

PolicyMatters

Newsletter of the IUCN Commission on Environmental, Economic and Social Policy (CEESP)

Globalisation and governance

Matthias Finger

A four-day conference organised by CEESP in collaboration with the Social Science Research Council, New York, brought together leading thinkers on the subject of governance in August this year. The objective of *Beyond Governance*, which took place in Murree, Pakistan, was to apply an emerging understanding of governance to a concrete issue – within a regional context – in this case South Asia. Through a selection of papers and extracts of papers presented in Murree, *Policy Matters* examines the issue of governance from a number of different perspectives, leading with a critical examination of the concept of governance and its current uses, extracted from a longer paper by Professor Matthias Finger.

The special importance of both the concept and the practice of governance stems from the fact that globalisation has profoundly altered the premises of and the ground-rules for traditional nation-state politics. As traditional, local, national and international political institutions are no longer adequate to meet the challenges created by the process of industrial development, 'governance' emerges as a new concept, directly related to the process of globalisation.

Globalisation is defined here as the latest stage of a process where *technological, economic, ecological, cultural, and military trends, traditionally observable on a geographically limited scale and scope, are extended to the entire globe*. First separately, but increasingly in a synergistic manner – and therefore ever accelerating - these trends lead to the emergence of new players with new and different (power) relationships among them. Let me briefly comment here on each of these five trends separately.

Technological globalisation – which is the result of global scientific development – is certainly most fundamental, as this is the process which underlies and accelerates most if not all other processes, in particular those of economic and cultural globalisation. Key players are techno-scientific institutions, whose aim is to make scientific progress useful for commercial and political interests. As almost all of these institutions work with the same scientific rationality, the outcomes of technological globalisation are quite homogeneous.

The field of communication perfectly illustrates how technological globalisation influences *cultural globalisation*. Indeed, whether it is because of the media, communication or tourism, more and more inhabitants of the planet share the same cultural references and define themselves in respect to the same dreams, mostly American ones. This, of course, leads to a certain uniformity, as well as a loss of cultural diversity (e.g., Ritzer, 1998). However, this process of cultural globalisation is not necessarily synonymous with cultural homogenisation, since this new 'global culture' is often fragmented and incoherent, victim as it is of rapidly changing fads and fashions. The main actors here are media and entertainment conglomerates, which are in fewer and fewer hands. One must also mention that parallel to the standardisation of culture one can observe a localisation and so-called "ethno-isation" as a reaction to it.

It is in the area of *economy and business* that the phenomenon of globalisation has probably been best studied (e.g., Barnett & Cavanagh, 1994; Dunning, 1993;), and often equated to globalisation *per se*. However, one must distinguish here between the globalisation of the financial networks (which are by now almost totally integrated), the globalisation of production, and the globalisation of the markets, i.e., of consumption. As a consequence, the

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December 1999

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About IUCN

IUCN – The World Conservation Union – was founded in 1948 and has its headquarters in Gland, Switzerland. IUCN brings together sovereign states, governmental agencies and non-governmental organisations in a global partnership to influence, encourage and assist societies throughout the world to conserve the integrity and diversity of nature and to ensure that any use of natural resources is equitable and ecologically sustainable.

The Commission on Environmental, Economic and Social Policy (CEESP) is one of six IUCN commissions that draw together a network of expert individuals. CEESP is an inter-disciplinary commission, whose mission is to act as a source of expertise on economic and social factors that affect natural resources and biological diversity; to assist in the formulation of policies for the conservation and sustainable use of natural resources and the equitable sharing of the benefits arising from this use; to contribute to the IUCN programme and mission; and in performing this mission, to establish itself as a central source of guidance, support and expertise on environmental policy.

Policy Matters is published by the Commission on Environmental, Economic and Social Policy of IUCN – the World Conservation Union. Edited by Catherine McCloskey, IIED.

Production: Eileen Higgins and Bridget Tisdall, IIED.

Articles published in **Policy Matters** do not necessarily reflect the views and opinions of IUCN or CEESP.

Letter from the Chair

Dear Colleagues,

I wish to start by welcoming Nigel Cross as the new Executive Director of IIED. Nigel brings extensive experience working on the ground – particularly in the Sahel – and is a skilful manager and communicator. I am sure that, under his leadership, IIED faces a very successful future.

Catherine McCloskey will shortly be departing on maternity leave. Her absence will be felt throughout. Catherine has run the Secretariat so well, kept the newsletter going and made continuous improvements in its quality, and acted as the intermediary between the outside world (including CEESP members) and the CEESP Steering Committee. She will be sorely missed by all of us.

During Catherine's absence, Erika Spanger-Siegfried of the Stockholm Environment Institute's Boston Center will be filling in; for the time being, you can refer Secretariat and newsletter questions to her.

In the months leading up to her leave, Catherine has taken part in the re-invigoration of the Collaborative Management Working Group, set up in 1996 to assist the IUCN Secretariat in an ambitious programme of work. Sadly, with the sudden departure in 1998 of Grazia Borrini-Feyerabend, former head of the IUCN Social Policy Group, the CMWG ran into resource difficulties – both human and financial, as the Programme's priorities shifted away from collaborative management. Over the past few months, a number of key members of the CMWG with the support of IIED, have taken steps to revitalise the group, starting with the preparation of a third issue of CM News, enclosed here. It reports on a number of exciting projects currently being undertaken around the world and is testament to the ongoing enthusiasm of CM members. It is hoped that resources will be found to build on this work, to establish a clear mandate for the Group, to continue supporting IIED in preparing a regular newsletter – and establishing a CMWG website.

In a related development, CEESP is finalising arrangements with IUCN's World Commission on Protected Areas to launch a joint Task Force on Collaborative Management and Protected Areas. The discussions began in 1998, with the active involvement of CM Forum members, and have led to a consensus on the terms and objectives of the proposed Task Force. These include promotion of greater understanding and wider application of co-management initiatives related to

the management of protected areas, as well as cataloguing and classifying the co-management approaches currently in use. These efforts will lead to a workshop at the fifth World Parks Congress, in 2002. Yves Renard, CMWG Chair, and Adrian Phillips, WCPA Chair, have requested Ashish Khotari to lead the group. Our thanks to Ashish for taking on this role.

In August, Adil Najam represented CEESP at the Regional Scoping Meeting on Climate Change, organised by ROSA in Johannesburg, South Africa. The participants recommended that IUCN's Climate Initiative should focus on the interface between climate change and sustainable development, as this was most meaningful from a developing country (and especially Southern African) perspective. Subsequently, I addressed the Ottawa Ministerial Forum, and a policy workshop organised in Bangkok by the Asian Development Bank for Asian policy makers. In general, there is a much greater awareness of the concern for linking climate change mitigation and sustainable development in order to get Southern countries on board. This is also consistent with the direction of the discussion in the IPCC. A number of CEESP and Ring members are involved in international climate change discussions as part of IPCC writing teams. I am thinking of ways in which their counsel could be used more effectively by IUCN as it tries to establish its niche in this area.

The focus of this issue of the newsletter is on governance. This was the subject of a recent conference organised by CEESP jointly with the Pakistan Environment Program, and the Social Science Research Council. The conference was held in Murree, Pakistan, August 25-28th. The sustainable development community has been tackling the issue of governance for more than ten years. Recently, a number of people had begun to identify what they perceived as a significant gap between the way in which the issue of governance is constructed in the academic and policy literature, and the way it is

experienced in the field. The former put forth an idealistic aspect – that the problems of governance were solvable through simple (and often simplistic) policy intervention. But from the field the problem seemed quite different, since many good reform efforts in the past had been hijacked by a small group of elites. In other words, it made sense to think of solutions to the problem of governance, not as the reform of a slightly deformed system, but as the obstruction of a set of criminal activities that have succeeded in hijacking reform efforts and institutions in the past.

To pursue this line of thinking, we asked a group of academic scholars of history, anthropology, economics, political science and literary criticism to interact with South Asian practitioners, representing mainly IUCN members and Secretariat staff. It was a highly fruitful exchange, and will lead to many lessons of interest for the IUCN community. Papers will be compiled in a volume to be jointly edited by myself and David Ludden, Professor of History at the University of Pennsylvania.

We also took advantage of the meeting to allow Matthias Finger, Chair of the Governance Working Group, to meet separately with key IUCN staff members to discuss a position paper he is preparing for IUCN, on global governance. The background document is available here p.20) and on the CEESP website at <http://ws101.cisti.nrc.ca/ceesp/>. We encourage you to send comments to Matthias Finger.

While you are visiting the site, you might also want to see the background

paper on ethics, and send comments to Franck Amalric, Chair of the Ethics Working Group.

Most recently, we held a three-day workshop on operationalising sustainable livelihoods (7-9 November) in Boston. The goal of this scoping meeting was to identify ways in which sustainable livelihoods can be operationalised, and to formulate clearly the idea of a formal, international network of groups active in the area of sustainable livelihoods. Such a network would draw together the knowledge, energy and practical experience of sustainable livelihood concept champions, advocates, researchers, and practitioners.

The analogy proposed to this work is that of the Consultative Group for International Agricultural Research (CGIAR). It was recalled that, in response to food crises, a network of institutions focused on agricultural research functioned as a clearing house of ideas and experience, as well as champions of a concept around the world. The work of this network helped to translate a universal theory into practical, local applications. In continuing the analogy, the meeting has adopted the acronym, CGSL (Consultative Group for Sustainable Livelihoods).

This analogy, however useful it is, need not be taken too literally. CGIAR has come under criticism as being overly bureaucratized and wedded to an approach that has historically excluded key emerging concerns – especially those pertaining to the environment and social development.

Taking cues from, but without being confined to this approach, the CGSL workshop aims to explore how existing institutions and networks can be energised to operationalise the idea of sustainable livelihoods. I look forward to reporting the outcome.

Tariq Banuri

Who benefits?

Nick Robins, Sarah Roberts & Jo Abbot, IIED

ISSN 1562-3319

Experts from developing countries are increasingly affected by environmental factors. For some, this opens up new trade opportunities; for others it presents additional barriers and constraints. But what has rarely been asked is whether this environmentally-driven trade contributes to poverty elimination and broader-based development: in sum, who benefits?



To shed light on this question, the *who benefits?* study reviews trends in environmentally-driven trade, drawing on the experience of organic coffee exporters from Venezuela and the South African citrus sector. It also examines the fair trade movement's approach to generating and assessing benefits and the trends towards convergence between environmentally and socially focused trade initiatives. The report concludes by recommending action for increasing the social benefits of environmentally-driven trade.

Who benefits? is part of IIED's Stimulating Sustainable Trade series, which examines the impacts of social and environmental requirements on trade between the North and South and looks at how to encourage trade in more sustainable goods and services. It is available from the IIED bookshop, bookshop@iied.org.

For more information about IIED's work on sustainable trade, see the Sustainable Consumption and Trade initiative website, www.iied.org/scati, or contact Nick Robins or Sarah Roberts at IIED, nick.robins@iied.org; sarah.roberts@iied.org.

Governance and globalisation

(continued from page 1)

least mobile lose out, i.e., natural resources lose out against workers, and workers lose out against capital. Consumption, of course, also goes global, as culture becomes more uniform, and as production spreads world-wide. Consequently, companies which produce these new global goods and services increasingly merge, and turn the planet into one big supermarket. Such concentration can now be found in all sectors, some of which are already highly cartelised as a result of economic globalisation.

Ecology has also become globalised. Since the beginning of the 1980s, favoured by a new scientific approach called 'Global Change' (Malone & Roederer, 1985) the planet has increasingly been seen as a single global system (Sachs, 1993). As a consequence, many ecological issues and problems are seen as a threat to the entire Biosphere. This is now the case with nuclear pollution, climate change, ozone depletion, biodiversity destruction, and many other resource- or pollution-related issues. The actors of this new global ecological awareness can be found in the scientific community, among international environmental NGOs, and indigenous peoples' organisations (Tamiotti & Finger, forthcoming).

