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**Creating an Open
Decision-Making
Process to Improve
Environmental Policy
Implementation:**

**Applying Negotiation
Strategies to Inter-
national Development**

DESFIL

Development Strategies for Fragile Lands

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Development Alternatives, Inc. • Tropical Research and Development, Inc.
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**Creating an Open Decision-Making Process to
Improve Environmental Policy Implementation:
Applying Negotiation Strategies to
International Development**

by

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FOREWORD

This research report by John K. Gamman follows on earlier DESFIL work by the same author, *A Comparative Analysis of Public Policies Affecting Natural Resources and the Environment*. It is a continuing evolution of Dr. Gamman's doctoral research begun at the Department of Urban Studies and Planning at the Massachusetts Institute of Technology. The research was supported in part by Development Strategies for Fragile Lands, DESFIL, a centrally funded project of the Science and Technology and Latin America Bureaus of the United States Agency for International Development. DESFIL assists those Bureaus in their regional programs to arrest the degradation of natural resources while encouraging the increased production of food and fuel for income generation. Tasks of specific interest to DESFIL include the development of institutional arrangements that promote and facilitate the sustainable use of fragile natural resources, the analysis of related policies, and attention to the process of implementing policy change.

Dr. Gamman characterizes most current efforts at policy implementation or change as "closed," in that they exclude key interest groups and stakeholders. He advocates "open decision making," as a superior method to effect environmental policy implementation. Dr. Gamman defines preconditions necessary to an "open" policy negotiation process. He discusses important steps necessary to making a system of open decision-making work. He offers advice to donor agencies, national political leaders, environmental nongovernmental organizations, and resource users, identified as the major interest groups and stakeholders central to negotiating and implementing policy change.

This report consists essentially of a primer on implementing policy change via an open process. Dr. Gamman advocates a general or idealized process to improve policy implementation. He details how this new open process is at substantial variance with current efforts to change policy. The new process includes all affected stakeholders and heavily emphasizes mediation and broad participation. To illustrate the new approach, he extracts material on the policy change process from three case studies of development projects from Barbados, St. Lucia, and St. Kitts. The step-by-step process presented by Dr. Gamman is of general interest to those defining, deciding on, and implementing policy change.

Michael Hanrahan
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INTRODUCTION

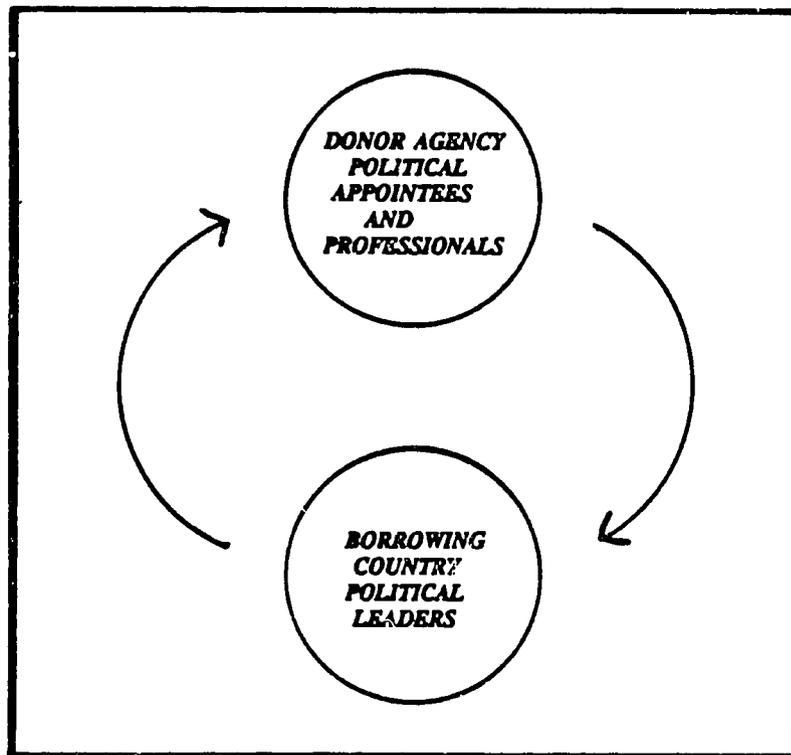
Environmental policies targeted for developing countries often fail to meet their stated objective of protecting limited natural resources because they do not adequately account for political, cultural and economic conditions. Environmental concerns are treated as tangents to the development process. Policies, laws, and regulations intended to preserve limited natural resources are treated as "add ons" to that process. Policies intended to protect natural resources are seriously constrained by the temporal limitations of standard project cycles, and the lack of political will within donor institutions and countries to embrace procedural reforms that threaten the way they do business.

Environmental policies and the natural ecosystems they are supposed to protect do not fit neatly into existing institutional niches. There is a limit to the responsiveness of policies that are imported, undervalue local culture, and exclude key stakeholders. This report hypothesizes that the major stakeholders need to participate in a policy-making process that is more open. An open process is needed to design strategies for environmental policy implementation that integrate politics, economics, and culture, transcending the barriers erected by the traditional approach to development that treats them as separate, unrelated components. An open process needs to account for the interests of all of the stakeholders affected by development, including donor agencies, national politicians, resource users, and environmental nongovernmental organizations (NGOs). If any one of the stakeholding groups is left out, it will leave a gap the others will use to pursue their own policies, counteracting the best efforts to strengthen and promote environmental reform.

Programs to improve environmental policy implementation must account for four key factors: politics within national governments, politics within donor agencies, the role of a distinct local or national culture, and a near total reliance on short-term economic development strategies. Any attempt to improve the way that environmental policies are implemented has to account for these factors systemically on a country-by-country and project-by-project basis. Efforts to improve environmental policies have to originate in three key groups: donor agencies, national governments in developing countries, and non-governmental agencies specializing in environmental policy.

THE CLOSED DYSFUNCTIONAL APPROACH

Environmental policies, especially those that are required by donor agencies as a condition of development projects, are created by a decision-making process that is largely closed. This process reflects the priorities within donor agencies and borrowing countries that promote development and encourage the steady flow of development assistance funds, without seriously considering the environmental damage that will result.¹



THE CLOSED DYSFUNCTIONAL APPROACH TO DECISION MAKING

¹ This paper uses the term "donor agencies" as a shorthand way of describing a variety of development assistance agencies, including bilateral organizations such as the U.S. Agency for International Development and multilateral lending institutions such as the Inter-American Development Bank. These agencies are all working toward improving their environmental protection programs, with varying degrees of success.

Existing Conditions that Maintain a Closed Dysfunctional Approach

- *Need of Donor Agencies to Maintain an Uninterrupted flow of Development Funds*
- *Desire of National Political Leaders to Stay in Power*
- *Perceived Necessity to Attract Foreign Investment*
- *Donor's Preference to Maintain Centralized Control of Development Process*

This process is dysfunctional because it excludes key stakeholders and ignores several vital elements of policy making, such as the culture of decision making in developing countries and the behavior of donor agencies.² Top policy makers in donor agencies and borrowing countries are motivated to promote development that may result in environmental damage because of four main factors: the need to maintain the flow of development funds, the desire to stay in power, a preference to keep centralized control of the development process, and a perceived necessity to attract foreign investment. The result is a closed, dysfunctional approach to development decisions that allows limited natural resources to be degraded.

This closed approach promotes environmental degradation in several ways. When civil servants within government agencies that are responsible for natural resource management (such as forestry, agricultural, fisheries, and the like) are excluded from development decisions, so are resource users whose livelihoods depend on the health of the environment.³ Information about the environment, such as the stability of a local fishery or the productivity of agricultural land that may be impaired by development policies and projects, is not fully considered by decision makers. Environmental NGOs, which have the expertise to promote economic stability by training resource users how to produce more efficiently while protecting the natural resources they depend on, are also excluded. The exclusion of these two groups increases the likelihood that fragile natural resources will be damaged.

² "Dysfunctional" is defined as a process or policy that does not achieve its stated aims, such as an environmental policy that all parties agree on but is still not fully implemented.

³ There is a distinction between civil servants and policy makers in a country. Civil servants are the technicians who provide support to policy makers. They often depend on policy makers for their jobs and career opportunities. Policy makers are elected political leaders or their close advisors who set official national policies.

