CHAPTER 4

FORMAL DECENTRALIZATION AND THE IMPERATIVE OF DECENTRALIZATION ‘FROM BELOW’: A CASE STUDY OF NATURAL RESOURCE MANAGEMENT IN NICARAGUA

Anne M. Larson
Research Associate, CIFOR & Nitlapán-UCA
Apartado J-148
Managua, Nicaragua
alarson@tmx.com.ni

Forthcoming in a special issue of the
European Journal of Development Research
Volume 16, Number 1, Spring 2004
Guest Editors: Jesse C. Ribot and Anne M. Larson
Acknowledgments

This article would not have been possible without the support of Jesse Ribot and World Resources Institute and of the Center for International Forestry Research (CIFOR). Different phases of the research were funded or sponsored by CIFOR, DFID, Protierra, Profor, the Nitlapán Institute of the Universidad Centroamericana (UCA) and the SIDA-IDB Partnership. I would also like to thank the anonymous reviewer for very helpful comments.

Abstract

This article argues that decentralization of natural resource management is a political process resisted by the central government due to the feared loss of power and/or economic resources to local governments. In Nicaragua, although the formal process of power transfers largely stagnated from 1997 to 2003, decentralization ‘from below’ continued to advance thanks to political pressure from civil society and municipal governments and the increasing legitimacy of local authority. At the same time, many municipal governments have little interest in resource management where there are few apparent economic benefits. Local governments, too, however, respond, among other things, to pressure from constituents and NGOs to take on resource management initiatives. At both levels of government, local and grassroots processes are necessary conditions to make formal decentralization democratic and responsible.

Introduction

Decentralization in Nicaragua began in the late 1980s and has generated important changes both structurally and within civil society. Elected municipal officials, which did not exist prior to 1990, have been granted important responsibilities for the management of their territories in general, as well as for their region’s natural resources. A new local sphere of governance has been created [Ortega, 1997], defended by a broad alliance of municipal government representatives, decentralization advocates and NGOs. Local governments have become strategic allies in national politics.

There is also strong grassroots support for decentralization in Nicaragua. A study conducted in 14 northern municipalities in 1996 found that 68 percent of the people surveyed believed that municipal governments could do things better than the central government. The overwhelming majority, 97 percent, believed that the best way to solve problems was with citizen participation.  

Introduction1

This article is based on several years of research and analysis of decentralization and municipal natural resource management in Nicaragua, with a primary focus on forest management [see Barahona and Mendoza, 1999; Fauné and Kaimowitz, 1999; Fauné and Martinez, 1999; Fauné and Mendoza, 1998; Larson, 2001, 2002; Larson and Barahona, 1999a,b; Martinez and Rocha, 1999; Martinez and Mendoza, 1999; Mendoza and Artola, 1999; Mendoza and Martinez, 1999; Parrilli, 2000; and Rocha and Barahona, 1999]. Additional interviews were conducted for an earlier version of this article. My conception of decentralization ‘from below’ has benefitted in particular from conversations with David Kaimowitz.

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2 Still, 66 percent said that a person could only get something from a municipal government if she or he was well connected. This contrasts with a more recent poll (in a different region) that found that only ten percent of the people surveyed believed friends of the mayor were the primary beneficiaries of INIFOM-funded projects [Boyer, pers. comm.].
This apparent generalized enthusiasm for decentralization, however, contrasts rather sharply with
the reality of the official process, which largely stagnated up until 2003, after important reforms
were made to the Municipalities Law in 1997. First, ‘decentralization’, has been primarily a
process of deconcentration and privatization, and many analysts believe that the central
government has no real desire to give up any further power. Second, after a decade of
decentralization rhetoric, the government has still not adopted its official decentralization policy,
though a draft finally underwent a national consultation in 2003. Third, Nicaragua is the only
Central American country that had no law guaranteeing central government transfers until that
same year, and maintained the lowest annual transfers in the region, at approximately 1-1.2
percent of the national budget.

Natural resource decentralization has taken place within this broader context, with its own stops
and starts and myriad contradictions. Fundamentally, though laws and regulations are vague and
contradictory, municipal governments have little autonomous decision-making authority with
regard to their natural resources. Even where high-level authorities support some form of
decentralization, lower-level bureaucrats often do not. Experience so far suggests that loosening
central control requires, among other things, organized demands and mobilization from local
actors and their allies.