Even the *military*, traditionally very much tied to the nation-state, has become globalised, parallel to planetary security concerns, some of which are now of a non-military nature.

In each of these five dimensions of globalisation there are new actors emerging for whom the playing field is now the entire globe. Until recently, transnational corporations (TNCs) were considered to be the most typical such new global actors (e.g., Barnett & Cavanagh, 1994; Korten, 1995). Some of them – with their strategic vision, their mobility, and their economic and sometimes even political power – have already become more powerful than many governments. However, this same phenomenon of globalisation also extends to civil society (Princen & Finger, 1994) in the form of 'multinational' non-governmental organisations (NGOs). In addition, new global agencies have emerged which are no longer controlled directly by governments as in the case of most UN agencies, the Bretton Woods institutions, such as the GATT and the World Trade Organisation (WTO), the International Monetary Fund (IMF), or the World Bank (Chossoudovsky, 1994; Danaher, 1994). These players not only have a global strategic vision, but are among the most active promoters of globalisation, profiting from the continuation of the process.

At the level of society, there are also many victims of the same process, in particular those who are least mobile socially, geographically and professionally. At an ecological level, the first victims of globalisation are the species and people who depend directly on natural resources for survival. On a cultural level we are arguably all victims of globalisation, since for most of us, our identity remains linked to a geographical location with a given culture and language. Globalisation, on the other hand, has become synonymous with a loss of roots, loss of meaning and identity.

In short, while globalisation builds on historical trends of rationalisation, institutionalisation, expansion and further socio-cultural and ecological degradation and exploitation, it now seems to have reached a new stage in the form of new and institutionalised global organisations (TNCs, NGOs, multilateral organisations). This new global institutional reality is, however, paralleled by a corresponding process of localisation, characterised mainly by its defensiveness and reactivity.

What future for "old politics"?

The question now is what role do traditional political players – national and local governments, international institutions, public administrations, public enterprises, political parties, and many others more – play in the new framework.

For the nation-state, the historical unit within which collective problems have traditionally been addressed, this is a particularly paradoxical situation. The nation-state was, and to a certain extent still is, a significant player in all five processes of globalisation: cultural homogenisation, ecological destruction, techno-scientific advancements (often tied to the military), military conquest, and of economic growth and industrial development more generally. Today, it seems, the same nation-state, after having loy-

ally served industrial development and its promoters, has been made obsolete by the very process it has actively promoted. And in some cases, if one reads neo-liberal literature, the nation-state is now the key obstacle to further growth and economic expansion. If the winners of globalisation want to do away with the nation-state, the losers, instead, seem to put all their hopes in it. Indeed, many peoples, especially in the developing countries, seem to think that the same nation-state, which at least in part has caused their hardships, will now protect them from the negative effects of globalisation.

It is probably premature to say exactly where the nation-state is heading as a result of the numerous attempts to adapt to and cope with globalisation. However, it is possible to identify *four types of pressure* imposed on the nation-state by globalisation. As profits increasingly globalise and social and environmental costs increasingly localise, the nation-state runs into a structural financial problem, where it inevitably has to do more with less. Secondly, there is a growing crisis of legitimacy as global actors increasingly dictate what nation-states should do (either by bypassing or by instrumentalising them), and society increasingly has to be reactive, defensive, and therefore temporary demands. Along with the structural financial problems, the state's declining credibility in turn leads to a loss of political coherence and collective problem-solving capacity.

Over the past ten years or so many new collective problem-solving mechanisms, along with corresponding institutions, have emerged – a phenomenon described by the concept of 'governance'.

In the literature of political science, the idea of governance involves a broad range of concepts. Nevertheless, four different schools of thought can be identified, namely structural or good governance, regime theory, common property resources management theory, and the idea of so-called 'global governance'.

Structural or 'good governance'

Structural governance is a tendency that involves mainly the democratic structures of a state at a national level only. In this context, the term of governance has been mainly used by the World Bank since the early 1990s. World Bank working papers usually refer to the more eloquent concept of 'good governance', introduced to address politically sensitive questions regarding state reform in developing countries, which were promoted in the main by international financial institutions. While the statutes of organisations, such as the World Bank and the IMF, expressly forbid them to take up political issues, the use of the concept of governance has allowed these institutions to interfere in political and social issues without directly confronting the governments concerned. The World Bank has used the concept of good governance in a didactic manner, mainly in Africa to determine the institutions and political practices that would be necessary for the (industrial) development of a given country (Senarclens, 1998 : 92), in other words in order to obtain structural adjustment loans.

The concept of good governance has also been used in the same way within the UNCED process with the aim of creating a political climate suitable for so-called sustainable development. In this context, governance came to be defined as three things: the participation of states in international law-making; the evolution of the decision-making mechanisms of international institutions; and the participation of non-governmental entities in national and international decision-making and implementation processes. In both the World Bank and the UNCED context the notion of (good) governance appears to be very close to that of *government*, albeit with additional participation by selected non-governmental organisations (both business and not-for-profit). Moreover, it refers to broadly accepted structures of government, whose aim it is to define a certain way of operating state institutions, usually modelled after Western democratic

ones. It is a model able to provide non-democratic or stateless countries with appropriate democratic institutions. But it does not address the interdependency and complexity of governance situations

Regime theory

Because of an increase in the number of international institutions, the growing interdependency and complexity of local and global issues, and the emergence of new players on the international scene, it became necessary during the 1990s to redefine international public action. It is in this context that the concept of governance has been re-introduced mainly to describe interdependencies and complexities involved in the operation of a given community or institution, generally limited to a geographical area and even to a specific issue (such as, for example, polar bears) or resources (e.g., water). The idea is not to focus on the operation of structures, but rather to understand the forces and powers involved in the overall process governing the issue in question. In the context of international relations theory, the concept of area-specific governance has been used at two levels, regime theory above state level and Common Property Resources Management Theory below the state level.

Regime thinking has initiated a new trend in consideration of international institutions. The classic definition of an international regime is a set of *'principles, norms, rules and decision-making procedures around which actors' expectations converge in a given issue area'*. Consequently, regimes are centred on nation-states, even though they can and often do involve other players when it comes to their formulation, implementation, and evaluation. In other words, Regime Theory pertains to a specific issue generally located at the supra-national level, often involving the solution of a specific collective problem by means of the co-operation of nation states and other players. Such a

work, most often an international convention.

A number of scholars have focused their studies on the effectiveness of international regimes, where effectiveness can be defined as the degree to which international environmental accords and organisations lead to changes in behaviour that help solve collective problems. However, the assessment of the effectiveness of an international accord or regime is generally rather difficult to establish, in the same way as is the effectiveness and corresponding evaluation of public policies at the national level. The nature and extent of international environmental commitments have been transformed in recent years as states have taken on more responsibilities under treaties and agreements which are increasingly stringent and with which they must comply.

Common property resources management theory

Common property resources can be broadly defined as those in which a group of people have co-equal rights, specifically rights which exclude the use of these resources by other people (World Bank, 1992). Common Property Resources Management Theory (CPRMT) looks at the ways in which individuals and groups organise themselves to govern and manage common property resources. Furthermore, it seeks to contribute to the elaboration of a theory of self-organisation and self-governance in a specific area, generally related to specific resources (e.g., forests, water, fisheries, etc.) (Ostrom, 1990: 27)

CPRMT takes a stakeholder approach, where each stakeholder is directly affected by what the others do. It also makes very specific assumptions about the nature of the stakes. While theoretically and conceptually very solid, it is difficult to extrapolate CPRMT beyond the local level, beyond the area of natural resources, and beyond some basic assumptions about stakeholder interests.

Global governance

Global governance is certainly the most prominent, but also the vaguest use of the term governance. It is rooted in the idea that economic and financial globalisation have profoundly redistributed economic and political power, thus challenging State authority. Since the 90s, the development of humanitarian interventions has altered the previous basis of inter-state order, allowing for supra-state players to increasingly interfere in national and local matters. These and other changes have been conceptualised, albeit not systematically, by the Commission on Global Governance, meeting on a regular basis in Geneva since 1992. In a report entitled *Our Global Neighbourhood*, the Commission defined the concept of governance as follows:

“Governance is the sum of the many ways individuals and institutions, public and private, manage their common affairs. It is a continuing process through which conflicting or diverse interests may be accommodated and co-operative action may be taken. It includes formal institutions and regimes empowered to enforce compliance, as well as informal arrangements that people and institutions either have agreed to or perceive to be in their interest” (Commission on Global Governance, 1995).

Such a definition encapsulates almost everything, from the notion of individuals working together to that of co-operation among nation-states. Typical of UN – and particularly UNCED – jargon, this conceptualisation does not take into account the power differentials between individuals and institutions, or their strategic interests. By enlarging the concept of global governance to include grassroots players and local peoples, a number of authors have elevated civil society players to global players, thus not only confusing levels, but moreover ignoring the status and role of institutions. This, however, is not to say that local levels and actions are not relevant when it comes to dealing with concrete issues and day-

to-day problems. In fact, organisations now increasingly transfer their capacity to implement to local players (Tamiotti & Finger, forthcoming). This may have less to do with an emerging global civil society than with yet another instrumentalisation of the local by the global, furthermore bypassing nation-states in the process. In no way can such civil society activities be conceptualised as an organised counter-force to newly emerging global players.

The four conceptualisations of governance mentioned here all have their shortcomings, Good Governance Theory being particularly non-original, as it confuses governance with (American style) government. Global Governance Theory is closer to wishful thinking than to actual reality: civil society and corresponding civil society NGOs cannot be seen as being on an equal footing with other newly emerging global actors, such as TNCs and multilaterals. Moreover global governance is particularly a-political, and in this respect a typical outcome of the UNCED public relations exercise (Chatterjee & Finger, 1994). Common Property Resources Management Theory is conceptually very sound, but deals mainly with natural resources management at a sub-national level. As such, it does not really address the issue of institutions and organised players and their interests. Regime Theory is, in my view, the most interesting and promising approach to governance, as it identifies the supra-national level and explicitly addresses the issue of organisations and institutions. However, Regime Theory refers to sectoral issues, and does not really constitute a comprehensive approach. Furthermore, it remains very state-centric. Finally, all four governance theories focus on one policy level without relating it to all other levels.

Global governance: money and power

The main players involved in collective problem-solving at the global level are governments, international and multilateral institutions, TNCs, and some NGOs. They deal with such issues as

development, trade (liberalisation and re-regulation), and security.

The past fifty years have been characterised by the expansion of international institutions and public players, carrying out international policies, some of which are self-attributed. They include the United Nations system with its various agencies, the Bretton Woods institutions, i.e., the World Bank and the International Monetary Fund, and the General Agreement on Trade and Tariffs, leading in 1995 to the creation of the World Trade Organisation (WTO). All three types of institutions developed in parallel over the past 50 years, sometimes with overlapping missions and activities. While the United Nations, with its multiple agencies, has become more and more fragmented and thinly spread (which became particularly problematic when funds got scarce), the Bretton Woods institutions, especially the World Bank, have invaded UN development territory by subsuming social development and sustainability into their economic development agenda. The GATT, on the other hand, developed a powerful dynamic of trade liberalisation, and by doing so, somewhat undermined the agendas of both the UN and the Bretton Woods institutions.

Today, in the era of economic, ecological, cultural, and technological globalisation, with their emerging problems, paralleled by the growing importance of TNCs and NGOs, these international public players have largely redefined themselves and regrouped around three key issues: security, sustainable development and trade regulation.

