

Outputs Appendix 2  
**Political Economy Workshop Report  
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### **Political economy and natural resource management: challenges for development**

Political economy is understood as the study of the interrelationships between political and economic institutions and processes. It is interested in how government allocates scarce resources through legislation and policy and how the nature of the economic system and the behavior of people acting on their economic interests affects the form of government and the kinds of laws and policies that get made.

The pressure on natural resources in developing countries is often vast. Austerity as a result of structural adjustment programmes and indebtedness can drive communities and the government to look to ostensibly 'free' resources for economic relief and, in the constant trade-off between domestic consumption and export, the impact on natural resources is often a secondary issue. In a tense economic environment with rising unemployment and food prices, political pressure to keep the peace influences the possible economic pathways open to government. It is therefore imperative that the political and economic agendas at work in the country are understood for natural resources management to have a reasonable chance at implementing change and sustainability. The implications of successful management of natural resource on development are huge. It is now understood that environmental degradation is both a product of and a contributor to poverty. As such the complex linkages between all elements in the system have to be understood so that the final goal: growth with equity without the loss of environmental capital, can be achieved.

The DfID funded project on the Management of Conflict in Tropical Fisheries began on 1 February 1999 and is investigating the causes of conflict in fisheries management in Bangladesh, Ghana and the Turks and Caicos Islands. As part of the initial research work carried out on this project a seminar on political economy and natural resource management was held on 26<sup>th</sup> April 1999. The seminar represents the first in a series planned to take place over the lifetime of the project. The series of seminars will have a two-fold purpose: to foster academic links between colleagues in other universities engaged in similar work and to further the research of CEMARE in these areas.

The aim of the first seminar was to set the context for the conflict project by bringing together a number of speakers on the political economy of Bangladesh, Ghana and the Turks and Caicos Islands. The objective was to contribute to the wider debate on the linkages between natural resource management and the political economy of developing countries.

Working on the basis that successful management of natural resources requires, among other things, an understanding of the political, historical and economic context within which the resources are to be managed, the three speakers were asked to expound on a particular area of political economy relevant to their geographical area. In the case of Bangladesh this necessarily involved the role of NGOs in governance in that country and the relationship between NGOs and GOs. It was felt that the position of the Turks and Caicos Islands' as a UK Overseas Territory (formally known as UK Dependent Territories) greatly affected its political economy. In the case of Ghana, the impact of Structural Adjustment was recognised as a leading component of the current political and economic situation. It was hoped that by choosing a different

subject area for each country, commonalities would be found between the three very different countries.

A total of 18 attended the seminar from a number of different departments within the University. The three invited speakers were Dr David Lewis from the London School of Economics, Mr Bill Samuels, official representative of the Turks and Caicos (TCI) Government in the UK and Dr Giles Mohan from the School of Geography (University of Portsmouth).

Initial concerns about how common links would be found between three such diverse countries were unfounded. Over the course of the day the following were identified as the common points that arose:

**The history of the country:** all three countries were (and in the case of TCI still are) British colonies and the institutions and institutional frameworks in place reflect this. The independence movements in both Bangladesh and Ghana also had an impact on the political economy that emerged post-independence (from both Britain and Pakistan in the case of Bangladesh). It was interesting to note that while Bangladesh had emerged with a weak state but strong institutional sector, Ghana had a strong state. This was no doubt due to the relative political stability enjoyed by Ghana compared to the wars that Bangladesh has had to endure. Bangladesh has a rapidly growing population living in an unstable ecological environment; is still trying to come to terms with its identity (Bengali, Muslim, ex-hinterland of Indian state of Bengal, ex-part of Pakistan, ex British colony) and as a primary result of the wars of independence and repeated wars is heavily dependent on aid and the role of NGOs and a country where landlessness is a key issue. Ghana on the other hand has a very well defined sense of nationhood although tribal issues are still prominent. Although TCI is British, Miami provides the cultural and aspiration focus for the islands. An island mentality pervades and there was a sense that little self-propelled development would happen because there was an over-riding sense that things would happen as a result of being British and receiving financial assistance from London – not dissimilar to the dependency state found in Bangladesh

This leads on to **the role of the state** in the three countries. In the case of Bangladesh the state is weak and had traditionally failed to target the landless in its development programmes and had now almost washed its hands of poverty as an issue because this was the remit of the powerful NGO sector. The Ghanaian state has as its prime concern meeting SAP targets which partly govern the countries ability to attract further aid. The State in Ghana is strong institutionally, as a result of strong (albeit military) government since independence but again, natural resources are seen primarily as a resource to be mined for the generation of foreign exchange. The state in TCI is rather anomalous in that the head of government is the Governor appointed by the British Government and he has the final veto.