In the next section, this article briefly examines the traditional conception of decentralization as a
top-down process and argues for the importance of recognizing decentralization ‘from below’. This
is followed by a section on decentralization in Nicaragua and central government resistance.
The subsequent section examines municipal natural resource management and the importance of
grassroots motivating forces, and is followed by the conclusions.

Decentralization from above and below

Decentralization is often conceptualized as a top-down process instigated by national
governments to increase efficiency and equity and/or to promote local participation and
democracy. Ribot [2002], for example, writes that ‘Decentralization takes place when a central
government formally transfers powers to actors and institutions at lower levels in a political-
administrative and territorial hierarchy’. While this definition is convenient and precise, it refers
only to the formal, legal process of decentralization.

This definition does not include the way in which local actors make decisions without specific
central authority to do so, or the way in which the legitimacy of local elected authorities grows
outside of any controlled, formal process. Nor does it conceptualize the political reality of
decentralization as an iterative process that appears to require grassroots and local government
pressure in order to advance. This dynamic reality represents decentralization ‘from below’ and
is precisely the foundation upon which greater participation and democracy are forged. It is the
foundation of democratic decentralization.

Natural resources appear particularly amenable to decentralization ‘from below’. This is at least
in part because they are already physically present in the local sphere and because that physical
presence is integrated into a local history and culture of resource use and management [see
Larson, 2003, Kaimowitz and Ribot, 2002]. It is now fairly widely recognized, however, that
local governments often have little motivation to address natural resource problems [see Ferroukhi, 2003, Gibson and Lehoucq, 2002, Larson, 2002]. They are more interested in the economic benefits of management than the burdens of environmental problems or conservation.

Yet local governments are playing an ever greater role in local resource decisions. This is in part due to the authority they are legally granted and the opportunities presented by appearing environmentally active [Larson, 2003]. And it is in part because, where elected local governments have been granted a certain level of autonomy and their authority, capacity and legitimacy have been increasing over time, as in Nicaragua, other local actors turn to them more and more to address local environmental problems, as a ‘natural’ local authority. The evidence from Nicaragua shows that local governments will take action in response to certain incentives, environmental crises and, related to these, pressure from constituents and NGOs [Larson, 2002].

Natural resource decentralization and central government resistance

In Nicaragua, municipal governments argue that the powers they have over natural resources are not the ones they want. Rather, in practice they have been given the burdens of certain management responsibilities without either the resources to take on those burdens or other benefits that would arise from having real decision-making authority.

Nevertheless, the Municipalities Law grants municipal governments the rather sweeping responsibility ‘to develop, conserve and control the rational use of the environment and natural resources as the basis for the sustainable development of the municipality and the country, promoting local initiatives in these areas and contributing to their monitoring, vigilance and control in coordination with the corresponding national entities’ [Leyes No. 40 and 261 de los Municipios].

This and other laws give municipal governments numerous specific attributions regarding the environment and natural resources. The most important of these is the right to give their opinion, known as an aval, prior to central government approval of resource exploitation requests, which include both concessions on national lands and extraction permits on private lands. Municipal governments also have a right to 25 percent of the income the Tax Office receives from these contracts. Municipal governments must coordinate with the Environment Ministry (MARENA), Forestry Institute (INAFOR) and other national entities to undertake various other tasks. These include the establishment of municipal parks for the conservation of important local resources and the development of land-use plans, as well as participating in environmental impact evaluations, managing protected areas, declaring soil conservation areas, controlling forest fires and establishing norms for ecosystem quality.

Despite all of these attributions, based on Article 102 of the Constitution, the central government reserves for itself the right to make key decisions over natural resource exploitation. Specifically, although legally required to consider municipal government opinion, it is the central government

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3 These are granted by the Municipalities Law (No. 40 and 261), the General Law of the Environment and Natural Resources (Law 217) and related enabling legislation (Decrees 9-96, 45-94 and 14-99). Fire control was established by Decree 207 in 1972.

4 The only specific arena that is the exclusive responsibility of local governments is waste management.
that enters into contracts for forestry, mining and fishing. In reality, local government opinion is sometimes not even requested, and dissenting opinions can simply be ignored. Similarly, the central government failed to turn over the municipal portion of timber and other revenues for several years. There are numerous other problems that can be summarized as a general state of ‘legal confusion’ [Ortega, pers. comm.].

