for Action were described as providing important impetus to the conservation and sustainable management of forests and support to improving national forest programmes. The countries used the IPF Proposals for Action in an operational way to identify instruments and mechanisms proved useful by other countries, and to initiate practical action within their own national forest programmes. They used the IPF proposals as a check list against which to assess the national forest-related policy framework. They also found that measuring their own activities against the IPF proposals, and in the process incorporating them into their own national forest programmes, helped to strengthen ownership of them, and to turn the results of an international process into a national consensus on changing priorities.
- Those undertaking the exercise were forced to become more aware of international issues with a bearing upon national-level forestry programming. It was found that national-level understanding of the various international processes and legal instruments needed to be strengthened.
- Countries asked for assistance in drawing out more clearly the links between international initiatives and national forest programmes. They were initially

insufficiently aware of international forest-related legal instruments and processes other than IPF/IFF. As a result, they have begun to demand more guidance from the international level so as to integrate the implications of global instruments into their national forest programmes. Only then will the obligations and opportunities of the Biodiversity, Climate Change and other Conventions and initiatives be fully integrated with national needs and actions.

- International work under way on Criteria and Indicators for sustainable forest management, and for biodiversity, needs further harmonisation at the national level. The position and relevance of the IPF Proposals should be considered during this harmonisation process.
- This guidance now needs more thought from the international community. Members of the Inter-agency Task Force on Forests (ITFF) in particular should play stronger intermediary/service delivery roles at the national level.
- Finally, they noted that the integration of the IPF Proposals into national forest programmes has further implications for national-international links. It still remains to be decided how national results could be communicated to the international level, to improve international debate. New communication pathways will need to be elaborated by the countries and their donor-partners to bring fine-grained national experience to the international level.

It is appropriate that, in the case of the forest sector, an active national process, including the elaboration of national criteria for sustainable forest management, should precede any future international legal instrument. In many countries the sector is now fairly well experienced in dealing with local-level issues, and has a constituency which it understands. This is less true for the other post-Rio Conventions, which have as yet no clear in-country constituency below the government officials charged with this implementation, even though some relevant donors and projects exist.

Nfps have the capacity to bring all these diverse forest actors at country level round the table, and foresters, if properly supported, have the experience to back the broader approach to forests which is now required. They will need continued support from international bodies to do so, and the final internationally agreed form this takes remains to be seen.

Nevertheless, it is difficult to avoid the conclusion that some further strengthening of forest processes at the international level is needed, if national level processes are to retain their vigour and – more important still – their funding and donor support.

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ANNEX A: WORKSHOP SUMMARY

DIVERSIFYING DEVELOPMENT ASSISTANCE STRATEGIES IN THE FOREST SECTOR: LESSONS FROM EUROPEAN EXPERIENCE

A workshop and case studies organised by the Overseas Development Institute, London, financed by the European Union and held in Oxford, UK on 13-14 September 1999

AIMS

This workshop was concerned with changing patterns of aid delivery in the tropical forest sector, and the implications of diversifying development assistance strategies for the achievement of the twin goals of poverty alleviation and conservation of the natural environment. Its aim was to review and assess the innovative ways in which European donors and their partners are seeking to achieve enduring impacts on forest conservation and local livelihoods in the tropics, and to identify lessons to be learnt from experiences to date.

The term ‘aid delivery’ covers all the different kinds of agents and systems which are employed to manage the funds, skills and knowledge which international aid donors seek to transfer to, or develop with, their partners in target societies. The agents may include host governments (insofar as these are conduits for aid) and technical assistance employed directly by the donors, as well as NGOs, profit-oriented consultancy companies, university departments, individual consultants and community groups.

WORKSHOP STRUCTURE

Starting with reviews of the main findings from the three case studies, and short presentations from some of the participants, the workshop discussions focused on four key areas:

- ownership and roles – government, civil society, donors and their delivery agents;
- aspects of decentralisation;
- the devolution of forest management;
- assuring institutional learning, so that the innovation taking place on many fronts can be assessed and in due course simplified.

