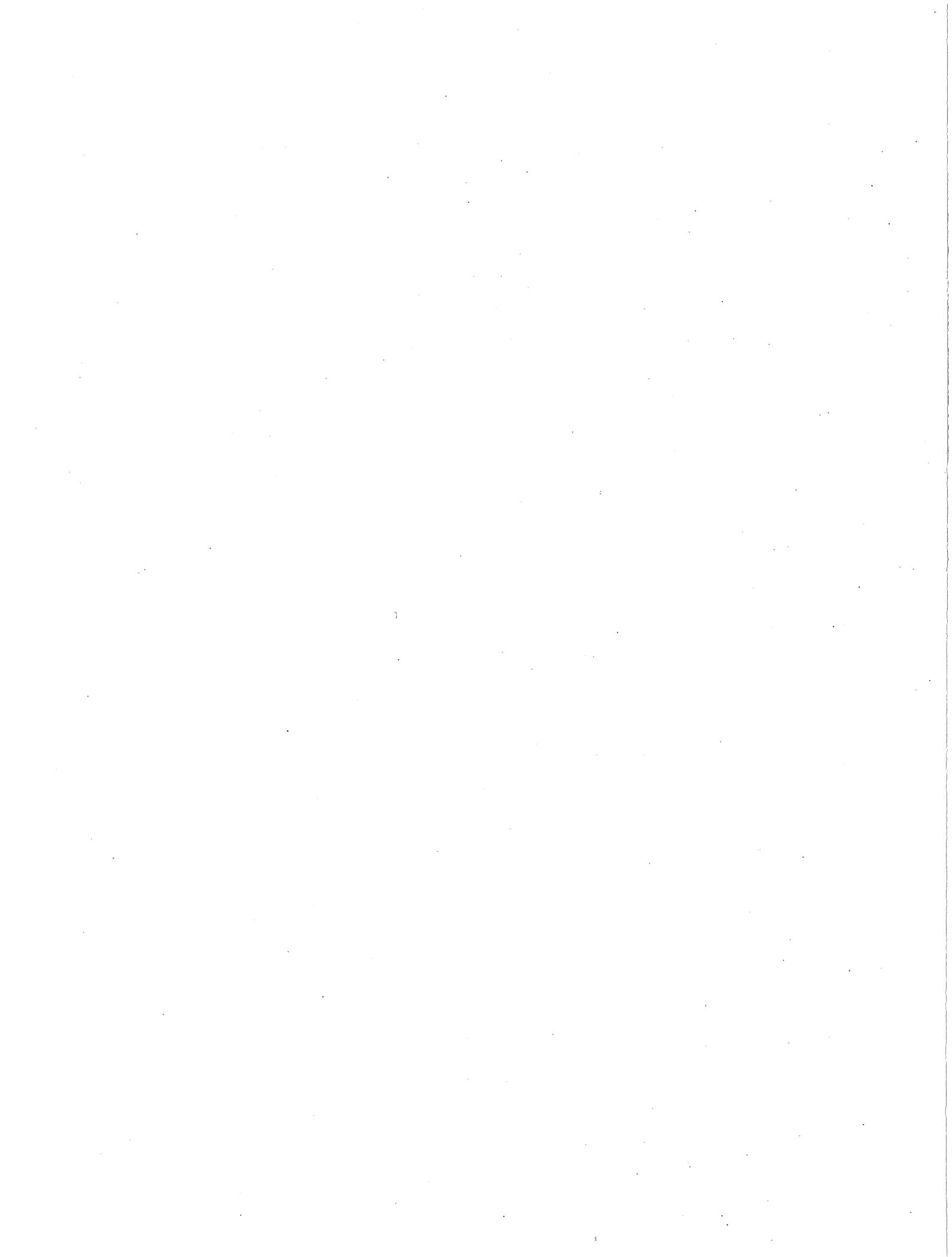


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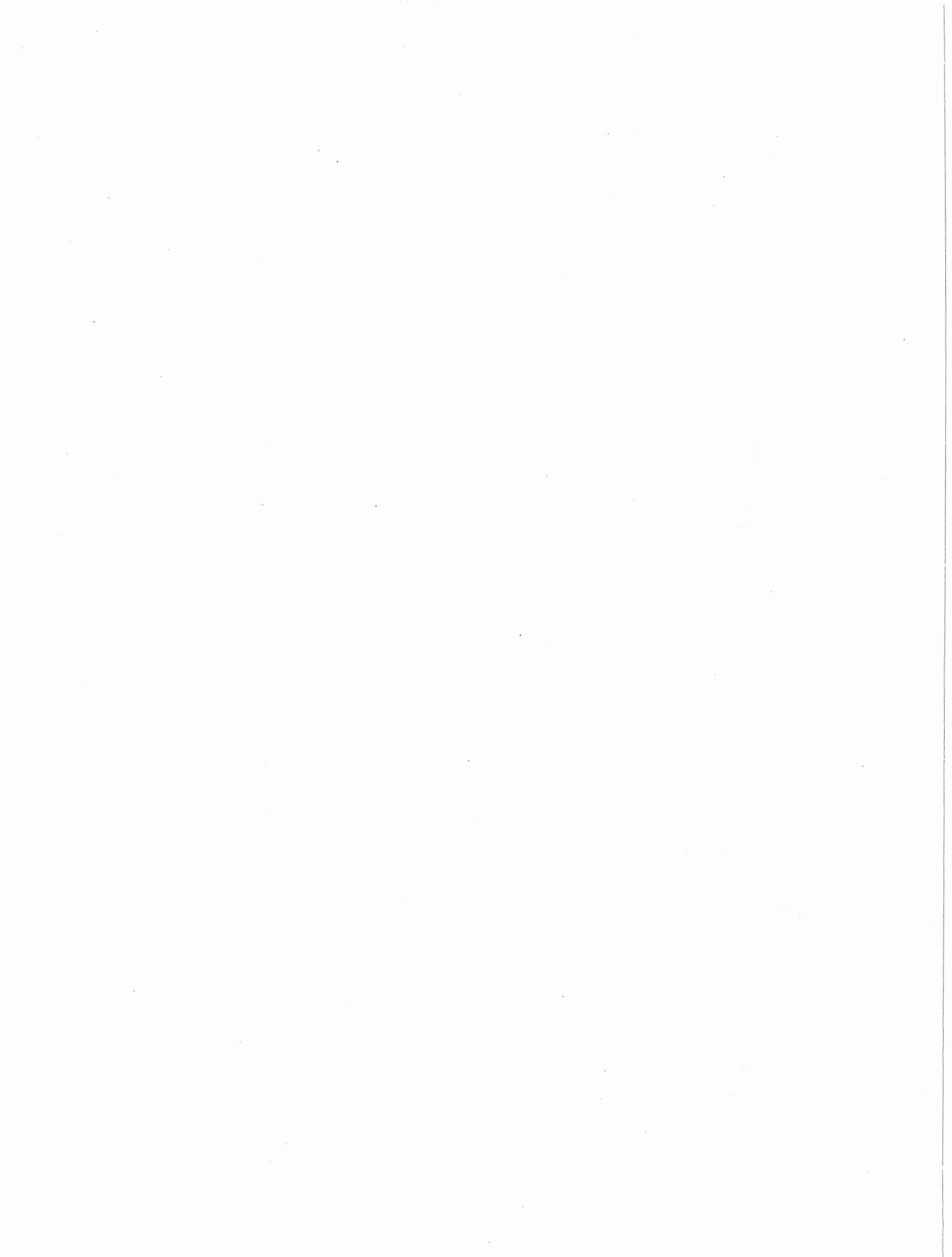
A Provisional Assessment of
USAID's Experience