The bottom line is that the central government has retained control over those aspects of natural resource management that generate income, and retains control over almost all other resource-related tasks by requiring the local government to ‘coordinate’ with central entities, usually without establishing mechanisms to do so. It has also failed to transfer sufficient funds to local governments for these to be able to meet their obligations to constituents—up until recently, Nicaragua transferred the lowest percentage of the central budget to municipal governments in Central America, though, by law, this should now rise to 4 percent in 2004. During the previous government of President Alemán, many people, primarily those who were not members of the governing Liberal Party, complained that the central government managed municipal funds in a way that allowed it to maintain control over, as well as favor, its party members.

The main argument for failing to provide municipal governments with greater financial resources was that they did not have the capacity to manage them. Central government representatives also argued that there were still local funds available that municipal governments were not tapping. While this may be true, it does not fundamentally affect the need or the right of local governments to receive government transfers. Other arguments against prescribed transfers were that legislators ‘need freedom at the time of planning the budget’ [see Fitoria, 2001], as well as, simply, a lack of funds.

Nevertheless, local government administrative capacity increased substantially in recent years, while government transfers did not. A World Bank study in one province, for example, found that 10 out of 13 municipalities had ‘adequate’ or ‘very adequate’ internal financial controls [Donkin and Arguello, 2001]. While it is true that local governments should also increase their capture of local tax revenues, the principal tax they are permitted to charge is the property tax, which requires an updated cadastre; the legislature actually phased out the municipalities’ primary source of local funds, the municipal sales tax. With regard to the supposed shortage of funds, there are several existing sources of funding that are directed to municipal projects through central government institutions and through National Assembly legislators that could easily be transferred to local government.

Some of this has finally begun to change. The Social Investment Fund (FISE)—the main entity of the government of Nicaragua for promoting municipal ‘development’ projects, such as the construction of roads, schools and health centers—was entirely centrally managed and controlled, though analysts argued that municipal governments could undertake the same

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5 In the case of the Regional Governments of the Atlantic Coast, the central government is required by law to get their approval for concessions, though it has sometimes failed to do so.
6 Nicaragua was the only Central American country that did not have a mandated budget transfer to municipal governments, until the passage of the budget transfer law in June 2003.
7 These include the Social Investment Fund (FISE), Rural Development Institute (RDI) and the Presidency [Baltodano, 2002].
projects for roughly 75 percent of the cost [Fitoria, 2001]. Thanks to municipal and donor pressure, FISE began transferring administration of these projects to municipalities in 2002; over a third of Nicaragua’s 152 municipalities were now managing these funds as of May 2003. Most importantly, the Municipal Budget Transfer Law was finally passed in mid-2003, guaranteeing a four percent transfer to municipal governments in 2004, increasing gradually to ten percent by 2010.

Less, however, has changed with regard to natural resources. The primary stated reason for limiting local government control over natural resources is, as it was with government transfers, low local capacity: in particular, because municipal governments do not have the capacity to make technical decisions. An INAFOR official stated that if a municipal government gave an unfavorable opinion for a logging contract, for example, he would not take that opinion into account unless it was backed up by a rigorous technical argument. Only a few municipal governments have technical personnel, though this is increasing.

But it is readily apparent that there are other important reasons for limiting the role of municipal governments. It does not take great technical expertise, for example, to determine whether felled logs have been taken legally or illegally. Nor is a technical degree in forestry required to make what are primarily political decisions about who should benefit from logging or how that income should be distributed [Bazaara, 2002]. More importantly, the state forestry institute does not want to give up income. This includes income from logging contracts as well as fines, since INAFOR controls both contracting and illegal logging. Up until mid-2003, with the imminent approval of a new forestry law, INAFOR depended directly on this income for its own operating budget. There is also widespread suspicion that some INAFOR employees obtain important income through corrupt activities; in fact, the director was removed in July 2003 after reinstating three staff members who had been fired after the Attorney General’s Office identified them as accomplices in illegal timber trafficking. At the same time, the Comptroller’s office authorized a special audit of INAFOR in response to the number of anomalies reported nationally.

Even honest employees of INAFOR, however, fear not only losing income but their own power, authority and possibly even their jobs. Lower-level technicians have been heard making disparaging remarks about local government officials for their lack of expertise and lower education levels. The control of information is often a source of power and even income, hence some central officials fail to share even required information with local governments.

