ISSUE NO. 53, APRIL 2012

ETFRN NEWS

53

Moving Forward With Forest Governance

EUROPEAN TROPICAL FOREST RESEARCH NETWORK

ETFRN

TROPENBOS INTERNATIONAL

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This publication has been produced with the financial assistance of the European Union, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Ministry for Economic Cooperation and Development (BMZ), the European Forest Institute's EU FLEGT Facility, the Federal Office for the Environment (FOEN), Switzerland, and the Government of the Netherlands.

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Published by:	Tropenbos International, Wageningen, the Netherlands
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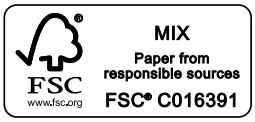
Citation:	Broekhoven, Guido, Herman Savenije and Stefanie von Scheliha (eds.). (2012). *Moving Forward with Forest Governance.* Tropenbos International, Wageningen, the Netherlands. xvi + 272 pp.
Editors:	Guido Broekhoven, Herman Savenije and Stefanie von Scheliha
Final editing and layout:	Patricia Halladay Graphic Design
ISBN:	978-90-5113-107-9
ISSN:	1876-5866
Cover photo:	Women carrying fuelwood, Terai region, Nepal. ICIMOD
Printed by:	Digigrafi, Veenendaal, the Netherlands
Available from:	ETFRN c/o Tropenbos International P.O. Box 232, 6700 AE Wageningen, the Netherlands tel. +31 317 48 14 16 e-mail etfrn@etfrn.org www.etfrn.org

This publication is printed on FSC®-certified paper.



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Preface

Improving forest governance is an important prerequisite for promoting sustainable forest management and reducing deforestation and forest degradation. Forest governance refers to the policy, legal, regulatory and institutional framework dealing with forests, and to the processes that shape decisions about forests and the way these are implemented. The practice of governance is based on fundamental democratic principles, such as participation, fairness, accountability, legitimacy, transparency, efficiency, equity and sustainability.

Forest governance involves a wide range of actors operating at different levels and with different responsibilities and interests. Governments and governmental bodies are responsible for the regulatory and institutional framework, including the formulation of policies and law enforcement. In practice, however, they often have insufficient capacity to adequately carry out these tasks, especially those that require a response to changing global policies and emerging new actors. Governance practices also deal with self-governance by private-sector bodies, civil society groups and other stakeholders, including local organizations, and their linkages with other stakeholders.

The need to improve forest governance is widely acknowledged, but difficult to achieve due to divergent interests and mind-sets and unequal power relations. Improving the quality and accessibility of information is often considered an important first step towards improved forest governance.

The 29 articles in this *ETFRN News* showcase a rich diversity of examples of how different aspects of forest governance have been addressed in various settings. This issue brings together experiences from a wide variety of forest governance reform initiatives. Some relate to new lessons from relatively well established approaches to forest governance reform, such as community forestry; others relate to more recently developed approaches, such as FLEGT and REDD+. The articles show that international instruments — such as FLEGT, forest certification and more recently, REDD+ — have been and are important drivers to address governance in the forest sector.

We thank all the authors for their contributions and the editors — Guido Broekhoven, Herman Savenije (Tropenbos International) and Stefanie von Scheliha (GIZ) — for producing this *ETFRN News*. We also thank the donors for their generous support. Marieke Wit, Roderick Zagt and Juanita Franco from Tropenbos International are acknowledged for their support in the editing and layout phase.

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Moving forward with forest governance — a synthesis

GUIDO BROEKHOVEN, STEFANIE VON SCHELIHA, MARGARET SHANNON and HERMAN SAVENIJE

Introduction

Recently, the role of forests for mitigating climate change, maintaining biodiversity, and adapting to changing environmental conditions has gained increasing recognition. This is evident in emerging political initiatives such as REDD+, and in forest financing and changes in international timber trade regimes. Sustainable forest management is recognized as essential for rural poverty alleviation and economic development. Enhancing sustainable forest management requires stable and reliable institutional, legal and organizational frameworks that at the same time allow for flexible responses to emerging topics and interests. However, many places lack the forest governance conditions necessary to sustain forests, reduce emissions from deforestation and forest degradation, and enhance the diverse benefits of sustainable forest management. Although large sums of money are invested each year to improve forest management, the annual global deforestation rate is still 13 million hectares.