The final session grouped together feedback from all three sessions and looked at how institutional relationships were changing and what further changes were needed so as to move ahead.

Key topics addressed under each head were as follows:

Ownership and roles: government, civil society, donors and their delivery agents

The problems:

- low levels of national ownership of donor interventions;

- lack of effective linkages between actors (government, donors, private sector, NGOs and civil society);
- low levels of donor coordination.

Strengthening national ownership: areas of interest in aid delivery:

- improving government/donor complementarity – review of the options;
- National Forest Programmes / sector-wide support programmes:
 - A workable model for the forest sector
 - Implications for donor coordination
 - Residual roles for individual donors
 - Managing the extra-sectoral dimensions;
- Engaging with civil society:
 - NGOs as agencies of civil society development in the forest sector: strengths and weaknesses
 - Improving the interface between voluntaristic civil society and elective local government: aid delivery and the democratic mandate;
- Bringing the private sector into the equation:
 - Where do the problems lie?
 - Managing the interface between aid and the private sector.

Decentralisation

1. Decentralisation of donor aid management:

- What are the main trade-offs of aid management decentralisation?
- Which specific aid management functions should be kept at the centre, and which can more easily be ‘farmed out’?
- Which aid delivery agents are most appropriate for managing the latter?
- How can the donor’s institutional memory be safeguarded by decentralised aid management?

2. Decentralisation of project management or implementation:

- In what conditions is decentralised project management likely to be more successful (policy/institutional context, project type, technology, etc.)?
- What are the trade-offs in decentralised project management?
- How does donor aid management need to adapt to decentralised project management (disbursement of

funds, monitoring systems, etc.)?

- Are there implications for appropriate project-level aid delivery agents?

3. Forestry aid in a national policy context of decentralisation:

- What are the additional demands on donors of forestry aid in this context?
- What kind of donor support is most appropriate in terms of finance and technical assistance (e.g., social development, legal, accountancy, networking, etc.)?
- How can donors facilitate linkages between the periphery and the centre?
- What project-level aid delivery agents are most appropriate?
- What are the strengths and weaknesses of local aid delivery agents?

Devolution of forest management

The problem:

- donors often push for a partial handover of forest management rights to local people, with both livelihoods and sustainability issues in mind;
- government may be reluctant to loosen its rights over the forest, even where it has not been an effective manager.

Choosing solutions

There are particular challenges to implementing devolution projects, which involve dealing successfully with civil society, the state and other donors, regularly encountering conflict, and aiming to challenge the status quo and change hearts and minds.

Which kinds of aid delivery agents are proving most effective:

- at mediating between government and local would-be resource managers?
- at handling the process approaches required for projects where a good deal of change is expected over the lifetime of the project?
- at redefining institutional arrangements within forestry departments and between stakeholders?
- at identifying and tackling policy or institutional impediments to change?

Institutional learning

The problem:

- decentralisation of donor aid management or of project management, or a national decentralisation policy all create new challenges for information flow from the field and for institutional learning by donor and by partner government;
- a diversity of aid delivery agents also creates new challenges for information flow and for the institutional learning which should grow from it.

Choosing solutions

What kinds of complementary mechanisms for institutional learning need to be developed by the donor, in order to deal effectively with an increasing diversity of sources of knowledge?

- How should the raw data for institutional learning be gathered and stored by the donor?
- How can they be made available to the increasing diversity of aid delivery partners which whom they must deal, as aid delivery continues to be diversified?
- How can they most compellingly be conveyed to partner governments, to national and subnational aid delivery agents, and to possibly illiterate local people in the case of co-management projects?
- As aid delivery agents diversify, whose choices will rule? Whose information is gathered and transferred? How is information gathered and transferred and who will act on it?