Local governments have gained ground through several key mechanisms. First, since 1993, Nicaragua’s municipal governments have all been members of the Nicaraguan Municipal Association, AMUNIC. AMUNIC is funded by the municipal governments themselves but also receives international and NGO funding for numerous specific projects. Its paramount goal is to increase local government capacity and political, administrative and financial autonomy. It has played a key advocacy role for municipal autonomy as well as promoting transparency, local participation and effective natural resource management, and has important ties to donors, the central government’s Municipal Development Institute (INIFOM) and national NGOs.

AMUNIC was behind important amendments to the municipalities law that significantly increased municipal autonomy and authority in 1997. Several other laws have been drafted and a
few passed, thanks at least in part to AMUNIC’s lobbying and networking. AMUNIC has also been active in negotiating the transfer of the 25 percent of tax income on resource extraction contracts to municipalities. Central government allies, as well as donor pressure, are also essential. The delivery of timber revenues began under an INAFOR director who explicitly and actively supported the decentralization of key forest management activities to local governments.

Second, local government political power has increased in more subtle and strategic ways. Two vice presidential candidates for the 2001 elections had previously been directors of INIFOM, including the current vice president. As local government authority and legitimacy has increased in the eyes of local citizens, so has the perception of national political leaders that mayors are important for mobilizing popular support. In turn, then, national leaders have become more likely to support formal decentralization initiatives. For example, a political battle between the Legislature and the Executive over the 2003 national budget resulted in a majority alliance in the Legislature in support of an unprecedented 3.2 percent fiscal transfer to municipal governments. In the final negotiation, the Legislature backed down on this demand, but several months later the Executive offered municipal governments an even higher percentage for 2004, and the Municipal Budget Transfer Law was negotiated and passed unanimously by the National Assembly.

Third, individual municipalities have also had some success at getting INAFOR and other central agencies to hear their demands through political pressure and organization. In general, the municipality of Managua, probably due to its size, appears to have little problem engaging central resource ministries in negotiation. Smaller municipalities, however, have had to resort to other means. For example, four municipalities in the north of León province joined together in a threat to pass ordinances banning logging. INAFOR responded by agreeing to approve all logging contracts only with municipal government consent, rather than just their official ‘opinion’.

Finally, it is important to mention that numerous foreign aid agencies, particularly the World Bank, have played an important role by lending legitimacy and funding to the decentralization process—both in general and with regard to natural resources. Many of these agencies have also directly promoted capacity-building for local officials.

**Municipal Resource Management**

As mentioned earlier, in general municipal governments have shown greater interest in natural resources and resource issues where these concern the generation of income. They also may be motivated by the more intangible benefits of actually having decision-making authority, though this is more difficult to study given the limits on this authority currently. This section first reviews a few of the different kinds of management activities in which local governments have been involved, or other specific resource-related initiatives, then looks at the question of motivation more closely.
Resource-Related Initiatives

Logging permits—According to law, the municipal government must give its opinion on all resource extraction permits prior to their approval by the central government. At least with respect to timber, almost all of the nation’s municipalities participate in this process, though in the end there may be more illegal loggers than legal ones. The municipal government usually charges a fee for this *aval*.

As of 2002, INAFOR sometimes transferred responsibility for the approval of domestic permits—small amounts, determined by region, for household use—to local governments. All permits for larger quantities, however, have required management plans and INAFOR approval.\(^8\)

Personnel—Municipal governments increasingly have their own personnel specifically assigned to the task of reviewing permit applications in order to give a more informed opinion. This person should visit the site in question, confirm that the applicant is in fact the landowner and guarantee that the trees to be logged are of sufficient width and in an appropriate location. In some municipalities, a community representative undertakes this on-site review rather than the government, and the application is passed on to the local government with that representative’s approval.

Personnel are also sometimes hired, particularly in wealthier municipalities, to monitor protected areas, manage nurseries and reforestation projects, direct agroforestry projects and support INAFOR in the control of logging. Nevertheless, it is often the poorest and most rural forest-rich municipalities that most need personnel to independently review logging requests but have the least resources with which to contract qualified personnel. When there are technicians in these municipalities, they are almost always financed, at least in part, with donor funds.

