Towards national ownership in forestry sector development? possibilities and constrains of forestry sector support

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Abstract
The current international development co-operation aims to build sector wide approach programmes (SWAPs), programme based co-operation through budget support and joint financing arrangements with other donors in order to enhance recipient governments’ ownership. In this paper we aim to clarify the shift from project approach towards SWAPs in forestry sector. We argue that forestry SWAPs can take place in countries where there are clear sector policies and development strategies for forestry, government and donor’s commitment to support the forestry sector and willingness to harmonise the donor support. It is important to acknowledge that to develop SWAPs in the forestry sector is a long-term process that is related to other reforms and policy changes in each specific country. The whole process of developing a SWAP is complicated and highly dependent on the development of the quality of government systems and an adequate institutional capacity of forestry sector. Also, we have recognised that there is an emerging understanding among the stakeholders that the key factors influencing to the management of forests lay outside of the forest sector. The complexity of the forest sector, and rural development in general, need to be tackled and supported in different ways. The current paper gives examples of Finnish supported forestry development programmes and the purpose of the paper is to discuss the possibilities and barriers of the allocation of the support to forest sector under the partner countries’ own national development frameworks for forestry.

Keywords: Forestry sector, sector wide approach, poverty reduction, donor countries, recipient countries, National Forest Programmes

Introduction
Donor countries along with recipient countries, all together 190 countries, have committed itself to the United Nation’s Millennium Development Goals (MDGs), adopted in the UN General Assembly of 2000. The eight MDGs aim to reduce poverty, build up global partnerships and to create an environment favourable to development.

Forests are directly linked to national economic potential and to a wealth of social and environmental benefits of local, national and global importance. Sustainable forest management in developing countries can contribute improvement the various dimensions of poverty: It provides income generation and work places; poorest households rely on forests for their subsistence; forests provide low-cost energy; and forest resources ownership and management generate rural development and increase governance skill of local people (FAO 2001). Actions that aim at improving the living conditions in the rural areas of developing countries contribute significantly to reaching the MDGs, since three quarters of the poor of the world live in rural areas.

Emphasis of poverty reduction aims also greater aid harmonisation and donor co-ordination to ensure effective aid delivery. Delivering the aid to the partner countries in an effective way requires tools. Direct budget support (DBS) and sector wide approach programmes (SWAPs) are the two mechanisms proposed for achieving greater aid effectiveness. The SWAPs are based on processes called sector approaches. The Guidelines for EC (2003) support to sector programmes define the three common objectives of sector approaches as follows: To broaden ownership by partner Governments; to increase the
coherence between sectoral policy, spending and results; and to minimise the transaction costs associated with the provision of external funding.

The IMF, the World Bank, and other major donors engage differently in these new management structures of assistance depending on the recipient governments’ institutional and financial structures. For example in Tanzania Denmark, Finland, the World Bank, has more focused on the common basket while the EU, the United Kingdom, Sweden, has taken the form of direct budget support. Netherlands, Norway and Switzerland use both common basket and budget support according to their purposes. The United States, Germany, Japan and the UNDP, and have limited participation in the common basket and budget support. The each donor country proceeds with its development assistance in accordance with its own development policy in a framework where various assistance modalities are flexibly adopted.

The SWAPs in forestry as a mechanism for forestry development aims to co-ordinate donor support under the country’s own national development framework, such as National Forest Policy and Poverty Reduction Strategy (PRS). In the past, development co-operation has been based on projects, which often followed expectations of the donor.

The projects have either not had common goals or common ways of implementation. The strategies behind projects have varied, often leading to a situation where some areas of the sector have been covered with overlap while some others have been left untouched. Working through various separate projects can easily lead to a situation where the complexity of the situation of the whole sector is not understood.

The shift from the current project-based modality towards a clear sector wide approach programme should be seen in light of the complexity of conditions in each country. The environment for cooperation varies in partner countries, this is a factor that must be taken into consideration. (White and Mustalahti 2005)

The purpose of this paper is to discuss the possibilities and some of the critical barriers on the way towards sector wide programmes in forestry. This paper is based on literature review1 and open discussions and interviews with stakeholders in Finland and Finland’s partner countries. Our method is comparative and this paper seeks to provide an analysis of current development of SWAPs in forestry sector.

Important background information for the current paper has also been the results of the Evaluation of Finnish Forest Sector Development Co-operation (2003). Also we have discussed with consulting companies, authorities at Ministry for Foreign Affairs of Finland, current- and ex-project team members from different Finnish supported forestry projects. However, this document should not be interpreted as the only truth and answer on the way forward in forestry co-operation. Rather it gives themes for discussion and also some recommendations as seen by the authors.

Development of Sector Wide Approach
The sector wide approach programmes (SWAPs) and direct budget support (DBS) seek to take the interests of both recipient government and donors into consideration, while providing more effective support at sector level. DBS as a funding mechanism can be defined as a step forward from SWAPs. While SWAPs gather both donors and the partner government together to plan the sector funding, DBS functions as a more self-governing support under the recipient government’s budget. In this paper we discuss mainly SWAPs in the forestry sector.