The UN, under heavy financial pressure, is currently refocusing on issues

of security, the safeguard of international boundaries, human rights protection, and humanitarian intervention. In doing so, the UN is abandoning one of its core mandates, development – this is being taken over by the Bretton Woods institutions, especially, the World Bank, which is in a more favourable financial position and is sensitive to public opinion. Indeed, the World Bank, UNDP (the UN Development Programme), and UNEP (the UN Environment Programme), already linked through the GEF (Global Environmental Facility), seem to be regrouping around the issue of sustainable development, and this might well lead up to a new ‘Earth Bank’. Finally, there is the issue of trade and trade regulation. Having actively promoted trade liberalisation, the GATT and the WTO now increasingly come under pressure from public opinion, developing countries, and TNCs, asking for the reintroduction of some sort of trade regulation. In order to do this, however, the WTO will have to regroup with organisations such as ISO (the International Standardisation Organisation), and other private players. This illustrates that, at the global level, the definition of future governance mechanisms is driven by financial and economic interests as well as corresponding power, mainly of TNCs. As a result, privately defined standards are likely to become perfectly acceptable tools for global trade regulation.

The environment, as a cross-cutting issue, relates to all three dimensions – security, sustainable development and trade regulation. Indeed, environmental degradation has become an issue of security. Examples are found in the potential conflicts arising from scarcity of natural resources (such as water), or from transnational environmental damage (such as nuclear disasters). Secondly, since UNCED, environmental protection has been reframed in terms of ‘sustainable development’, and UN bodies, such as the UNDP and the World Bank, have been keen to promote corresponding (sustainable) development projects. The environment also pertains to trade: while environmental protection was and still is considered to be an impediment to trade, it is also becoming an argument, or perhaps an excuse, for re-regulating trade.

National governance: managing networks

It is of course at the national level where governments still have the strongest hold on public affairs. Nevertheless, even there one can observe the erosion of traditional politics, both in terms of the policy process (policy-formulation, policy

implementation, and compliance) and in terms of public management where more and more stakeholders are involved. In parallel, one can observe how new types of policies – i.e., facilitating, enabling, incentive-based, etc. – are made necessary since traditional ‘command and control’ policies are no longer effective. As a result, various stakeholders – e.g. businesses and NGOs – are being included both in the definition of the (environmental) policies and their implementation.

This is not (yet) comparable to the situation at the global level, where governments are clearly only one among many players involved in managing public affairs. In this respect, the term governance at the national level is not entirely appropriate. Governments retain their ultimate power, i.e., sovereignty over their territory, as well as control over legislation. Nevertheless, the capacity to get things done is increasingly dependent upon a government’s ability to mobilise the various players involved.

None of the above governance theories addresses this issue at the national level. One has to look at theories of public management to find a conceptualisation of this development. If the public service in question can be delivered for the most part by the market, there is a clear trend from public service provision to regulation. Where this is not the case, i.e., when public service is mainly the result of public provision, one can identify new theoretical conceptualisations such as “network management”. Here the role of government is to mobilise and facilitate a complex network of public, private, and not-for-profit players. Unfortunately, such conceptualisations are never fed into the larger framework of governance, nor related to developments occurring above and below the nation-state level.

Local governance

At the local level, governance is a totally different matter. In the era of globalisation, the local

becomes synonymous with exploitation and domination, where it is used by the global to further the process of globalisation. The local is where problems first become visible – even if they are only symptoms of global problems – and where they need to be solved as they arise, but it is also where the resources and means to address such problems are scarcest. If these problems become too overwhelming, national and global players intervene.

In non-crisis situations, national politics generally defines the local as the level at which all global, regional and national policies will ultimately (have to) be implemented. It is also the level which gives legitimacy to the entire public policy chain. Many collective issues may be handled more efficiently at the local level as populations often have intimate knowledge and experience of local ecosystems, as well as a sense of continuity with a given place.

This level of governance has only been recognised in the context of larger global problems, in particular after the publication of the Brundtland Report in 1987. The need for and the role of local actions has been enhanced by Agenda 21, agreed to at UNCED, and which led to a spate of local initiatives throughout the world. Such local initiatives, however, are rarely self-contained local governance mechanisms, as they are part of a larger concept of implementing a ‘global public policy’.

True local governance is something else, namely *community-based local problem-solving* within the larger framework of globalisation and localisation as outlined above, and of ‘learning our way out’ of the dead end of

industrial civilisation (e.g., Finger & Asún, forthcoming). Such collective problem-solving efforts will become increasingly necessary parallel to the process of globalisation and the destructive effects it has on local communities and their livelihoods. They are also quite different from the efforts conceptualised by Common Property Resources Management Theory. Indeed, the weakness of that theory lies in the fact that it does not contextualise common property resources management, particularly within the larger framework of globalisation, although this is where the most innovative governance efforts take place.

Governance efforts as I have defined them above, can be seen as attempts to solve (public) problems collectively by identifying the relevant stakeholders – and can be identified at global, national, and local levels. Even though the stakes, and often the players involved are different at each of the three levels of governance, the levels are not independent from another, but nor are they at all co-ordinated.

This is particularly problematic in the case of the four theories discussed above, which all focus on their specific levels. Global Governance Theory maintains the illusion that governance can be an encompassing concept linking the local, the national, and the global into one coherent governance framework. As such, Global Governance Theory – along with Common Property Resources Management Theory – leads one to believe that all the players involved in a given governance mechanism are equal partners, deciding about their common fate and/or the use of their resources. In this respect, all four governance theories are particularly pernicious: they hide power relationships and the players' strategic interests. This is particularly problematic at the global level.

Global players now have a significant advantage over local and even national players, as they are more mobile and often richer. As a result, they exploit the local, particularly the local resources and manpower, by playing them against each other. Increasingly, the global players, mainly the TNCs, also exploit nation-states, or nation-states are simply instrumentalised in order to better exploit the local. If the national cannot be instrumentalised by the global players – say for example by the multilateral institutions – it is simply bypassed, as in the case of the World Bank which works directly with northern and southern NGOs when it comes to implementing some of its objectives.

A comprehensive approach to governance

It is doubtful whether any of these three levels is the appropriate one when it comes to dealing with globalisation and its negative consequences: indeed the global level is too interested and involved in pursuing the process for it to be an appropriate level to address it. The nation-state, in turn, is either already too instrumentalised by the global actors or simply not the appropriate level when it comes to addressing the main problems caused by globalisation, such as the cultural and the ecological consequences of globalisation, in particular, but probably also the economic problems. The local level, in turn, even though the most innovative one, is probably too small and too vulnerable to national and global forces.

One therefore has to think of other levels of governance when it comes to addressing the negative consequences of the globalisation process. Key requirements for such levels to be relevant pertain, in my view, to some sort of ecological integrity or coherence (e.g., bio-regionalism, eco-regions, watersheds, etc.), but also to some sort of cultural dimension. The main stake in the age of globalisation, pertains to ecological and cultural survival. Despite the wealth of literature on eco-regions, the cultural aspect still has to be clarified. Nevertheless, both the ecological and the cultural dimensions point to a regional approach to governance, which, depending on the country and the region, can either be of supra- or of sub-national nature. There is yet another advantage to defining governance at such a regional level, as most of the governance mechanisms can still be designed, as opposed to having to be reclaimed. The original strategy of the 'new politics' thus would precisely be in the design of such new regional governance mechanisms.

In the design of such regional governance mechanisms, one could certainly be inspired by Regime Theory, as well as by Common

this conceptualisation would have to occur within the larger context of the globalisation-localisation dynamics, taking into account the respective powers and strategic interests of the various global and national players. Finally, such a conceptualisation would have to locate itself within the overall framework of collective problem-solving or 'learning our way out' (Finger & Asún, forthcoming), the main issue being the level at which such collective problem-solving makes most sense and has most autonomy.

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Structural adjustment in Pakistan: evidence and new developments

Shahrukh Rafi Khan

In a much-cited article, Huntington (1993, p. 39) stated, “through the IMF and other international economic institutions, the West promotes its economic interests and imposes on other nations, the economic policies it thinks appropriate.” Such statements are enough to make even the most level-headed of Third World thinkers paranoid. Why would industrialised countries want to enforce structural adjustment (SA) policies on poor countries? The worst possible motive is that for various economic reasons they want to see poor countries shaped in their own image. The best motive is that they are persuaded that SA is in the interest of the economies they lend to. We do not assume an *a priori* position on this issue for Pakistan and rely instead on the evidence.

However, looking at the evidence is not as straightforward as it sounds since there can be different perspectives from which it is viewed. As prudent bankers, the IMF and the World Bank worry about repayments, and so they naturally adopt a lender’s perspective. Nevertheless, lenders and borrowers may have conflicting interests and so it is important to assess SA from a national perspective too. Furthermore, since SA policies vary in their impact on different social groups, it is important to delve deeper and identify who gains and who loses, and in what way, from such policies. We refer to the latter as a political economic perspective.

Much of the evidence cited in the context of SA has been of a cross-country nature. Country case studies, however, have now become more readily available. To date, the evidence has not conclusively demonstrated that countries that have tried to reform their economies according to IMF/World Bank-prompted SA prescriptions (in exchange for loans) have succeeded in the judgement of either the donors or the borrowers. There are some success stories and many failures.

Establishing success empirically is difficult, since control data are often needed but not available, i.e. what would have been the condition of the country without SA? Even when enough time has passed to assess reforms, it is difficult to isolate the impact of structural reforms from everything else going on in the economy. Failures sometimes stare one in the face in the form of riots that have often followed SA programmes in the Third World.

Even so, SA and the neo-liberal paradigm that underlies it are now the dominant economic paradigms practised by

developing countries and have been so since the early 1980s. The reasons for this probably include the endorsement of such economic reforms by the G-7 governments and hence its propagation by the IMF, the World Bank, as well as many western bilateral aid agencies such as the USAID. There is also predominant support for such a reform programme in academia as well as in prominent advisory or consulting bodies.

In this essay, we first review the evidence for Pakistan. Following this, we identify some new developments in the application of SA in Pakistan that suggest that SA policies are likely to have a much more far-reaching impact on developing countries than in the past. We conclude with some advocacy positions.

Evidence from Pakistan¹

On most critical economic issues, SA-initiated reforms embody an internally consistent set of hypotheses. We began by reporting on evidence generated by testing various neo-liberal hypotheses on various critical economic issues such as devaluation, financial sector reform, privatisation, trade policy and industrialisation. Following that, we reported on evidence based on the overall impact of SA on labour and the poor as well as the impact of gender, health, environment and food security. While we adopted a national and a political economic perspective when assessing SA reforms, we were completely open to accepting whatever results emerged. We summarise now the major findings reported in detail in Khan (1999).

Testing hypotheses

We began our research by examining the terms on which Pakistan receives aid and the impact of aid and debt on economic growth. There is little that is encouraging to be said about how the terms on which Pakistan receives aid have changed over time. Concessional aid as a percentage of the total has declined, the average interest rate has increased, the maturity period

has decreased and the grant element has decreased. Thus Pakistan’s debt in absolute real terms, the debt/GDP ratio and the debt/export ratio has increased, particularly since 1988, when the more intensive phase of the SA period started. Given the changing terms under which Pakistan is receiving aid, there is every likelihood that the debt/GDP ratio will continue to rise. This is particularly the case since our research shows that aid has a negative causal impact on GDP (Granger) and that aid has a negative and significant impact on economic growth. The latter finding holds up when subjected to a test for robustness after controlling for supply side shocks. There are various reasons likely to explain the negative aid-growth association. Among them, the most prominent are likely to be that it provides a soft budget constraint as explained by Kornoi (1986) in the context of the Soviet Bloc, and that it enables rent-seeking and inefficient government to survive, as explained in the public choice literature.