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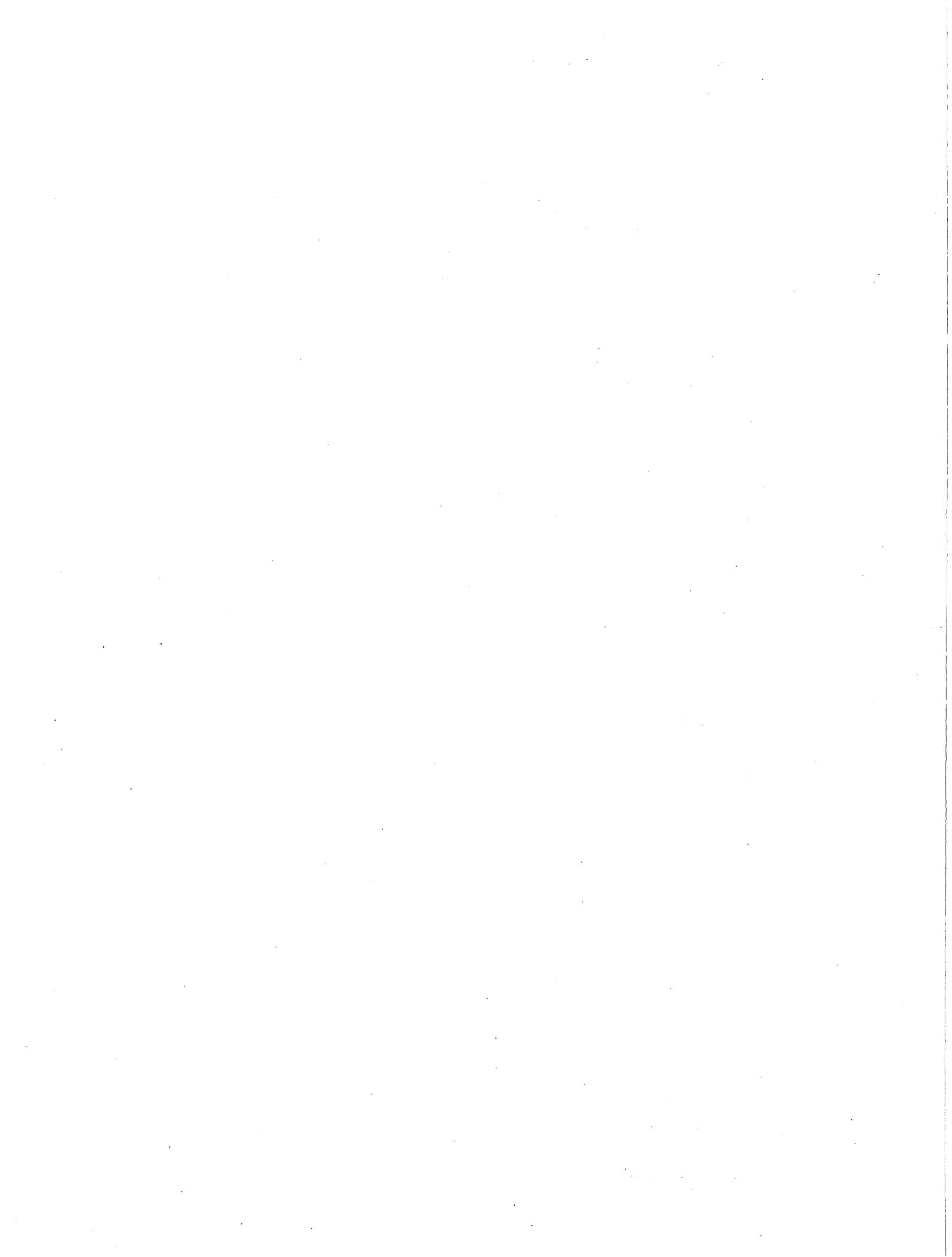
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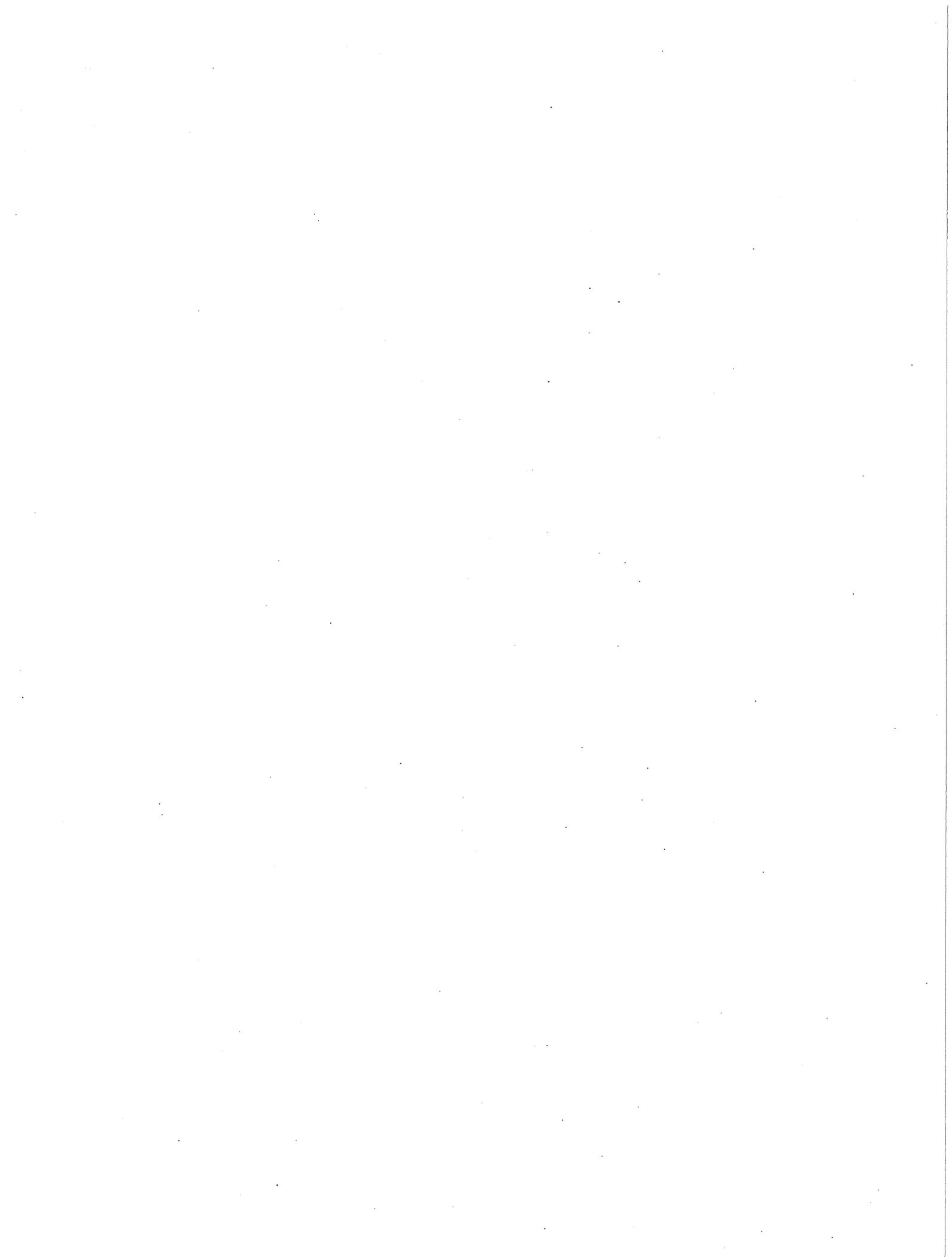
A Provisional Assessment of USAID's Experience

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January 1992

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Acknowledgements

Although I must be held accountable for any shortcomings in this paper, I would like to thank Tony Pryor at USAID, and Tom Fox and Kirk Talbott at WRI, for framing the initial concept, and for providing guidance, support, and comments during its preparation. Most of all, I would like to acknowledge the invaluable input from Fred Weber, a consultant to WRI prior to his untimely death, who provided detailed comments on an earlier draft.

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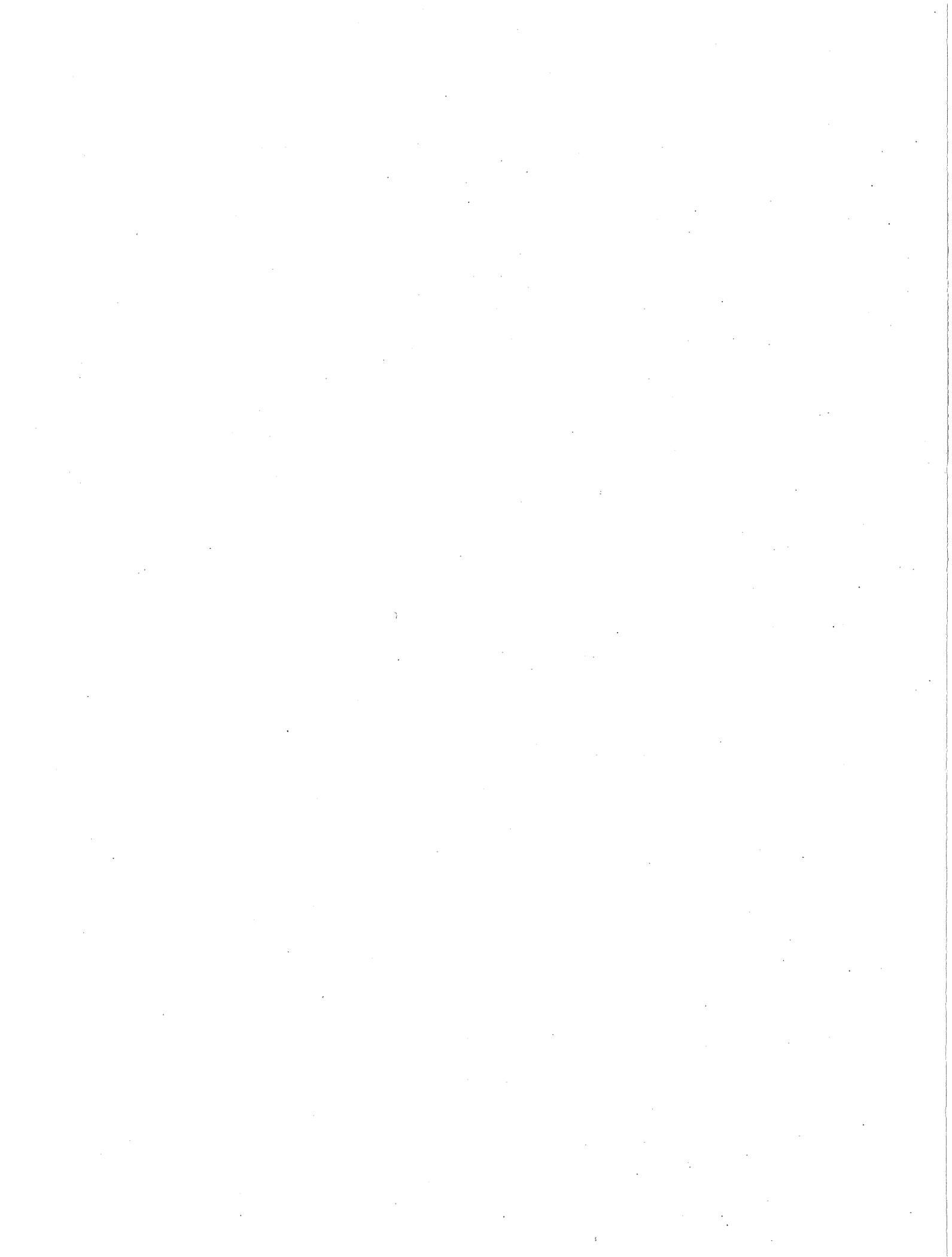
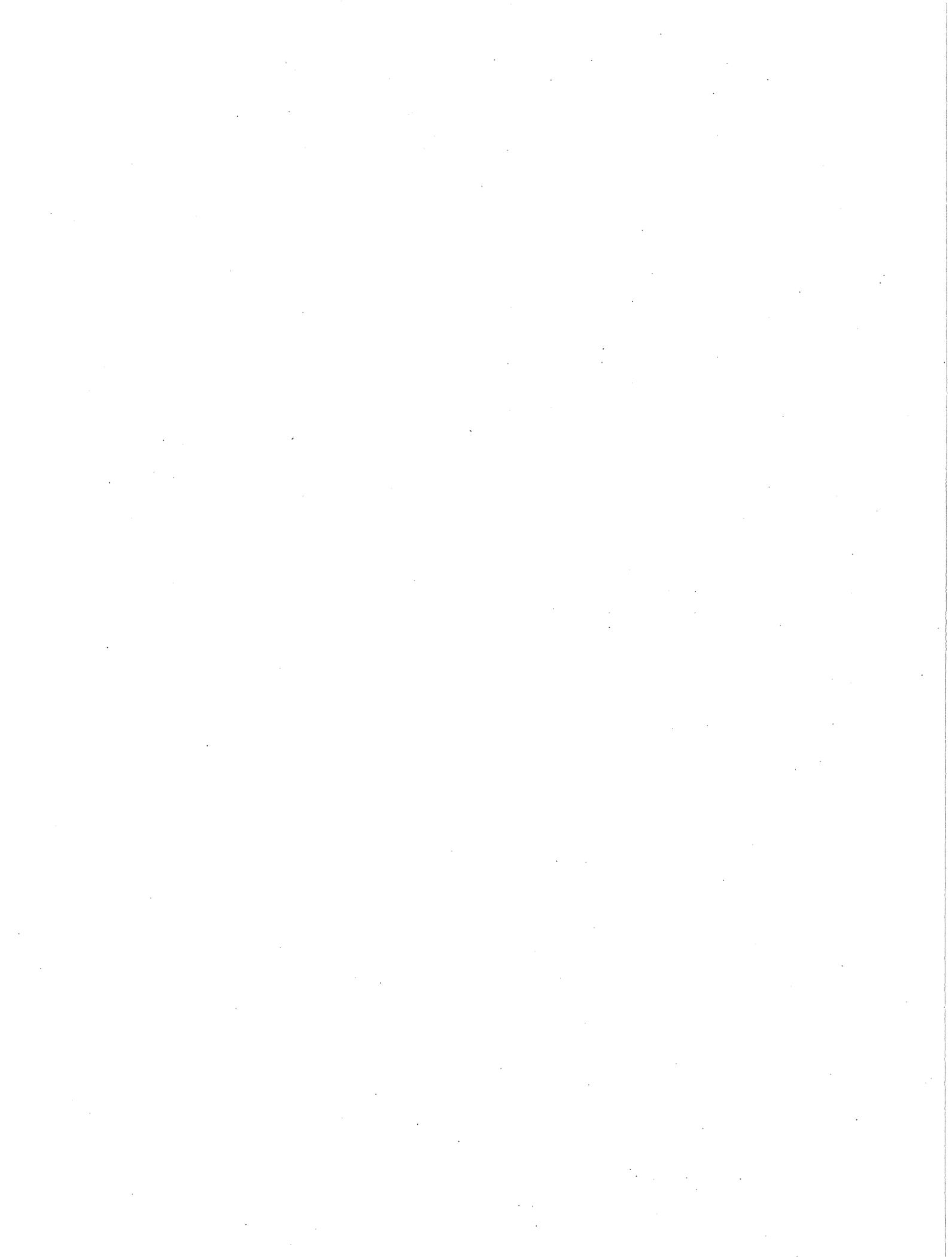