Perhaps the most important element of this closed approach is how it reflects the behavior of the key decision makers who are involved. National political leaders know that a primary interest of political appointees and professionals in the donor agencies is to keep projects moving so they are completed as quickly as possible.⁴ Political appointees and professionals in the donor agencies know that national political leaders control the domestic policy-making process, and place a high priority on attracting foreign investment for projects that they favor.

The behavior of policy makers in the countries and donor agencies is mutually reinforcing. Both groups realize that if environmental policies are enforced, projects will probably be delayed. Decisions to ignore or undervalue environmental concerns set precedents that influence civil servants and environmental technicians. Civil servants know that their superiors may not look favorably on their efforts to enforce policies intended to protect natural resources if these efforts conflict with higher political priorities, such as attracting foreign investment or winning the next election.

The mutually reinforcing behavior of policy makers within donor agencies and developing countries is exacerbated by the procedural constraints of a centralized development process. The steps in the development process are predetermined. There is not enough flexibility within the project cycle to accommodate major new policy initiatives such as environmental laws and regulations. Environmental reforms are usually included in the development process by slightly modifying the existing project cycle, rather than instituting new procedures that are tailored to the special characteristics of environmental problems. There are exceptions to this, for example, USAID routinely designates funds for environmental mitigation measures in some projects.

It can take several years to implement new environmental policies, especially when they represent a major shift in the way that a country makes decisions. Public institutions need to be reformed, personnel hired and trained, and funds provided to pay for them. It is difficult to complete these tasks within the temporal and financial constraints of the standard project cycle.

⁴ It is common practice among the donor agencies to evaluate the performance of employees based on the speed and efficiency with which a project is completed, hence, the priority placed on the rapid flow of funds once a project is underway. Conversely, the agencies do not have career incentives for implementing environmental safeguards that are part of a larger project or national policy.

For example, environmental impact assessments are now being done by several donors in an attempt to protect natural resources, but they have limited influence on how projects are actually implemented. By the time a project is identified, a tentative financing package assembled, and a funding commitment obtained, the momentum that has been created prevents the recommendations in an environmental analysis from being enforced.⁵ This happened with the Southeast Peninsula Project on St. Kitts. Despite a long, complex program funded by the project sponsor, USAID, to promote environmental reforms in the country, most are not implemented due to the tremendous economic and political pressure to approve projects. In the case of the Bridgetown Fisheries Harbor in Barbados, funded by the Inter-American Development Bank, environmental concerns were ignored entirely because of the political pressure to build the project as quickly as possible. These cases are just two that appear to support the proposition that environmental reforms cannot be fit into the straitjacket of the project cycle.

The existing closed development process is also unsuited to account for the importance of the culture of decision making in developing countries. Even if legitimate environmental investigations are prepared for projects, subsequent recommendations to protect natural resources may not be implemented because they may not conform to local cultural norms. The public policy process in developing countries is based on personal relationships, family ties, and party loyalty. Political leaders and public institutions lack the necessary political will to carry out environmental reforms. The project cycle does not allow sufficient time or financial resources to design and carry out a multiyear program of environmental policy implementation to address these issues.

Even though donor agencies are subject to varying degrees of government oversight, their decision-making process is heavily weighed toward promoting development and maintaining a flow of projects. This philosophy is consistent with recent budget increases in the World Bank and the Inter-American Development Bank intended to provide funding for an increasing number of development projects each year. While the Banks are under pressure from U.S. environmental groups and the Congress to accelerate environmental reforms, they are simultaneously funding more projects. These two objectives are in conflict, motivating the Banks to adopt environmental reforms in a way that causes the least disruption to the project cycle and subsequent flow of funds.

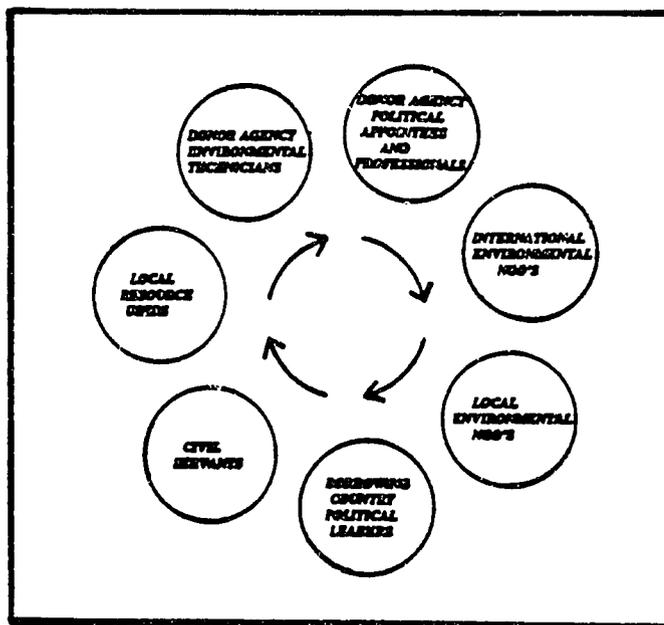
⁵ There are exceptions to this situation, especially when mitigation measures are designed and funded as part of project design. However, the same obstacles to policy implementation that exist for development projects in general (a lack of understanding of local or national cultural norms, and political conflict within the donor agency or host country) also hamper mitigation measures from being implemented.

Thus far, countries and donor agencies have attempted to adopt policies using a fragmented approach that emphasizes and protects their own short-term economic and political interests. In addition, the nature of most large-scale environmental problems that are occurring in developing countries, such as depletion of fisheries, forests, soil, water pollution, and widespread health problems, require long-term solutions. Environmental damage shows up years after projects have been approved and built. There is often little accountability for environmental damage in less developed countries that are dominated by a handful of short-term political and economic interest groups.⁶

The combination of economic, political, and cultural factors that prevent environmental policies from being effectively implemented can be accounted for in a more open approach to development and policy making.

AN OPEN FUNCTIONAL APPROACH

For environmental policies to be effectively implemented, the public policy process needs to open up, to become more accessible. To do this, a new model of decision making needs to be implemented that integrates the essential elements of the implementation process and involves all of the affected stakeholders.



THE OPEN FUNCTIONAL APPROACH TO DECISION MAKING

⁶ John L. Seitz, 1988. *The Politics of Development: An Introduction to Global Issues*, page 143. New York, Basil Blackwell.

Preconditions for Achieving an Open Functional Approach

- *Resolve Conflicting Behavior within Donor Agencies Between Political Appointees and Environmental Professionals*
- *Determine How Economic Pressures Constrain New Policies*
- *Account for National Politics in Borrowing Country that will Hinder Implementation Strategies*
- *Examine how Culture of Decision Making, the Interrelationship Between National Politics and Culture, will Affect Implementation Process*

This more open approach to policy implementation, which integrates environmental protection with the development process, cannot be accommodated within the constraints of the existing development paradigm. One way to implement a more open policy-making process is to have the stakeholders participate in a collaborative dialogue that uses a negotiation process.

A NEGOTIATED PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

The parties involved in international development can improve environmental policy implementation by participating in a collaborative negotiation process. A negotiation model needs to be created to reflect the specific needs of the development process, to fit within a framework that is acceptable to the participants, while improving the effectiveness of environmental policies on the national and international levels.

The model would be based on similar cooperative efforts that have been undertaken to protect the environment. Different negotiations that have addressed international environmental concerns include the Convention on International Trade in Endangered Species, the Montreal Protocols for reducing chlorofluorocarbon emissions, the Treaty for the Protection of Migratory Birds and Game Mammals, and recent agreements to swap debt for nature in South America.⁷

These agreements were reached using the single-text model of negotiating. The parties reached a consensus by slowly modifying a single text that was ultimately transformed into a final agreement.

⁷ Lynton Keith Caldwell, 1984. *International Environmental Policy: Emergence and Dimensions*. Durham, North Carolina, Duke University Press. Caldwell discusses conventions, treaties, and regional agreements that were reached by negotiation.

This approach was used because the purpose of the negotiations was for the parties to reach an overall agreement on one basic issue, although several sub-issues existed that made the negotiations very complex. The model this report proposes must create a *negotiation process* that will be continually repeated with each project, compared with a negotiation that deals with one monolithic issue one time. Several pre-conditions have to be met to establish a credible negotiation process designed to integrate environmental policy implementation into the development process.