The process of shifting from a project approach to SWAPs is long and complicated. It needs to be planned according to the requirements of each specific country. In figure 1 we try to illustrate how a unified planning and resource allocation system is built up step by step. The EC Guidelines for Sector Support Programme use a similar figure to illustrate the transition from fragmented to unified procedures within a sector approach. Clearly, figure 1 is a schematic presentation and an oversimplification, which assumes that the process towards a full-fledged SWAP is linear, which probably is not always the case. However, it aims to help the understanding of the process.

At sector level, partnerships between the government and development agencies aims to improve the effectiveness of development policies and broaden government ownership over public sector policy and allocation of resources. The ownership of the developing country is vital for the success of a development. The developing country needs to be committed to supporting and developing the sector. The donors can, and do have a marked influence on negotiation process in the preparation of the sector programme, but respect for national sovereignty in the process is important.

It is important to recognise that SWAPs are not simply mechanisms for allocating donor funds. According to Gould et al 1998 ideally the SWAPs could include the following features:

A program-aid approach; funding is not organised via bilateral projects run by individual donors, but collective funding of an overall programme, implemented by the partner government in form of programme components;

An attempt, through a dialogue based on ‘partnership’, to harmonise the policies and procedures of aid provision;

A long-term ‘evolutionary’ processes with protracted negotiation and continual monitoring by stakeholders;

The recipient is in the proverbial “driver’s seat”

These elements are rather interesting, particularly when compared against the concept of National Forest Programmes (NFPs). We argue that development towards a SWAP in forest sector is most likely to take place in countries where there are clear sector policies and

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development strategies for forestry. The NFPs can be seen as a way forward towards clear sector policy and better management structures (Wencelius 2003). Other necessary elements obviously are government and donor’s commitment to support the forestry sector and willingness to harmonise the donor support.

The NFP provides a comprehensive framework for managing forests in a sustainable manner by all stakeholders (Geller and Owino 2002). Several countries have recognised that their policies and institutions need to be reformed in order to develop the right conditions for sustainable forest management and rural development (Oksanen et al 2003). For example in Tanzanian NFP document recognises the need for the NFP in order to increase the forest sector’s political priority and political commitment to forestry. In international discussion the Tanzania NFP works often as an example of the NFP’s. The NFP model in Tanzania is based on four implementation programmes: 1) Forest Resources Conservation and Management Programme, 2) Institutions and Human Resources Programme, 3) Legal and Regulatory Framework Programme, and 4) Forestry Based Industries and Sustainable Livelihoods Programme.

Discussion
In theory, a sector wide approach promotes the effective delivery of aid and reduces the cost of aid management, and so doing increases funds that can be allocated to activities with impacts on the field under the government own development framework. In practice, the new sector wide approach processes might take several years to begin producing real, concrete results. Importance of supporting the policy development and building up the central government structures should not be underestimated. However, the support to central governments should not be the way to eyewash the real recipients of aid and aims to deliver the aid. The lower levels of government administration and local people in rural areas should also be taken into account. The majority of forestry activities are implemented in rural areas, often very remote from capital cities. In these areas there are many limiting factors but especially management of allocated financial resources can form a “bottle neck”.

In Vietnam, between 2004 and 2006, efforts have been ongoing to prepare a new National Forest Strategy (NFS) to cover the period 2006-2020. Hopefully, the NFS could give a frame for government effort to develop the sector in national wide. In 2006 the Joint Review Mission of the Trust Fund for Forsts (TFF) recognised that thus far it has been very difficult to build up a harmonised system to support government-led plans and there has been little progress towards the objective of introducing a SWAP approach. And it seems that government has not taken a lead to coordinate aid to the sector and develop mechanism to allocate funds to provincial, district and village level activities through unified planning, budgeting disbursement and accounting systems.

In Vietnam, there exists a coordination office for on-going efforts to develop the Forest Sector Support Programme. The programme was broadened in 2001 to become the Forest Sector Support Program and Partnership (FSSP&P), which has a basket fund under so called Forest Trust Fund. However, these funds have up to now been used for supporting short term projects or studies which are not integrated to the government plans and budgeting.

The unified programming has become a step forward when the common pool arrangement is established, thus unifying the accounting and disbursement systems for external financial activities, while continuing to operate in parallel with the government budgetary and accounting systems. This would already significantly reduce the transaction costs of multiple accounting systems. For example, in Mozambique this has been one reason to develop a unified programming agriculture investment programme (PROAGRI) with a budget system for donors (Cuco et al 2003).
The common procedures are intended to eliminate the parallel structures of projects and to commit donors to harmonising their needs in terms of procedures for accounting, procurements and auditing. However, PROAGRI in Mozambique have shown that effective delivery of sector support is complicated issue: Delivery of allocated financial resources down to local levels is difficult because of bureaucracy.