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NATURAL RESOURCES POLICY REFORM IN AFRICA:

A Provisional Assessment of USAID's Experience

With explicit encouragement from USAID's Africa Bureau, WRI's Center for International Development and Environment is undertaking a review of USAID's and others' experience in influencing natural resource policies in Africa. This paper is a first contribution. The objectives of this paper are to: (1) review USAID's general experience with natural resource policy in Africa; (2) identify and analyze the various ways that USAID has attempted to influence natural resources policies in four countries (Ghana, Niger, Rwanda and Madagascar); and (3) contribute to a common technique for identifying and describing policy reform efforts that can be applied to activities of other aid agencies and in other countries.

PART I: BACKGROUND

The policies that govern the use of natural resources are often cited as the ultimate causes, as well as the best potential solutions, for resource degradation. Development projects that limit their scope to the field level are often evaluated as having minimal effect because policy factors were not addressed and/or because of the small scale of the field effort. At the same time, however, field studies often show a very inconsistent link between national policies and a government's operational ability to implement those policies on the ground, at the local or community level.¹

As a way of improving the effectiveness of conventional project assistance and as an alternative to conventional assistance, there has been a growing interest in addressing the policies that shape the way natural resources are used and managed. The

interest in policy is most evident among the major international aid players; in particular the World Bank and the International Monetary Fund. As funding levels decrease, USAID has substantially re-oriented its assistance efforts to address policy issues. This shift is partly tactical – as means of maximizing the effectiveness of smaller budgets – but also it reflects a shift in USAID's overall strategy towards development assistance. Increasingly, changes in policies, particularly domestic business and international trade policies, are the targets for reform. The conceptual underpinning of this strategy is the belief that free markets will lead to increased productivity, while decentralized control over natural resources will lead to better, more sustainable, resource management.

The focus on policy is not unique to large development assistance agencies such as the World Bank and USAID. The NGO sector has shown an increased interest in policy dialogues and information dissemination on natural resources policy. In the case of activist NGOs, public advocacy is sometimes accompanied by mass demonstrations aimed at influencing environmental policies (e.g., the protests against the development plans for the Narmada Basin in India).

The approach taken by an aid agency to influence host country policies is governed largely by the experience and comparative advantages of the agency concerned. Thus, the World Bank and the IMF focus on macro-economic structural adjustment through a careful mix of credit incentives and economic pressure. Bilateral efforts are often targeted on a particular sector that is seen to be important for the overall success of structural adjustment, and fits with the interests and experience of the bilateral agency concerned. NGOs, and particularly local NGOs, depend on grassroots organizing of public support, as well as small-scale demonstration projects to underscore the possibilities of new development approaches. International NGOs attempt to mobilize international publicity to shape donor policies which in turn can influence host country governments.

This paper is concerned with the particular approaches that USAID has taken in its efforts to influence natural resources policies in Africa. As an arm of the United States Government, USAID is

1 A series of field studies addressing these links is currently being undertaken by WRI's Center for International Development and Environment, in cooperation with country-level research organizations in Africa, under the project name of "From the Ground Up"

limited in the approaches it can take. It would not, for example, organize grassroots protests to petition a host country government to change its forest use policies. On the other hand, USAID is part of the government and United States political and economic incentives can be effective tools. Drawing on the cases of Ghana, Niger, Rwanda, and Madagascar, this paper reviews the approaches that USAID has taken to influence natural resources policies and provides a provisional assessment of that experience.

A key issue for influencing natural resource policy at the country level is the effectiveness of "non-project" assistance, as contrasted with conventional project-type of assistance. The term "non-project" assistance (NPA) refers to funds provided to government agencies to enable them to undertake a set of specified policy reforms. The policy reforms on which NPA grants are conditioned support the overall objectives of the macro-level structural adjustment package of the World Bank and the IMF. NPAs have become a major, but not singular, tool for inducing policy changes in natural resources management.

Methodology

The methodology adopted in this study takes individual country experiences as the starting point for an analysis of USAID's policy reform efforts. The rationale for this approach is that individual projects (including the awkward category of "non-project" assistance projects) are not self-contained activities, but are integral components of country-level strategies of two types: (1) the country's own development strategy, reflecting the influences of other bi- and multi-lateral assistance as well as national interests; and (2) USAID's portfolio of past and present activities in the country concerned. This paper focuses on country experience regarding the latter perspective, that is, taking into account not only particular USAID projects, but also the interlinkages with other USAID projects, both past and present. However, this paper does not systematically consider the dynamics of how USAID projects interact with other foreign assistance activities, or with the country's internal development agenda.

The methods employed in conducting the analysis for this paper are primarily qualitative and

include: (1) reading project documents (e.g., Project Papers, Evaluations, etc.), related studies conducted as part of projects (e.g., the Agricultural Policy Analysis Project), special evaluations conducted by CDIE and the Africa Bureau's Project Development unit; and (2) interviews with individuals knowledgeable about the experience of particular countries and/or policy reform in general. A list of documents consulted and persons interviewed is given in Annexes 1 and 2, respectively. Questions that guided the analysis included the following:

- (1) What particular natural resource policy reforms have been targeted by USAID projects, and how have these been selected?
- (2) To what extent have conventional project activities contributed directly or indirectly to policy reforms?
- (3) How effective have NPAs been overall in influencing policy reform?

This paper's primary focus is the influence USAID has on natural resource policies.² Unravelling the particular contribution of USAID activities in the policy reform process is extremely problematic, since a myriad of forces influence (to some degree) the shape of natural resources policies in the countries concerned. For example, USAID projects are only one component of international aid, and in countries such as Ghana, a very small component indeed (ranking 6th in bi-lateral aid to that country). In many cases, the programs of the various aid agencies send mixed signals to host country governments.

This report relies on project documents and interviews to provide a rough assessment of success or failure in USAID's efforts to reform natural resource policies, pending a more detailed follow-up study proposed in the last section.

Tools for policy reform

The general consensus from the literature is that natural resource policy reforms constitute a necessary (but not sufficient) condition for sustainable resource management. Technical assistance and training to enhance host country institutional capacities, research on resource status and use patterns, and field projects to demonstrate

2 The related issues of how effective the new policies have been in mitigating resource degradation is not discussed in this paper, but is expected to be addressed in a follow-up study.

the feasibility of new approaches all play a part in improving resource management. While policies are the macro-level expression of natural resource management strategies, the realization of any strategy depends upon the capacity of institutions and the cooperation of the public. Assistance activities that enhance institutions or serve to alter individual behavior can be seen as integral components of genuine policy reform. Policy reform efforts that rely exclusively on rewriting laws and policies without strengthening institutional capacities to implement them will not be sustainable.

Although USAID's efforts in policy reform are often seen as "non-project assistance" (NPA) activities, the Agency has long been concerned about the policy environment within which development assistance projects are implemented. However, the policy aspects of development assistance were rarely targeted as primary objectives for change. In conventional projects, policy issues were often addressed implicitly through research, institutional strengthening, or most commonly, by example. Pilot projects in forest management were justified in terms of their demonstration value and eventual impact on the standard operating procedures of the national agency. The explicit linking of assistance to policy conditions, the hallmark of the recent NPA approach, is not unknown in USAID's historical experience. In the Agency's 1966 Congressional Presentation it was argued that "by making [program] loans conditional on adoption of more liberal policies, A.I.D. [could] double their...effect"³

What is new in the current approach is the relative emphasis given to policy as opposed to bricks and mortar projects, or even institutional strengthening. Increasingly, conventional projects are justified on the basis of their potential for leveraging policy reforms and having broad scale impact throughout a sector. The policy arena, particularly in trade, agricultural marketing, and natural resource management, has become a specialty of USAID.

The NPA Approach

The term "NPA", which once referred to food aid and other indirect assistance mechanisms, now is more apt to refer to sector-wide grants whose

disbursements hinge upon some set of conditions, generally including policy reforms. The range of NPA approaches is presented in Table 1.

Table 1. Range of non-project approaches for supporting policy reform

Resources for Non-Project Assistance Support to Policy Reform	Application
Cash Transfer Program	structural adjustment and macro-economic reform
Sector Assistance	grant money for long-term economic development in a particular sector.
Food Aid (PL 480)	provide commodities and local currency generated by their sale
a). Title I loans (Food for Progress)	made on condition that the recipient country undertake self-help measures to improve agricultural sector
b) Title III loans	provide multi-year food aid commitments as incentives to undertake development-oriented economic policy reforms

USAID policy reforms are often, but not necessarily, linked to the structural adjustment programs of the World Bank and the IMF. Typically, USAID is involved in the full range of negotiations but becomes actively involved only at the sector level. While the World Bank/IMF package treats the economy as a whole, the agency focuses in some detail on a particular sector. Within the chosen sector (e.g., agriculture), an NPA activity tends to include a mix of strategies from policy conditions and rewards to institutional capacity building, training, technical assistance, and flexible funding for a variety of conventional projects, not always related to the sector targeted for policy reform. There has been an evolution of AID's work on NPA from being tied closely to the World Bank agenda to a more targeted approach that seeks to build upon AID's areas of expertise, and/or the Agency's internal priorities.⁴

3 Quotation taken from A.I.D. Special Evaluation Study No. 54, p.13. An interesting overview of the historical trends in US assistance from 1945 to the present is given on pages 7-17.