PRECONDITIONS OF THE NEGOTIATION PROCESS

Several preconditions need to be met before a negotiation process can begin. These preconditions are similar for any negotiation that involves many parties and several issues but, in this instance, need to account for the complexities of the international development process, and the political and cultural conditions that are found in most developing countries. The first precondition relates to who will participate in the negotiation process.

Participation

It is essential to establish who will take part in the negotiation process because a stable result requires that all of the parties who are affected by it have a voice at the bargaining table. A negotiation can be successful only if it involves all of the stakeholders who have an interest in the outcome. In the context of environmental disputes in developing countries, the issue of participation is complicated by the high stakes generated by large donor-funded development projects.

Each of the stakeholders has a different motivation to participate in this open decision-making process. Donor agencies will benefit from a development process that accounts for environmental factors as it helps create a more certain investment climate, promoting long-term economic growth that is environmentally sustainable. Donors are also motivated by the need to implement their own environmental policies, as mandated by national legislatures or boards of governors. By taking part in a more open approach to policy making, donors will fulfill their mandate to promote development that meets basic human needs and promotes long-term self-reliance.

National political leaders also are motivated to participate in a more open development process. International pressure on the donor agencies will eventually force them to stop funding projects that cause

environmental problems. Unless political leaders encourage changes in the development process that lead to better protection for natural resources, at some point they may not be eligible to receive development assistance. This in turn will create serious political problems at home for national leaders.

In addition, by preventing key stakeholders from participating in the public policy process, politicians have generated resentment that will cause long-term political instability, contrary to their own primary self-interest, which is to stay in power. National politicians need to create a greater degree of political stability in their governments, by increasing the institutional capacity to implement public policies, which will enhance their self-reliance and reduce political and economic dependency on outside parties.

In many instances, civil servants in borrowing countries have taken the initiative to take a more active role in development decisions, but have been stopped by political leaders who exert near total control over the political process. Civil servants who are responsible for natural resource management (including forestry, fisheries, agriculture, and land use planning) have often invested in a specialized college education to train them for their work, and have made a personal and professional commitment to express their environmental values when participating in the public policy process. The positive motivation of civil servants is also shown by their involvement in political reform movements, attempts to open up the policy dialogue in countries where political leaders place strict limits on who can participate in decision making. Two examples of reform movements are the participation of civil servants in environmental interest groups in St. Lucia and Barbados that are attempting to influence political leaders.

Environmental technicians in the donor agencies are motivated to take part in a negotiation process by the same basic reasons as civil servants: a desire to place environmental concerns higher on the agenda of the policy process, to convince administrators to allocate additional institutional resources to environmental reform. Being able to participate in a negotiated dialogue that places environmental concerns higher on the policy agenda, in essence creating a "level playing field" for the stakeholders, is a major motivation for both civil servants and environmental technicians to take part in a more open process.

Local resource users, such as farmers, fisherman, and charcoal producers, are motivated to take part in a negotiation process as it will give them the access to the political system they have lacked. In

addition, it is a way of tapping their specialized knowledge of the local natural environment. If this special knowledge is included in the design and implementation of development projects, it has the potential to reduce environmental damage. In turn, this will help keep the local resource base intact, enabling resource users to continue their livelihoods.

International and local environmental NGOs are motivated as they will gain political influence by being brought into the mainstream of the public policy process. It will allow international NGOs to target efficiently where their limited resources can best be used, in countries where environmental policies are integrated into the development process. Local NGOs will be able to form coalitions with international NGOs, to receive financial and technical assistance, while providing crucial insights about the operation of national political systems. Local NGOs will become stronger as they use the framework of a formal negotiation process to work more closely with resource users, increasing the political influence of both groups.

Participation also involves how the right stakeholders will be chosen to take part in the negotiation process. It is important that all parties that have a legitimate interest in the outcome of a project be included in order for the outcome to be stable. One way to identify the parties to be involved is to perform a stakeholder analysis at the onset of the negotiation. Because the public policy process in many developing countries has been closed, and due to the close relationship between local culture and politics that is difficult for outsiders to understand, the analysis should be termed a "culturally based stakeholder analysis."

Representation and Assistance for Weak Parties

After the stakeholders have been identified, the negotiation process has to be designed to make sure they are adequately represented. This is necessary because of the severe power imbalances between key stakeholders within the closed policy-making process. Civil servants are routinely overruled by political leaders. Resource users are often poor and uneducated. They lack access to political leaders and do not know how to participate in the public policy process. In donor agencies, environmental technicians are often overruled by professionals or political appointees. If these parties attempt to participate in a new, more open policy dialogue, they are subject to political retribution and personal persecution by more powerful stakeholders.

To ensure a successful negotiation, guarantees have to be made to protect stakeholders that are politically and financially weak. Civil servants who fear political retribution may require legal guarantees to protect their jobs, careers, and families. Resource users are usually poorly organized and may not be comfortable with the formal atmosphere surroundings in which negotiations usually take place. Resource users and other stakeholders may need technical and financial assistance as they are at a disadvantage because they lack scientific resources, are illiterate, or are simply not willing to attend public negotiating sessions. Resource users often depend on each days catch or harvest to feed their families, and may need to be paid compensation to attend negotiation sessions.

The party that convenes the negotiation should be responsible for initially determining what type of assistance each stakeholder will need to take part. In turn, this implies that a successful negotiation may depend on long-term institution building to improve the capacity of weak parties to take part in a public policy dialogue. Efforts to increase the institutional capacity of NGOs and resource users may have to be undertaken before these parties can take part in the negotiation process. Institution building can include training in basic administrative skills (such as bookkeeping, fundraising, and use of the media), policy analysis, and conflict resolution. Once the institutional capacity of the weak parties is improved, subsequent negotiations can be initiated more easily.⁸

Guarantees that give legal protection to weak stakeholders, provide compensation for lost wages, and/or establish a program for institution building can be part of a pre-negotiation agreement between all of the parties. Even if the weak stakeholders are guaranteed they will be legally protected, they may be unwilling to participate openly in the negotiation. Fear of retribution can be quite strong, especially in countries where environmental advocates have been labeled as antigovernment, imprisoned, or publicly denounced. Such actions often silence the most ardent critic of government policy. If parties are unwilling to participate even with guarantees, it is the responsibility of the convener and the neutral party that organizes and manages the negotiation process to ensure that the interests of parties who are not physically present will be adequately represented. The party that convenes the negotiation has other responsibilities as well.

⁸ See Janet M. Chernela, 1989. *The Role of Indigenous Organizations in International Policy Development: the Case of an Awa Biosphere Reserve in Colombia and Ecuador*. Florida International University, the State University at Miami. Chernela mentions that international funding agencies attached conditions that required the government in Ecuador to include an NGO representing an indigenous tribal group, strengthening the bargaining positions of both indigenous and environmental groups in the negotiations for a new biosphere reserve.

Legitimacy, Sponsorship, the Convener, and the Neutral

The issue of legitimacy is particularly important in political systems that are not highly developed, and when the public policy process lacks a tradition of public participation. The participants in a negotiation have to believe that the process they are engaged in is valid and genuine. If the stakeholders do not believe in the legitimacy of the negotiation process, or that it should be used to resolve a specific conflict, a formal negotiation will probably not work. The negotiation process needs to be convened by a legitimate party to give the process the required sense of legitimacy.

A negotiation process should include several key elements to gain legitimacy from its participants. First, a successful negotiation has to account for the attitudes and perceptions of the stakeholders.⁹ Second, the negotiation process has to represent the interests of all of the key stakeholders. Third, the stakeholders have to be shown how they can gain from participating in the negotiation process. In developing countries, this is particularly important given the anticipated skepticism of weak parties who have historically been excluded from the public policy process or strong parties who are afraid that they will lose power if they participate.

All of the stakeholders are responsible for creating legitimacy in the negotiation process. Donor agencies have the financial resources that give them the leverage that may be needed to convince other stakeholders to participate. The capital that donors bring to the development process may be needed as leverage to convince national politicians that a participatory approach to development is needed to protect natural resources. Conversely, borrowing countries may want to initiate a negotiation so they can convince donors to fund projects that meet local needs. NGOs can lend legitimacy to a negotiation by agreeing to provide technical support and scientific information about natural resources to be affected by a particular project. By showing a willingness to initiate or participate in a negotiation, all of the stakeholders can help make the process legitimate.