**The capacity of the state to govern** in relation to NGOs, markets and the private sector was also common across regions. The issue of NGOs came out strongly in the case of Bangladesh where, in some cases, NGOs were more powerful than the state itself. Northern NGOs are now decreasing in importance as Southern NGOs gain in size and number. The relationship between the government and the NGOs has passed through 3 distinct stages: that of operating in separate spheres in the 1970s, mutual

suspicion in the 1980s (in part as a result of insecure military government) and reluctant partners in the 1990s where the state has recognised that NGOs have a valuable role to play in the country. For example, Proshika, one of the bigger Bangladeshi NGOs, runs the primary school system in the country. The question of NGOs, their status and role in Bangladesh is crucial to understanding development there. Three types of relationship were identified: opposing, where there the NGO and the state are working to different agendas (the FAP was given as an example); complementing, where the agendas are synchronised (the use of the BRAC poultry programme by government extension workers was cited and finally reforming where the Proshika social forestry programme has made great strides in reforming state policy towards social forestry in the country. The sum of this situation is, however, that there is a danger that the state becomes franchised and dependent. NGOs are unaccountable, non-elected and yet wield considerable amounts of power in the country. What is more, they are unsustainable in so far as they would cease to function if the funding was withdrawn.

By way of contrast, the market and the private sector have emerged as strong institutions in Ghana as a result of the SAP set in place by the IMF. The progressive privatisation of many state-owned bodies had placed considerable economic power in the hands of private companies than now own the cocoa, mining and fishing sectors in particular. As a result of privatisation, production in these sectors has increased, although the impact this has had on the environment is a contested point. Ghana is often held up as the shining example of how structural adjustment can work and has been the most significant factor in the country's political economy in the last 15 years. There are conflicting reports as to the impact that SAP has had on the environment in Ghana. Although it took a while for the Bank to see the importance of the environment in its plans and demands, it soon began to tie environmental issues to its loans

The **decentralisation of the state** was another interesting issue. In both Ghana and Bangladesh this has been a deliberate process started in the 1980s. However to a degree in Bangladesh this has been through the proliferation of indigenous NGOs which has occurred at some levels as an accidental consequences of the conditions in the country. Decentralising government in the 1980s has made development and natural resource management more regionally focused and pertinent but local patronage still operates and dictates what happens. A less formal form of decentralisation exists in TCI. There is a degree of decentralisation from London in a physical sense and decentralisation within the islands due to the physical and cultural space between the government and the main economic centres.

There were significant commonalities in **development approaches**, although TCI does present something of an anomaly. At the macro-level the IMF and World Bank provide common links in their dealings with the Bangladesh and Ghana. This is closely linked to the conflict of development objectives: production vs. poverty, although this conflict is perhaps diminishing on paper at least. In the case of Bangladesh this issue was highlighted with reference to the development approaches taken by the government and NGOs and also to the issue of the nature of the development process: as active or dependent. In other words does civil society actively participate in the process or is the process is handed down from government. Aid as a tool of development threw up some interesting links and comparisons. Aid is

extremely important to Bangladesh and in itself, as explained below, raises some important issues. While aid goes to TCI it is given under very different circumstances: as money that the British government is legally (as opposed to morally) obliged to give to an overseas territory. The Turks and Caicos are not technical an LDC and their receipt of DfID monies is more an accident of history than any deliberate attempt on the part of the British Government to channel 'aid money' in their direction. Economically the islands are well-off, although the population is rising fast (about 6% per annum) which may soon affected the GDP per capita measure of development. Ghana is in receipt of aid also, but much of the development aid is tied to its performance against SAP indicators.

**Personalities** came across very strongly as an important issue in development. In Ghana personality was instrumental in the success of the SAP there and the development of the Ghanaian state; in TCI which operates as a small community personality is very important because of the number of possible cross-linkages of personal relations. In Bangladesh personality can often affect how and when things get done. This is particularly interesting in that it is related to social capital which is now recognised as an important aspect of development, although it could be argued that in this context this could be negative social capital.

The **impact of development** and in particular how this relates to natural resources was highlighted by the three speakers. While TCI appears to be in control of the development of the islands and the natural resource exploitation, the impacts in Ghana and Bangladesh appear to be negative with increased environmental degradation. The capacity of the state to manage natural resources was called into question and it emerged that common to all three, the fisheries departments in particular were underfunded and that natural resources in general were given low political priority. However, Ghana has a National Environmental Action Plan. This had resulted from the Ghanaian state first setting up the EPC (environmental protection council) in 1974 – the first in Africa. The NEAP process has been an African creation without any significant outside input. As a result of setting up the NEAP, environmental impact assessments have to be carried out on new projects that will use natural resources. It was clear at this point that the strength of the State in Ghana had been instrumental in setting this up and had thus succeeded where Bangladesh had failed. However, the political economy in Ghana still results in the financial support for the environment being poor and badly coordinated between sectors. The environment is very important to both the fishing and the tourist industries in TCI, the islands have only recently started a tourism industry (much of it feeding on the off shore finance connection) and there is hope that things will not be spoilt because there is a clearly recognised link between tourism, the reefs and the environmental movement.

**In summary** the challenges for development in terms of political economy would appear to be:

- The institutional context in the country: how strong is the institutional structure compared to the state and how well and easily do the two sit together?
- The underfunding of natural resource departments in government considerably impacts on projects that aim to work with natural resources.
- The economic situation in the country and where development priorities lie will obviously affect institutional capacity building. Where basic social services are a

priority or where high value exports are required to meet debt payments, natural resources will take second place.

- The partnership between state and NGOs is very important to how the country's political economy operates.
- The perception of the role of natural resources in the economic development of the country is significant