4 A synthesis study of recent CDIE Africa evaluations of policy reforms is currently being conducted to draw out these general lessons.

Whereas NPAs were once advocated as being less management intensive than conventional project activities, experience has proven otherwise. Indeed, the prevailing opinion seems to be that successful NPA requires relatively more management input from AID than do normal projects, particularly in the early phases of governmental negotiations. NPAs are pursued not because they are easier to undertake, but because they are judged more effective in meeting the Agency's objectives. However, the NPA option may not be viable in the absence of some type of complementary project assistance. From a financial perspective the two modes are closely linked. NPA results in dollar flows into the country's economy which must be absorbed by local currency. The fund created can then be used to finance projects of a conventional sort, made possible through the NPA mechanism.

Policy Reform as Process

Whether policy reform is pursued through an NPA mechanism or through project assistance mechanisms, a successful strategic process will share a number of attributes, including the following:⁵

- 1. Technical arguments must be based on a careful analysis of the country situation.
- 2. A consensus of opinion must be developed between the USAID Mission and the host country. This process is facilitated by involving government technical officers in discussions from the beginning, and by maintaining a solid consensus within the AID mission itself.
- 3. Warm, personal relations with host country counterparts, and a genuine understanding and appreciation of host country political and economic problems are critical but elusive components to the negotiating process.
- 4. Simple, realistic conditions for adhering to a policy reform plan, and long-term, consistent efforts in pursuing the plan, are essential;
- 5. The offer of analytical and implementation assistance can be an important incentive in addition to financial aid.

Natural Resource Policies and USAID's Development Assistance

The policies that influence the management of natural resources entail fundamental legal as well as economic components, yet governments may be more willing to consider reforms in natural resource policies than, for example, trade policies. Unlike liberalization of currency exchange or import tariffs, the degradation of natural resources can be seen and the gross effects can be quantified as rates of deforestation, area under cultivation, silt loads, salinity, etc. While any single measurement can be usually called into question, policy dialogue concerning natural resources can be grounded on empirical evidence of physical phenomena. The ideological neutrality of resource management problems lends itself to constructive dialogue about strategies and policies, that can support sustainable management systems.

The visibility of natural resources and the clear role for research as a basis for policy fits well with one of USAID's major comparative advantages, that of providing research-oriented technical assistance. At the same time, the natural resource sectors, whether forestry, fisheries, agriculture, or livestock, dominate the economies of USAID's African partners. With populations rising at an average rate of roughly 3% in the Continent as a whole, and nearly 4% in some countries (e.g., Rwanda), sustainability of the resources on which most people depend is a clear and immediate concern.

Regardless of the political predilection of a particular government in power, little analysis is required to ascertain that political stability is linked to resource stability. In contrast to other potential targets of policy reform such as trade, currency exchange, or even land tenure, USAID's concern about natural resources is likely to encounter little opposition, while carrying a potential impact of inestimable value.

PART II: COUNTRY CASES

In this section, projects in four countries are discussed and analyzed in terms of the influence on natural resource policies. The four countries, Ghana, Niger, Rwanda, and Madagascar, were selected as

5 Taken from P.Vondal 1989.

representative of a range of situations. In Ghana, USAID has a long history but has not been particularly active in natural resource issues. Niger provides a case of a long and rich record of agricultural and natural resource activities that have become increasingly policy-oriented. In Rwanda, the policies governing natural resources management were basically sound, and USAID efforts concentrated on strengthening the institutions responsible for implementing those policies. In Madagascar, which opened its development doors to foreign funding rather recently, everything was needed at once: better policies, institutional capacity, and infrastructural development. Here USAID is focusing on both institutions and policies relating specifically to biological resources.

GHANA

Projects Discussed:

Agricultural Production Promotion

Managed Inputs and Development of Agricultural Services (MIDAS) II

Agribusiness Development Program

Background

Despite Ghana's rich natural endowment of fertile land, a tropical and (in the southwest) moist climate, mineral wealth, forests, and hydroelectric potential, the country's economy has been in shambles for most of the last two decades. The population stands at about 13 million, with a growth rate of 3%. About 70% of the population is rural. Agriculture, including forestry, contributes 53% of the GDP and employs 60% of the total labor force. Cocoa is the dominant feature of the economy, accounting for 60% of export earnings. Per capita GNP was \$400 in 1988.

Following independence in 1960, the government embarked on a costly program of infrastructural and industrial development. Highly inefficient state-owned enterprises were created, and by 1980 the government owned virtually all industrial and distribution activity. A combination of inflation and

a rigid, overvalued exchange rate had a particularly adverse impact on cocoa production and other export and industrial crops. Between 1970 and 1983, Ghana experienced a 32% fall in per capita grain production, a 61% fall in exports, and an 83% drop in real wages.

In 1983, the government announced an Economic Recovery Program (ERP) which entailed devaluation, price reforms, and structural adjustments. Initial economic response has been encouraging, with GDP growth of nearly 6% annually from 1984-87, and inflation reduced to 30% from 120% in 1983. The rising tide of economic recovery, however, has not yet raised the agricultural boat. Per capita food production declined steadily from 1974 to 1988⁶, while real food prices have increased.

Agriculture continues to be dominated by small farmers, employing very low levels of modern agro-inputs. Major food crops are cassava, yam, cocoyam, maize, rice, sorghum, and vegetables. Major cash crops are cocoa, oil palm, cotton, tobacco, and coffee. An estimated 90% of the total domestic food trade is captured by traditional open markets. Constraints to a more productive agriculture include environmental problems of fragile soils in some areas, organizational weaknesses (e.g., in extension and credit supply), poor rural infrastructure, and uncertain land tenure rights that discourage land investments.

USAID Experience

In 1976, the MIDAS project was authorized to address a broad range of agricultural production issues, including credit, fertilizer, seeds, small farm systems research, extension, and marketing. Civil unrest in the country precluded the realization of the project's objectives, and it was re-designed to focus on the production and distribution of high quality seed. A follow-up project, MIDAS-II, narrowed the focus even further by concentrating on the region of Brong-Ahafo. Even by scaling down the project objectives, however, the broader policy (and political) environment obstructed progress. The 1985 mid-term evaluation noted that the Ghana Seed Company, created by MIDAS-I in 1979 by removing it from the Ministry of Agriculture, had not demonstrated the capacity to be a viable agency. Farmers preferred to use their own seed rather than take their chances with the company; accounting was

6 Source: APPP Project Paper, 1988.

negligent, there was little interaction with the extension program, and little or no marketing of seeds.

Faced with a decade of failure in strengthening public agricultural institutions, the AID agenda shifted, and in a real sense retreated, to focus on private sector participation in agriculture and on reform of government policies to encourage that participation. This new approach was outlined in the 1985 MIDAS-II evaluation: "[USAID] will also seek and encourage the establishment of supporting policies with regard to prices, agricultural inputs, storage, and transport to ensure success of the activity as well as that of the agriculture sector in general."

The results of the MIDAS experience, however, appear to show that policies are only half the battle. A Special Evaluation Report in 1988 noted, under the heading "Government Attitude" that, "the release of varieties, the production and maintenance of foundation seed, and the production of commercial seed can be controlled or severely restricted by government officials even though government policies in general may be most favorable."

The Agricultural Productivity Promotion Program (APPP)

In the wake of the country's Economic Recovery Program, launched in 1983, overall GDP grew at an encouraging rate, but the agriculture sector continued to stagnate, as AID was acutely aware through the MIDAS experience. The Agency's response was the Agricultural Productivity Promotion Program (APPP) which sought a middle path between the technical assistance and institutional strengthening attempted by MIDAS, and the macro-level structural adjustment promoted by the World Bank. In the words of the APPP PAAD, "Experience shows that 'getting the prices right' is not enough to increase food crop yields and production."⁸

The overall objective of the APPP was, "to encourage the GOG to continue on the promising path of structural adjustment" through a \$20 million cash grant and selective budgetary support to the agriculture sector. Funds were planned for release in

three tranches: 23% in late 1988, 38% in mid 1989, and 50% in mid 1991. The major conditions precedent included GOG policy reform in the following two areas: (1) privatization of fertilizer supply and distribution and (2) revitalization of the seed industry. The project was linked to the World Bank's Agricultural Services Rehabilitation Project, a \$53 million multi-donor program to provide institutional strengthening of the Ministry of Agriculture, agriculture research and extension support, strengthening of the Irrigation Development Authority, support for veterinary services, and general support for privatization of GOG agricultural enterprises.

The conditionality attached to the APPP is "process-oriented" including preparation and review of detailed implementation plans against clear benchmarks. A concern with process is also evident in the manner in which the AID funds were released into the Ghanaian economy. Dollar funds were auctioned by the Bank of Ghana and cedis deposited in a special government account held through the Ministry of Finance and Economic Planning (MFEP), the lead agency for policy reform. Activities to be supported by these funds were selected jointly by MFEP and USAID, and were slated to include support for agricultural extension, roads, and policy studies.

Ghana Agribusiness Development Program

Planned to begin in FY 1992, this project takes an approach modelled closely on the APPP. Its objective is "to address the principal constraints to increase the private sector's role in agroprocessing and agribusiness development..."⁹ As with the APPP, dollar program funds will address essential policy and institutional constraints, with funds released in tranches and auctioned through the Bank of Ghana. Local currency generated through the auction will be programmed for activities that support private sector growth, including a loan guarantee fund, technical assistance, and training.

7 Final Evaluation Analysis, Midas-II, Ghana Seed Company, Nov. 1988

8 AAAP Project Assistance Authorization Document, August 1988, page 1.

9 Quotation from the project abstract as recorded in the CDIE Development Information System.

Analysis

While the Ghana case is a marginal one in terms of AID's overall agenda for natural resource policy reform, it provides insights into the differences between project and non-project assistance, the role of AID within the community of donors, and the links between agricultural programs and natural resource management.

- (a) Projects and non-projects. AID's experience with the MIDAS project prompted a search for a new approach that, rather than being dependent upon either policies or personnel, would address both directly. The policies of privatization conditioned by the APPP served to circumvent the problems of uncooperative or corrupt government officials.
- (b) The role of AID. The diminished stature of the AID assistance program required a new approach to influence the GOG. Among bilaterals, AID ranks 6th in total aid to the country. Leveraging its policy clout through the World Bank provides the following two avenues of influence: directly through governmental channels, and indirectly through the US contribution to the World Bank.
- (c) Agriculture and natural resource management. Although AID was not involved (until very recently) in major natural resource activities in Ghana, the agricultural programs have had important ramifications on the use of natural resources, and on the way that the GOG approaches NRM issues. The policy shift towards privatization within the agriculture sector, for example, is also reflected in other aspects of NRM management; the GOG is implementing a land title registration program that aims at securing usufructuary rights, a key element in a land conservation strategy. The removal of agricultural input subsidies will reduce, though not eliminate, the danger of harmful pesticide and fertilizer applications; more effective agricultural extension may have similar potential benefits. The emphasis on irrigation management could prevent the need for environmentally damaging river diversions. Encouraging non-traditional agricultural exports and abolishing distribution controls on imported foods are also likely to have an effect on land use.