The impact of devaluation was investigated. This is frequently recommended as part of SA programmes, on the balance of trade. Estimating export and import demand functions is the conventional method of evaluating the likely effect of devaluation on the external balance. Using quarterly data, we showed little or no positive effect on the external balance resulting from a currency devaluation.

We explored the neo-liberal case for financial liberalisation. This is premised on a positive association of real and financial saving, productivity and growth with the real term deposit rate. Some researchers in Pakistan, which embarked on a series of financial sec-

tor reforms including interest rate liberalisation, have presented such evidence. On the one hand, using appropriate time series analysis, we re-examined the evidence, and found mild support at best for the neo-liberal hypotheses. On the other hand, we made a case on political economic grounds for avoiding or postponing interest rate liberalisation. In brief, the rich are the real beneficiaries of higher interest rates. The poor lose from the inflation resulting from the higher deficit financing that is resulting from the huge debt induced by the interest rate liberalisation. Since the rich refuse to pay their share in taxes, keeping the interest rate low is a sensible implicit tax on them.

We found support for privatisation of commercial banks, based on efficiency gains post privatisation and also based on the better performance of privatised banks compared to the nationalised banks. We also compared the pre- and post-privatisation experience of five firms in three industries in which employee buy-outs and conventional privatisation occurred. We did not find evidence to support the hypothesis that labour productivity is higher in employee-owned firms. We found that private sector firms were more successful than employee buy-outs in raising profit rates. In general, private ownership seems to lead to less labour retrenchment, although in one case the complete replacement of the labour force lends credence to employee concerns about privatisation.

We explored whether trade liberalisation has ushered in the large-scale de-industrialisation that is feared by some to follow in its wake, and whether it has been successful in enhancing export promotion. We relied on several different methods and found that the evidence, with regards to industrial and export growth in the SA period, is mixed. The performance of the consumer goods sector in promoting exports and displacing imports has been robust. Other evidence also points to an improvement in export performance, although Pakistan is still not meeting its export potential or matching the mean performance of even low-income countries. However, there is evidence of imports displacing domestic production in the intermediate goods sector, average annual growth in industry declining, and industry growth falling further behind potential in the period of economic liberalisation compared to the earlier periods. We were not able to establish, possibly because of the paucity of time-series observations, that either industry or exports generated positive exter-

nalities for, or used resources more productively than, the rest of the economy.

Assessing impacts

We reviewed evidence regarding the likely impact of IMF/World Bank policies on labour and the poor in Pakistan. Our findings show that since the 1988 bout of SA, public sector employment has decreased while wages have been frozen. Also, overall unemployment in occupations with a high incidence of the poor has dramatically increased and real wages of skilled and unskilled labour sharply declined. In addition, subsidies that were critical to the consumption pattern of the poor have been cut, while the burden of indirect taxes on the poorest income group has increased. Not surprisingly, there has been an increase in poverty and inequality, particularly in the rural areas.

We reviewed the change in the socio-economic condition of women during the intensive period of SA in their role as producers, as home managers and as mothers. In their role as producers, overall participation of female labour increased such that their share in the labour force virtually tripled. However, over this period, there was a dramatic decline in female self-employment and a more dramatic rise in the female unemployment. In their role as home managers, women confronted a more than doubling of the sensitive price index and a cut of about two-thirds in consumption subsidies, as a percent of the budget. The price of wheat, from which the poor derive about 55 percent of their calorific intake and about 70 percent of their protein intake, also more than doubled. The numbers show that compared to 1987-88, education expenditure as a percent of GNP has been constant, while that of health has actually declined. This could have had an adverse impact on women in their role as mothers.

While government health expenditures as a percentage of GNP have declined in Pakistan, in absolute real terms it has increased. Progress over this period is evident on a number of health

indicators such as the infant, child and maternal mortality rates as well as life expectancy. However, Pakistan still lags far behind the means of low-income countries and South Asian countries in all child survival statistics. In view of this, and since the evidence shows a significant and sizeable association of public sector health expenditures and the decline in infant mortality rates, there seems little justification in cutting public sector health expenditures.

We surveyed issues on trade and the environment from a southern perspective and with a focus on the available evidence. There is reason to believe, and a little evidence confirming, that manufacturing export promotion would result in the use of cleaner technologies than producing for a protected domestic market. Evidence suggests that primary export promotion may be environmentally detrimental. Much less has been written about the environmental impact of import liberalisation that is required to accompany export promotion. There is a danger that unregulated import liberalisation may result in the dumping of dirty, second-hand, northern machinery and hazardous agricultural inputs. We focused on the agriculture sector and showed that Pakistan is pursuing a very open regime with regards to the import of pesticides and fertilisers. We conducted a suggestive cost-benefit exercise to highlight potential environmental costs and the relevant policy issues.

We explored issues of food security, entitlement and resulting capabilities on an aggregate level. The positive finding is that even though the area being devoted to cash crops is rising much more rapidly than the area devot-

ed to food crops, the increase in food production is keeping pace with the increase in cash crop production. This appears to have translated into a steady increase in *per capita* availability in the important food crops and also in an average increase in calorific and protein intake for all income groups. However, we find that capabilities of the poor have been eroded over the SA period with real wages falling sharply, inflation in food prices exceeding non-food prices, unemployment rising, and average household income falling. We also explain how privatisation, liberalisation and deregulation in the agricultural sector may make coping more difficult for the small farmer.

New trends in structural adjustment policies

Several new trends in SA policies seem evident from observing the recent engagements of the Government of Pakistan with the Bretton Woods institutions.

Pre-conditionality

The Government is being required to show good performance before the next tranche is released. Thus instead of conditionalities to be satisfied once the loan is released, Pakistan is being required to satisfy pre-conditionality in order to get the loan.

Overt politicisation

Political criteria might always have determined whether or not SA loans would be granted to governments. Thus while a charade of meeting performance criteria was maintained, the G-7 had other criteria in mind when calling the shots. However, of late, it seems that the charade has been abandoned. Pakistan had a good dose of reality when it toyed with an independent military posture in Kashmir. In fact, not only did the Pakistani Prime Minister make a hasty trip to Washington, D. C. to reassure the US President, but historic realities were abandoned and the disputed territory of Kashmir was referred to as Indian territory. A high price, in the form of Kashmiri aspirations for self-determination, was paid for the restoration of the SA facility and the green light to foreign investment and other bilateral and multi-lateral aid.

Overt support for international capital

Once again, a radical view holds that SA market-friendly policies are designed to facilitate the opera-

tions of multinational corporations. Recent experience in Pakistan shows that if ever there were a pretence that this was not the case, it has been abandoned. The World Bank facilitated the deal between multi-national power producers, referred to as independent power producers or IPPs, and the Government of Pakistan. It also provided guarantees and directly extended a loan facility for it.² The deals went sour when a new government came to power and alleged that kickbacks were responsible for the old government agreeing to non-viable, high tariffs and guarantees of government purchase. The Bretton Woods institutions have now made it clear to the government that the next tranche of the current SA loan will depend on the resolution of the IPP issue.³ While the Government has gained political mileage from the issue by maligning the outgoing government, there is a genuine concern that buying power at the contracted tariff will bankrupt the country's main power utility.

The stakes for the Government are now very high. Its official reserves stand at only about \$1,474 billion. However, the bottom line may not be the IPP issue, but whether or not Pakistan will agree to sign the Comprehensive Test Ban Treaty (CTBT) as the G-7 would like. While there are many good reasons to sign the CTBT, or to have avoided the nuclear option, it is shameful to be susceptible to such pressure.

IMF/ World Bank as whipping boys

A recent advertisement placed by the IMF for a public relations officer suggests that the Fund is concerned about its image. However, the impression created by observing the political-economic scene in Pakistan appears to be that the Bretton Woods institutions are quite content to take the fall. Thus the Government routinely passes the buck for harsh decisions such as the imposition of a regressive generalised sales tax or increases in utility prices on to the Fund/Bank. Not only that, this drama also allows the Government to keep postponing difficult decisions, engaging in real structural reform

such as land reform, imposing an agricultural income tax and other direct taxes, and dealing with weak tax and financial administration. Instead it continues to engage in large schemes which have no social cost-benefit or environmental impact assessments and much kick-back potential, such as the yellow-taxi scheme, the motor-way construction scheme and the 'my-house' construction scheme.

Conclusion

The truth is that the Bretton Woods institutions often get it wrong. Despite an economic slow-down, Pakistan is being asked to meet a deficit target of 3.3 percent of GNP. The insistence on interest rate liberalisation has resulted in a huge domestic debt due to the higher costs of government borrowing. Ironically the interest payments on this debt are an important cause of the deficit in the first place. Similarly, their insistence on premature trade liberalisation has shrunk the tax revenue (again leading to a deficit) and generated de-industrialisation (again causing the tax base to shrink). The insistence on exchange rate liberalisation had virtually no impact on the trade deficit, but increased the foreign debt in local currency terms to the extent that prices did not adjust or adjusted slowly. When prices do adjust, the poor once again suffer from the erosion of their standard of living.

The incompatibility of inflation with exchange rate liberalisation, of trade deficit with trade liberalisation, and of deficits with interest rate liberalisation, and so on, are also examples of the Bretton Woods institutions getting it wrong. Thus, many of the problems such as inflation, large deficits and

unemployment that SA is supposed to deal with have often resulted from these policies. The doctor creates an unending demand for his services!

In all fairness, the World Bank genuinely seems as though it wishes to learn from its mistakes. Its current approach to large dams, and its support for clean fuels, the environment and gender sensitivity suggests hope. Yet, even its own reports show that its large projects, such as the Environment Protection and Resource Conservation Project often perform poorly. The staff and consultants who fly in for short visits have a limited understanding of the institutional culture and what is possible. Also, for the most part it seems that the same core market ideology drives the Bank prescriptions as in the case of the Fund.⁴

What are the solutions to this problem of SA that is presented to poor countries as a solution? First, if aid must be taken, then, as the State Government in Calcutta recently stated, the lenders need concern themselves only with repayment and, if there are doubts about that, the loan need not be given.

Second, given the evidence pointing to a negative association between aid and economic growth, there is a case to press governments to stop taking destructive aid as suggested by the '50 years is enough' campaign. Malaysia has demonstrated that its approach to dealing with the recent Asian crisis of imposing capital controls and avoiding deflation resulted in a much lower human cost than that in Thailand and Indonesia, and it also avoided indebting future generations by refusing to go to the IMF.

Thirdly, the '50 year is enough' campaign now needs to be carried further. The real problem is that poor countries have no redress for the expensive mistakes made by the Bretton Woods Institutions. It is now time for scholars to gather evidence systematically. Countries, organisations or individuals should take the Bretton Woods institutions to court for damages to current and future generations. Perhaps the threat of such liability will encourage responsible behaviour. While it is true that the "piper calls the tune," and that the governments of poor countries need not take the loans, the reality is that rapacious elites solicit the loans for their own benefit. Thus the poor in southern countries need protection. An alliance of enlightened liberals in the South and the North for legal action may help.