In Mozambique, the local government administration system is still weak and the restructuring of central government bodies and policies have consumed so many resources that PROAGRI funding is not yet to reach the local levels. Contrary to Tanzania, the districts in Mozambique have only very few administrative and extension staff members and this far the development and implementation of forestry activities in rural areas has been slow and facilitated mainly by central and provincial authorities, or by external consultants from development projects. In the future, if the districts are to take over more responsibility for managing forest resources, this would require a significant increase in human resources as well as also an improvement of their financial and administrative capacity to access appropriate funding sources such as PROAGRI.

In most developing countries, the central government headquarters are both psychologically and culturally very distant from local villages. However, different countries are very different in case of their decision making processes. In Vietnam and Laos central governments have troubles to carry out efficient sector development and law enforcement because strong decision-making powers in provincial level. In Vietnam and Laos high provincial authorities and party members have often more power than the central ministries (Stuart-Fox 2006).

If these real decision makers under the party system do not agree the new roles and regulations, it is difficult to implement forest policies and coherent forest sector development. For example the donor organisations’ aims to facilitate forest management planning and implementation forest laws can be very contradictory with local authorities’ ideas for example in case of logging activities; what is legal and what is illegal depends to whom we are talk with (McElwee 2004).

If a recipient government lacks the means to ensure accountability of their institutions, the ownership of the sector programme will not be in appropriate hands. Monitoring and evaluation of allocated funds is crucial in order to built up accountability and improve the partnership between the donor and the recipient country.

Effective development assistance requires establishing management structures that provide donors with the assurance that development funds are used for the agreed purposes without imposing the on local partner’s ownership. These management structures include several elements, which are vary depending on the sector, design intervention and recipient government structures.

Increasingly, in the future partner country governments may have a legitimate interest in autonomy of action and be accountable to its legislature and people. However, the donor governments will still be answerable to their constituencies on the use of the development resources they provide. Periodic impartial external audits are needed to assure the donor community about the transparency of the financial management.

In the future, sector wide approaches aim at developing the partner country’s own monitoring and evaluation systems rather than imposing them parallel systems with all donor contribution. Since, for example, the forestry sector is usually supported by a number of donor agencies, integration to the recipient government structures is crucial but rather difficult, and requires donor co-ordination. National Forest Programmes, when being appropriately formulated, include a plan of monitoring and evaluation of the performance and impacts of forestry activities in the country. These monitoring and evaluation systems should
be consisted with both the national forest policy and the donor requirements to avoid
duplicate processes.

Unfortunately, there are examples were the government driven review and evaluation
report are not available for donors. For example in Vietnam, the government carried out a
mid-term evaluation of implementation of the 5 Million Hectar Reeforestation Programme
(5MHRP) for 1998-2010. However, this critical document is not translated in English, only
some part of it is available in English and discussed with the donors. Currently, under the
broader Forest Sector Support Program and Partnership which includes the 5MHRP, there are
25 international partners. In 2006 the partners organised as Joint Review of the Forest Sector
Support Programme and Partnership. However, this review was mainly concentrating
organisational issues related to the donor coordination and implementation of sector support
funding approach. In Vietnam, there is very limited information available about the practices
and impacts of 5MHRP in district and village level.

The monitoring of financial flows is not – and should not be - the only concern of the
recipient government and the donor community. The impacts of support in both, the macro
and micro level need to be monitored. Although moving towards SWAPs means more
autonomy of initiatives in the forestry sector, the donors should bear the responsibility of the
impacts of the funds allocated to the sector. This can’t be done without adequate monitoring
and evaluation systems.

However, it should also be noted that there is a real danger of too much bureaucracy
from using too detailed indicators or monitoring frameworks. A balance needs to be found.
And the question that comes up is the following: What is the participation of final
beneficiaries, such as the rural poor and their organisations? There is danger that monitoring
of sector support programs and direct budget support could have an effect of biasing
accountability in favour of increasing extent to which the recipient government is answerable
to donor, at the expense of accountability to domestic stakeholders.

Conclusions
The optimist among the authors argue that building a SWAP through a participative process
can act as an important tool for obtaining good results in enhanced national ownership in
forest sector development. It is important to acknowledge that to develop SWAP for example
in forestry sector is long-term exercise and it is related to other reforms and policy changes in
specific country. Before the SWAPs can be judged, time is needed for them to be
implemented and take effects. However, it is important to keep in mind that the main
objective of current development aid is poverty reduction.

The authors of this paper have mixed views of the extent to which the poor are
benefiting of the current shift towards SWAPs. The significant question is how long it takes
to reach a full SWAP, and how much support for planning and strategy development is
needed before the implementation of SWAP can have tangible benefits in forestry sector.
Cynically, we can say that in a valuable sector such as forestry there is the danger that
SWAPs management can allow the political and administrative elite to divert public assets to
their own private ends. The present shifting toward SWAPs and direct budget support should
not mean “the quick and dirty” way to support developing countries. The donors should still
be concerned about the impacts of their support, especially to rural livelihoods and poverty
reduction.
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References