NIGER

Projects Discussed:

Forestry and Land Use Planning (FLUP)

Agriculture Production Support (APS)

Agriculture Sector Development Grant (ASDG-I)

Agriculture Sector Development Grant II (ASDG-II)

Background

With a population of 7 million growing at a rate of 3.5% per year, Niger's relatively large area has protected its resource base to some extent, but the country's natural endowment is facing increasing stress. Agriculture is by far the major source of income for the country; an estimated 90% of the population is primarily engaged in farming or herding. In the vast nonarable regions of the northern part of the country, livestock production is dominant, accounting for some 40% of total rural production.

Only 12% of the country's land area is considered arable, and less than half of this is actively cultivated or under short-term fallow. The best agricultural lands, including most of the irrigated area, are concentrated near the Nigerian border, which provides a potential market for a range of products. Major food crops are millet and sorghum, covering about 70% of the cultivated area. Other crops include cowpeas, rice, onions, cotton, peppers, and peanuts.

Agricultural productivity has been declining in recent years, with per capita production slipping from 380 kgs in 1980/81 to 357 kgs in 1988/89. This decline is attributed to long term reductions in annual precipitation, the cultivation of increasingly marginal lands, a reduction of fallows, and an increase in the population. This agricultural dynamic impinges on the pastoral economy by placing greater strain on the land, which is already under increasing pressure from the growing population of the herds and herders. There is a clear link between the need for more productive agricultural technologies and the need to relieve pressure on fragile farm, forest, and range lands.

Niger's development strategy during the 1970's emphasized industrialization fueled by uranium exploitation, one of the country's few mineral resources of significance. A faltering economy led

the government to rethink this approach and adopt a more agricultural focus from 1987 to the present. At the same time, the government has shown its intention to decentralize some aspects of public administration and to liberalize price controls of basic agricultural commodities.

USAID Experience

Niger is the flagship country of USAID's efforts in natural resource policy reform, and it is also a country where USAID has a long and substantive history of project assistance. These two facts are not unrelated; indeed, the current accolades showered on the NPA policy reform efforts (e.g., ASDG-I) are largely the result of past on-the-ground field projects. Although the Mission underwent personnel changes, the long-term projects provided a continuity of focus, and fostered close interaction and working relationships among AID staff, consultants, and GON officials.

But Niger's own concerns about its natural resources are also significant, and it is impossible to separate the influence of USAID from the indigenous policy orientation of the Government of Niger (GON), or the policy pressures derived from the numerous other donors active in natural resource management. Investment in Niger's rural development is almost entirely (96.5%) derived from donor sources.¹⁰ The amount of donor funds allocated to natural resources is estimated at \$50 million per year. Thus, the ability of USAID, or any single donor, to have a marked influence on the country's program is diluted. However, there does appear to be an opportunity to help the government make wise use of the investment flows, and in this respect the USAID policy reform agenda appears to have found a receptive governmental ear.

During the past decade, the USAID natural resources portfolio has evolved from and been intertwined with agriculture. The Mission's early experience with institution building and policy reform centered on the agriculture (including livestock) sector, and has been evolving towards greater emphasis on natural resources, especially forestry issues. An overview of the key projects in agriculture and natural resources is presented below.

Agriculture Production Support Project (APSP)

This project was undertaken in the conventional project assistance mode, which included input supply, cooperative training and credit, extension support, seed multiplication, and fertilizer use and extension. The project did not include strong institutional support for the many agencies involved in implementation, and the project activities may actually have weakened these agencies, as activities sometimes bypassed the national agencies in order to ensure implementation at the field level. The First External Evaluation Report (1988:166) notes cryptically:

"The APS project was designed to help expand and improve national-level services supporting agriculture. To date, the project is still far from achieving this purpose. The lack of progress is in large measure due to the weakness of those institutions the project is to strengthen."

The 1988 evaluation concluded that future projects should limit the number of components and corresponding implementing agencies. A second conclusion was that cost-sharing with the government, which had been intended but not realized, is critical to the sustainability of institutional changes. Responding to these concerns, the design of ASDG-II would channel funds through a single agency, but the sustainability issue remains problematic. While requiring the government to cost-share can be included as a condition precedent, from the government's perspective the funds spent are simply part of a necessary transaction cost to receive grant funds through the NPA. Governmental commitment needs to be ensured through a participatory design process during the initial planning stages of development activities.

The cooperative training component was highly successful, according to the 1988 evaluation, in contributing to the growth of a viable cooperative movement in the country. Factors underlying the success included posting project staff in the villages and a pragmatic, demand-driven training program.

10 Source: ASDG-II Project Paper, page 27.

Forestry and Land Use Planning (FLUP)

The initial purpose of the FLUP project, authorized in 1979, was to establish a functional planning and managerial capability within the Forest and Water Service (later changed to the Direction de Foret et la Faune) and produce a long-term plan for the protection of Niger's soil and vegetative resources. Following a 1983 evaluation, which found little progress towards these overly ambitious goals, the project was revised in 1984. The revised purpose was to strengthen the planning process within the DFF through the creation of a planning unit. Specific objectives also included demonstration of technologies needed to respond to natural resource problems.

The planning unit (Service de la Planification et de Documentation) was not operational at the time of the 1987 evaluation, which was considered a worrisome indicator of the project's overall performance. The technological demonstrations, however, were already showing success, and subsequent studies (e.g., Minnick 1991) have confirmed this earlier assessment. The best of the model sites was Guesselbodi, which evolved from a purely technological proving ground in natural forest management to a more socially-oriented experiment with important policy impacts at the national level. According to Minnick (1991:7), "forest management based on the Guesselbodi model has been expanded to more than 200,000 ha with the support of numerous donors...Concurrently, the government of Niger has translated Guesselbodi's decentralized joint Forest Service and community management approach into fundamental policy reform of usufruct rights on public forest lands and reorientation of the Forest Service."

The initial success of Guesselbodi is tied to some fortuitous circumstances, including GON support for the cooperative movement and the placing of a cooperative expert in the village of Guesselbodi in 1985 as part of the ASDG-I project (see discussion of this project below). The cooperative expert, from the Cooperative League of the United States of America (CLUSA) helped organize villagers to enter into a partnership with the national Forest Service by

which villagers would harvest, replant, and generally manage a portion of an adjacent national forest. Strict guidelines were worked out with Forest Service officials, but the government balked at going ahead with this unprecedented arrangement. The experiment was able to proceed only when USAID included implementation as a precondition for releasing additional ASDG-I funds. While numerous internal dynamics were simultaneously at work within the government, the role of USAID's conditionality appears to have been an important factor in realizing the Guesselbodi experiment.

The technical experiment of natural forest management at Guesselbodi was carried out as part of the FLUP project; the policy reforms that the Guesselbodi experiment helped make possible were promoted under the ASDG-I project after FLUP ended. The ASDG project did not continue the technical support component at Guesselbodi, a situation which has been called "ironic" and "premature" (Minnick 1991:17). Replication of the Guesselbodi success, and perhaps the sustainability of Guesselbodi itself, requires location-specific technical knowledge which is not provided under the (ASDG-I) project.

Agriculture Sector Development Grant (ASDG)

Authorized in 1984, midway into the life of the FLUP project, the ASDG project was an early example of the non-project assistance mode. The policy reforms it addressed included reduction and of agricultural input subsidies, privatization of input supply, liberalization of cereals marketing and cross-border trade, and restructuring of Niger's agricultural credit system. Reforms in natural resources management (the redrafting of the Rural Code) were added through a PAAD amendment.¹¹

The 1989 Final Evaluation of the ASDG project was very positive, and it led the way for a follow-up project titled ASDG-II. Four lessons derived from ASDG-I are relevant to policy reform efforts in general:¹²

11 The following language is given in the March 1990 Project Implementation Report to describe the conditions precedent for natural resources management: "Published, through the official channels, provisions detailing the usufruct rights granted to communities of the forest management sites (e.g., Guesselbodi, Maggia Valley). Published, through the official channels, provisions granting that communities managing the sites following an approved forest management plan will profit from the same advantage as those applied to Guesselbodi."

12 Source: ASDG-II Project Paper, Vol. 1, pp 26-27.

- 1) National policy makers must understand and agree with the reforms being promoted by the project; education and honest policy dialogue are key to this effort.
- 2) Policy reform, like most other activities, requires management, and this implies feedback on policy reform impacts. Decision makers who are ultimately responsible for the effects of the policy reforms must be able to measure impact in some meaningful way.
- 3) Policy reforms must be backed up, and preceded by project assistance. NPA should be viewed as a stage in an evolutionary processes, and a complement, not a substitute, for conventional projects.
- 4) Effective and sustainable policy reforms require coordination among donors and host-country agencies; otherwise government agencies will be unable to monitor the changing scene, and new policies will be undermined by contradictory policies.

Analysis

The policy reform prompted by Guesselbodi, and included as a condition precedent of ASDG-I, was a re-drafting of Niger's Rural Code to recognize the usufruct rights of villages to the natural resources they have customarily utilized. This policy change was made possible through the demonstration at Guesselbodi that a participatory approach is indeed consistent with the goals of natural forest management. The policy option could be considered only when the technical feasibility had been demonstrated. The converse is also true, that technical success in participatory natural forest management would have been inconsequential had it not been followed up with policy reform efforts. Sustainable policy reforms have to be based on a solid technical (and social) base, and require provision for follow-up activities.

The general strategy employed is articulated in the Niger CDSS for FY 1988 as follows:

"The project assistance mode cannot easily adopt itself to the execution of policy reforms and budgetary resource allocation, although it can be very helpful in parallel development of institutions. In Agriculture, USAID has chosen sector assistance to tackle key policy reform areas which are not

particularly amenable to project assistance, and combined it with project assistance for agricultural research and the development of self-managed local organizations" (page xi).

At the same time, the Niger case points to an important constraint in the effective implementation of policy reforms. With a decrease in staffing and operating budget, the Niger Mission has cut back programs on desertification control and natural resource planning, a move which the CDSS itself labels as "contradictory" but necessary.

RWANDA

Projects Discussed:

Natural Resources Management (NRM)

Policy Reform Initiatives in Manufacturing and Employment (PRIME)

Agricultural Surveys and Policy Analysis Project (ASPAP)

Private Enterprise Development Project

Natural Resources Management Support Project

Background

A tiny country of only 26,280 km², Rwanda is characterized by fertile but steeply sloped land, biologically important forest and animal resources, and a rapidly growing population of some 7 million. The country's rich agriculture has been able to support the densely settled population (ca. 270 persons/km²), but the environmental cost is mounting. With a population growth rate of nearly 4%, the country's steeply sloped hillsides, marais (wetlands), and montane forests are critically threatened.