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Footnotes

- ¹ This evidence has been drawn from Khan (1999).
- ² "Hectic government efforts to deal with HUBCO crisis," *The News International* (Islamabad), September 25, 1999, p. 1.
- ³ The World Bank President, James Wolfensohn, is claimed to have said that Pakistan needed to resolve the remaining issues with the IPPs to win more money from the IMF and the World Bank. Similarly, the Managing Director of the IMF, Michael Camdessus, is said to have mentioned that the delay in the \$280 million tranche has to do with difficulties in meeting conditions starting with the IPP issue. "IMF says tranche delayed to Pakistan," *The News International* (Islamabad), September 25, 1999, p. 1.
- ⁴ For now it seems that the top leadership in the Bank has differences with the unthinking application of these prescriptions as indicated by a surprising essay titled "Sick patients, warring doctors," in September 18th-24th, 1999 issue of *The Economist*

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Criminal appropriations of power

Notes on kidnapping, hijacking and state failures in south Asia

Paula R. Newberg

Hijacking is a metaphor about agency and action, intention and implication. How useful is it as a description and an explanation of political behaviour in South Asia?

Kidnapping and hijacking

Social scientists and policy makers too often equate the sum of institutional behaviour with the operation of the State; the process of building states with the creation of specific institutions; and stability with maintenance. Conversely, the breakdown of institutions is often thought to indicate the necessary, potential or possible implosion of the State itself. These equations are incomplete and often misleading. The State's relationships to political, economic, and civil societies are at least as important as its technical capacities in several ways. Firstly, the instruments that craft these relationships are embedded in the ideologies that create and maintain the State. Secondly, state implosion can most often be located in the breaches between state and society. Thirdly, governance breaks down when the ideology that organises power disallows appropriate and adequate relations between citizen and state – when those who govern pursue politics that not only diminish the reach of state institutions, but also its nature – by removing the expression of demands from the ways that needs are addressed.

Kidnapping is a simple version of this breach. When one part of the State overtakes another, bargains are generally struck among various interest groups and affected parties to return the institution to its portfolio. This is a form of ransom, paid by affected parties to those who have transgressed norms. Ransom changes relationships, and in the end, the question of propriety – should it have been paid, was the cost correct? – is left for future judgement.

Kidnapping embodies several intra-mural activities: when the power balance within the State is destroyed by some, others extend the rules of politics and in so doing, appear to act rationally. The result is almost inevitably an incremental distortion of the system that gradually changes the system itself, and can reinforce characteristics that lead to breakdown. Recent decades in South Asia offer many examples of this problem: the misuse of elections by parliamentary minorities and majorities alike, the use of force to reduce the power of judicial institutions, and the *coup d'état* are all versions of this phenomenon.

Hijacking is more complex. Customary language suggests that someone or something outside the system overtakes the entire system. But who hijacks whom, and how?

Under circumstances of invasion, for example, actors who do not normally work within the State take over that State, although state actors may be complicit in hijacking. The result may be a new version of the old State, or a new State entirely.

Two extreme versions of hijacking seem to describe the State kidnapping itself: revolution from within, and in a very different way, state failure. Both involve domestic actors who take on roles outside the basic structure of the State – that is, acting on terms different from those on which the State is constituted, and in ways that remove the State from those who had comprised it. This sense of hijacking is intrinsically revolutionary in spirit – the content of ideology notwithstanding – although its immediate results may seem more like workaday reform. Hijacking cannot be judged solely on the basis of perceived changes in policy; rather, it is identified by the way in which changes in basic structure are effected.

Agency is therefore joined with the intention to subvert. When institutional behaviour simply describes the erosion of institutional mandates or revisions in the terms of authority – often undertaken precisely to maintain the *status quo* – this is not hijacking. Instead, hijacking describes actions that are meant to invoke change in the nature of the State by subversion.

When subversion occurs, how do state actors respond? Under normal circumstances, institutional actors choose among a range of alternative behaviours: they might resist the imposition of change, or succumb to pressures to legitimate changes in basic structure. More often, they validate changes incrementally, under conditions of uncertainty – hence the jurisprudence of revolutionary legality in Pakistan or recasting military

ordinances into constitutional amendments in a variety of martial law states.

The slippery slope from validation to legitimisation reflects a dangerous analytical problem as well as a practical political one. Can institutions legitimise the change that hijacking implies? If elected government alters the constitutional structure of the State, and thus the terms within which authority is constituted, is this hijacking? If so, is it because of specific changes, or the ways in which they are made? Who (or what) is required to legitimise hijacking?

Each of these questions raises the spectre of state failure: the most important element of the concept is its totality. When revolution occurs, the State as an entity may not appear to be in danger, but the particular State as a political concept is jeopardised. Similarly, invasion may threaten the physical integrity of the State and the safety of its people, but more profound are the different political meanings that the State takes on for its citizens and outside interlocutors alike. In both cases, hijacking is essentially a political concept, the nature of which is defined simultaneously from within and without. By their very natures, the concepts of hijacking and state failure are commentaries on the changing nature of state sovereignty.

Two examples exhibit the complexity that hijacking raises.

- **Hijacking a failed state.** Afghanistan is a state whose territorial sovereignty has been jeopardised by armed conflict, and which has no functioning institutions. Under these conditions, if the

Taliban movement were to appropriate state institutions fully, its efforts would be labelled kidnapping, and possibly hijacking. Without active domestic contest, the role of foreign interlocutors is critical in relation to fighting factions. Here hijacking is a transnational activity made possible by state failure. Because no-one in Afghanistan is yet capable of withstanding the ideological pressures imposed by fighting, the State is, in effect, twice hijacked.

- **Not quite hijacking a failing state.** Prior to the October 1999 *coup d'état*, Pakistan's institutions functioned, but only through the constant onslaught of political pressures that increasingly come from outside formal politics. The major responsibilities of the State were rarely undertaken by state institutions. Power-holders deliberately ceded responsibilities to new political organisations whose self-defined dual roles were to take over institutions and reject their ideological underpinnings: private armies threatened the State's monopoly of force, judiciaries were silenced by political appropriation, and parliaments were forced not to function. The weight of evidence suggests that the State was undergoing significant revision – and the *coup d'état* was a predictable outcome of the strife that such contest caused. Under such circumstances, neither state institutions nor constitutional instruments seem relevant. Do such changes in the terms of political sovereignty constitute hijacking? Does hijacking precede state failure, or are they concurrent?

In each instance, the writ of the State is redefined and the nature of risk – for the State and its future – is redefined as well. The totality of the hijacking phenomenon underscores the close identity of institutions with one another, and the ways that authority – regardless of the constitutional mandate of institutions – is often indivisible. Moreover, if hijacking is a process, and not a discrete event, saving the State is an equally – if not more – complicated process. Here metaphor elides into literalism: how is the ship of state to be recovered?

Conceptual queries

- When is the hijacking of institutions equivalent to state failure; when does it precede state failure; and when is it a phenomenon separate from state failure?
- Is hijacking a discrete event, the accumulation of events, an autonomous or semi-autonomous process, or simply

tion or result, means or ends? (Is Pakistan failing because it has been, in effect, hijacked?)

- If state behaviour does not change, when can we say that it has been hijacked? (Has the Taliban hijacked Afghanistan; did that happen before it arrived; or is this an event — or process — waiting to happen?)
- Is institutional hijacking always synonymous with ideological hijacking?
- If hijacking and state failure are not synonymous, which institutions and/or instruments can prevent hijacking from becoming state failure, and how? What are the necessary conditions for establishing and/or retaining the resilience of institutions? (Is the military more important in the calculus than, for example, courts?)
- Has a state failed when state institutions do not work appropriately, but non-state institutions continue to function? To what degree is the vitality of the non-state sector an indicator of state resilience? (How do we compare elements of the non-state sector – non-governmental organisations, private armies, and mosques and temples, for example?)
- When does active resistance to the State signify the breakdown of institutions, when does it suggest that the basic structure of the State is compromised, and when does it signify the continuing resilience of the State? Is the absence of resistance an important reflection of hijacking or kidnapping?
- How can a hijacked state be retrieved? How important are external players in this calculus? What, if any, instruments of the State are needed to engage in the process of retrieval?

Instrumental queries

Several examples in the recent history of South Asia extend the boundaries of our thinking about

Institutional incompatibility and conflicting political agendas

During Prime Minister Nawaz Sharif's second term, the Supreme Court Chief Justice came into conflict with Government in ways that risked the integrity of the court, constitutional limits on parliamentary rule and prospects for democratic governance. A stand-off about issues of judicial administration required the arbitration of the Army Chief, and ended in the resignation of the Chief Justice. During judicial challenges to the parliamentary writ, members of the Cabinet stormed the Court. Despite evidence to the contrary, a later Supreme Court decision ruled that the storming had not taken place. Declining civil liberties protections, the abuse of rights for ethnic minorities, sectarian assassinations, and major chasms between elected and appointed bodies challenged the constitutional foundation of the State to the point that its ideological and institutional fabric risked implosion.

In these instances, the basis for political legitimacy is contested, not through institutions, but via attacks on institutions. At what point is the State no longer what it once was? How can we parse the notion of political agency to understand whether the State has been hijacked by those who purport to represent it? Is the *coup d'état* a mode of retrieval, or simply a symptom of hijacking?

Constitutional abeyance/forcing ideological change

The classic case of hijacking is the cancellation of constitutional rule. Each of Pakistan's *coups d'état* was followed by the imposition of a provisional constitutional order that placed the constitution out of the reach of institutions

ciary to comply with constitutional cancellation through intimidation, or the promise of restoration. Restoration, in turn (although time will tell with the 1999 coup), became part of the redesign of the ideological wrapping of the State which, in turn, altered the balance among institutions in ways that made real democracy difficult to attain. After the 1977 coup and the 1985 partial restoration, the structure of institutions – from the rule of law to the previously respected delineation between foreign and domestic politics – was jeopardised to the point that the State risked failure from the forces set in motion by the military government.

A slightly different version of this intention was played out in both Pakistan and Bangladesh through their respective 8th constitutional amendments, written by military governments as a lure to parliaments interested in reviving constitutional rule. Both attempted a dual goal: to revise state ideology and to redraw judicial responsibilities to support the new ideology. Both were really military ordinances disguised as parliamentary prerogatives.

In both instances, institutions were kidnapped by those in power: the masquerade of disjointed incrementalism led politicians and courts alike to act as if they were not fettered. This was not really true: neither state, however, is what it once was. The jurisprudence used to justify these manoeuvres, and the parliamentary acquiescence they demanded, have plagued the principles and practice of politics in both countries. Does revoking constitutionalism count as hijacking?

Jurisprudential failures leading to new state formations

Political parties in east Pakistan tried to use state institutions to further the project of democratic majoritarianism. High courts falteringly attempted to reconcile centralisation and devolution, and democratic rhetoric with military rule. Judicial failure (in a directed state) led to war and secession. One or another of Pakistan's wings was hijacked through the failed symbols of sovereignty.

Does forced secession constitute hijacking? (Does it matter which wing, and which leaders, undertook hijacking?) How are means and ends judged?

The problematic of parliamentary crisis

Democratic majoritarianism in Pakistan and Bangladesh has yet to succeed fully. The formal equation of democracy and elections has been disproved: dissent is not seen as part of

parliamentary democracy, but alternately as the progenitor or outgrowth of anti-parliamentary actions – and state institutions suffer as much as the vaunted concept of democracy. The processes of democracy are subordinated to end products, and the futility of achieving them is co-ordinately viewed as a characteristic of the political system itself. In terms of representation, legitimacy and policy, the results are predictably paltry and seemingly intractable. In this sense, all participants in politics are complicit in the implosion of the State, the failures of parliamentary rule, and the kidnapping and/or hijacking of the State. The long-term, pervasive quality of such behaviour turns kidnapping into hijacking.

The metaphoric and literal dimensions of these cases give rise to questions about institutions, political intention and agency. All point to failures in state structure, and thus, to the potential for kidnapping and, in some cases, hijacking. A number of the issues raised – including the original weaknesses of state institutions, their relationships to one another, and significantly, whether states can adapt to significant change in citizen preferences (regardless of the source of these preferences) – also address several questions that these notes do not: the economic and social basis for political action, and the ways that resources are mobilised through policy.