CASE STUDIES COMMISSIONED FOR THE WORKSHOP

Methodology

Case studies were commissioned by ODI to review EU or European donor-funded projects in Central America (the Agricultural Frontier Programme known by its Spanish acronym PFA); in Uganda (the Natural Forest Management and Conservation Project (NFMCP), the Mt Elgon Conservation and Development Project (MECDP), and the Kibale and Semuliki Conservation and Development Project (KSCDP)); and in Indonesia (the Social Forestry Development Project (SFDP) and the Berau Forest Management Project (BFMP)).

The case-study reports reviewed projects according to the following criteria:

- effective and timely decision-making;
- efficient and equitable management of project resources (especially human), relationships with beneficiaries, national counterparts, government and civil society, ability of the project to react quickly to change;
- influencing policy-makers and facilitating linkages between the grassroots and policy level;
- institutional capacity-building including local ownership and post-project sustainability;
- information flows and transparency (from donor to field and vice versa);
- effective monitoring and evaluation;
- development of institutional learning in donor and partner agencies;
- coordination between donors;
- influence on the wider regional and international policy development.

In addition, researchers were asked to review the following factors affecting aid delivery and effectiveness:

- the size of the project;
- the degree of decentralisation;
- the role of both foreign and national technical assistance; and
- the role of national government.

Forestry projects work within differing national contexts and are affected by state-led policies, which may have a significant role in their successes or problems. Rather than provide a straight comparison of the different projects, the workshop highlighted a variety of issues arising from project reviews.

Summary of Case Studies: INDONESIA

The context

Indonesia has extensive tropical rainforests, second in area only to Brazil. According to the government's estimate in 1998, the total forest area was 148 million ha, although the actual forest cover could be below 100 million ha. Nevertheless, this is still more than half of Indonesia's land area.

Forestry has become an extremely important industry for the Indonesian economy. Total output from the sector is around US\$ 8 million, which amounts to 7% of GDP. If the non-quantified products and services were included in the official statistics the contribution to GDP would be above 10%. Indonesia's powerful timber industry is resisting

change to the existing system of forest exploitation. This, coupled with the recent financial and political crises and the weak capacities of forestry agencies, has created a difficult context for forestry projects.

On the surface the conditions for bringing about change are there and change appears to be taking place. There are increasing efforts to decentralise and devolve forest management responsibilities to local-level actors. However, forest depletion is still occurring, the imbalance between authorised supply and demand is rapidly growing, and Indonesia is probably losing 1 million ha of its forests annually. This often quoted figure does not even reveal the full extent of what is happening to the forest resource. The extensive fires of the most recent years (including 1999) have affected millions of hectares, and illegal logging has increased since the start of the financial and political crisis. Unconfirmed reports indicate that 80% of the timber reaching the mills in Samarinda in East Kalimantan has been felled illegally. Because of the government's weak capacity to monitor timber harvesting operations, the extent of over-logging is unknown.

Social Forestry Development Project – SFDP

The SFDP is one of the oldest active forestry projects in Indonesia. Its principal goal is the development of a community-based forest management (CBFM) system that provides for natural forest management, including timber harvesting, processing and marketing, by local

Table A.1: Summary of case studies: Indonesia

Country/ Project	Donors	Aid Delivery Agents	Aims	Start – End Date	Total Budget	Costs (approximate)
Indonesia <i>Social Forestry Development Project SFDP</i>	Germany Indonesia	International – GTZ (execution), GFA – Agrar (consultants) (implementation) National – Ministry of Forestry and Estate Crops (Directorate General for Land Rehabilitation and Social Forestry) (exec. and impl.) Local – MoFEC representatives, Lembaga (inter-village co- operation association)	Develop and test a model for Community-Based Forest Management	1990 – 2000	11,504,250 Euro approx. for three phases	Only for phase 3 and only German contribution: Equipment 81,300 EUR Operations and Maintenance 412,620 EUR Training 121,180 EUR Cooperation with Third Parties 333,370 EUR Local personnel 159,530 EUR Foreign experts 2,081,500 EUR
Indonesia <i>Berau Forest Management Project BFMP</i>	EU Indonesia	International – DHV Consultants Cirad Foret – project identification National (executing) Ministry of Forestry and Estate Crops (Directorate General for Forest Utilisation) National (implementing)– INHUTANI I (state-owned forest company, i.e. concessionaire) Forest Research Centre for Kalimantan– BPKS	Develop, test and promote replicable examples of sustainable forest management through: a) reduced impact logging b) improved planning of forest management c) capacity strengthening d) community development	1996 – 2002	14,000,000 Euro 64% EU 36% GoI	Equipment 2,730,000 EUR Operations and Maintenance 2,650,000 EUR Training and Extension 840,000 EUR Local personnel 1,820,000 EUR Foreign experts 4,940,000 EUR Contingencies 1,000,000 EUR