The environmental dilemma now facing Rwanda is due more to raw population pressure than to natural resource policies *per se*. Indeed, the country has been blessed with relatively progressive agricultural, forestry, and land use policies. The present challenge is to refine these policies to help avert the environmental disaster that will otherwise, and perhaps inevitably, follow from runaway population growth.

The pressures of population on the agricultural environment are clearly summarized in a June 1989 evaluation of the Agricultural Surveys and Policy Analysis Project (discussed below):

"Population pressures are exerting a multitude of influences on the rural economy. The average farm size is decreasing as holdings are increasingly fragmented. More people are now without land and migrant labor is increasing...The wetlands (marais) are being used more intensively and land tenure problems are surfacing... Production can not much longer be increased by bringing new land under cultivation. Instead, means must be found to increase yields, especially of food staples. Livestock must be better integrated into the farming system. Land must be used with greater care given to problems of fragile soils subject to erosion and declining fertility. Reforestation efforts must be stepped up...Watersheds have to be protected and the marais must be carefully managed"(Steedman et al, 1989).

The country's environmentally precarious situation has arisen in spite of relatively well formulated policies and a robust economy. While 90% of the labor force is engaged in agriculture, coffee production is the country's major earner of foreign exchange. Since Independence in 1962, GDP has grown at an average rate of nearly 6% annually, well above the population growth rate. Food production has also performed well, growing at a rate of 4.3%, keeping ahead of population, but only through an expansion of cultivated area. At the current rate of agricultural expansion, the entire arable land base (roughly one million hectares) will be in production by the end of this decade.

USAID Experience

Until the introduction of the new Natural Resources Management (NRM) project, the thrust of USAID assistance had been on agriculture and manufacturing. Although environmental sustainability was not a prime objective, these efforts served to relieve pressure on the natural resource base through intensifying agriculture and providing alternative avenues of employment.

During the 1980's, a variety of agriculture and natural resource projects addressed specific sectors such as fish culture, forestry, agroforestry, agriculture, and irrigation. For the most part these projects were judged successful, assisted by a constructive policy environment and committed government agencies. Emerging problems in environment and natural resources included lack of coordination, particularly among donor-funded activities, and the absence of national-level planning. These problems are being addressed through a World Bank-initiated environmental action plan, which USAID is also supporting.

The major problems in policy have been more a reflection of institutional problems rather than conceptual ones. For example, the central planning process has resulted in national level resource management plans that are often inappropriate for particular regions. The focus of USAID's natural resource policy reform efforts is more on the institutions responsible for formulating plans and policies rather than on the policies themselves.

Agricultural Surveys and Policy Analysis Project (ASPAP)

A follow-up to the Agricultural Survey and Analysis Project (ASAP, 1981-87), the ASPAP is largely the same project with "policy" added to the name. Instead of dealing only with the Ministry of Agriculture, the project included the Ministry of Finance and Economy (MINIFINECO) and the Ministry of Planning (MINIPLAN). The project attempted to move beyond data collection to economic analysis and other studies that could feed into the policy-making process. The purpose of the project, as stated in the Project Grant Agreement, was "to improve policy formulation for the rural economy by improving the quality and increasing the quantity of the information base from which policy is formulated, and by strengthening the institutions responsible for provision of such information."

The notion of including policy into the old ASAP took shape in 1985 during the project's mid-term evaluation, and the suggestion that the agricultural statistical survey (SESA) might take on the functions of analyzing not only statistical data, but also policy. This increased analytical capacity within the Agriculture Ministry was seen as "a means to an end, an ability to influence policy"

A mid-term evaluation conducted in 1989 (Steedman et al. 1989) found that "Having an impact on policy formulation will be a longer and more

difficult process than ASPAP's designers envisaged." The main reason for the difficulty is, "there are no obviously bad policies that are candidates for immediate change." Indeed, the evaluation report suggested that the project focus was motivated more by ideology within USAID than by an objective assessment of local needs:

"ASPAP appears to give so much emphasis to policy, not because the project designers had any clear notion of the strengths and weaknesses of Rwanda's macro and sectoral policies in 1986, but because 'policy' had become a fashionable buzzword by then and it seemed only logical to proceed from data collection and analysis to using the results for informing policy decisions."
(Steedman et. al. 1989: 16)

In the short term, it appears that the primary clients of the analysis generated by SESA have been other donors. Government officials have found the dissemination of research results a constraint on their time; at one point in 1988, the Minister of Agriculture ordered a temporary ban on seminars when he felt there had been too many. Nonetheless, the mid-term evaluation found these same government officials quick to credit the project with stimulating a change in thinking, and in sensitizing them about the value of scientific data for keeping abreast of the rural economy.

Natural Resources Management (NRM) Project

Authorized in 1989, the NRM project has the following four objectives: (1) reduction in hillside erosion, (2) sustainable use of wetlands (marais), (3) protection of natural forests, and (4) improved governmental coordination of activities affecting the natural resource base (cited in the Project Paper, page 1). The project builds upon experience in earlier field and research-oriented projects and is intended to complement the ASPAP as well as another policy reform project, Policy Reform Initiatives in Manufacturing and Employment (PRIME). The focus of the NRM project is not on policy reform directly, but rather on institutional and technological constraints to formulation and implementation of viable policies. The project's centerpiece is the creation of a Groupe Technique within the Ministry of Agriculture that is to coordinate applied research results and agricultural policies, particularly with regard to soil conservation and sustainable cultivation of marais (communally-owned valley

bottoms) lands. The unit will monitor and review natural resource interventions, forward appropriate recommendations to the Minister of Agriculture, and review and approve grants at the communal level for employment and revenue-generating activities.

Because the Groupe Technique will have its own source of funds through the project, it will control grants made to local administrative units (communes), and will target issues identified as priorities by other ongoing AID-supported projects. In this way, the two sets of AID activities, field projects on one hand and institutional strengthening on the other, are intended to be mutually reinforcing, leading to the ultimate objective of policy reform. The conditions precedent cited in the Project Paper pertain not to policies governing natural resource use, but to institutional reforms intended to enhance the capacity of governmental technical and planning units.

Analysis

The current generation of USAID projects in Rwanda reflect a concern for policy analysis and change, but within a national context where existing policies are rather difficult to fault. Thus there is greater concern that policies already on the books are actually implemented on the ground. The means of promoting and enabling this implementation lie in strengthening the management capacities of the agencies concerned.

Evaluations of earlier programs had pointed to the need for gaining policy benefits from USAID investments, rather than providing unencumbered assistance. For example, a 1986 assessment of US food aid to Rwanda suggested that future program assistance be conditioned on policy reform designed to support food self-reliance (McClelland et al 1986). Other project experience highlighted the need for close dialogue with government decision-makers to strengthen or reform policies. An evaluation of the Private Enterprise Development Project (a precursor to PRIME) observed that a lack of dialogue between the USAID contractor and government officials limited the policy impact of the detailed surveys and studies conducted under the project (USAID 1990).

Faced with a need to do more than projects, but with few concrete suggestions for urgent policy reforms, the AID response has been to focus on institutional capacity building, both through conditions precedent which require the formation of new units (e.g., the Groupe Technique), and through the provision of training and research assistance. This approach utilizes new organizational forms

such as the Groupe Technique to bridge the two worlds of policy making and research. The assumption is that better research, coupled with better pathways between researchers and policy makers, will yield better policies. This approach has the additional advantage that new policies will be defined by the government agencies charged with their implementation, rather than imposed directly through conditions precedent.

MADAGASCAR

Projects Discussed:

Knowledge and Effective Application of Policy for Environmental Management (KEAPEM)

Sustainable Approaches to Viable Environmental Management (SAVEM)

Debt-for-Nature Swap

Agricultural Rehabilitation Support (FY 85-90)

Agricultural Export Liberalization Program (FY 88-91)

Background

With a population of 11 million and a land area of 587,000 hectares, much of it arable, and between 200-300,000 ha irrigable, Madagascar would appear to have the potential for being a major food exporter. Yet the country struggles to avert starvation, the economy is in ruins, and the rich natural heritage of endemic plant and animal species is rapidly disappearing. Madagascar's biological diversity is its unique endowment. With an estimated 150,000 endemic species, no other single country comes close to rivaling its biological significance.

The major threats to Madagascar's endemic species are the intertwined forces of deforestation and agricultural encroachment. The population is growing at 3% per year, with 79% of the population living in rural areas and 85% of the labor force engaged in agriculture, mostly growing rice. Export crops include vanilla, cloves, and coffee. The fishing industry has expanded rapidly, and still has room for growth. Eco-tourism is still poorly developed but has good potential.

Since 1983 the country has pursued a structural adjustment program that has been hampered by weak institutions. Real income was 20% lower in

1990 than it was in 1975. The natural resource base, in particular soils, forests, and plant and animal species, has been seriously degraded over the past decades. Vast areas of forest have become deserts, densely settled areas are experiencing irreparable soil erosion, and countless species have become extinct. Nevertheless, large areas still remain more or less intact. The country does have potential, but little time remains to utilize it.

USAID Experience

The USAID program in Madagascar, which is less than one decade old, has concentrated on the following two tracks: (1) rehabilitating the country's degraded agricultural infrastructure, and (2) promoting conservation and wise management of the country's unique biological resources. The very presence of the USAID Mission was a response to the Government of Madagascar's changes in economic policy during the early 1980s, and policies have been a focus of both programmatic tracks. Over the years, there has been an evolution from field activities and institutional capacity building to an emphasis on policy reform.

For the agricultural sector, the shift towards a policy emphasis took place midway into the mission's first large project, the Madagascar Agriculture Rehabilitation Support Project. The policy emphasis was then carried over into a follow-on project, the Madagascar Agricultural Export Liberalization Program. In the case of the natural resources and conservation "sector", the mission has made a very recent shift from providing support to conservation NGOs (e.g., World Wildlife Fund) for field activities, to promoting specific policy changes backed by grant conditions. The project which epitomizes this shift is the KEAPEM (Knowledge and Effective Application of Policies for Environmental Management) project, currently awaiting authorization.

A key feature of USAID's efforts in natural resources management is the popularity of Madagascar among environmentally-motivated donors. Environmental concerns have become primary in Madagascar's development strategy, whether out of recognition of biological importance or environmental politics. Formulating a strategy for USAID has necessarily involved close dialogue with other donors, particularly the World Bank.