Fees for resource extraction and related activities—Many municipal governments have charged fees of all kinds for resource use and extraction. These include the *aval* fee mentioned above, fees for the use of transit routes, and fines for unauthorized extraction. In other cases, local governments have sought to charge a registration fee for all kinds of machinery and equipment used for resource extraction, such as chainsaws. In some cases, municipal governments charged their own logging fees in order to compensate for INAFOR’s failure to transfer their legally-allocated portion to them. The problem with this is that the majority of these charges are illegal, though it is not entirely clear which are and which are not.

Ordinances and resolutions—Many municipal governments have begun to try to protect local resources by issuing municipal ordinances and resolutions. Many of these ordinances address problems of contamination, deforestation or over-exploitation, by stating local government policy and often, again, establishing fees for resource use and/or fines for non-compliance. Many

\(^8\) Administrative procedures established in 2002 by INAFOR changed the standards from a consideration of the amount to be logged to the size of the area to be logged. Thus ‘domestic permits’ disappeared in favor of ‘areas under ten hectares’, only these too now require a management plan. A new Forestry Law was approved by the National Assembly as this article was going to press, which would allow INAFOR to sign accords with local governments, permitting them for the first time, in special cases, to authorize commercial logging permits.
of these have been passed at the pressure or urging of NGOs working in those municipalities and could, if enforced, improve environmental conditions or prevent deterioration.

**Municipal Environmental Commissions (CAM)**—The CAMs are the most common way in which local governments have promoted intra-governmental coordination and civil society participation in addressing natural resource or environmental concerns. They are advisory bodies made up of representatives of local government, central government, civil society and sometimes private enterprise. As of 2002, over half of Nicaragua’s municipalities had established CAMs, though few actually met on a regular basis with a clear and dynamic agenda. Some particularly active CAMs, however, have drafted important municipal ordinances controlling resource extraction, manage environmental education campaigns, coordinate activities among INAFOR, MARENA and the local government, and investigate citizen complaints of ‘irrational’ or illegal extraction.⁹

**Fire controls**—MAGFOR and MARENA have actively promoted fire prevention since a drought in early 1998 led to massive forest fires throughout Nicaragua and the rest of Central America. Officially, this has often been coordinated by the mayor’s office with the participation of the local representatives of several central government entities and local civil society (NGOs, projects and farmers). Unofficially, the primary role of the Municipal Council has been to issue an appropriate fire ordinance establishing requirements for burning permits and fines for burning without a permit, and declaring local government support for the campaign, which is then usually managed by NGOs.

Nevertheless, a few municipal governments have actually fined or jailed farmers who lost control of their fires and damaged other people’s property. Also, since a pine blight struck a large portion of Nicaragua’s northern pine forests, leading to the felling of thousands of trees in 2001-2002, municipal governments were seen, for the first time, taking active leadership in fire prevention during the 2002 dry season.

**Preventing extraction**—Local groups protested against central government-approved mining concessions in the municipalities of El Castillo and in Bonanza, and in both cases convinced their local governments to take their side. The central government did not actually cancel the concession in either case, but neither of the two companies involved has ever chosen to act on its concession. In other cases, local protest is directly aimed at local government. Community members from one district of El Sauce objected to logging being carried out by a company from a neighboring municipality. They demanded that the government take action, and threatened to blockade the logging road if it did not. When the municipal government failed to respond, the population fulfilled its threat, took the roads and forced the government to negotiate a municipal ordinance that suspended existing logging permits for six months and required district council approval of new permits.

**Corruption**—Some local governments have taken advantage of their new power to reap economic benefits at the expense of their constituents and their local resources. The mayor and two councilors from Waspán, for example, were accused of illegal wood trafficking, together

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⁹ Some, however, have overstepped their authority and tried to impose their decisions on municipal governments [Ortega, pers. comm.].
with the INAFOR delegate and others, and were placed under investigation [La Prensa, 18 January 2001]. In other cases, municipal governments have accused INAFOR of corruption. The mayor of Bilwi (Puerto Cabezas) told La Prensa, ‘It is time for the Environmental Attorney General and the Comptroller’s Office to investigate the logging, marketing and illegal trafficking of wood and the complicity of INAFOR.’ [La Prensa, 15 November 2002]

**Marginal groups**—In a few cases, marginal groups are clearly better off under decentralized management. In Bonanza, the indigenous Mayangna population has increased its power and authority in the region by participating in the traditional political system and getting several members elected to local office, including, as of 2001, the mayor. This has made it possible to put indigenous concerns, such as the legal demarcation of indigenous territories, on the political agenda.