communities. The project began as a forestry project but has gradually become an agricultural / rural development project with a forestry component.

In a context favouring central control, the project has attempted to decentralise responsibility to local institutions, but these have lacked capacity and political support in the capital, and have become vulnerable to local power struggles. This has had an adverse affect on the impact of the project.

Berau Forest Management Project – BFMP

The project aim is to ensure that the forests continue to provide diverse raw materials as well as environmental and socio-economic services. The project plans, implements and evaluates field trials and permanent sample plots and monitors and assesses technical, financial and management components of sustainable forest management operations with an emphasis on reduced impact logging. It involves local communities in planning and implementing community development programmes.

The partner in project implementation is INHUTANI I, a state-owned concession holder and logging company that is often allocated concessions revoked from private-sector companies because of poor management. This partnership has worked well. Any results that the project achieves will be far more credible and acceptable to Indonesia's private-sector forestry companies than one implemented only through government agencies.

The project has been successful in providing the link between field-level activities and policy. Placed within the ministry, it can feed back information from the field and influence policy. At the same time, through its participation with CGIF (a donor coordination mechanism), it has access to a more international arena. However, the project still focuses on donor needs, and this has made ownership of this complex project very difficult for local-level actors.

Summary of Case Studies: UGANDA

The context

In the 1990s, Uganda has been undergoing huge changes in both policy and the institutional context. Political and administrative decentralisation is having an impact on the forest sector as districts formulate their own development plans and local-level agencies gain more responsibilities. Restructuring of government agencies has resulted in reductions of personnel and division of responsibilities to different agencies. As a result, there is considerable lack of institutional capacity within the government. The forest sector has become the domain of a variety of competing government agencies whose responsibilities overlap and whose long-term visions for development of the areas conflict.

Government policy on National Parks has been to protect the forests by excluding the local communities. This has

been achieved through large-scale evictions which have had a very high social and economic cost.

Natural Forest Management and Conservation Project NFMCP

By means of its support to the Forest Department with management, protection and control as well as conservation activities, this project has been instrumental in saving Uganda's remaining tropical forest reserves from destruction through agricultural and other encroachment. But forest protection has been achieved only through large-scale forced evictions. There has been no redress for local people, who have suffered significant losses in the process.

The project operates from within the ministry, yet ownership within government remains low. Partly as a result of international outcry following the forced evictions, participatory activities have been grafted on to the project, but these are largely symbolic as the project's centralised nature relies on strong control. Although the project has been operating within the context of a national decentralisation process, it has retained a centralised structure.

Mt Elgon Conservation and Development Project

This is an integrated conservation and development project operating in and around Mt Elgon National Park in Eastern Uganda. A combination of high human population densities and reliance on subsistence agriculture has led to high levels of dependence by local communities on the Park's resources as land shortage has become more acute in the areas surrounding it. Among other things, the project seeks to promote the active involvement of people living in communities adjacent to the Park in the management and conservation of natural resources in and around it. In so doing, the project seeks to reconcile and integrate the management of the Park with local social and economic needs.

This project has suffered from a context of institutional change as it passed from International NGO control to government control, and is now effectively reporting to two competing government agencies. In addition, the donor has adopted a very hands-off approach, concentrating almost exclusively on disbursement of funds according to project activities and meeting of objectives. Because of this complicated situation, ownership is a key issue for the project.