In response to this situation, numerous national and international initiatives are underway to improve forest governance, recognizing that forest governance challenges need to be addressed more thoughtfully and effectively than in the past. Documenting and analyzing these experiences in forest governance improvement will help policy-makers, practitioners and researchers better understand the critical factors for successful interventions. The capacity for continuous learning is a distinctive characteristic of what is meant by governance. Creating new institutional capacity to address governance challenges requires imagination and creativity, and the ability to continuously learn from successes and mistakes.

The aim of this issue of *ETFRN News* is to contribute to knowledge and understanding about forest governance, and in particular to analyze what makes forest governance reform work. For example, what are the incentives, enabling factors, and approaches for different actors to improve forest governance?

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The 29 articles published in this issue of *ETFRN News* collectively illustrate and analyze the diversity of issues related to forest governance.

Section 1 provides an introduction to forest governance concepts and shows how different stakeholders perceive forest governance. It shows the diversity of governance arrangements for various forest products. It also places forest governance in a broader context of land use and land-use change and of international discussions about access to forest goods and services and the sharing of benefits.

Section 2 presents a framework for forest governance assessment and monitoring. The framework not only helps to assess and monitor forest governance, but also assists stakeholders in formulating what they understand by good forest governance. Several examples of the application of this framework and of other forest governance monitoring initiatives are presented. From these examples, it is clear that corruption and lack of transparency are important impediments to good forest governance. Section 2 also presents practical suggestions and examples to address these problems.

Section 3 describes and analyzes progress and challenges in attempts to reduce illegal logging and the relevance of these attempts to other aspects of improving forest governance, particularly stakeholder participation and transparency. A number of articles focus on the EU's Forest Law Enforcement, Governance and Trade (FLEGT) initiative.

Reducing Emissions from Deforestation and Forest Degradation in developing countries (REDD+), the subject of Section 4, is another example of an international initiative with a potential important impact on forest governance. This section presents some examples of countries and stakeholders preparing for REDD+ implementation, plus a critical analysis of the risk that REDD+ could actually undermine forest governance reform.

Section 5 presents a number of other approaches to improve forest governance, including national forest programmes and private sector approaches. It also discusses the linkages between voluntary and regulatory approaches.

Section 6 contains case studies on stakeholder participation in forest governance in Africa and Asia. It describes the governance challenges in initiatives to enhance the contribution of forests to poverty alleviation. For example, it shows that ignoring power imbalances may undermine community forestry initiatives and increase the likelihood of conflict. It also notes that the extent to which reforestation programmes include capacity building and technical assistance components has important implications for their chances of success.

What is forest governance?

The essence of the concept of governance is the many ways in which public and private actors (i.e., the state, private sector and civil society) work together in order to create capacity to make and implement decisions about forest management at multiple spatial, temporal, and administrative scales. It is this mutual interaction that is the defining feature of governance institutions and arrangements.

The nation-state simply does not have sufficient capacity to address the complex, multi-scale and spatially variable challenges in sustaining forests. Ecosystems do not follow administrative boundaries. Forest products and services cannot be delimited by state boundaries. So, new modes of governance evolved in order to provide capacity for governing. Governance, at a minimum, affects the allocation and regulation of ownership and access rights to the social and ecological benefits of forests, especially forest products that are removed from the forest for human use. Governance complements the traditional role of the state in planning, monitoring and controlling the use, management and conservation of forests. Governance is about rights, institutional roles in decision making, and the systems by which decisions are made, put into action, enforced and monitored.

