



Local Politics of Forest Governance: Why NGO Support Can Reduce Local Government Responsiveness

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Summary. — Concerned with the challenges of sustainable development, policy makers and scholars often urge nongovernmental organizations to increase their efforts to support governance of natural resources in developing countries. How does funding from external NGOs influence the responsiveness of local government policy to the sector-specific needs and policy preferences of local citizens? Using a unique longitudinal dataset from surveys of local governance actors in 200 municipalities in Bolivia and Guatemala, we explore these questions in the context of local natural resource policy. We find preliminary support for the hypothesis that external NGOs gain disproportionate influence over local policy processes in forestry by donating to local governments, and that this influence “crowds out” the influence of local grassroots actors, leading to less responsive local governance as rated by councils of local citizens. However, political pressure on local government officials from organized local groups in the forestry sector counteracts this negative relationship. Although NGOs can contribute to technical capacity for local governments and are generally seen as supportive of decentralized and participatory governance, our findings suggest that NGOs exert political pressure on local governments in pursuit of their own policy goals, and that NGO support may sometimes steer local governments away from responding to the specific livelihood needs of local resource users. More generally, our findings underscore the importance of local political contexts in moderating the effects of NGO interventions.
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1. INTRODUCTION

NGOs are increasingly important actors in local natural resource governance in developing countries. With the goal of promoting conservation, development, and sustainable livelihoods, these organizations work with local communities in a variety of ways, including by donating financial resources to cash-strapped local governments. In theory, these funds could allow local officials to hire staff, establish offices for the governance of particular resources such as forests or irrigation systems, and ultimately respond more effectively to the needs of local natural resource users. However, external donor organizations, such as international NGOs and development agencies, can also use funding to local governments as a means to exert influence on local government policy, and can use this influence to further their own policy goals that may be different from the policy preferences of local people. This means that there is a potential tension in the relationship between external funding and local government responsiveness: while NGOs are generally seen as some of the strongest supporters of participatory governance and local empowerment through decentralization, these funders may actually steer local governments away from being responsive to local preferences in decentralized contexts. This study examines the relationship between NGO funding and local government responsiveness in the forestry sector using a unique longitudinal dataset from 200 municipalities in Bolivia and Guatemala. We formulate and test a theory to explain the conditions under which NGO funding is likely to impede the responsiveness of the local government to citizen preferences, based on the particular local political contexts in which they operate.

What do these funding arrangements look like? Our field observations from Bolivia provide several examples in which NGOs offered financial support to local governments in particular policy areas, including forestry. In Sorata, we carried out interviews with a number of NGO personnel, including

a Norwegian Baptist missionary organization *Misión Alianza Norwega* (MAN) and the Catholic charity organization *Caritas*. *Caritas* had contributed technical expertise and funding to the local government for a number of projects in the more rural parts of the municipality, including bridge and irrigation construction and contributing to local education. MAN provided funding for local projects in education, sanitation, agriculture, and several other projects. Typically, these projects consisted of some volunteer labor, technical advising, and funding which was matched at some percentage by the local government. These organizations usually donated funding directly to the local government budget, and the local government used those funds to carry out projects.

We found that NGOs also funded local governments in the forestry sector. For example, in San Ignacio de Velasco, an NGO was involved in investing money and personnel in forest governance, including land titling and technical assistance in forestry. This organization, the *Fundación para la Conservación del Bosque Chiquitano* (Foundation for the Conservation of Chiquitano Forests), received financial support from the European Commission, The Nature Conservancy, and other international organizations. Again, the NGO channeled this funding through the municipal government budget. There were many NGOs donating money and other resources to projects in a range of other policy areas in the municipality; San Ignacio was described as a “teaching” municipality that hosted officials from other local governments who wanted to learn more about seeking outside funding from NGOs. Our field observations from the municipalities of Bolivia and Gua-

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temala suggest that most of the outside NGOs supporting local forest governance have an environmental or developmental mission, and many are similar to well-known organizations such as the Switzerland-based environmental NGO *World Wide Fund for Nature*, the US-based humanitarian NGO *Cooperative for Assistance and Relief Everywhere* (CARE), or the development NGO *Plan Bolivia*.

Cases such as these are common in Bolivia, Guatemala, and elsewhere in the developing world. In our sample of municipalities in Bolivia and Guatemala, surveyed mayors were asked whether or not external NGOs had donated money or goods to the local government for forest governance. In 2001, 142 mayors answered “yes” while only 76 answered “no”. Furthermore, the role of NGOs in this funding chain is on the rise. OECD statistics show that overseas development aid for forestry activities that is channeled through NGOs has more than quadrupled as a share of total aid in this sector during 2005–14 (OECD, 2016).