There are several ways that a negotiation can be convened. Any stakeholder that has the institutional capacity and motivation to improve environmental policies can act as the convener. This can include a donor agency, a government ministry, or a local NGO. Donor agencies have the financial and

⁹ Lawrence Susskind and Jeffrey Cruikshank, 1987. *Breaking the Impasse: Consensual Approaches to Resolving Public Disputes*. New York, Basic Books. See pages 25, 101-103 for a discussion of stakeholder attitudes and perceptions, and the need to include all stakeholders in a negotiation.

technical resources that a negotiation requires, and are motivated by a need to promote environmental reforms as part of the development process. This makes them a likely candidate to act as the convener for a negotiation process. National governments can also convene a negotiation. They possess the political leverage to convince other stakeholders to come to the bargaining table, and can benefit from institution building programs that accompany the negotiation process. Local NGOs have several advantages that enable them to act as conveners. They are familiar with the national public policy process, possess knowledge about natural resources, and often have existing relationships with donor agencies that sponsor projects.

To be legitimate, a negotiation process also has to account for the cultural differences of the parties involved. Negotiations about development projects will usually involve parties from different cultures. Representatives from a donor agency are often from the United States or Europe, and may be relatively new on the job due to the job rotation most agencies use. Representatives from international NGOs probably have a similar background, while those from the national government, local NGOs, and resource users in the country are from the local culture. To account for cultural differences, the convener can use an elicitive feedback process, which is described in Step 4 of the negotiation process in the following section.

A legitimate negotiation process should also include initial ground rules to protect stakeholders who are politically weak. Ground rules can include commitments to protect weaker parties from political retribution, an agreement to de-personalize the debate so parties can focus on their real interests, and the responsibilities of the chairperson.¹⁰ These provisions also relate to the accountability of the stakeholders, and their ability to keep commitments made during the negotiation.

The parties may also benefit from a pre-negotiation condition that governs how they will communicate with the media. The parties can designate a media subcommittee and establish written guidelines describing who, how and when the media will be informed of the progress or results of the negotiation. Establishing media guidelines as a pre-condition of negotiation can also help prevent the negotiation process from being used by the opposition to attack the majority party. This step may be needed to convince the majority party to approve the government's participation in the negotiation process. Allowing a member of the opposition party, especially one who is knowledgeable about

¹⁰ Susan Carpenter and W.J.D. Kennedy, 1988. *Managing Public Disputes*. San Francisco, Jossey-Bass. See pages 118-124.

environmental issues, to take part in the negotiation will often be necessary to create a negotiated outcome that is politically stable.

To be legitimate a negotiation should be assisted by a neutral helper. Different negotiations usually require different types of help. There are several different methods of dispute resolution that can be used. The two types that are appropriate for negotiations involving environmental policies in developing countries are facilitation and mediation.

A facilitator is a neutral person whose primary role is to organize the negotiation, to make sure that it gets started, and to help participants understand the process in which they are engaged. The facilitator is concerned more with the procedural aspects of the negotiation than its substance. A mediator is also an outside neutral party, but takes a more active role in the negotiation process than a facilitator. The mediator is skilled in identifying areas of potential agreement, helps the participants discuss the substance of their differences, and assists them in creating a packaged agreement that advances the interests of all of the parties.¹¹ The convener, whether it is a donor agency, the government, or an NGO, needs to examine the needs of the negotiating partners and determine whether a facilitator or a mediator is needed. Because of the complex nature of environmental disputes, it may be desirable to choose a neutral who is qualified to serve as both a facilitator and a mediator. Negotiations that initially need process-oriented help often need substantive assistance as they progress. A facilitator should be capable of making the transition to a mediator during a negotiation, as he or she gains trust from the stakeholders.

It is crucial that the helper be perceived as neutral by all of the parties. Even if the convener perceives itself as being neutral, if other stakeholders perceive it as having a vested interest in the outcome of the negotiation, it needs to bring in an outside party to act as a neutral helper, rather than supplying the helper from its own staff. There are several professional organizations that specialize in negotiation who can advise the convener how to find a suitable helper.

¹¹ The roles of the facilitator and mediator are derived from a summary of *Dispute Resolution Methods*, National Institute for Dispute Resolution, Washington, D.C. Also see Susskind and Cruikshank, 1987, who differentiate between assisted and unassisted forms of negotiation, and describe what each entails.

The qualifications of the neutral helper are very important. The credibility of the entire negotiation process depends on the sensitivity they exhibit when choosing a neutral that meets the needs of the stakeholders, and who is someone that they trust. A mediator in this context has to possess two principal qualities. First, the mediator needs have substantial expertise in issues related to environment/development conflicts, in addition to expertise in the procedural aspects of a negotiation process. Second, the mediator has to have experience in cross-cultural negotiations, and be able to design a negotiation strategy that reflects the cultural norms of the stakeholders.¹²

Once a mediator has been chosen who possesses the necessary qualifications, it usually will be necessary to find a co-mediator from the borrowing country who is an expert in the local culture, including the indigenous language, and the culture of decision making within the political system. A multi-cultural mediation team will give a negotiation the credibility and substantive expertise that it needs to deal effectively with the complexities of environment/development disputes and their underlying cultural component.

Accountability

In societies where key stakeholders have been uniformly excluded from the public policy process, the negotiation process has to include provisions to ensure the accountability of the participants. Accountability relates to the capability and willingness of the participants to be held answerable for their actions, during and after the negotiations. To address these concerns in the negotiation process, the convener should help the participants understand their duties and responsibilities to the process, and each other. This is especially important in situations when stakeholders have not had the benefit of legal protection.

An example of how the lack of legal protection can inhibit stakeholders from participating in a policy dialogue is the case of planning legislation in the many developing countries. The duties and jurisdiction of planning authorities are ambiguous. Planning legislation is unclear, and lacks precise language that would empower civil servants to carry out planning laws. Permit systems are typically full

¹² There are other qualities that any good mediator should possess, such as good communication skills, and the ability to analyze a conflict, design a strategy for dealing with it, and manage a process filled with conflicting personalities and large amounts of data. See Carpenter and Kennedy, 1988, pages 191-193.

of loopholes and inconsistencies. Civil servants are hesitant to promote environmental reforms within this uncertain framework, as the legal system does not afford them legal protection from political retribution. The convener can help the parties devise ground rules or legal protection in the pre-negotiation stage.

The concept of accountability also includes the need to use objective criteria in a negotiation process. In developing countries, policy decisions are often made without fully considering how development will impact the environment. The environmental impact process is an attempt to remedy this shortcoming. However, an environmental analysis is effective only if it is translated into a binding commitment. Guarantees that borrowing countries will implement the findings of environmental assessments need to be linked to conditions contained in their lending agreements with donor agencies. A negotiation process that accompanies each project can provide the framework for establishing agreements that improve the accountability of the environmental assessment process, and its use of objective criteria.

The convener should consider who can best represent the stakeholding groups during the negotiation. This relates to the ability of the representatives to make binding commitments on behalf of their constituencies. Deciding who the representatives will be is of particular importance in developing countries because of the intensely personal nature of the political process, and the difficulty that may be encountered by outside parties, such as donor agencies, when they try to convince governments to enforce the specific elements of an agreement, such as new environmental policies.

For a negotiation to be successful, the agreement that comes out of it has to be implemented. The ability of the parties involved to follow through on commitments they make on behalf of the organizations they represent, such as politicians who represent the government, is crucial. If agreements are not kept, trust between the parties can be severely damaged. It is particularly important that this be guarded against when parties are involved in a formal negotiation process for the first time.

The convener, with the advice of the neutral, can identify individuals from each stakeholder group that have the authority to speak for the organization they represent. From the donor agency, this should include representatives from the headquarters who are responsible for project design and finance, and staff from its field office who are responsible for project implementation and environmental protection. It is important that both groups participate on behalf of the donor.

