

The Sida Marine and Coastal Zone Initiative

Private Sector - Public Relationship in Developing Countries' Integrated Coastal Zone Management

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**Concept-paper on Private Sector - Public Sector Relationship in
Developing Countries' Integrated Coastal Zone Management**

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Foreword

This concept-paper on Private Sector - Public Sector Relationship in Developing Countries' Integrated Coastal Zone Management has been elaborated on request by the working team for the preparation of Sida's Marine and Coastal Zone Initiative, an intended policy programme with plans of action for development of tropical and sub-tropical marine and coastal areas.

The views presented are those of the author, Dr Jim Sandkvist, (SSPA Maritime Consulting AB) and are not necessarily shared by Sida.

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Introduction:

Sida is presently developing a program that is designed to enhance marine and coastal management based on the concept of ICZM. One approach will be to establish possible and to enhance further development of fruitful relationships between the public sectors and the private sectors. This paper outlines a proper and applicable policy on this "coastal zone initiative" and also discusses a few illustrative examples. This discussion also refers to an introductory paper presented by Sida: "Environment and Natural Resources in Coastal Areas of Developing Countries - A Sida initiative in an area of critical importance to sustainable human development", also partly cited:

"... Swedish development cooperation in its various forms is one of Sweden's crucial operational tools in the work solving of mitigating global environmental and development problems. As one component in the follow-up of UNCED, Sida in its Program for Sustainable Development outlines an initiative to support sustainable development of coastal areas in developing countries with a focus on the South and Eastern Africa and South and South East Asia. The program is focussed on Integrated Coastal Zone Management, ICZM, which represents a viable and proven alternative to traditional forms of development planning in four distinct ways:

- increases the understanding of necessary shift towards integrated multi-sectoral and ecosystem management approaches that recognise the interconnections between resources and users,
- optimises the multiple use of the coastal resources through integration of social, economic, environmental and cultural information,
- promotes the interdisciplinary approaches and intersectoral co-operation to address complex development issues and formulate integrated strategies for the expansion and diversification of economic activities, and

- assists local and central authorities to improve the efficiency and effectiveness of capital investment and natural and human resources in achieving economic, social and environmental objectives as well as meeting international obligations concerning the coastal and marine environment. ”

Referring to the document adopted by consensus at the Regional Conference on Sustainable Financing Mechanisms, Nov 16, 1996, Manila, Philippines, in which it is recommended that national and local governments, private sectors, regional bodies, international agencies and organisations, donor agencies, multilateral financial institutions and NGOs commit themselves to work co-operatively and in a complimentary fashion promote the acceleration of public and private sector relationships in order to link coastal management further to economic development, among others defined measures.

Referring to the Sida background document from Lindén and Moffat, 1996, on Integrated Coastal Zone Management, ICZM, or Integrated Coastal Area Management, ICAM is widely recognised to be the best approach for managing coastal resources. The approach is holistic and based on the goal of moving towards sustainable development and use of natural resources. ICZM has two fundamental objectives: *1/ to promote sustainable utilisation of coastal resources and 2/ to restore and maintain the function of coastal ecosystems.*

Thus it is understood that ICZM is a part of the society's development in order to strengthen and to develop the national, regional and local economies, hand in hand with the two defined objectives set up. ICZM needs to include integration between public and private sector decision making and implementation, integration among science, technology, economics and sociology and integration of policies across and among economic factors.

ICZM is a complex process engaging and involving a wide range of expertise representing various disciplines and interests. This heterogeneous process is divided into smaller and specific issues, all together expected to lead towards a common goal set up. Due to the ICZM process complexity and the expected outcome and impact it is of utmost importance to involve all major actors and interests in the process. Fruitful partnerships between public and private sectors must be encouraged and are strongly suggested to be involved into various supporting developing agencies policies and approaches in order to contribute to sustainable development of coastal zones.

Definitions:

The mechanisms of relations and possible sustainable relationships between the public sector and the private sector respectively will be identified and discussed. The discussion and analysis will here be based on the definitions below. However, other definitions may occur.

- **The public sector** is to be strictly defined as governmental, central, regional or local. The public sector is governing and regulating and is not mixed up with any commercial or "non-profitable" consulting or other business. The public sector sets the framework also expressed in legal terms. The public sector is standing on a political platform as decision-maker, executing department or controlling and regulating authority, excluded from all commercial involvement, what so ever.

On the basis if this definition there is lots of room for the private sector to be involved in and to operate in.