Returning the State to its owners

Once hijacking occurs, several things happen at once: governance in its broadest sense ceases, and the residue of state authority becomes easily appropriable for uses that are generally neither equitable nor just. When hijacking is equivalent to state failure – or leads to it, or accompanies it – the first element of the State to disappear is justice. To recapture the State therefore requires establishing a sense of justice as a defining element of the State, and as a prerequisite for rebuilding institutions. This differs markedly from the improvisations that so often characterise transitions. Indeed, improvisation and short-term conciliation rarely offer a vehicle for recovering the State from its hijackers.

When state institutions fail, or when they appear to be failing, citizen despair takes many forms; after a point, few frustrations seem satisfied by ordinary impulses to reconstruct institutions. Resurrecting small traditional mechanisms may offer limited respite from individual woes, but cannot substitute for the complex institutions that the State is designed to provide. The best justification for reviving the State – however fraught with problems it always is – is the project of providing justice and ensuring rights in the complex ways that complex societies require.

In this sense, governance – the environment for providing justice and the aggregation of state institutions established for that purpose – is both means and ends. To the degree that institutions themselves are complicit (by implication, if not intention) in hijacking, delivering or returning them to a rights-based notion of justice would seem to be a prerequisite for reconstituting and/or repairing the State. In South Asia's current circumstances, with transnational markets and political forces overtaking many national activities and loyalties, rescuing the State from hijacking may be the first step in recognising the State's changing role.

This article is an edited version of a presentation prepared for an SSRC/IUCN conference on governance, held in Pakistan in August 1999; and is a short, preparatory version of a longer article to be published by the SSRC.

Paving flagstones to Hell

Hijacking public resources in the name of development

Extracts from a paper by Dipak Gyawali

It is said that the road to Hell is paved with good intentions. In much of South Asia, wherever one sees pathology in the practice of irrigation or any other endeavour related to water resources, one is often misled in one's search for the cause by the purported noble intentions of bringing 'development' to the ignorant masses.

That the State should be the micro-manager of a nation's water resources is a recent event. In South Asia, aided and abetted either by colonialism or foreign aid, the State has taken on the divine right to own, manage and modify the natural resources within its area of jurisdiction. For instance, Nepal's Water Resources Act 1992 has declared for the first time that water 'above the ground, on the ground and below the ground' belongs to the State. This has happened in a country with one of the longest and best studied traditions of 'farmer-managed irrigation systems' as opposed to state-managed projects that came into being only towards the end of Rana reign as a response to British India engaging in similar ventures across the border.

This process of devolving resource management to the State and its bureaucracy benefits the social sector responsible for conveying the technology in question. For instance, a civil engineering degree commands a high 'dowry value' in the cow belt of Bihar and Uttar Pradesh because it essentially gives the holder the licence to dispense with state resources earmarked for flood protection and embankment construction. An electrical engineering degree assures the certificate-holder a job in a state-owned electricity corporation which is kept afloat through high tariffs and subsidies, a job that has perks and side earnings that accrue from the rent-seeking opportunities generated by the State monopoly. The network that sustains the rent-seeking mechanism often consists of an iron – politician-contractor-bureaucrat – triangle that obstructs decision-making (the license raj), public audit and scrutiny. Such state monopolies justify their existence through incantations of the welfare motive, but their existence often serves to sustain a class that is able to divert resources to its advantage.

The pathology of this form of social parasitism can be illustrated by case studies of water management in South Asia. The case study approach is often criticised for not being comprehensive or sufficiently representative. The methods often used to counter this are statistical surveys that attempt to capture a representative sample. However, such methods

can be prohibitively expensive and may be used only if there is a reasonable chance that they can be pursued fairly. In most cases of development pathology, the vested interests are so entrenched that the application of these measures is too risky. How, for instance, can one find the truth when the State structure itself has been hiding the data, when it has falsified information or presented a picture of well-being that is at variance with the true experience of farmers? It is not in the interest of the iron triangle to allow such research because it is disturbing to the *status quo*. The method chosen in this article is to look at case studies where an 'argumentative' civil society has brought forth evidence in the face of state opposition, which highlight how the welfare objectives that ostensibly justified projects were subverted to suit narrow interests.

Sri Lanka¹

Southern Sri Lanka is a hydro-ecological region which enjoyed a sustainable system of irrigation for seven centuries. This began to decline in the twelfth century with the introduction of the State-centric hydraulic engineering perspective, although this did not become widespread until the advent of colonialism. Catering to the short-term goal of hydraulic efficiency, such a system leads to a rapid extraction of accumulated resources at the expense of the long-term need to sustain the productive potential of land and water.

According to the hydraulic engineering perspective, water is seen as inanimate but active, and the small village ponds of the ancient irrigation systems primitive and inefficient. These need to be replaced by larger storage reservoirs which are ostensibly more beneficial on the principle of economy of scale. Distribution systems are designed in well-laid grid blocks to supply water to individual farmers who are seen as individualist entrepreneurs in isolation from both nature and their peers. Downstream, surrounding land is levelled to make it amenable to the construc-

tion of large canals. Forests are cleared to make way for efficient monocropping and may be limited to the upper catchment area to reduce silting in the reservoir.

In contrast, the ecosystems perspective views water as animate and passive due to its role as facilitator in nature's bio-geo-chemical cycles, especially in the root zones of soils that 'live' because of water. Using this system, perfected over thousands of years, farmers are not just Western-style economic agents of agribusiness, but part of the whole: the outflow from one farmer's field is the input to another farmer's plot in a web that interconnects the whole village. Small ponds are interconnected (as are villages) with larger canals and bund structures that adapt to the contours of the land as well as to the nature of the rainfall. Forests are an intrinsic part of this perspective and they are interspersed with fields in development areas for better conservation of nutrient flows.

While the hydraulic engineering perspective is based on the strategy of domination over nature, the ecosystems perspective is based on strategies that adapt to nature either actively or passively, depending on the strength and complexity of the social organisation. As a top-down, expertise-based approach, modern irrigation engineering has relegated the farmer to a passive role, and failed to see how the village tank was the centre of village life and a major source of security against the inevitable drought.

The Lunugamvehera and Udawalawe projects in the south, or the Eppawala Jayaganga in the northern dry zone tell of resource manipulation that fails to

meet the stated objectives (they often fail to provide the water promised), and in the process alienated the farmers from the State itself. The burning down of the engineer's office of the Lunugamvehera project just after it was ceremoniously inaugurated, was the first indication of the dissatisfaction rife in the area. This was to express itself in a later *avatar* as the JVP uprising. The social class responsible for bringing this technology, however, labelled this an anti-social and anti-government act to be counteracted with violence at the State's behest, rather than an honest audit of the project and its claims.

Bihar²

In a similar way to the Bangladesh delta further downstream, Bihar is the inland meeting ground of several mighty Himalayan drainage systems such as the Ganga, Gandak, Kosi and smaller but no less destructive rivers such as the Mahananda, Kamala and the Bagmati. Bihar, which has half the area of Poland and more than twice its population, constitutes less than 14% of the overall Ganga basin. The characteristics of these rivers of the Himalaya-Ganga are determined by the heavy monsoon precipitation between June and September when the rivers are in a spate. During other months, the flow is a function of groundwater inflow with some snowmelt in the spring, if the rivers have snowlines in their catchment. Unlike rivers in temperate climes such as Europe or the eastern US, the peak monsoon flows in the rivers of the Himalaya-Ganga can be a thousand times higher than dry season runoff. The implication of this hydro-ecological phenomenon is that hydro-technical control technologies, which have to be designed for extreme flood events, need to be many times more expensive here to be effective than would be the case in Europe.

Another unusual phenomenon arises from the extreme regimes of the rivers of the Himalaya-Ganga: high sediment load that erodes one of the youngest mountain chains and builds the Indo-Gangatic floodplains as well as the Bengal delta. It is a geologic process of immense scale that is comparatively only slightly and locally exacerbated by anthropogenic misdeeds. The implication of this hydro-ecological phenomenon is that reservoirs in the Himalaya-Ganga have a life expectancy a half to a quarter of that of such reservoirs in temperate climes. Correspondingly, the economic investments made in such technologies become that much costlier.

Furthermore, the technology of embankment building to contain floodwaters of a river within demarcated channels also become ineffective after a very short period. The reason for this is that, instead of spreading out over the flood plains, the sediment is deposited within the embankment and raises the level of the riverbed. This induces more seepage from the river at its height into the allegedly protected area that, compounded with the water already collected from normal rainfall, remains trapped outside the embankment. It contributes to what is known as water logging, where land that would have been flooded for two to fourteen days a year remains so for as long as nine months or more.

It is within the last fifty years of Indian independence that the marginalised north Indian State of Bihar experienced extensive development in the areas of irrigation and flood control. The initial promise made during the latter days of British rule and repeated since Independence, was of a high dam at Barahakshetra in Nepal where the Kosi emerges from the hills into the plains after draining a catchment that ranges from Kathmandu in the west to Sikkim in the east. Funding competition within the Indian Union and the difficulties of negotiations with Nepal placed that option on the back burner. The technology chosen instead was that of embankment construction with an irrigation component added later to make the scheme economically more attractive.

During the British Raj, there were serious doubts about the viability of large-scale surface irrigation schemes as well as embankments in the north Ganga plains. After Independence in 1947, such projects were needed to give legitimacy to the new state in the eyes of the newly liberated masses. This method of flood control and irrigation was selected with missionary zeal. In examining the history of decision-making in this period, one is struck by the institutional filters at work, which, having selected the technology of embankment building for the mis-

sion at hand, chose to disregard all evidence pointing to the need for caution. Embankments increased from 154km in 1954 to 3454 km by 1988. However, the flood-prone areas increased in this period from 2.5 million ha to 6.46 million ha. The Kosi project, conceived in 1953 to irrigate 712,000 ha in the north Bihar plains, succeeded in irrigating only 213,000 ha (1984 figures). On the other hand, the project has managed to water-log and expose 292,000 ha of fertile land to further flooding and trap 800,000 people in 338 villages in a limbo of poverty and destitution.

The most striking impact of fifty years of embankment building in Bihar is the corruption in its administration, as the following bears out:

Such is the racket of breaches that out of the 2.5 to 3 billion rupees spent annually by the Bihar government on the construction and repair works, as much as 60 percent used to be pocketed by the politician-contractors-engineers nexus... The actual expenditure never exceeds 30 percent of the budgeted cost and after doling out the fixed percentages, the contractors are able to pocket as much as 25 percent of the sanctioned amount. A part of this they use to finance the political activities of their pet politicians and get further projects sanctioned. Thus the cycle goes on.³

The response of the water managers in India, whether in Delhi or in Patna, has been to turn a blind eye to this failure. There have been no attempts by the State machinery to review the impact of irrigation and embankments on the productivity and human welfare within the area in question, or to initiate corrective

measures. One possible reason is the entrenched nature of the corruption, which has contributed to a burgeoning grassroots activist counter-reaction. Groups such as the Bihar Kudal Sena (Bihar Hoe Army), Shaheedi Jatha (Martyr Squad) and Tatbandh Virodhi Sangharsh Samity (Anti-Embankment Agitation Committee) are engaged in protest movements that range from peaceful *gheraos* to not-so-peaceful demolition of embankments. Very often, officials and police are chased away by the locals when they try to repair the embankments that have been cut or demolished by the locals.