For the government, representatives should include senior civil servants from key ministries, such as finance and planning, who have close personal relationships to political leaders and are aware of the institutional capacity within the government to implement different aspects of the negotiated agreement. Whenever possible, permanent secretaries should be selected. Officials from ministries that are responsible for implementing environmental policies should also be present. The possibility that governments will change after national elections has to be accounted for, so that new political leaders are bound by agreements made by a previous administration. Representatives from the NGOs and resource users will probably be evident as these groups are small and do not have many members to serve as negotiators.

If the resource users or other stakeholders are not sufficiently comfortable to be physically present at the negotiating sessions, the neutral needs to determine how their interests can be represented at the bargaining table in their absence. Their interests can be represented by a coalition partner who shares the same interests and is willing to speak for them during the negotiations. The neutral can represent a party who is not present by reminding the other stakeholders of the importance of considering the interests of all parties to create an outcome that is durable and stable. The convener should start to think about which strategy is appropriate before the negotiations start.

After the pre-conditions for a successful open policy dialogue are met, the actual negotiation process can start. The negotiation process can be organized by using a series of steps.

IMPORTANT STEPS TO MAKE AN OPEN DECISION-MAKING SYSTEM WORK

To strengthen and promote environmental reform, several steps can be included as part of a negotiation process. They are offered here as one way to address the constraints to environmental policy implementation that exist in borrowing countries and donor agencies. The steps do not have to be followed exactly. There are many ways to strengthen environmental policy implementation. The following steps are one way.

The steps can be initiated at many places in the project cycle, depending on when the stakeholders decide that a negotiation process is needed. If the objective of the stakeholders is to develop a coordinated strategy to implement environment policies that accompany a development project, they may want to initiate negotiations at the beginning of the project cycle when a project is still in the

conceptual stage, before the parties have developed firm ideas about it that can hinder the implementation process. These are the steps in the open decision-making system:

- Evaluate institutional capability of borrower;
- Conduct cultural stakeholder analysis;
- Choose facilitator or mediator;
- Design elicitive model for negotiation process;
- Initiate negotiations for implementation strategy;
- Create performance standards to link implementation plan with project agreement; and
- Agree on time frame and procedure for post-project evaluation of implementation plan.

Step 1. Evaluate Institutional Capacity of the Borrower

Evaluating the institutional capacity of the borrower is necessary to determine the likelihood that environmental policies accompanying projects will be implemented. This can be done by a donor, an NGO, or the country itself. To evaluate institutional capacity several tasks need to be carried out. As with the other steps in this process, these tasks can be undertaken by any qualified analyst, usually working for the convener or neutral. Throughout the following discussion of the steps, the word "analyst" is used to describe the person who carries them out.

First, the analyst should conduct interviews with civil servants in the borrowing country and with environmental NGOs in the region to determine if existing environmental laws and regulations are being implemented. If a preliminary analysis shows that these policies are unenforced, the analyst should identify where the bottlenecks are in the local political process. Bottlenecks typically include a closed public policy process, lack of public participation, political limitations placed on national planning agencies, unclear and conflicting environmental statutes, and laws that lack administrative guidelines to implement them. Once bottlenecks are identified, the stakeholders can start to develop linkages between the project and an institution-building program to improve the chances that project-specific environmental protection measures will be carried out.

An important goal of this initial step is for the stakeholders to start to understand how the national culture of decision making affects the public policy process of the borrower. This includes the pivotal role that political leaders play in policy implementation, how they depend on person-to-person communication to change policy, and the sustained effort the donor must make to build the personal relationships with national leaders that are needed to promote environmental reform effectively.

Step 2. Conduct Cultural Stakeholder Analysis

Conducting a cultural stakeholder analysis involves identifying all of the parties that will be affected by the proposed project. It provides a detailed road map of how the political system includes and excludes parties affected by development projects. This analysis requires formal consultations with NGOs that are familiar with the political system and culture of decision making in the borrowing country. Many stakeholders, especially resource users who are typically excluded from the public policy process, are hard to find. They may be politically or socially alienated, and unwilling to participate. But they possess valuable information about fragile natural resources the project planners need.

As part of the cultural stakeholder analysis, the analyst should identify who the stakeholders are, their interests in the project, who represents their interests, and how their interests are in conflict. This will show who makes policy decisions and whose interests they represent. By identifying the most powerful stakeholders, it will become clear what parties have to take part in the negotiation to secure a binding commitment that results from the negotiated agreement.

The stakeholder analysis will also show who is excluded from the decision-making process. Often the interests of unorganized stakeholders, such as resource users who provide vital services for the society, are not represented by the political system. The analyst can use this information to design a process for including stakeholders that have not been part of the public policy dialogue, which is also needed to reach an agreement that is enforceable.

Step 3. Choose a Facilitator or Mediator

The convener, in consultation with the stakeholders, should choose an outside party to serve as the neutral. Having assessed the institutional capacity of the borrower and identified the interests of the

stakeholders, the convener can now assess, in cooperation with the neutral, whether facilitation or mediation is needed.¹³

Given the complexity of environmental disputes, and the widely varying interests of the stakeholders, the neutral should be capable of acting as a facilitator or a more active mediator. To maintain the accountability of the negotiation, the neutral should be approved by all of the parties who are taking part. The donor agency should have a list of qualified neutrals that can be circulated to the parties, so that one person can be chosen by consensus. If the mediator is not from the local culture, he or she should select, in consultation with the stakeholders, a co-mediator.

At this point the convener and mediator will normally design a strategy to motivate the stakeholders to take part in the actual negotiation.¹⁴ The convener may have to provide incentives to the stakeholders to get them to participate in the negotiation. The neutral can help with this step by identifying the benefits that each party is likely to derive from the negotiation process, such as providing increased institutional capacity for the government or giving the donor a method of implementing mandated environmental policies. It is likely that environmental NGOs will want to participate as this will be an opportunity to strengthen environmental policies.

Step 4. Design an "Elicitive Model" for the Negotiation Process

The negotiation model most often used in the United States depends heavily on a top-down approach, which can bias the proceedings to favor the convener or the parties with the most sophisticated communication skills. To account for this, the convener should incorporate an elicitive feedback process into the negotiation model. To use this approach, the convener elicits from the participants how they deal with conflict, acting as a catalyst rather than a negotiation expert, to frame the process within the setting

¹³ See Susskind and Cruikshank, 1987. In chapters 4 and 5 the authors discuss under what circumstances facilitation and mediation should be used.

¹⁴ Susskind and Cruikshank discuss the typical tasks that a mediator will carry out when assisting the negotiating parties. These tasks include helping to set the agenda for the negotiating sessions, to help the parties summarize the issues they are most concerned with, and to structure the discussion so that all of the parties are given a voice in the proceedings. See pages 142-143 of *Breaking the Impasse* for a description of other responsibilities of the mediator.

of the local culture.¹⁵ The mediator elicits stories from the stakeholders about what has happened to past environmental policies, whether they succeeded or failed, and why. This work can be started in the pre-negotiation stage before formal negotiations begin, and continued in the actual negotiation sessions.

The elicitive approach should recognize the difference between formal and informal authorities, and how they need to be included in an implementation process that reflects local cultural norms. For example, informal authorities, such as church leaders and village elders, may be able to exert social pressure to encourage compliance with environmental protection policies more effectively than government officials who are limited by a lack of trained personnel and a flawed regulatory system.¹⁶

The benefit of this approach is that it elicits the experiences of the participants to identify bottlenecks in the policy implementation process, in the context of the local culture of decision making. The approach will allow the implementation plan for environmental policies that results from the negotiation to be based on local conditions, opportunities, and constraints. To use an elicitive approach properly, the mediator may need to have a co-mediator from the local culture, especially if the stakeholders include indigenous people or residents from a rural community.

Step 5. Initiate Negotiations to Design Implementation Strategy

The convener, with the assistance of the mediation team, initiates the actual negotiations to design an implementation strategy for environmental policies. Negotiations can take place in any location agreed to by the stakeholders, but in general it is desirable to hold them in the country where the project is located. The first step in the actual negotiations are for the neutral to explain the protocols, also called ground rules, that govern the proceedings. The protocols should be agreed to by all of the participants to establish a procedural context for the discussions.¹⁷ The mediator should tell the parties in clear terminology what the purpose and expected outcome of the negotiations are, namely, to reach a binding agreement linking development and the protection of natural resources.