- **The private sector** is to be defined as commercial companies, private foundations, non-governmental organisations, NGOs, associations, etc. Also so called "non-profit" organisations will be defined as private sectors like government owned companies and institutes, among others. Each organisation or group that belongs to the private sector according to this definition is forced by and driven to fulfil its specific and given objectives. Commercial companies are focussed on making money for their living. It is expected, in various ways, that they will identify, create and to see the positive outcome of actions taken like investments, research support, etc. NGOs are often focussed on defined goals and objectives related to specific questions or interests, sometimes with idealistic approaches, like the protection of coral reefs along a certain coastline, human rights, gender, support to local fishermen, etc.

These two sectors are supposed to symbiotically play their given roles. They rely on each other and both of them must exist, at least in countries and political systems, in various degrees of market economies of interest for this discussion and of Sida's concern. There may be systems with just one actor. It is however out of the scope of this study to take these extremes into account.

The public sector's role:

The government's role will be to set the framework for what has to be done and what standards are to be achieved or respected, whether in legal terms or through terms in contracts. The government's role is to fulfil and concretise political decisions into planning, implementation and management.

While referring to the Manila Conference, the public sector's role on national, regional and local levels in development and implementation of marine pollution programs, here also very much involving ICZM, includes several key functions as outlined below:

Facilitator, by ensuring a national coastal policy, by delineating responsibility and authority to local governments, by developing and implementing programs to enhance the capabilities of local governments in planning, administrating,

implementing and monitoring of ICZM programs, and by creating a climate for investments and relationships between investor, donors and private sector.

Regulator, by developing and enforcing appropriate environmental regulations, by developing methods, setting standards and conducting environmental assessment of all new and expanding facilities and operations which are anticipated to cause impact on the coastal and marine environment.

Educator, by ensuring that both public and private sector on all levels are aware of the impacts of unsustainable use of the coastal environment, the benefit of ICZM and "the positive steps to be taken to change ongoing practices and activities which are detrimental to the coastal environment."

Incentives, driving forces and consensus

Forces drive both public and private sectors, political, economical or idealistic. The private sector involvement is seen in context of Government's role. The private sector must be able to see its incentives and the potential in taking active steps in a planning process regarding a certain area and to expect a positive and considerable outcome of their needs and goals. The outcome of a planning process will be successful and sustainable when the incentives exist there and based on consensus.

Commercial incentives:

Companies and investors and others commercially related to the private sector must see a sound climate for investments to be made, see new markets in a developed region, as based on cost-benefit analysis. With investments also the development of the area comes.

Active involvement of the investors and commercial companies in coastal development and management will be based on policies, as outcome of political decisions or just as a natural historically accepted phenomenon, more or less based on who has the power in a region, a strong property owner, farmers, etc. As mentioned, financial involvement is expected to be based on a cost-effective analysis in order to identify the incentives. Other incentives than those based on pure market economy aspects may be created due to long-term related political ambitions including subsidies and other mechanisms to create artificial incentives. Such politically based actions taken may act catalytic in order to start a sustainable development of a region.

Planning and development of a region lead to increasing market values due to all initiatives taken. The infrastructure may be developed and natural resources will be exposed for sustainable use. Due to the fact that there is a plan with an expressed

goal is an incentive for investments and the establishment of new companies/ business opportunities will be seen.

An efficient relationship between the public and the private sectors, financial and commercial actors in coastal management will be based on investments provided from a variety of sources and thus mutual outcome of investments. The public sector may focus on the infrastructure development and the private sector on production aspects, such as development of sugar industry, agriculture projects, industrialisation of fishery in the region, fish farming among others.

Non-commercial incentives

Actors within the private sector e.g. NGOs and research institutes see other incentives related to their specific objectives. Research institutes manage and contain information and piles of data regarding environmental, social conditions; etc monitored and analysed during long-term periods. Even though the data is not collected and packed for direct use in an ICZM process, this type of information may often be the only source. This source is also related to groups of experts. Research institutes therefore expect to be involved and can considerably contribute to the coastal planning and development process. Further needs of environmental data further emphasise the need for monitoring and capacity building of established centres for research information. Established institutes with knowledge of relevance for the coastal planning process also see future research co-operation in monitoring and follow-up programmes. Co-operation may be established on interregional bases and on a national basis as well.

Regional environmental research programmes, funded by various donors, administrated and performed by local institutes and where data is collected on regional or international levels in global networks, may considerably contribute to the ICZM process in certain regions. The Intergovernmental Oceanographic Commission, IOC, is able to considerably contribute with oceanographical data and also become an interesting partner together with companies and others involved in the coastal management process. Cost effective joints could most probably be arranged in which already ongoing long-term monitoring programs could be expanded, or specific sub programs could be added, in order to provide an interesting region in development with extensive environmental data.