Madagascar Agricultural Rehabilitation Support (MARS), and Madagascar Agricultural Export Liberalization Program (MAELP)

The policy shift in USAID's agricultural program came midway into the MARS project. The project was complementary to the World Bank's Agricultural Institutions-II Project, focussing on commodities and technical assistance, but not addressing policies directly. As noted in the 1986 Project Evaluation Summary, "The project is designed to support policy reform, although the immediate project outputs are not policy reform" (USAID 1986.)

Through a buy-in to the S&T/AG Agricultural Policy Analysis Project (APAP), an analysis of country-wide agricultural policies was conducted which identified reform needs and suggested strategies. Notable among the strategies was narrowing the project focus to policy dialogue, technical assistance, and training, with less emphasis on commodity assistance. Other suggestions dealt with the methods of policy dialogue. Formal workshops should be aimed at mid-level officers, while senior officials require a more informal approach. Also, training was seen as a critical element in supporting the ongoing but "creeping" divestiture of parastatals.

Although the MARS project was given a policy twist, a true policy orientation was introduced with the follow-on MAELP. The program's purpose was clear: "to remove policy and procedural impediments to liberalized external agricultural markets in Madagascar."¹³ The keystone of the program is "policy reform-conditioned dollar disbursements under an agriculture sector grant." While the program also includes a technical assistance component, this is explicitly linked to policy reform. Technical assistance training and studies would "consolidate the reforms addressed by the program grant, and...increase GDRM and AID's understanding of additional reforms that are needed."

Conditions precedent to releasing the first of two \$8m tranches included the elimination of government monopolies for marketing traditional export crops (e.g., cloves, coffee, vanilla, and pepper), and allocation of foreign exchange through open market-clearing systems. A second tranche for

an equivalent amount would hinge on liberalized agricultural trade policies. In addition to these and other conditions precedent, a series of covenants would be adopted to assure that policy reforms are not reversed, and that the private sector will be the primary beneficiary of project-supported training.

Conservation Projects (SAVEM, KEAPEM)

USAID has supported conservation activities in Madagascar since 1985, but the support was given indirectly through PL-480 funds, or through grants to NGOs such as World Wildlife Fund. Very recently, this indirect approach to conservation has been supplemented by several new initiatives that inject policy reform into the field of conservation, and attempt to recast the field into a framework of natural resource management.

The evolution of a policy orientation in the conservation and natural resources field can be characterized in four overlapping stages: (1) support to US-based research institutes and NGOs for conservation research and training, (2) location-specific projects, funded mostly through PL 480, (3) the 1989 Debt-for-Nature Swap (collaboration between USAID and World Wildlife Fund), and (4) comprehensive technical assistance and policy reform efforts under the umbrella of the national Environmental Action Plan.

Rumblings of policy concern are seen in Stage 1 and 2 activities. For example, the Amber Mountain Conservation and Development Project aims at an integrated conservation, development, and public awareness program. A 1986 review of PL-480 funded projects recommends the promotion of genuine participation by local communities (Robinson and McCoy 1986). The Debt for Nature Project in 1989 was an attempt to address the basic issue of financial resources that constrain the implementation of conservation measures. But the policy factor in natural resource management was not addressed explicitly until the EAP-related twin projects, SAVEM and KAPEM.

Although the SAVEM project involves a fairly conventional set of conservation activities (biological research, park management and training, and buffer zone development), the project is designed as the action complement to the institution building and policy reform to be carried out under KAPEM.

13 This and other quotations regarding MAELP have been taken from the July 1988 Project Paper.

While the precise policy conditionality for KAPEM has not yet been formulated, the Program Assistance Initial Proposal (the erstwhile PID) cites 28 policies that the project would likely address. These range from "a comprehensive economic and fiscal policy on forest asset conservation and use" to "approve and publish a comprehensive revenue schedule related to tourism including: a new international airport arrival/departure fee;...hotel occupancy taxes or nightly bed taxes for foreign visitors..." authority for local associations, and many other provisions relating directly or indirectly to the conservation, use, and management of natural resources.¹⁴

Analysis

The USAID program in Madagascar has evolved during a period of less than a decade from a focus on infrastructure and field projects to institutional strengthening and policy reform. The transition, however, has not been a steady one; the dominant interest in the early days of the program was on the privatization of agriculture and agricultural exports. The focus of the USAID portfolio has tilted to the arena of conservation and in particular, the conservation of biological resources, including forestry. In contrast to USAID strategies in some other countries (e.g., Rwanda), where conservation of the agricultural resource base (soil and water) is not addressed specifically, there is a greater concentration on forests and biological diversity.

Within the field of biological conservation, policy reform has evolved into a central feature of the Mission's portfolio during the 1990s. Why has an environmental policy focus lagged behind the policy shift in agriculture? A major reason appears to be the lack of environmental policy analysis on which policy reforms could be based. In the agricultural sector, the value of particular reforms was relatively clear, and the consequences could be fairly easily predicted. A great many country-specific studies, as well as related research in other countries, provided a basis for policy formulation. The field of natural resources management was not nearly so well understood, and the project experience that USAID had accumulated was highly location-specific.

Over the past decade, the USAID mission's methods have evolved from an initial reliance on working through intermediaries such as US conservation groups, in particular World Wildlife Fund. The Mission is now building its own

institutional linkages with relevant government agencies. The Mission's policy leverage with the government owes much to the collective weight of the community of donors supporting the country's environmental action plan. USAID has become a sort of institutional and policy specialist within this group, a position further strengthened by recruiting a full-time coordinator, paid by USAID but housed in the World Bank, to head the multi-donor secretariat.

PART III: CONCLUSIONS AND FOLLOW-UP

This section identifies some general lessons from the four country cases, discusses several outstanding issues that the present study cannot adequately address, and outlines a follow-up study that might deal in greater depth with these and other policy issues.

General Lessons

In the four country cases described in this paper, USAID has focused its efforts more on policy. As the objectives have shifted to policy reform, the means employed have tended to involve greater use of conditionality, with rewards in the form of grants rather than conventional project activities. This new approach is misleadingly labelled "non-project assistance" (NPA); the activities are in fact managed as projects, and along with policy conditions and grants there are also conventional project activities funded by the local currency that the dollar grants have generated. A more accurate name might be "policy assistance," drawing attention to the additional emphasis on policy reform, rather than denying the existence of project-type activities.

Whatever it is called, the approach which the agency calls "NPA" clearly constitutes a new way of providing assistance, and the indications from experience in the four country cases suggest that the approach has met with overall success. Some of the inappropriate policies that have constrained natural resources management are being reformed, and USAID has played an important role in this process.

This section addresses the specifics of the NPA-stimulated policy reform process by asking the following questions:

14 Source: Program Assistance Initial Proposal, Dec. 17, 1990, pp 29-33.

- 1) What levels and types of natural resource policies have been most amenable to USAID's influence?
- 2) What kinds of USAID actions have been most effective in reforming natural resource policies?
- 3) How can the effectiveness and sustainability of the new policies be enhanced?

1. Levels and types of policy. In the four country cases, and as is the situation in most African countries, agriculture is by far the major contributor to the national economy, both in terms of labor force employed and total monetary value to the gross domestic product. Agricultural assistance has the potential for addressing not only economic concerns, but also food security, equity, and (in recent years) environmental sustainability. Agricultural policies such as commodity and input prices and privatization were directly influenced by NPA conditionalities in Ghana (Agricultural Productivity Promotion Program), Niger (ASDG-I), and Madagascar (Agricultural Export Liberalization). Natural Resource policies such as Niger's Rural Code have also been changed, or at least influenced, through NPA conditionality. In Madagascar, forest use and protection in particular areas was the subject of conventional projects that provide funds for forest management. Under the new KEAPEM project, an NPA approach will attempt to promote policy changes at the national level.

The ability of NPA approaches to influence natural resource policies depends first of all on identification at the Mission level of NRM priorities within the Mission portfolio. The four country cases reflect a wide range in this regard; three types of NRM strategies can be distinguished:

- (1) Focus on rationalizing agricultural policies and rely on secondary influences on natural resource policies. For example, in Ghana, the APPP and Agribusiness Development Program, and in Madagascar the Agricultural Export Liberalization Program, indirectly affect natural resource management through promoting the removal of subsidies on chemical inputs and land tenure reform conducive to more sustainable land use practices. However, some agricultural reforms might also have an adverse effect on the natural resource base, e.g., promoting non-traditional agricultural exports, where cultivation may entail

intensive use of chemical inputs without adequate agricultural extension.

- (2) Link agricultural and natural resource policies. In Niger the ASDG-I and in Rwanda the NRM activities address both agricultural policies and practices, as well as land use beyond agriculture (e.g., forestry). In ASDG-I, the emphasis is largely on agriculture, while in Rwanda's NRM the emphasis is on forestry, wetlands, and soil conservation, but with agricultural practices addressed as part of the overall solution to sustainable natural resource management.
- (3) Focus on biological conservation. In Madagascar, the twin projects of SAVEM and KEAPEM give exclusive attention to biological resources, including some forestry components, but do not include agriculture. This biologically-oriented strategy appears to be motivated partly by the importance of Madagascar's biological wealth, and also by the complementary activities of other aid agencies.

2. USAID Actions. While a variety of alternative assistance activities, ranging from conventional projects to macro-level structural adjustment grants, can lead to policy change, there is little doubt that the NPA approach has achieved policy results, at least in the short term. "Performance-based disbursements" provide recipients with clear economic incentives for complying with project conditions. But the conventional types of project activities such as pilot projects, institutional strengthening, training, and technical assistance also play an important role in policy change. The pilot forest management project at Guesselbodi, for example, demonstrated the feasibility of a new management approach that violated Niger's existing Rural Code. The condition imposed by USAID that the Rural Code be revised was palatable to the GON because the pilot project proved the workability of the proposed policy changes, and because there was already interest within the government to revise the Code. Without the demonstration, it is quite likely that the Code would not have been revised, or at least not to the same degree. And even with the demonstration, the experience of Guesselbodi might have remained an interesting but irrelevant pilot success, without the policy leverage of the NPA. The correct level of policy pressure, applied at the appropriate time, can lead to significant policy changes.

Institutional strengthening has been a consistent feature of both conventional projects and NPAs.

Under the conventional assistance scenario, management and technical training for line agencies (e.g., agriculture or forest departments) helps projects such as Guesselbodi. Institutional strengthening can also involve the creation of new units, such as the Ghana Seed Company, or the Groupe Technique in Rwanda. However, in the case of the Groupe Technique, the new institutional unit has a policy role that supports the effort of the NPA, which, at the same time, provides its institutional *raison d'être*.