While scholars are paying increasing attention to the role of NGOs in international development efforts, two key questions seem understudied. First, how does external financial support to local governments influence the responsiveness of local government policy to local preferences? And second, how do local political factors moderate the effects of this external involvement? These questions are important because NGOs are playing an increasingly important role in local governance and without robust empirical knowledge about the effects of NGO interventions, how is it possible to design interventions that can improve outcomes? We recognize the importance of financial and technical support that external organizations can offer to local governments. However, we argue that one should not assume that these resources will necessarily improve responsiveness in all cases. After all, the creation of responsive local institutions is primarily a political process governed by local politicians who are motivated in part by political rewards such as staying in power, getting re-elected, and protecting the interests of the ruling elite. The key contribution of this research is to examine NGO funding in the context of this local political incentive structure.

In this study, we utilize ratings of local government responsiveness in the forestry sector by local citizen councils in a large sample of Bolivian and Guatemalan municipalities. Bolivia and Guatemala are an appropriate setting for this research for at least two reasons. First, both countries underwent meaningful decentralization reforms that transferred authority to municipal governments. Although decentralization is not limited to the forestry sector in either country, municipalities in Guatemala have the authority to issue logging permits, collect taxes on forest products, write and enforce rules regarding forest use, and rent out forest lands, while municipalities in Bolivia engage in monitoring, enforcement, and other forest governance activities. These two decentralized countries are a good fit for our research question because local governments are able to make meaningful policy choices in the forestry sector. Second, forestry is important for rural livelihoods in both countries.

We find that the effect of financial contributions from external NGOs on local responsiveness depends upon the extent to which local politicians face political pressure from organized local stakeholders in the forestry sector. Our findings suggest that NGO funding can actually hinder responsiveness where local officials do not face political pressure to address local communities’ expressed needs in a specific policy area. We examine the mechanisms at work, and conclude that this is because donor NGOs earn disproportionate influence over local policy processes, and their influence overpowers the

involvement of local actors in policymaking. However, this negative effect does not hold where organized local groups exert political pressure on the local government in the forestry sector. This is because where the local leadership perceives political benefits from meeting citizen demands and perceives NGO funding as a plausible instrument to achieve their political goals, they are motivated to take an active role in forestry policy and ensure that external actors do not steer local policy away from the preferences of the community.

2. PREVIOUS RESEARCH

We seek to add to the existing literature on NGOs and local environmental governance by examining the effects of NGO funding on local government responsiveness to citizens’ preferences. Our contribution to these existing literatures is to (1) examine the relationship between external donors and local governments directly, (2) to consider the implications of this relationship for the responsiveness of local government to local preferences, (3) to articulate a theory that considers the moderating effects of local political contexts, (4) and to test our theory across a large number of municipalities in two decentralized countries. In this section, we identify the contributions of previous research to date, focusing specifically on the literatures examining local government responsiveness in decentralized contexts as well as the literatures on NGO interventions and NGO funding.

(a) *Responsiveness in decentralized contexts*

National governments in developing countries have increasingly transferred responsibilities to local governments to manage natural resources. This trend is part of a broader pattern of widespread decentralization and devolution reforms across a variety of sectors in recent decades—reforms that appear justified on a number of theoretical grounds. It has been argued that an excessively centralized regime is inefficient and unresponsive to the specific needs of local people (Faguet, 2012), and that decentralization can improve accountability (Escobar-Lemmon & Ross, 2014; Faguet, 2012), help to address poverty and promote development (Kalirajan & Otsuka, 2012; Weingast, 2014), improve the provision of public services (Faguet, 2012), and foster public participation (McNulty, 2011; Ryan, 2012). However, at the local level, a growing literature shows highly variable outcomes from the decentralization of natural resource governance in the developing world (Andersson, Evans, Gibson, & Wright, 2014; Andersson & Ostrom, 2008; Duncan, 2007; Larson, Pacheco, Toni, & Vallejo, 2007a; Ribot, Lund, & Treue, 2010).

One of the key issues under study regarding decentralization in the natural resource sector is the degree to which decentralization reforms actually enhance the responsiveness of local governments, and as a consequence, the extent to which policy outcomes align with local needs (Faguet, 2012). While local governments in a decentralized system should in theory be more responsive than a centralized regime (Treisman, 2007), it seems clear that decentralization reforms often fall short of this goal (Larson *et al.*, 2007; Ribot, Agrawal, & Larson, 2006). Previous literature indicates that the accountability of local governments to their constituents is an important condition for responsive local governance under decentralization (Andersson, Gordillo, & Van Laerhoven, 2009). Ribot (1995) points out that the purported benefits of decentralized or participatory governance arrangements are only possible where decisions are made by local authorities that are inclu-

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