¹⁵ John Paul Lederach, 1988. *Summaries of The Transfer Model and the Elicitive/Catalyst Model*. Mennonite Conciliation Service, Akron, Penn., USA.

¹⁶ *Ibid.*

¹⁷ See Susskind and Cruikshank, 1987, and Carpenter and Kennedy, 1988, for a discussion of what type of protocols and ground rules should be established.

Two important elements of the negotiation process that should be given special consideration relate to the culture of decision making. First, all of the stakeholders should participate in the negotiation sessions, and be able to represent their constituencies. This could cause a problem for national political leaders, who may want to send civil servants to represent their interests, and then be able to change the position of the government without being accountable to the rest of the stakeholders.

The second element of the negotiation process that deserves special attention is how to account for the importance of informal and formal authorities in policy making. Typically, negotiation sessions take place in the setting of a modern office. If the culture has an indigenous population, who are often among the resource users who have special knowledge about natural resources, they may wish to conduct discussions among their constituents in a traditional setting. For example, in New Zealand when the indigenous Maori engage in negotiations with the politically dominant European culture, they take part in the primary negotiation sessions with other stakeholders, but also sponsor their own informal negotiations on the marae, their traditional meeting place, to gain consensus among members of the local community.

If indigenous people are among the stakeholders, the negotiation process should make allowances for them to conduct discussions in their own community throughout the negotiations. The mediator should pay special attention to these informal proceedings, as they may show how informal authority figures in the society can help implement the final negotiated agreement.

Step 6. Create Performance Standards to Link Implementation Plan with Project Agreement

Once the stakeholders have agreed how to design and enforce environmental policies, they need to negotiate performance standards. Performance standards are a tool that allows the parties to evaluate objectively the success of the final negotiated agreement, and provide guidelines for enforcing it. The final agreement typically consists of a series of actions to be taken by each of the parties to strengthen environmental policies. Each action that is agreed to should be accompanied by an objective standard that can be reviewed to determine if a specific party is implementing it.

For example, the government may be required to establish a procedure for civil servants to review permit applications by developers, so they can prepare an objective analysis for the cabinet before it approves a project. The accompanying performance criteria could specify a date by which the cabinet

will start using the objective analyzes, and require the government to show the donor each year how development decisions have been affected by the new procedure. Or the donor may require the government to include unorganized resource users as participants in development decisions. Such a requirement could be monitored by a NGO that prepares a required annual report, based on interviews with fishermen, farmers, and other individuals, documenting if and how they were contacted by the government when projects were being reviewed and if any mitigation measures resulted in actions that actually protected natural resources.

Additional elements of an agreement might require the donor to provide funds to increase the institutional capacity of local environmental NGOs or ministries responsible for natural resource management prior to a project being built, while the government would agree to let these organizations take part in the planning process as projects are reviewed. Again, annual reports prepared by a neutral party can accompany each action that is agreed to.

It is crucial that the performance standards be realistic and conform to the cultural norms of the borrower. It is common for the parties, even those from the country, to think that they can increase institutional capacity in a year or two. Performance standards should account for the tendency to make unrealistic time estimates by using a multiyear schedule that lasts three to five years, or longer if needed.

The final agreement will be stronger if it is linked to the project agreement between the borrower and donor. The parties may choose to include provisions that tie fulfillment of the agreement to a phased payment schedule for a large capital improvement project. When specific actions are taken as specified in the agreement, funds are then released for the development project. This will create direct financial incentives for the parties to carry out their responsibilities under the agreement.

Step 7. Set Time Frame and Procedure for Post-Project Evaluation of Implementation Plan

The final agreement should include clear language that describes how the parties have agreed on a time frame and procedure for post-project evaluation of the implementation plan. This is essentially a summary of the performance criteria that accompany each action agreed to by the parties. To avoid miscommunication between the parties, and to make sure that each one knows what is expected of it, the final agreement should include a separate section summarizing the actions and performance standards agreed to by each party, and the penalties to be assessed if they fail to live up to the agreement.

To design an effective model for protecting natural resources in developing countries, the agendas for the stakeholders have to integrate four major elements of public policy implementation: national politics, the culture of decision making, economic conditions, and the behavior of donor agencies. It is the connections between these four elements of policy implementation, and the involvement of the major stakeholders, that will enable a collaborative negotiation process to succeed.

An integrated system to implement environmental policies is based on the active participation of four main parties: donor agencies, national politicians, resource users, and environmental NGOs. By following the steps to open up the decision process, the stakeholders can work cooperatively to help resolve several of the problems that prevent environmental policies from being implemented. The open system of decision making will have a better chance to succeed if the major parties take the following advice.

SELECTIVE ADVICE TO THE MAJOR PARTIES

There are many kinds of advice that could be offered to the stakeholding groups to help implement a negotiated environmental protection process. The ideas offered here have been selected to meet the needs of the major parties, including donor agencies, policy makers, resource users, and environmental NGOs. Other ideas are encouraged that are consistent with the goal of improving natural resource management that is part of the development process.

Advice to Donor Agencies

Donors can take several actions during the negotiation process to help make it work, to help ensure that a more open system of decision making is put into place that will help preserve natural resources. The first action relates to starting the negotiation process.

Providing Start-up Resources

Donor agencies possess financial and technical resources they can bring to the negotiating table. In many instances, the other stakeholders will need these resources to be able to take part in a negotiation process, due to the general shortage of human resources and money in developing countries. If these resources are made available to other stakeholders, in return for agreements to participate in a

collaborative negotiation, they can be used as incentives to open up the environmental policy process. Donors may find that this is more effective and less risky than making massive one-time policy interventions that often overwhelm the institutional capacity of the borrower.

Creating Linkages to Build Institutional Capacity

Donor agencies can help to support a more open decision-making process by allocating more resources to increase the institutional capacity within countries and their own agencies. Countries need to improve their performance in three areas: policy analysis, natural resource management, and long-term planning. Institution building for countries is needed on both the local and national levels as well as regionally. Regional organizations, such as NGOs, quasi-governmental organizations, and regional coordinating bodies such as common economic markets, can serve as conduits to increase international learning between countries. Donors should target regional organizations as well as national governments and local NGOs for institutional support. Donors can help an open policy-making process work by providing support to stakeholders through regional organizations when governments resist making changes on the national level. This can include funding regional training centers that specialize in teaching skills such as conflict resolution, environmental leadership, and project management.

To support the negotiation process, donors should make sure that the borrower has sufficient institutional capacity to provide a trained counterpart during the actual negotiations, someone who will be available to help implement the final agreement. This is crucial given the shortage of trained personnel in many countries. In most instances, this counterpart will be from a ministry dealing with planning, land use, or economic development.

Donor agencies also need to build their own capacity for environmental planning. In many instances, field offices that are responsible for getting projects built do not have staff trained in natural resource management. As a result, it is almost impossible to enforce policies, or a negotiated agreement, intended to protect the environment. In addition to hiring properly trained personnel in field offices, donors should pay special attention to who they assign as their representatives to a negotiation. It is important that they include field staff who are responsible for project implementation. It is critical that the negotiation process be linked with the implementation process of both the donor and country.

The donor should be aware that a negotiation for implementing environmental policies linked to a single project may need to be tied to a multiyear program to build the institutional capacity in the borrowing country. It may take two or three years to increase the institutional capacity of local environmental NGOs and selected ministries within the borrowing country before a negotiation can be successfully carried out. If a country is hesitant or unwilling to be involved in a negotiation, out of fear that it will cause unwanted political change or upset the status quo, the donor may be able to overcome this resistance by offering long-term assistance to build up its institutional capacity for policy analysis and development planning, which will increase the self reliance of the borrower.

Adopt Career Incentives

Donors can help motivate their employees to initiate a negotiation process to implement environmental policies by offering them career incentives. When donors evaluate the job performance of their employees, they do not include criteria to rate how effectively they have included environmental policies in individual projects. This is in contrast with the criteria that donors currently use, which rewards employees for completing projects and moving funds as efficiently as possible, which acts as a disincentive for implementing new environmental policies.

Policy-based career incentives could be added to promote the acceptance of environmental reforms. This may include evaluating how effectively employees incorporate environmental reforms into projects using the collaborative negotiation process. If the negotiation model is incorporated into the project cycle as a way to improve cooperation between the stakeholders, and strengthen environmental policy implementation, employees should be financially rewarded. This is part of the institution building that donors need to undergo to increase their own capability to protect limited natural resources affected by development projects.