3. Policy Sustainability. Five sets of factors appear to condition the long-term viability of national policies induced through USAID influence. (1) Proposed policies need to take existing policies into account and address potential conflicts both within and beyond the natural resource sector. (2) Policies need to be well grounded in field reality, as in the case of Niger's Rural Code, and in a thorough understanding of local institutional capacity. For example, the commonly pursued policies in favor of greater role for the private sector should be based on analysis of the capacities of the private sector.¹⁵ (3) Proposed policy changes need to be well understood and agreed to by the government agencies concerned; this implies a lengthy period of pre-NPA dialogue between USAID and the government. In the past, such dialogue accompanied long-term technical assistance projects through which government officials interacted closely with USAID Mission staff and consultant teams, over a period of many years. With the demise of conventional projects, other fora for sustained dialogue will need to be found, e.g., long-term policy advisors provided as part of an NPA package (as in the case of Rwanda's Natural Resources Management Project). (4) Proposed policies need to be consistent with the activities and interventions of other donors. While there is usually good communication between USAID and the World Bank, the same is not true for relations with other bilateral agencies. Finally (5), institutional arrangements and technical capacity must be in place to implement the new policies, and to adapt the policies to fit local conditions. While there is invariably a tendency to overlook institutional weaknesses in order to meet quantitative assistance targets, the long-term results can be disastrous. More sophisticated evaluation procedures may reduce the pressures for false

economizing in the area of institutional strengthening.

Some Outstanding Issues

The present study is the first in a projected multi-phase effort to analyze and enhance the effectiveness of USAID's policy-reform focus within the agency's overall strategy for improving natural resources management in Africa. This section highlights several outstanding issues which will be revisited in subsequent analysis.

(1) **Should AID's efforts to improve natural resource management focus on policies?** While there is little doubt that AID's shift to a greater concern with policy has corrected an imbalance in the Agency's earlier activity portfolio, the pendulum may have swung too far in the policy direction. Policy changes should be part of an iterative process that incorporates technical assistance activities (conventional implementation projects, training, institutional strengthening) within a policy framework. The experience of the ASPAP in Rwanda is a case in point: policy reform was not the greatest priority; rather, enhanced institutional capacity and new organizations were needed. Another example is the policy reform efforts in Madagascar. The Mission wanted to become involved in natural resource policies several years ago, but it identified relevant research as a pre-requisite to policy reform and wisely delayed KEAPEM so the activity could be informed by those research results. Other factors to consider prior to embarking on the path of policy reform include the activities of other donors and the receptivity of the host government to both the proposed policies and to the mode of promoting the policies. An open, participatory dialogue between AID and the government can foster joint interest in novel policy solutions rather than coerced and inevitably short-lived policy concessions. Finally, the timing of reform efforts should be considered. An economic or ecological crisis may be an opportunity for policy change;¹⁶ a government's political vicissitudes might preclude productive policy discussions until after an election.

(2) **How should AID address policy reform?** A frontal attack on policies through the NPA approach is not the only option to influence natural resources

15 This point elaborated in Vondal (1988), page 39.

16 The correlation between a "crisis" situation and the likelihood of successful agricultural policy reform has been noted in the study by Tilney et. al (1991).

policies. Pilot projects to demonstrate the feasibility of new policies, training, collaborative research, and technical assistance to strengthen institutions, working through NGOs or other intermediary organizations, and low-key policy dialogues, special studies, or policy advice are some of the means available to achieve policy ends. The mix of policy reform mechanisms and their timing should be part of a policy reform strategy that USAID would pursue over the long term, in close collaboration with government officials and representatives of key interest groups. The relative weight given to different elements of the policy reform tool-kit would depend upon such factors as the knowledge base, the experience of existing policies, activities of other donors, and the receptivity of the host government.

(3) Are the policy reforms likely to have real impact on the ground? Translating policy pronouncements to the real world of human behavior is the key link in the policy reform chain. The concept of "paper" policies is all too familiar, yet there is invariably a temptation to feel a sense of accomplishment when new policies attain even a paper form. At least two sets of variables can affect field-level impact. First and most important is the process by which the policies were adopted. To what extent were grassroots groups and other interested parties involved? How much real support do the policies have within the government? How flexible was AID in finding policy solutions acceptable to the government? Second, once the policies are adopted, the institutional mechanisms, as well as the political, will have to be in place to implement, monitor, and enforce the policies. Any conflicting policies or countervailing political pressures need to be changed or accommodated if the new policies are to take effect.

Proposed Follow-up Activities

Two inter-related activities are planned to follow-up on the present study and address the above issues in greater depth. One activity is a detailed study of USAID's policy reform efforts in two or three countries; a second activity is the establishment of a consultative group of experts to provide long-term analysis and advice on natural resources policy in Africa. Each activity is presented separately, although they would be implemented concurrently.

17 The total team size is anticipated to be between 2-4.

Follow-up Study 2

A detailed investigation of natural resources policy reform efforts in a small number (2-5) African countries would have as its objective to better understand how policy reform can be most effectively promoted. The focus in each country would be on USAID's experience, but the study would seek to include all natural resources policy influences within the study countries, in order to place the AID efforts in context. The study would contribute to better policy strategies, not only for USAID missions and the Africa Bureau, but also for host country governments, NGOs, and other aid agencies.

The study countries would be selected on the basis of the Africa Bureau's strategy and Mission interest. Candidates include Madagascar, Uganda, Niger, and Gambia. A team of two WRI staff or consultants would conduct each country study. Methods would include reading background documents and interviewing country experts from USAID, the World Bank, consulting firms, and NGOs. A 10-day field visit to each study country would include interviews with USAID staff, past and present government officials, local consultants, university experts, NGO representatives and grass roots organizations. Interviews would focus on USAID activities in promoting natural resources policy reform in each country, including the rationale for targeting certain policies in particular ways.

The study team¹⁷ would draft the country cases, which would be circulated among the consultative group (see below). A small workshop would be held for the consultative group and a few outside experts to discuss the country cases and glean lessons from the country experiences. Based on input at this workshop, the study team and/or some of the consultative group members would draft a publishable manuscript having a provisional working title of, "New Policies for Endangered Natural Resources in Africa."

Consultative Group

The purpose of the Consultative Group would be to provide intellectual depth to USAID's Africa Bureau and WRI's Africa program, while serving to provide long-term policy analysis and advice to the governments and AID missions in selected countries.

The countries selected for this special attention will initially be those selected as study countries in the follow-up study outlined above.

The Consultative Group would number from 5 to 10 individuals who would be affiliated with WRI and would be on-call for periods of a few weeks to a few months each year to participate in Consultative Group activities. The following three types of activities are envisaged: (1) Ad hoc requests for reviewing documents or conducting short desk-studies; (2) Conducting special studies; and (3) Policy analysis and advice to host country governments and/or A.I.D. missions. It is anticipated that the bulk of requests for services would originate from A.I.D.'s Africa Bureau, but WRI would also be free to market its services to other organizations, or to engage in self-defined studies.

The initial convening of the Consultative Group would be the workshop to discuss the results of the study outlined above.¹⁸ Subsequent meetings would be called by WRI, which would serve as Secretariat for the group. Financial support for the Group would be provided by WRI, largely supported by A.I.D.'s Africa Bureau, with possible buy-ins from Missions, and the potential for additional funding sources outside A.I.D. The role of the Africa Bureau would be to provide start-up funding and possible long-term support.

Annex 1

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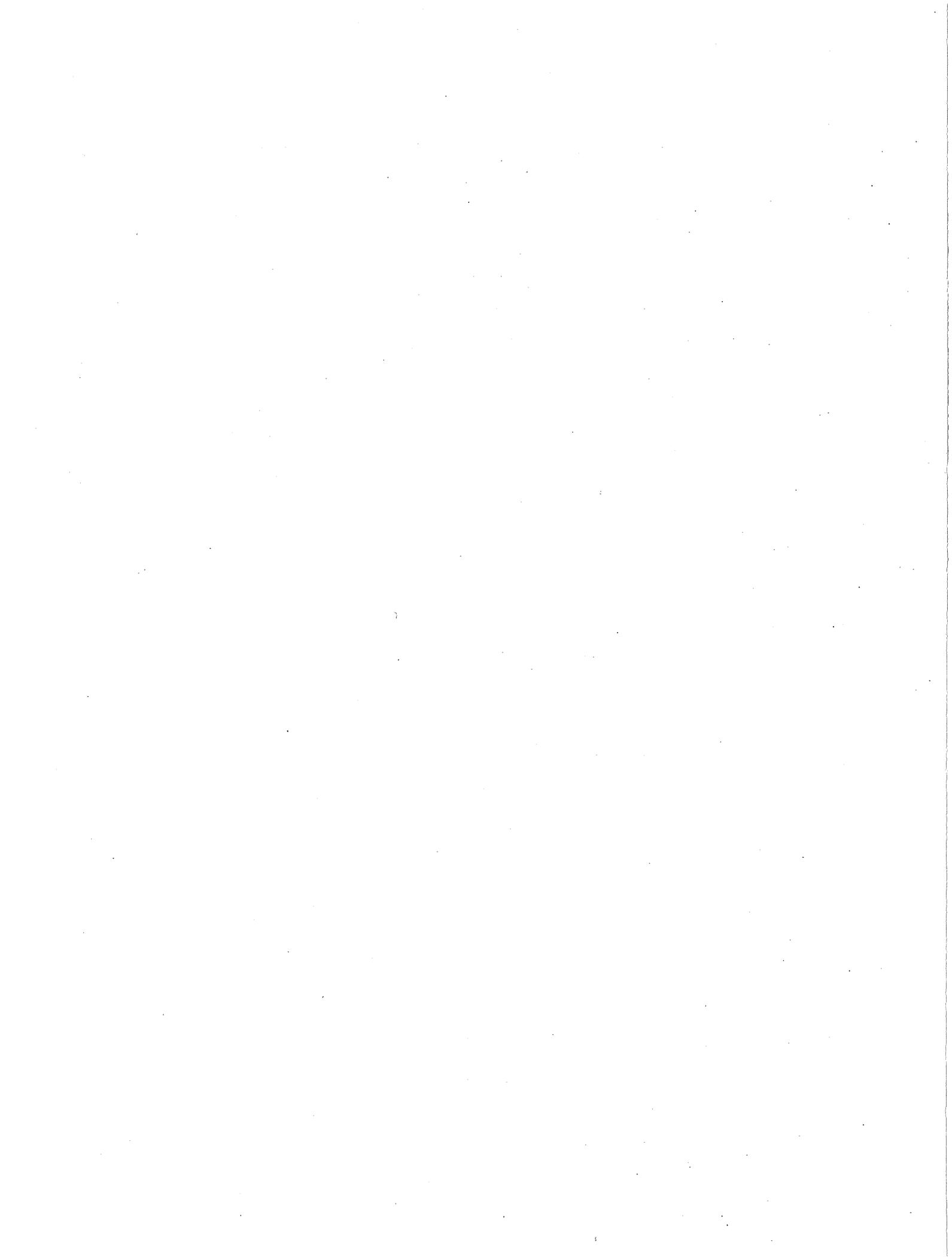
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Annex 2

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