Forest governance institutions focus on five primary areas:

- creating coherence between various policies, laws and regulations, customs and practices, both in the forest sector and in other sectors that define ownership and use rights and responsibilities over forests;
- increasing the degree to which people respect and abide by these laws, regulations, customs and practices;
- enhancing the motivation of private actors to behave in a responsible manner that goes beyond regulatory requirements;
- equalizing the relative power and clarifying the mandates of stakeholder groups, as well as stabilizing the institutional arrangements that join them; and
- enhancing the incentives, enabling conditions and capacity of organizations and individuals to engage in forest governance practices.

In many instances, different approaches to forest governance (for example, statutory, customary and voluntary systems) complement, clash and mix with each other in governing the same resource. It is essential to bear in mind that forest governance is a complex endeavour that involves the active participation of a range of participants in civil society, not just forestry administrations.

"Good" forest governance is a concept about the quality of forest governance. It can refer both to forest governance reform programmes, which involve reforming and strengthening the institutions and arrangements of forest governance, and to the principles of good governance used in these programmes. These principles relate to participation (stakeholder engagement), fairness, decency, accountability, legitimacy, transparency, efficiency, equity and sustainability. The formulation and interpretation of these principles is value-laden, and therefore political. Different stakeholders have diverse perspectives of good forest governance and how it should be put into practice. However, it is generally accepted by all stakeholders that improving forest governance is vital in moving towards sustainable forest management that benefits people and nature.

The role of monitoring in governance is not only to track actual achievements, but also to create a learning dialogue among governance actors as a normal part of their institutional and participatory relationships. Thus, forest governance monitoring is also a process of continuous learning that is essential to governance.

What makes forest governance reform work?

The articles in this issue illustrate and analyze a range of contexts, drivers, enabling factors and approaches in forest governance reform. A number of topics are particularly relevant.

Creating deliberative participatory processes

Almost all articles refer to the importance of open and fair participatory approaches for successful forest governance reform (see Nadkarni 2.4 and Rana et al. 4.5). Deliberative participation brings together expert knowledge and specialized or local knowledge. It is the linking of different forms and sources of knowledge — through active engagement in the rule-making, implementation, monitoring and enforcement processes — that create forest governance. For this reason, issues such as the empowerment of marginalized stakeholders are a frequent theme in governance reform efforts.

Several articles emphasise the importance of "unpacking" stakeholder groups (clear conceptual definitions of who is engaged and not engaged) and of understanding the interests and powers of different stakeholder groups (i.e., a rigorous stakeholder analysis) as prerequisites for successful facilitation of stakeholder participation (Schusser 6.1 and Derkyi et al. 1.3). Greater recognition of the contributions and services provided by forests has increased the number of actors who must be involved in forest governance processes. Although considerable progress has been made in designing and using effective participatory methods, many challenges remain, particularly how to involve "non-organized" stakeholder groups, such as illegal chainsaw operators (IUCN 2011).

Recognizing power issues

Closely linked to stakeholder participation is the issue of power. Understanding and dealing with power and powerful groups is important in order for forest governance reform processes to be successful, because these reform processes often change power relations (Lund et al. 3.4). However, this key aspect of forest governance reform typically remains implicit and relatively few articles explicitly address the issue of power. Schusser (6.1) analyzes the results of forest governance reform to promote community forestry on the basis of the relative power of stakeholder groups. These reforms have had limited success (defined in these cases as an increase in forest benefits flowing to forest users), because powerful actors, who don't have any concern for the interests of forest users, have been able to use the system to their own benefit. Other authors point out that not adequately addressing power issues may even undermine attempts to improve forest governance: it may reinforce power imbalances that underpin forest governance failings.

Integrating market related approaches

Voluntary market approaches (e.g., investment standards and forest and product certification) complement and implement regulatory goals by focusing on the behaviour necessary to achieve the goals. Thus, they often create incentives for corporate responsibility and opportunities for profit and interest-seeking behaviour to achieve desired public goals. However, voluntary and regulatory approaches depend on one another; neither alone is sufficient (Hinrichs and van Helden 5.2).

Trade-based regulatory approaches to forest governance reform include the FLEGT Voluntary Partnership Agreements, the EU Timber Regulation, and the U.S. *Lacey Act*, which all aim to decrease trade in illegal timber. They have the potential to be effective in that they tie forest governance reform to trade, thus uniting private sector, government and civil society around a common interest. In addition, these programs have a tangible benefit, such as continued market access. And, they contain measures that affect both producer and importer/consumer countries.