In addition to these initiatives, some local governments have declared municipal protected areas, sought actively to support existing national parks, developed land-use plans and undertaken environmental planning exercises. Many have promoted reforestation projects and a few have undertaken broader-scale watershed or agroforestry projects.

**Motivation**

Nevertheless, in spite of all of these initiatives, there is little investment in the forestry sector, and initiatives have been fairly haphazard, uncoordinated and unplanned. In general, municipal priorities tend to be urban and geared toward the provision of services and infrastructure, even in rural areas where natural resources are essential for local livelihoods and development. Neither local governments nor local citizens tend to associate natural resource or environmental concerns with ‘development’, but rather with conservation, which they associate not with local government but with MARENA. In a study of 21 municipalities in 2001, only two appeared close to considering these issues integral to the overall management, organization and development of the municipality [Larson, 2001]. In part this is an issue of tradition that requires a change in the conception of development.

As local governments tend to become increasingly involved in natural resource initiatives and as, at the same time, this changing conception of development evolves, the question of motivation becomes key to understanding the future of decentralized forest management. Why do local governments get involved in natural resource management at all, and what motivation do they have to make responsible resource decisions?

As political leaders, elected officials are usually interested in maintaining public support and being remembered for the initiatives taken during their administration.¹⁰ This is often one of the reasons officials give for investing in visible, and often urban, infrastructure projects such as roads, sidewalks, schools or community buildings, but reforestation, fire prevention or watershed projects also provide a simple and reasonably inexpensive way to take recognizable initiatives in rural areas.

¹⁰ In Nicaragua, mayors are not permitted to run for immediate re-election, but may serve for a total of two terms during their lifetime.
Perhaps more importantly, environmental management initiatives, as well as local government transparency and accountability, are high on the agenda of many donor organizations. Several national NGOs and other agencies even give out awards to municipal governments for exceptional performance in these two arenas. Hence promoting environmental initiatives increases visibility and can provide a platform for attracting funding to the municipality, and to the local government in particular. Recognition, such as through national awards, can provide incentives for interested politicians to increase their own legitimacy and respectability as political leaders.

These strategic political interests provide the context for understanding local leaders’ response to the immediate pressures or opportunities found to have played a key role in government action in the Nicaragua research. Four factors were found to be important: an economic interest in generating municipal revenue; specific legal responsibility; a conflict or crisis; and NGO or project pressure or influence [Larson, 2002].

The nature and quantity of the initiatives taken make it clear that many municipal governments’ main interest in natural resources is in generating revenue. It is often this possibility that, at least initially, wins their attention to the issues, when pressured or lobbied by civil society organizations or other parties interested in promoting local resource management by municipal governments. This has occurred in a context where the central government controls the vast majority of resource revenues and has often failed to hand over the legally required share to local governments.\footnote{It is also important to remember that some of these charges are illegal.}

At the same time, having legal responsibility for a particular issue also appears to encourage local governments to perform the indicated task. For example, whether they take it seriously or not, all the municipalities studied provide avals when they are requested. Having legal responsibility or the right to make certain decisions also clearly affects the nature of the initiatives taken, the way in which central government and donor support is directed, and the expectations of the local population [see also Larson, 2003].

In other cases, conflict or crisis leads to action: the mayor’s office of Posoltega promoted watershed protection after over two thousand people died in a devastating landslide provoked by Hurricane Mitch in 1998. In Bonanza, El Castillo and El Sauce, local citizens chose to fight outside logging or mining interests and turned to their local governments for support and action, and in some cases actually forced the local government’s hand in the matter. Local governments appear less likely to intervene, however, when conflicts involve two or more local groups.