Universities and other skilled training facilities see growing needs for training on various levels; environmental basics as well as advanced education programs designed for civil servants and others actively participating in the coastal development process.

Other actors among the NGOs are gathered around often idealistically based objectives regarding a certain question like nature conservation, coral reef protection, gender, etc. They want to actively participate in the process in order to look after their interest and have an influence on the process corresponding to

their specific needs. Often these groups contain a considerable amount of information and data.

Public - private sector relations in process, performance and financing

Coastal management is an ongoing dynamic process consisting of vital phases integrated and mixed into each other. Planning is a preparatory phase in order to execute political decisions and prepare for the forthcoming implementation of the results.

The private sector is involved in different ways. The actual performance of an ICZM program creates various business opportunities for consultants and others. The actual work of the coastal management phases is often handed over to consultant companies, institutes and other doers, because the planning authorities or other governmental bodies has neither the capability nor the resources a large number of commercial commitments are made. The Government keeps to itself to governing and regulating.

No matter what working method or strategy chosen the Government's role is to set the framework, whether in legal terms or through terms in contracts specifying what to be done. The Government has to set standards and has to control if they are achieved and respected. The Government must always be responsible and capable to carry out the quality control of every part of the process. This quality assurance could also be performed by independent authorised representatives from the private sector.

During the planning phase, the private sector will be involved in:

- research, information gathering
- analyses of any kind
- plan design
- education and training

Each component mentioned above can be contracted and added to a governmental co-ordinating body, alternatively the entire process may be done on an overall contract basis.

When it comes to implementation of a plan the private sector will be involved in realising components of the plan related to investments, management, environmental control, monitoring, etc. A successful implementation of a planned ICZM program creates business opportunities in the long run; the prime part of what has been defined as sustainable development, among them:

- the private sector will usually be involved in realising or implementing a coastal plan, whether it is mangrove management or beekeeping, sea defence construction or hotels.

- the private sector has also an important role in compliance with both management plans and regulations
- private sector companies may improve their public image by behaving better, adopting environmentally and socio-environmentally friendly practises.
- private sector participation in training and education programs related to the ICZM
- private companies can do a lot of environmental and development monitoring, either for each other if there is a measure of private-sector self regulation; or under contract to the government, e.g. in monitoring sea defences and beach erosion. Research institutes may also have keen interests in undertaking long-term monitoring of environmental status.
- Pollution control and waste management are two areas in which the private sector has already identified business opportunities:

Waste Management: Examples shown indicates that the introduction and enforcement of international regulations like the IMO/MARPOL convention regarding ship generated waste will become business opportunities for developing countries private sector. These include various types of partnerships between public and private sectors, integration of maritime waste management into national hazardous waste planning strategies, and especially the potential revenues from recycling waste oils. Ship captains in the Caribbean are already selling their more valuable oily wastes as bilge waste and slop oil to recyclers.

Joint Oil Spill Response Organisations: To set up and to maintain oil spill response organisations requires resources of staff and equipment. Responsibilities and legal structures vary among coastal countries.

Sometimes the public sector, the coast guard, etc takes care of it all, marine surveillance, spill combating with own resources and clean up. Others put demands on the private sector's actors, among them the oil and shipping companies who are forced to contribute with their own resources, while referring to the polluters pay principle. National or regional spill response plans also create fruitful relations between public and private sectors. Private companies may create business opportunities as well as release the public sector from expensive investments in equipment and training. Oil spill management companies will get into the position of signing long-term contracts with local or regional authorities formally responsible for coastal environment pollution prevention. These companies guarantee management and key personnel and enough hard ware resources like skimmers and booms, etc in emergency situations. The public sector's

local authority agrees to support the spill response organisation with enough manpower and resources recruited locally, to be integrated under the management of the private companies. Such relationships also contain agreements regarding response time after alarm, capacity matters and environmental monitoring, etc. Such public - private sector relationships create an effective use of resources and minimisation of resources bound in emergency organisations.

The main spill organisation exists only when alerted. The private company is supposed to set up contracts with many local authorities along a coastline, well aware of the fact that an oil spill only hit parts of the coast line at the same time.

Sustainable development of a region should be based on a balanced relationship between the public and the private sector. The public sector must have institutional capacity and strength to govern, rule and control and the private sector is expected to do their part of the work to increase the value of their investments, to take care of generated business and to achieve defined objectives. In some situations it may be appropriate and possible for the private sector to do virtually all of the public sector's work besides setting legislative and policy framework.