Invent Economic Incentives

In most instances, environmental policies will remain unenforced unless they are tied to economic incentives. The most direct way that donors can link economic and environmental policies is to make the negotiation process part of the project cycle. If this is done, direct economic incentives can then be created to tie implementation of negotiated agreements to project cost/benefit. One approach would be to estimate the cost of carrying out all of the actions agreed to during the negotiation process, and add

it to the overall project budget. This is essentially a way of accounting for the environmental cost of a project. If the project is not profitable enough to pay for the environmental policy implementation package, it should not be funded. This will provide a direct economic disincentive for funding projects that damage natural resources.

The donor can use *contingent agreements* as part of the negotiation process to link a comprehensive institution-building program to one project or a series of individual projects it sponsors, since it is common for a donor to fund multiple projects in the same country. A contingent agreement could use performance standards to link the successful completion of a series of several finite steps in an institution-building program for the funding of individual projects.¹⁸ As the government completes each step of the program, the donor then funds another project. This could provide the capital the borrower needs, providing the economic incentive to carry out long-term environmental reforms.

Incorporate Cultural Constraints into Implementation Plans

A combination of cultural constraints makes it difficult for donors to implement environmental policies in developing countries. The negotiation process needs to take cultural conditions into account, or, despite everyone's best efforts, environmental policies will remain largely unenforced. There are several kinds of cultural constraints that require the special attention of the donor agencies.

In general, policy changes occur slowly in developing countries, especially by the continental, Western standards used by donor agencies and their consultants. For example, the transition from environmental laws to guidelines is important. This transition represents the progression of an abstract concept into public policies that affect peoples lives. In less developed societies, people notice this kind of change and take a long time to accept it. Political leaders, who control every aspect of the policy-making apparatus, reflect the hesitancy of the culture to change. Personal relationships have to be developed between political leaders and those advocating change for it to actually take place. Often there is no institutional memory left in the countries when expatriate experts are in charge of an environmental

¹⁸ It is essential that contingent agreements use performance standards to help ensure implementation. Donors routinely use contingent agreements in project development and finance, and they can be difficult to carry out. In general, donors are not structurally able to carry out contingent agreements, especially those related to environmental projects, which tend to be understaffed and underfunded. Additional personnel trained in environmental management and project administration are needed within the donors, including increased environmental management capability in field offices.

project. Time is not spent in the field soliciting the participation of local and regional environmental NGOs.

When involved in a negotiation process to implement environmental policies, donors, as well as other stakeholders, can account for cultural factors by addressing the following questions:

- How will the slow rate of change in the borrowing country, where new policies may take as long as a decade to take effect, be accounted for in the implementation strategy and conditions for a project?
- How will the implementation program will be designed on a small scale so it can be understood by political leaders?
- How will the agencies representatives create the personal trust with senior civil servants and political leaders to build the person-to-person relationships needed to influence the political process?
- How will the agencies representatives overcome the tendency of the borrower to treat them as outsiders? This may require building long-term relationships with regional NGOs who can advise donors how to design an implementation strategy that is compatible with the culture of decision making in the country.
- How will policy reforms be translated into a form of the local written and spoken languages that political leaders can easily understand, instead of relying solely on "planning techno-speak"? Local experts can be hired to perform the translation, so that recommendations are presented one small step at a time, consistent with local cultural norms.
- What needs to be done as part of the negotiation process to overcome the fears of local stakeholders, including alienation and exile from the political process and a general distrust of risk taking and innovation?

Advice to National Political Leaders

National political leaders are faced with tough choices. If they promote economic development in a manner that excludes efforts to preserve natural resources, such as fresh water, fisheries, forests, agricultural soils and forests, large-scale environmental degradation will continue, and their economic and political dependency on western industrialized nations will grow. If they promote environmental reforms too aggressively, they may scare off foreign investors, which can lead to a slower rate of economic growth. There may be no local short-term political incentives favoring environmental policy reform.

It is important that national political leaders take part in the negotiations to design an effective strategy to implement environmental policies. The largest donor agencies, including the World Bank, the U.S. Agency for International Development, and the Inter-American Development Bank, are under immense pressure from environmental groups and the U.S. Congress to stop funding programs that damage natural resources. If countries continue to propose projects that cause environmental damage, donors may have no choice but to reduce or eliminate their level of funding, resulting in substantially less direct foreign aid. To avoid this situation, political leaders can support steps that are needed to increase the institutional capacity of their governments to promote development projects that are both profitable and environmentally sustainable.

Allow Stakeholders to Participate

First, to send a clear message to the donors that they support projects that are environmentally sound, political leaders should empower their governments to participate fully in the negotiation process. This will accomplish several objectives. It will build local institutional capacity for policy analysis and long-term development planning, maintain the flow of money from the donors for future development, and protect the natural resources that are needed to support it. By participating in a collaborative policy dialogue, and giving legal protection to local stakeholders, politicians will in turn gain the leverage to ask donors to provide long-term funding for institution building that cannot be accomplished in a single project cycle.

Slowly Open Up the Public Policy Process

Political leaders should slowly open up the national policy-making process. Environmental interest groups are growing in developing countries. It is just a matter of time before they become strong enough to mount effective electoral challenges to the government. But political leaders can turn the opposition of environmental groups to their advantage by using their leadership to initiate environmental reforms.

An initial step in this process could be to delegate authority to civil servants to provide an objective analysis of development proposals. Political leaders often approve projects without the benefit of an objective policy analysis. Civil servants should be allowed to compare objectively development

proposals to national environmental policies before the cabinet makes any decision to support a project, such as granting landholding licenses or economic subsidies or financial concessions.

The second step that is needed to open up the policy-making process is to allow civil servants who work in different offices to openly communicate laterally between ministries when they are dealing with common issues related to natural resource management. One way to do this is to form Local Natural Resource Planning Groups, made up of civil servants who are responsible for different aspects of natural resource management and environmental planning. The offices that typically would be included are planning, land use, finance, fisheries, agriculture, forestry, and water resources. These groups could also help the government coordinate national policy making, creating consistency in the negotiation process.

These steps also give the civil servants involved a vested interest, or entitlement, in implementing the reforms they help design and later advocate. The ideas and interests of the representatives from different parts of government can then become co-opted into a larger set of policies and advocated reforms.

Promote Institution Building to Increase Self-Reliance

In return for participating in the negotiation process, national political leaders could make a side agreement with the donor agencies, requesting multi-year assistance that is necessary for institution-building to improve their indigenous capacity for development planning and policy analysis. If governments make the case that efforts to improve their institutional capacity cannot be successfully completed within the constraints of the single project cycle, they may be able to convince donors to provide soft loans and grants needed to do so. By improving the quality of decision making in their public policy processes, governments will reduce their dependency on outside experts who are not familiar with political and cultural conditions in the developing world.

Advice to Environmental Nongovernmental Organizations and Resource Users

These groups can have the greatest impact on the public policy process if they form a coalition to promote constructive reforms in both donor agencies and national governments. Participation in the negotiation process offers the opportunity to form a coalition. These stakeholders need to work together

to create a common agenda that makes the most efficient use of limited resources so they are not at cross purposes.¹⁹

There are two types of environmental NGOs to which this advice is offered: international groups headquartered in Washington, D.C., and elsewhere in donor countries; and the small local and regional organizations that exist in most developing regions. Each of these groups needs to understand how their particular strengths and weaknesses have to be accounted for when they engage in a negotiation process to promote environmental reform.

The strengths of international NGOs include political access to the U.S. Congress, which they can use to promote environmental reforms in donor agencies, their ability to obtain funding, and the practical experience they have gained by participating in conservation projects all over the world. Their weaknesses include a lack of creditability with political leaders in developing countries, who are often distrustful of outsiders, and the difficulties inherent in operating in countries that possess many different cultures and the troublesome First World bias they bring to conservation.

Environmental NGOs located in developing countries may be more able to operate effectively in the local political system and are aware of cultural norms that underlie the public policy process. They are weak because they are small, lack adequate financial support, and often do not have the direct access to political leaders that is needed to influence development decisions. By combining their efforts, international and local NGOs can use each others strengths to compensate for their weaknesses.