As with the Sri Lanka case, the water establishment has not taken the initiative to re-examine the efficacy of its fifty-year efforts. If questions are asked, they are often procedural, relating to bureaucratic lapses. Questioning the efficacy of embankment building would cast doubt on the rationale for the very existence of the Department of Water Resources. As a result of this limitation in self-evaluation (which would have been the basis for self-legitimation), activist groups such as the ones mentioned above as well as the *Barh Mukti Abhiyan* (Flood Liberation Campaign) have intensified their campaigns to stop or demolish embankment building. The State machinery, on the other hand, continues to look for a solution in a high dam in Nepal. The rift in perspectives between these two social solidarities leaves little room for conflict resolution.

Governing versus Managing

The cases discussed above highlight how public welfare schemes ended up benefiting a few at the expense of the public. In Sri Lanka a hydraulic mindset bent on controlling nature rather than actively adapting to it ended up fostering schemes that alienated the peasant from the land and ultimately the State. In Bihar, a technology was massively implemented which was ill-suited to the hydro-ecology of the land and has left in its wake a peasantry impoverished and alienated from the State.

The search for an answer in these two cases of resource use has to begin by looking at the social solidarities that have gained sway over an uncontested terrain. In the Age of Development following the Second World War, the State emerged as the leading carrier of this mission. It developed in its wake a class of rentiers whose social control over cer-

the State that was the entrepreneur, the auditor and the adjudicator. No other independent solidarity was allowed, which meant that real business and real activism were driven underground. It was in the interest of this solidarity to maintain the terrain uncontested. However, the ill-effects of runaway technology soon became manifest in the social polity, and activism emerged anew.

Had the terrain not been uncontested to start with, perhaps the voices of cautionary activism and innovative entrepreneurship would have provided solutions that may have been less damaging to the environment and society. The cases above do demonstrate that uncontested terrains are hijacked by one set of interests at the expense of others. Reform would necessitate that space is provided to all interest groups. Perhaps the difficulty lies in seeing 'governance' as synonymous with 'management', because the socio-physical complexity of the Himalaya-Ganga cannot be micro-managed. The uncertainties are too high, the complexities too intricate, and the potential for surprises all too frequent for 'management' to be the goal of good governance. Such an approach can easily lead to a hubris of monistic control such as has occurred with Nehruvian socialism or Stalinist totalitarianism. A more modest goal would be to reduce the scale and scope of surprises, which can be achieved with interventions in nature that are modest in scale, with decisions regarding them made as close to the users as possible, and with ample scope for challenge from the innovators and those raising voices of caution.

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Footnotes

- ¹ This section is based on Mendis (1999).
- ² This section is based on Bihari activist literature (mostly in Hindi) summarized in Gyawali (1998), which is forthcoming in *GeoJournal's* October issue.
- ³ Bharti (1991)

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Research project on 'comprehensive governance'

by CEESP's Working Group on Governance and Institutions

The special importance of governance for IUCN, as well as all other players in international environmental politics, stems from the fact that globalisation has profoundly altered the premises and the ground-rules for sustainable development, including the management of eco-systems. It has also altered the status and the roles states play when promoting and regulating development and environmental protection. Consequently, the 'division of labour' between global, international, national, regional, and local players shifts and the relationships between them change. This is particularly the case between governments, business organisations, NGOs, and players from civil society. At a national level, one can observe processes of decentralisation and the emergence of regional and local governance mechanisms. At the international level there is an increasing frustration with intergovernmental organisations. New institutional approaches are emerging and being tested. One can say that, since the 1980s, environmental policy and policy-making in particular has shifted from a purely governmental and inter-governmental to a *stakeholder* approach. Besides governments and international organisations, stakeholders now include non-governmental organisations (NGOs), trans-national corporations (TNCs), as well as newly emerging multilateral institutions such as the World Bank (WB), the Global Environmental Facility (GEF), and the World Trade Organisation (WTO). Traditional command-and-control policy-making, policy implementation, and enforcement capacities of nation-states have weakened accordingly.

If IUCN is to be successful in its mission, it must have a thorough understanding of these shifts in the authority and functions of institutions, players and governance mechanisms. It must be able to detect where new opportunities are arising as a result of shifts in patterns of governance, and where continued efforts will bring diminishing

returns. In particular, it will have to understand the changes in levels of governance, as well as their interrelationships. In other words, it has to understand these new emerging governance mechanisms, in order to see how and where it can play a significant role, and how it can influence this process as a whole. CEESP's Working Group on Governance and Institutions, particularly by means of this research project, seeks to help IUCN think through what 'nature conservation' means in a globalised world. In making recommendations as to how the various parts of the World Conservation Union can tackle this issue, the report will build on the fact that IUCN is probably uniquely positioned to bring together government, business, and NGOs when promoting sustainable development.

The goal of this working group for the period of Summer 1999 to Summer 2000 is to elaborate a report assessing the pertinence and the usefulness of the concept of "*Comprehensive Governance*" for IUCN, and to make related recommendations. The report will be based on a study of existing literature and on analysis of empirical cases. Water, particularly the management of river basins, is used as an example from which the concept of 'comprehensive governance' is being developed. Various intermediate versions, as well as the final version of the report and the recommendations will be tested with researchers, IUCN staff, and relevant decision-makers. In parallel, the process of writing the report will be used for building a constituency of the working group, as well as for proposing a resolution for the World Conservation Congress in Amman in October 2000, setting out a mandate for further IUCN work on the topic. The report will be available in late August 2000.

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IUCN and climate change

Erika Spanger-Siegfried

In early 1999, the IUCN Global Initiative on Climate Change (GICC) was established, with the goal of strengthening the understanding of the relationship between climate change and the directives of IUCN – in particular, the conservation of ecosystems and species, and the sustainable and equitable use of natural resources.

This development was largely in response to the 1996 World Conservation Congress, in Montreal, where the Director General was called upon “to develop a strategy for IUCN on climate change, and to participate in the work of the Intergovernmental Panel on Climate Change and the work of the Framework Convention on Climate Change as far as there is a direct link with the conservation of biodiversity and natural resources.” As Union momentum built around the issue, consultations were carried out with IUCN’s technical programmes, Regional and Country Offices (RCOs), and Commissions to explore ways to integrate climate change into their respective programmes of work. These initial efforts helped to outline the form and function of IUCN’s programmatic response, and to provide the basis for the Initiative’s launch.

A two-day scoping meeting, hosted by the newly born GICC, at IUCN Headquarters in Gland in February 1999, attempted to further explore and clarify IUCN’s approach. The two sessions, involving roughly 20 participants from IUCN’s technical programmes, RCOs, and Commissions, as well as outside experts, concentrated on taking stock of the problem and identifying opportunities for IUCN to respond.

While the discussion reaffirmed the general thrust of the 1996 recommendation, it also expanded upon it by clarifying the need for the technical programmes, RCOs, and Commissions to become involved in the development of a co-ordinated approach to climate change. To this end, the participants established three primary areas of activity which the Initiative would address: defining ecosystem and species vulnerability and the ecological limits of climate change; identifying ways to improve ecosystem resilience in the face of climate change; and evaluating the role of biodiversity and natural resources in mitigating climate change.

Through this process, a set of specific activities for each of the three types was identified. Cumulatively, these are intended to provide a co-ordinated approach to the climate change challenge that spans the next several years.

From this basis a number of recent activities have stemmed. In particular, the Initiative has worked with the technical programmes and RCOs to follow-up on specific activities. For example, in March the GICC, in co-operation with the Senior Advisor for Social Policy, convened a meeting at the IUCN Washington Office to discuss how implementation of the climate change agenda could affect communities. From these discussions a collaborative project outline emerged, premised on the notion that those most impoverished and resource-dependent are also likely to be the ones most vulnerable to changes and variations in climate, as evidenced by recent events, such as Hurricane Mitch and the floods in Bangladesh. The project objective was thus defined as development of a fuller understanding of this

vulnerability, with a long-range view toward enhancing the resilience of at-risk communities. Through a collaborative workplan, including the development of case studies, regional and global workshops, publication of findings and proceedings, and participation in relevant international fora, the Initiative aims to increase the capacity of IUCN to inform such climate change coping and adaptation efforts.

The Initiative co-convened, with the Freshwater Initiative and other partners, a workshop on *Water Resource Management and Global Change* as part of the 13th session of the Global Biodiversity Forum, held prior to Ramsar COP7. The workshop participants recommended that a Memorandum of Co-operation be developed between the Ramsar Convention and the United Nations Framework Convention on Climate Change – a recommendation which the Parties to the Ramsar Convention (Resolution VII.4) adopted. With the support of the Bureau of the Ramsar Convention, the Climate Change Initiative and the Freshwater Initiative are now jointly undertaking a project to facilitate efforts to explore areas of co-operation between the Ramsar Convention and the UNFCCC.

The Initiative is contributing to follow-up work from the last negotiations of the Convention on Biological Diversity – CBD (Bratislava, Slovakia, May 1998) on the threat posed by climate change to coral reefs and other coastal and marine ecosystems. The Initiative is planning to contribute to an upcoming expert workshop, convened by the Secretariat of the CBD, to discuss the causes and effects of the 1997-98 coral-bleaching event. Together with the Marine Initiative, a proposal is being developed to carry out further work, including case studies/assessments on ecological and socio-economic impacts, and awareness raising and policy development efforts.

As another follow-up to the CBD meeting, the Initiative is attempting to facilitate understanding of the treatment of forests in the Kyoto Protocol, and the implications for forest biodiversity. IUCN has provided analysis on this topic by jointly preparing with the World Resources Institute a publication entitled “Climate, Biodiversity, and Forests.” The Initiative is also actively contributing to the Global Environment Facility’s efforts to develop an operational programme on carbon sequestration.

More recently, GICC has focused much of its effort on scoping activities within the RCOs. In July, IUCN ORMA and other IUCN members in Meso-America, joined in an Initiative-led effort to define key climate change issues and opportunities for the region, and to develop a workplan.

A similar effort was undertaken by the Southern Africa RCOs – and attended by CEESP – the following month in Johannesburg. Through the discussions, according to Initiative co-ordinator, Brett Orlando, participants “recognised that the international climate change agenda is focused too narrowly on emissions reduction, and that a need exists to broaden the agenda to include issues such as social vulnerability, ecosystem integrity, sustainable livelihoods, land-use patterns, poverty, food security, and social, economic and ecological resilience”. IUCN, it was agreed, was well placed to catalyse debate, making the climate change agenda more relevant to the southern African region.

As an example of the output from the Initiative’s regional workshops, the Johannesburg participants agreed that in the following 18 to 24 months the RCOs, with the support of the Global Climate Change Initiative, would undertake the following activities:

- Co-ordination of a series of national workshops, followed by a single regional workshop to develop a regional framework for the UNFCCC and COP6 agenda (Autumn 2000/Spring 2001);

NETWORK NEWS

- Development of a work-plan for awareness raising, including a publication outlining the relevance of climate change to the southern African region;
- Design of a research agenda for southern Africa on climate change, water availability, wetlands conservation, and sustainable livelihoods.

The Initiative is attempting to shape a third scoping session for the South and South-east Asia region, where similar potential exists for identification of region-specific issues, and for the development of an action agenda on climate change. As a contribution to both regional work, and that of the Global Initiative, IUCN Pakistan is developing a paper to review key issues, and further sharpen the role of IUCN in the climate arena.

Discussions have also begun between GICC and the IUCN South America Regional Office to explore opportunities to integrate climate change into the regional programme. In coincidence with this, the Initiative recently contributed a presentation on the linkages between the Climate Change Convention and the Conventions on Biological Diversity, Desertification, and Wetlands to a meeting of the Environment Ministers from the Amazon countries, hosted by Ecuador's Minister of Environment and IUCN president, Yolanda Kakabadse. The meeting resulted in a Ministerial Declaration to pursue further work on climate change and ecological and social vulnerability in the region.