- In sites of national interest, e.g. except for protected areas are involved, the national environmental agency may do the planning in consultation with stakeholders and then delegate the management responsibility to a local NGO.
- In other cases, local NGOs may do the planning work, submit draft plans to the national environmental agency for discussion and approval. Then the agency delegates the responsibility, *see detailed description of the Management Plan for the Portland Bight Sustainable Development Area, Jamaica, enclosed.*
- In many places large companies have plantations in coastal zones. Guysuco dominates the coastline in Guyana, others in Southeast Asia and in the Pacific Islands. Such companies could be required to draw up sound environmental management plans in order to meet government requirements. The companies have their own resources for environmental monitoring and competence to do self-control and to get approval.
- In areas with exploited natural resources like hydrocarbons, etc the explorers / the oil company is often in a very strong position. In developing countries these companies have the financial platform, a well-established competence and knowledge of the region, all built up in order to utilise the resources and to operate in a commercial world. National oil companies in Colombia, Venezuela and other countries are the only actors within the countries with such capability to do environmental monitoring, perform quality control, etc, and are also contracted for this work and to design and to manage waste and oil spill contingency plans and to set up combating forces.

- Tourist associations can plan, manage and monitor their operations, e.g. performing environmental control of all hotels in a certain region. The government requires quality control and that accepted limits regarding BOD levels, etc are not passed.
- Active participation of local development associations usually registered, as a legal entity may be an interesting model to introduce. They form a kind of development mechanism, where several landowners can form an association and propose their own development plan to the municipality. However, the legal frameworks must often be developed or adjusted. In Sweden the municipality is often active in drafting the plan, as the local authority must approve it. The association can enter a contract with the municipality to develop infrastructure, construct buildings, maintain certain facilities, etc. The model could be applied with variations in many places and in a variety of scales. Central, regional and local governments could establish broad structural plans and environmental standards, within which these associations would work out the details.

The capability of the public sector

The public sector's capability must be analysed before designing the performance and responsibility principles of wider coastal management plans. It must have the institutional strength to take its leading role as public sector in a fruitful relationship with the private sector. Seen from a donor's or a developing agency's point of view the capability of the public sector is of utmost importance for a successful development and must therefore be strengthened and supported.

Even though the private sector will be heavily involved in public work, contracted to handle public sector duties in certain items, the public sector must be strong enough form terms of references for private sector involvement, to control and to actively be the leader of further development. Institutional strengthening is defined as a vital area of donor support. Lack of legal framework and missing law enforcement resources together with education and training needs are all-important areas for donors to focus on.

The donor should primary focus on the development of the soft parts, while the private sector takes care of the hardware parts. Investments in infrastructure supporting the private sectors industries in the region could be made by the public sector financially supported by loans from investment banks or by donor support.

The private sector may also be encouraged to take care of the infrastructure development, in some way taking over the public sector's role. Incentives for such solutions will be evaluated due to the positive return from the investments by private sector in public work.

When it comes to financing solutions mainly three actors are involved: public and private sectors and the donors. As seen from the donor point of view, he is

supposed to identify the other actors, to validate, to control and to either accept or reject their qualities and capabilities. Firstly, the donor is the catalyst, providing the process with ingredients to get it started. The donor is also expected to agree upon the objectives set up of an ICZM program, find them sound and based on consensus before he puts money into the process.

Various financial joints can be arranged. Either the planning process starts on the basis of input from the donor and the private sector enters the scene when in order to implement the outcome, or the private sector will be engaged as co-financier already in the beginning of the process. The first scenario only involves the private sectors as commercially engaged local consultants in order to provide the planners with field data, knowledge, investigations, etc. Along with and separated from the planning process the private sector makes their own analysis.

Another scenario integrates the private sector's financial support and is based on contribution of resources from all three actors from start. This scenario also further emphasises the need for consensus regarding the goals, which together with commitments from all partners to co-finance an ICZM will further minimise the risks of failure in the end.

The need for balance regarding matters as competence, capabilities and institutional capacity between the public and the private sectors is also important. The donor must focus on strengthening and supporting the public sector so it will become and remain strong enough to play the independent roles as the facilitator, the regulator and the educator.

The discussion is performed in general terms. A successful implementation of Public sector - Private sector partnership must be based on each specific country or region's conditions. In some countries the government is the only operating body, still. There is not yet developed any private sector able to handle any commercial challenge. In other countries the private sector dominates the coastal zone. For each country or region of interest it is important to analyse and to determine the best way to establish and to further improve fruitful partnerships. Therefore it is very important to keep strictly to the definition of the roles and then establish the relations and each actor's responsibility to the existing conditions.