Municipal governments have also sometimes avoided intervening even when a serious problem arises. In Jalapa, neither local government nor INAFOR personnel took action to address the pine beetle problem until it had seriously escalated. Municipal authorities said they did not have the technical expertise to manage forestry problems, or the funds to hire technical personnel. It is also not entirely clear, given the legal framework, that it was their responsibility rather than INAFOR’s. Nevertheless, logging is one of the most important economic activities in the region. Once the problem became critical enough, both INAFOR and the local governments began to take action.
In many cases, NGOs and other donors have provided important incentives and pressure on local governments through their initiative, influence and persistence. This includes threats to withdraw funding, persistent lobbying and negotiation, hiring ‘municipal’ personnel and drafting ordinances themselves and presenting them to the Municipal Council for approval. For example, in El Castillo, the Danish aid agency DANIDA threatened to withdraw funding three different times between 1996 and 2001 if the local government did not do as it requested. An NGO in Cua-Bocay organized an alliance of community groups to oppose a mining concession in the municipality and convinced the local Municipal Council to vote against the concession. Some NGOs, as well as AMUNIC and MARENA, have pressured or encouraged local governments to form Municipal Environment Commissions (CAMs) and institutionalize their participation, as well as, at times, the participation of other groups. Not all of these activities promote government assimilation or understanding of the problem, however. They do, though, represent the leverage of certain sectors of civil society. The best projects have worked closely with local peoples and sympathetic municipal government representatives to build a clear understanding of the issues and an institutional framework for the future.

All of these factors suggest the paramount role of economics and political pressure [see also Gibson and Lehoucq, 2002], as well as the importance of understanding the possible strategic interests of local leaders. The interest in generating income from natural resources is a political concern where existing budgets are limited by political decisions at the central government level and where central authorities fail to provide legally mandated funds. The legal responsibility for certain tasks has been delegated by central politicians or won through the lobbying efforts of local governments and their allies. Local politicians respond to the opportunities, as well as the realities, presented by local crises and conflicts—and may avoid responding if there is no grassroots or other political pressure, no clear benefit or no mandate that makes it their responsibility to do so. NGOs and other pressure groups exert their democratic right to influence local government through whatever means they believe appropriate.

Municipal government leaders have their own interests in pleasing their constituents and responding to their concerns, highlighting their own abilities to act responsibly, being seen as committed to natural resource and environmental concerns and winning recognition more broadly. But in many cases, local people and organizations have to apply pressure on local governments for them to take action. Also, without grassroots democracy, local politicians may have a stronger incentive to pursue their personal interests rather than their constituents’ interests. Whether their local elected officials have a specific legal responsibility or not, local people are increasingly turning to these leaders as the appropriate authority to address local problems.

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12 These requests involved rejecting a central government mining concession, reinstating technical assistants who had been trained by the project (fired in a change of administration) and taking action to evict colonists from inside a forest reserve.
13 The mining company, however, lobbied councilors, as well as the community that would be directly affected; the Council voted in favor of the concession in its next session.
Conclusions

Decentralization by definition is a political process, because it involves the redistribution of power and resources. Those who have to give up power and resources—in this case central governments—will often, naturally, resist doing so. And the decentralization of natural resource management is even more likely to provoke resistance, because natural resources are often economically valuable. They generate income to central government agencies, maintain jobs for central government employees and even provide ‘perks’ to individuals in certain positions of responsibility through corrupt activities.

It is therefore not surprising that central governments resist decentralization. What is surprising is how rare it appears for donors who promote decentralization to recognize and take into account this political resistance. It is precisely the dynamic grassroots political process, which, in itself, should be reinforced by democratic decentralization, that makes it possible to overcome central resistance. Decentralization from below, combined with donor pressure, is what makes the formal decentralization process from above possible, as well as being a key factor in making it effective.

Similarly, the political process is clearly critical in decentralized natural resource management by local governments. Many local governments appear to have little interest in taking resource-related initiatives unless these generate short-term economic and/or political benefits. Development priorities are elsewhere. Yet as local elected governments gain authority and legitimacy, they are increasingly pressured by constituents to address all kinds of issues relevant to local livelihoods, including natural resource concerns. Donors and NGOs can increase the incentives for responsible environmental initiatives by raising the profile of, and hence political benefits for, the elected leaders who take them. How these pressures and incentives are directed will play an important role in affecting the kinds of decisions local governments make as well as the outcomes for local people and natural resources.

A specific and clear legal mandate for local governments creates political opportunities both for pressure groups and for local government officials themselves. This legal mandate reflects the conception of formal democratic decentralization, where downwardly accountable local actors are given significant powers in an autonomous decision-making sphere [Ribot, 2002]. But the Nicaraguan case, as well as many others in this volume, suggests that effective democratic decentralization—and particularly the democratic decentralization of natural resource management—will not, and perhaps cannot, be implemented only from above.

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14 One form of resistance includes manipulation of decentralization discourse while actually increasing central government control over remote regions and undermining traditional local resource management [see Wittman, 2002, on Guatemala].
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