Looking toward the October 2000 IUCN World Conservation Congress in Amman, Jordan, the Initiative is planning to organise a meeting on the ecological and social limits of climate change. It is envisaged that the outcomes of the meeting will contribute to the development of an IUCN quadrennial programme as well as to the COP6 negotiations of the Climate Change Convention later that year.

For more information, please contact Brett Orlando, Climate Change Programme Officer, IUCN Washington Office, 1630 Connecticut Ave., NW 3rd Floor, Washington, DC 20009 USA, Tel: ++1 202 387 4826, Fax: ++1 202 387 4823, Email: borlando@iucn.org.

IUCN prepares for second congress

In less than a year (4-11 October 2000) IUCN's second World Conservation Congress will be held in Amman, Jordan. It is expected to be the biggest environmental gathering ever held in the Middle East.

The theme of the Congress is 'ecospace'. It will address the problem of the current inadequacy in social and spatial organisation for environmental management, involving knowledge, empowerment and governance at global, national and local levels. It will link ecosystem conservation with the need to stem the global loss of biodiversity, and build on IUCN's traditional strengths in species and protected areas.

CEESP will host a day-long workshop at the Congress to report on progress made during 1996-2000, build consensus on the role social sciences should play in IUCN's work and initiate a strategic planning exercise. Focusing on seeking solutions to environmental problems in patterns of human behaviour, and building on the insights of social scientists and philosophers, CEESP will discuss developments within specific topics: market based instruments, subsidies, resource mobilisation, trade, governance, ethics, collaborative management, environmental security, climate change, sustainable livelihoods, gender and technology. In examining these issues, the workshop may focus on a particular natural resource such as water and/or coastal zones.

For further information, contact Erika Spanger-Siegrfried at: ceesp@tellus.org.

IUCN in dialogue with the oil industry

The Economics Service Unit and the Social Policy Programme of IUCN met with representatives from the International Exploration and Production Association of the oil industry (E&P Forum) in July this year. IUCN has been exploring collaboration with the E&P Forum to develop guidelines designed to enhance social impact assessment as part of an environmental impact assessment for oil and gas operations. Open dialogue and consultation involving local communities and indigenous peoples as well as governments are important components of the development of SIA guidelines.

A workshop convened by the Forum and IUCN is planned as a first step to develop this process, and this will take place at IUCN HQ in March 2000. Its main goal is to provide an opportunity for oil companies, governments and the NGO sector to share case studies of social and environmental impact assessment, and to identify elements of good and bad practice. Outputs of the workshop will be used in the preparation of the guidelines.

To be co-sponsored by IPIECA, the workshop will take the form of a two-day facilitated dialogue revolving around two key themes: consultation (stakeholders, participation etc); and community rights and benefit and cost sharing.

For further details, contact Cristina Espinosa, Social Policy Group; email: cme@hq.iucn.org; or Frank Vorhies, Economics Service Unit; email: fvv@hq.iucn.org.

IUCN in strategic partnership with World Bank

IUCN and the World Bank signed a memorandum of understanding creating a new strategic collaboration in June this year. The two organisations will collaborate in providing "balanced environmental stakeholder consultation forums, and mediation on emerging environmental issues" in the field, as well as on a national, regional or global basis, the agreement says. There will be a focus on building and strengthening national environmental institutions, especially in the areas of environmental law and policy, and a staff exchange programme to promote the sharing of knowledge and expertise.

The two organisations decided to enter into a formal partnership after exploring the possibilities for co-operation during a four-year pilot project. One of the key elements of the collaboration in the past four years has been the establishment of the World Commission on Dams, and mobilising \$7.5 million for its work. The Commission will report back to the international community in 2001 with recommendations on when, where, whether and how to build large dams.

Another collaborative effort has been the enlargement of the IUCN as facilitator of stakeholder consultations for the Bank's Forest Policy Strategy development – a multi-year, multi-million dollar programme, designed to review forest sector issues and the Bank's role in helping to reverse global trends of forest loss and degradation. The Forest Policy Strategy group is also due to complete its work in mid-2000.

At the global level IUCN and the World Bank are working together on the role of transboundary parks and protected areas in sustaining and building peace, and planning for the 2002 World Parks Congress organised by IUCN WCPA in South Africa. The joint publication of a four-volume report on a Global Representative System of Marine Protected Areas has led to the World Bank and IUCN's setting up marine protected areas in Samoa and Vietnam, with another under preparation in Tanzania. These are intended to foster better management of marine resources and limit the impacts of unsustainable

Meso-American members meet in Guatemala

Meso-American members of IUCN gathered in Guatemala in early October for the Regional Members' Forum. Pascal Giro, CEESP representative for the Region, submitted the report on the last Regional Policy Network meeting held in San José in July, and on the basis of this, three key areas of work were identified:

- The monitoring of international conventions (Biodiversity, Climate Change, CITES, Ramsar etc);
- Trade and Environment; and
- Security and Environment

A further regional steering committee meeting is planned before the end of the year to establish a comprehensive workplan for 2000.

The Regional Policy Network meeting held in July, enabled participants to take stock of what is being done in the Region in terms of policy. One noteworthy initiative is the ARCA, currently led by CEDARENA, an environmental law organisation based in Costa Rica. ARCA is an alliance comprising fifteen environmental NGOs, mostly associated with the Pro Natura groups and with close ties with the Nature Conservancy. Most are members of IUCN from Central and South America. The main objective of this alliance is to define common policy goals and work through different topics relating to national and global policy fora with a particular interest in practical aspects of collaborative management and protected areas and forests in the Region. It is hoped that CEESP will be involved in running a series of workshops and meetings on collaborative management in the Region in 2000.

'Mini' Ring Meeting, Boston, November 1999

The Regional and International Networking Group (RING) took advantage of another international coming-together at Boston in early November (the scoping workshop for the proposed Consultative Group on Sustainable Livelihoods, CGSL) to hold a 'mini' Ring planning and strategy meeting prior to the CGSL. In attendance was Tariq Banuri (CEESP), Ashok Khosla (DevAlt), George Varughese (DevAlt), Viv Davies (Ring Coordinator, IIED), Atiq Rahman (BCAS), Saleemul Huq (Ring Research Driver), Adil Najam (Ring Research Driver), Tom Mathews (DevAlt) and Youba Sokona (ENDA).

The meeting provided an opportunity for the Ring members to: discuss developments and progress since the introduction of the two new Ring research 'drivers'; finalise plans for the two upcoming Ring regional research meetings, scheduled for early 2000 in W. Africa and India; discuss the strategy and criteria for enlarging the Ring network; formalise plans for the next major phase of Ring activity; and discuss the modalities and agenda for the 4th International Ring Meeting scheduled for March 2000, in New Delhi.

All in attendance considered the meeting to be highly productive. A full report is currently being circulated amongst Ring members, and **Policy Matters** hopes to include a more detailed account from the meeting and an outline of future Ring plans in the next issue.

Apologies!

Apologies to Chris Morry and Debbie Gray whose role in the Workshop on Freshwater Ecosystem Management and Social Security, reported in the last issue of **Policy Matters**, was not acknowledged. Chris' work in managing the vision project, and the contributions of both he and Debbie to the drafting of the final report were greatly appreciated. Sorry not to have said so before!

CEESP Working Groups

Trade and Environment

A Central American conference on trade and environment was held in El Salvador from 7 to 10 July, sponsored jointly by IUCN (CEESP and the Meso America Regional Office), IISD, and SICA (the Central American Integration Secretariat). It gathered over 50 participants from throughout the sub-region. The programme aimed to identify the Region's environmental interests in the trade context, and more particularly to examine how these interests might be better articulated and defended in the international trade arena. It built on research on two issues: that of shaded and organic coffee, and that of environmental services. The first illustrates the issue of how the trade rules make it difficult for the consumer to express preference for environmentally-friendly goods. The second illustrates the potential for new markets for environmental services - eg. the fixation of atmospheric carbon under the provisions of the Kyoto Protocol. The meeting adopted a comprehensive action plan, and established a Trade Working Group under CEESP's Regional Policy Network for Central America.

Task force on environment and security

IUCN has recently agreed to the constitution of a Task Force on Environment and Security. Subject to final confirmation, this Task Force will be chaired by Mohamed Sahnoun, Special Representative of the Secretary General of the UN for Africa. It will design and oversee the production of eight case studies illustrating the link between natural resource degradation and conflict. These cases will form the basis for a workshop to be held during the IUCN World Conservation Congress in Amman, Jordan, in October 2000, and will provide the material for a book, to be published shortly thereafter.

Coastal Zone Conservation

A set of policy tools for the long-term protection of the Mediterranean Coastal Zone were agreed at a recent workshop held in Spain. The recommendations were based on the conclusions of a number of meetings held over the past five years, which endorsed the need for land acquisition for conservation.

The resolution calls on States to *inter alia* facilitate land acquisition and management for conservation to complement other protection tools, and to support the creation of organisations dedicated to this objective. Donors are called upon to incorporate the socio-economic benefits of coastal land acquisition and management for conservation in their sustainable development strategies, and to ensure that funding is streamlined through simplified procedures in order to promote a rapid response essential in the context of the property market; to support intervention based on an agreed programme of objectives, rather than on a case-by-case basis; and to provide for the possibility of other contributions in addition to the targeted funding provided by public authorities at State level.

For further information and/or a copy of the policy tools, contact Christophe Lefebvre, Chair Coastal Zone Conservation Working Group; email: eurosites@netinfo.fr

FORTHCOMING

Global development network conference: Bridging knowledge and policy

Bonn, Germany, 5-8 December 1999

The goal of the Global Development Network is to support and link research and policy institutes involved in the field of development, and whose work is predicated on the notion that ideas matter.

See www.gdnet.org/bonn99/index.htm for details.

IUCN council meeting

Gland, Switzerland, 7-9 February 2000

Transdisciplinarity: joint problem-solving among science, technology and society

Zurich, Switzerland, 27 February – 1 March 2000

An international conference intended to discuss and develop transdisciplinary practice and research. Also aims to create favourable institutional structures and powerful incentives.

Contact: *Transdisciplinarity Conference Secretariat, Swiss Priority Programme Environment, Langgasstrasse 23, CH-3012 Berne, Switzerland. Fax: +41 31 3025520; email: transdisciplinarity@snf.ch; www.digitalwork.ch/transdisciplinarity/head.html.*

The second global knowledge conference: building knowledge societies

Kuala Lumpur, Malaysia, 7-10 March 2000

The conference will focus on the themes of Access, Empowerment and Governance. The Global Knowledge Partnership is an informal partnership including the World Bank, UNDP and a number of public, private and not-for-profit organisations.

See www.globalknowledge.org for details

The South and South-East Asia regional conservation forum 2000

Vigyan Bhawan, New Delhi, India, 14-17 March 2000

During the four day meeting country presentations will be made by IUCN members on progress in conservation, including case studies and lessons learned since the last RCF in Kota Kinabalu. A workshop will be held on day 3 to discuss the Regional Programme Framework and will be followed up by Commission presentations.

Contact: Dr. Zakir Hussain; email: hussain@ait.ac.th

Cultures and biodiversity congress

Kunming, China, June 2000

The costs of globalisation are very high. Especially alarming are the limitations external agents place on the problem-solving potential of local knowledge systems, and the resulting conflicts experienced by indigenous peoples who have little or no political space to articulate how they would like life to continue in succeeding generations.

This ten-day congress will examine ways in which different indigenous cultures protect their environments. Aimed at providing a supportive space for dialogue, the congress will gather members of local communities, natural and social scientists and environment and development NGOs.

Contact address: Xu Jianchu, Centre for Biodiversity and Indigenous Knowledge, Kunming, Yunnan, China; email: cbik@public.km.yn.cn