In terms of activities, the project has focused on local-level activities, including training. However, because it has bypassed local structures, its objectives have not been taken on by local institutions. In addition, although reporting procedures are in place, donor learning has been very limited. As a result the project's impact has been diffuse.

Table A.2: Summary of case studies: Uganda

Country/ Project	Donors	Aid Delivery Agents	Aims	Start End Date	Total Budget
Uganda Natural Forest Management and Conservation Project NFMCP	- EU/EDF - NORAD - GoU	National – Independent Consultant [CTA] Ministry of Lands, Water and Environment [FD]	- Restoring the integrity of forest reserves - Enhancing the authority of the FD	1988 – 2005(?)	9,717,000 Euro
Uganda Mt Elgon Conservation and Development Project MECDP	- NORAD - GoU	International – IUCN National – Ministry of Lands, Water and Environment [FD], Ministry of Tourism, Trade and Industry [UWA]	- Conservation of biological diversity and ecological processes in Mt. Elgon National Park for present and future generations - Maintenance of economic benefits derived from land surrounding the park	1988 – 2000+	3,325,485 Euro [1996-2000]
Uganda Kibale & Semuliki Conservation and Development Project	- NORAD (1988-1990) - Uganda Govt - Netherlands Govt	International – IUCN National – Ministry of Agriculture, Animal Industry and Fisheries, Ministry of Lands, Water and Environment, Ministry of Tourism, Trade and Industry, Uganda Wildlife Authority Local – District Local Administrations (Kabarole and Bundibugyo)	- Conservation of biological diversity and ecological processes in Kibale and Semuliki National Parks for present and future generations - Maintenance of economic benefits derived from land surrounding the parks	1988 – 2001	

Summary of Case Studies: CENTRAL AMERICA

The context

With an overall context of pacification, Central American countries have been embarking on structural adjustment projects which have, in many cases, exacerbated conditions for the poorest people. This, combined with recent natural disasters (Hurricane Mitch and the forest fires) has put a renewed emphasis on donor support for rural areas.

Central America has well-developed networks of local-level institutions. These institutions have different forms and aims, some are producers' associations, others' may focus on community-wide activities. With increasing concern and commitment to addressing environmental issues at a regional level, the PFA aimed to combine both regional policy work and local-level development and environmental protection.

Agricultural Frontier Programme – PFA

This project has aimed to devolve aid delivery to local-level institutions so that they can carry out activities

focusing on sustainable livelihoods. Although the project aims to be participatory and to decentralise aid delivery through local organisations, it has had a centralised, control-oriented structure which has militated against devolution. As a result, local-level organisations have had to 'become strong' to be able to comply with complicated administrative procedures and to deal with delays in disbursements.

Linkages between the field and regional and national policy-making fora have been weaker than expected, as information flows from the field have focused on administrative issues. However, horizontal linkages between community organisations have enabled learning and some dissemination of information within the countries concerned.

Table A.3: Summary of case studies: Central America

Country/ Project	Donors	Aid Delivery Agents	Aims	Start – End Date	Total Budget	Costs (approximate)
Central America: Nicaragua Panama Honduras Guatemala Costa Rica <i>Agricultural Frontier Programme – PFA</i>	EU Nicaragua Panama Honduras Guatemala Costa Rica govts	International – CCAD, CCAB-AP (regional orgs) National – indirectly: 8 GOs in 6 Countries, 6 NGOs, 5 Research & extension orgs Local – 21 CBOs Indirectly: +4 Municipal bodies	Strengthening local organisations – sustainable alternatives and horizontal exchanges Support regional policy development	1996 – 2000	12,769,000 Euro	Technical Assistance – 1,599,000Euro Personnel – 1,324,000Euro Running costs – 359,000Euro Equipment – 846,000 Euro Exchanges and regional capacity building – 1,185,000Euro Field activities – 3,071,000Euro Contingencies ² 71,000 Euro