The role of the government differs with the level of development. In early stages of emerging market economies government has to govern and regulate, design and plan, more or less directly implement, establish governmentally owned and controlled companies for defined purposes, monitor, evaluate and educate. The government is the major consumer, producer and employer. Here the government very much depends on donor's support and competence from outside.

Further on, the public sector dependence requires just the right mix of regulations and positive control in order to encourage the private sector to emerge and to take a bigger part of the burden. Due to the fact that the coastal zone will always be of interest for development and therefore also an area of conflicting interests. The private sector will invest money in the development of the coastal zone.

A number of questions for Sida and other donors are raised and are suggested to be further discussed:

- how to best support the public sector to keep the roles clear and well defined and how to mobilise the private sector to control the private sector's excesses?
- whose regulative policies will be established - the host government or the donor's?
- whose private sector should be involved - the donor country's or internationally established bodies?
- how to establish natural links between Swedish private sector and host country private sector - fruitful links between companies, NGOs, research institutes and others?
- how to develop models of private sector co-operation that results in win-win outcomes.

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The public sector is expected to act in its three earlier identified roles; facilitator, regulator and educator. In order to perform advanced coastal management in a certain area successfully the public sector must have the strength and institutional capability to handle and to lead the private sector through the ICZM process. In The Portland Bight, Jamaica a more delegated management plan has been developed. The plan is in considerable parts based on NGOs and other private sector members' engagement and involvement in the process. A legal and policy framework has been developed in order to give legal status to mutually organised resources management councils.

The Provisional Management Plan for Portland Bight Sustainable Development Area 1997-2000, PBSDA, is prepared by the South Coast Conservation Foundation, SCCF, for the Natural Resources Conservation Authority, SCCF. The methodology of resources management of each natural resource the PBSDA may be summarised, as cited, Espeut ():

1/ A baseline survey of the resource to be managed

An assessment of each specific resource to be managed must be conducted at the beginning of the management effort. This is important so that proper management plans may be prepared, and also that, in later years, the efficiency of the management efforts may be assessed. The survey must therefore determine the sort of monitoring regime, which must be put in place, as well as the parameters, which should be measured to determine the health of the resource. These activities require the skills of persons trained in natural sciences.

2/ The formation and strengthening of user groups

As a prelude to co-management, the users of the resources need to be organised so that they are a force, which can act on their own behalf. This major effort and it is both time-consuming and demanding. These activities require the skills primarily of persons trained in social sciences.

3/ The formation of co-management councils

In the model being pursued, co-management takes place through resource management councils, made up of as many stakeholders in the resource as can be identified, including government agencies, the resource users, and NGOs. Six management councils are planned;

one each for fisheries, forests, industry, tourism enforcement and for the communities. The Council with overall responsibility for the overall management of the PBSDA will be the Portland Bight Sustainable Development Council, PBSDC, which will contain delegates from all the resource management councils.

4/ Community environmental education

A greater degree of co-operation may be expected from the residents of the Portland Bight area if they have substantial education about animals and plants and ecosystems, which are found there. A common theme running through all the resource specific management plans is the need for community environmental education. This will be an ongoing activity, focusing on schools and the wider community. A newsletter, posters, and video presentations will be the main media used. Environmental summer camps will also be organised.

5/ Enforcement

Even with substantial co-operation from local communities, there will still be need for enforcement of the environmental regulations, as there will always be those who will defect. A marine and terrestrial ranger corps will be formed, based on the eight ranger stations. These will collaborate closely with the honorary game wardens appointed among the local community. Partnership will be forged with the Jamaican Constabulary Force, the Jamaican Defence Forces Coast Guard, the Environment Warden Service, the NRCA Enforcement Unit and other interested parties.

The legal and policy framework for the declaration and management of protected areas in Jamaica exists, as well as the provision that the responsibility for their management may be vested in NGOs by the NRCA. A series of regulations - effective only within the sustainable development of each resource to be managed. These will emerge out of the deliberations of each resource management council.

In time, what will need to be investigated is the framework, which can give legal status to the resource management councils. Under the present arrangements, management responsibility will be legally vested in the SCCF, and the management councils will have only those duties assigned them by the SCCF. If the co-management to be employed in the Portland Bight appears to be working, it will be desirable to give it legal status, so that it can function without the SCCF. Those discussions should take place in the run-up to the management plan for the second three-year management plan for PBSDA."



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