¹⁹ In many instances it is difficult to identify how resource users and environmental NGOs share common interests. For example, when mining companies wish to explore biologically unique areas, it may be in conflict with the interests of NGOs that want to preserve them. However, this kind of conflict is rarely monolithic, involving only one issue. Rather than classifying the conflict as centering around one large issue, it is helpful to break out the larger issue into sub-issues, to find where tradeoffs can be made that satisfy both parties, resulting in a more stable and predictable policy-making process. For example, with a mining project, perhaps there are other sites slated for mining that have fewer minerals that can be set aside, in exchange for allowing mining of a certain type, duration, and intensity in another location. A compensation package, funded by mining proceeds, may also serve to mitigate environmental damage. Without an open dialogue between the stakeholders, creative solutions that includes elements such as these are more difficult to find.

Identify and Train Environmental Leaders

The policy-making process in many instances is greatly influenced by a few people with strong personalities who have developed the skills needed to operate successfully within the political system. One way to influence public decision making is to train individuals who are likely to assume leadership positions in their countries. No one knows local political and culture conditions as well as those who have grown up and worked in a country. For example, only local people really understand the subtleties and opposition politics with any particular government, and how the local culture of decision guides the actions of political leaders.

To train future leaders who are likely to place environmental problems higher on the public agenda than is currently the case, local NGOs can identify civil servants and political leaders that show exceptional promise. Local NGOs are familiar with local people and conditions, and in most instances are able to identify likely candidates for advanced training. Once candidates for environmental leadership training are selected, international NGOs, in cooperation with supportive donor agencies, can use their expertise in administering and funding training programs to train them. Training could include conflict resolution techniques, communication skills, project administration, and policy analysis. This should be an ongoing program, part of an institution-building effort in selected regions. Ideally, it would take the form of a permanent training center, perhaps a joint effort of more than one NGO, with field offices where training would take place.

It is important that the training be designed specifically for the political and cultural conditions encountered in developing countries. In addition to training future leaders, this approach will build coalitions between future decision makers, NGOs, and donors, as well as promoting learning between governments. This is a form of technology transfer from industrialized countries to developing nations that supports sustainable development.

Link Environmental Reform to the Negotiation Process

International NGOs should use their access to Congress to urge donors to open up their decision-making process, to make it accountable for the environmental damage caused by development projects, and to build the institutional capacity for environmental reform in both donor agencies and developing countries by adopting the model of collaborative negotiation. The negotiation process could be carried

out as part of the standard project cycle, to be completed before donors make funding commitments for projects. International groups can also pressure donors to provide more soft loans and grants fund multi-year programs to increase the institutional capacity of governments to enable them to participate in a negotiation process.

Strengthen Relationships Between Nongovernmental Organizations and Resource Users

Local NGOs should develop programs to strengthen their relationships with resource users such as agriculture, fishermen, and forest users. There are two ways to do this. First, NGOs can talk to resource users to educate them about the environmental damage caused by traditional forms of development, such as large tourist resorts, that damage fishing grounds, close off access to the coast, etc. Second, NGOs can work with resource users to help make them more efficient producers. This can be done by sponsoring programs to examine how resource users operate, and then designing a strategy to increase the efficiency of their operations in a locally designed manner that is environmentally sustainable.

This could include observing the habits of local fishermen that may be environmentally harmful, such as dynamiting reefs or overharvesting certain species. The NGO could work with fisheries biologists to identify species that can be safely harvested, and train fishermen in the techniques needed to catch them. Then, the NGO could act on behalf of a fishing community to seek funding from a donor agency to build facilities for storing, processing and marketing the fish that are caught.

By creating this kind of downward linkage with resource users, NGOs will generate economic and political leverage for both groups. This can translate into stronger political influence with the government, which in turn will strengthen both stakeholders during the negotiation process.²⁰ If

²⁰ Susan L. Carpenter and W.J.D. Kennedy, 1988. *Managing Public Disputes*. San Francisco, Jossey-Bass. See pages 216-18. Carpenter and Kennedy discuss the value of being able to reward the other side for cooperation, the importance of a sound alternative, and the ability to cause harm by increasing a cost. Stakeholders who are excluded from development decisions can offer all of these incentives to political leaders in exchange for their participation in decision making.

international NGOs participate in this effort, coalitions will be formed between local NGOs, international NGOs, and resource users, increasing the political leverage and influence of all three parties.²¹

SUMMARY

Environmental policies targeted for developing countries often fail to meet their stated objectives because they do not adequately account for three critical elements of a legitimate policy-making process: national politics, the role of a local or national culture in decision making, and economic survival. In addition, environmental policies are often not implemented because of conflicting behavior within donor agencies; some parties favor development that degrades natural resources, while others promote environmental protection that is seen as hampering development.

The combined behavior of policy makers in both donor agencies and developing countries creates an environmental policy-making process that is basically closed. This closed system does not adequately account for the interests of several key stakeholders, including resource users, local and international environmental NGOs, civil servants and environmental technicians. To account for the interests of stakeholders that are now excluded from environmental policy making, and to integrate the crucial three elements of the public policy process, a new open system of decision making is advocated. This intent of this new open system of policy making is to design strategies for implementing new environmental policies, amidst great uncertainty, that will have a better chance of being carried out and actually protecting limited natural resources. The method of policy making that is proposed is called a negotiated partnership for sustainable development.

A negotiation process can be designed to open up the public policy process, but the first obstacle that has to be overcome is to convince borrowing countries and donor agencies to participate in a more open policy dialogue. There are significant incentives for both parties to participate. Donor agencies will be subject to increasing political pressure from the U.S. Congress and international environmental

²¹ See H. Jeffrey Leonard, 1989. *Environment and the Poor: Development Strategies for a Common Agenda*. New Brunswick, Transaction Books. Leonard describes strategies that combine environmental protection with improving the quality of life for poor resource users; see pages 31-43. In *The Human Dimension in Environmental Planning*, (Jeffrey A. McNeely and David Pitt, eds., London, Croom Helm, 1985), Pitt discusses the effectiveness of linking resource users to national environmental planning programs; see page 283.

organizations to implement environmental reforms that work. If the donors fail to adopt more effective strategies for protecting natural resources, their funding may be curtailed.

Similarly, borrowing countries may not be eligible for development assistance unless they promote effective environmental reforms. By accounting for environmental factors in development decisions, national political leaders will blunt the growing opposition from pro-environmental interest groups at home and abroad, creating political stability that will allow them to stay in power. By increasing the institutional capacity within their own governments for policy analysis and environmental planning, as an element to the development process, politicians will enhance national self-reliance and reduce political and economic dependency on outside parties. National governments and donor agencies will benefit from integrating economic and environmental factors in a manner that promotes sustainable development, which in turn will create a more certain investment climate and ensure the continued flow of resources from donors that are increasingly sensitive to the rational use of limited natural resources.

As major stakeholders, donor agencies and borrowing countries possess the political and financial leverage to convince one another to take part in a more open process. Once a decision is made to open up the policy dialogue, a collaborative negotiation process can be convened by any one of the stakeholders. The difficulty of accounting for economic factors when designing environmental policies can also be addressed in a negotiation process. Local NGOs can strengthen their coalitions with local resource users who provide vital services for their societies. Resource users are generally not organized. If NGOs promote downward linkages with resource users and help them to become more efficient producers, both groups will gain more political and economic leverage, giving them a greater voice in development decisions. If donors promote long-term institution building in borrowing countries, they will help harmonize conflicting economic and environmental policies, and promote economic incentives to protect natural resources.

The stakeholders can also undertake initiatives outside of the negotiation process to help make it more effective. Donor agencies can take the lead in promoting effective environmental policies by creating economic incentives that protect natural resources. They can use contingent agreements that link institution building with the approval of individual projects. As a country builds its capacity for protecting natural resources, the donor can then provide funds for development projects. This provides an incentive for countries to increase their own capacity for environmental protection. Donors should also provide career environmental incentives for their employees by rewarding them for creating and

promoting environmental reform, including use of the collaborative negotiation process. NGOs should coordinate their efforts to identify and train talented individuals who will serve as the next generation of leaders in their governments. This could take the form of a permanent training center to build skills in conflict resolution, inter-personal communication, and policy analysis.