Connecting different initiatives and levels

Although it is generally understood that forest governance reform initiatives need to complement and reinforce each other — if only to avoid wasting limited resources and preventing unnecessary strains on limited capacities — in practice, this is sometimes difficult to achieve. Avoiding overlapping or competing initiatives requires two things: (1) proactive strategies by the forest sector[1] to ensure that the interests of the sector are adequately represented in cross-sectoral processes; and (2) effective institutional settings for the forest governance reform process (Sepp and Mann 5.1). Field experiences can and should inform national policy development (Hodgdon, Hayward and Samayoa 4.4) to ensure that policies respond and adapt to the realities in the field and that they take into account those who depend on forests for their livelihoods and who are often marginalized in national policy development processes (Paulson et al. 6.2). This capacity for multi-level and cross-sectoral learning is a distinctive feature of governance.

Clarifying and enforcing rights and tenure

In order for forest governance to be "good," there must be clarity about the law, in particular about who holds the rights to forest land (Ozinga 4.2), to tree harvesting (Insaidoo et al. 6.3) and other goods and services and, in the case of REDD+, to carbon and the rights to emission reduction benefits (Hodgdon, Hayward and Samayoa 4.4). In general, a stable and predictable policy environment is important. In addition, private sector engagement will not occur in an insecure business environment. Furthermore, existing laws cannot fulfil their mandate without effective enforcement. Thus, clear rights, access to information about the application of laws and other legal rules, protection for those who report infractions of the law and a well-functioning executive and judicial system for investigation and prosecution are essential components of good governance.

Ensuring transparency and access to information

Several articles identify transparency in decision- and policy-making and access to information as important factors to reduce corruption and to increase effective participation by all stakeholders. Corruption and illegality are both a cause and a consequence of many forest governance failings (Nadkarni 2.4). Improving transparency will help reduce the possibility of corruption and improve the ability of stakeholders to hold others, especially government and/or key decision-makers, to account and to push for further reform. Transparency is equally critical to achieve the Free, Prior and Informed Consent (FPIC) of stakeholders affected by decisions about forests. In Ecuador, the recent access-to-information legislation has provided actors with an enforceable tool to require openness of information (Villacís, Young and Charvet 2.5).

Transparency and monitoring go hand in hand: transparency is required for meaningful forest governance monitoring, in particular to promote a role for non-state actors and to promote accountability. At the same time, forest governance monitoring can promote greater transparency and increased learning capacity.

Monitoring forest governance

The importance of forest governance monitoring

With the increased emphasis on improving forest governance, there is a growing need to assess and monitor forest governance. Monitoring can help set the forest governance baseline (diagnostics) and identify changes in forest governance (provided that goals have been agreed). Kishor et al. (2.2) and van Bodegom et al. (2.3) describe experiences to develop and test forest governance monitoring at the national level. These experiences indicate that introducing this framework can make it possible for stakeholders to articulate sensitive forest governance issues that otherwise cannot be discussed: monitoring a sensitive issue is less threatening than addressing it head-on. It can also raise interest in and awareness of forest governance challenges and hence about forest governance reform. However, if it doesn't form part of an already agreed reform plan, forest governance monitoring per se has a limited ability to steer or drive forest governance changes. In fact, if expectations are raised through forest governance monitoring initiatives but aren't followed up by addressing the challenges identified, reform efforts can backfire.

TBI Indonesia

Methods of monitoring forest governance

Comparing the methods discussed in the articles, a number of methodological challenges become apparent, which by the way are not unique to forest governance monitoring. They relate to (1) the compromise between completeness and practicality; (2) the attribution of an impact to a certain activity; and (3) the lack of indicators that measure directly what the monitor wants to know (e.g., the extent of illegal logging). In the absence of such indicators, indirect measures need to be identified (e.g., an assessment of relevant policy measures or expert perceptions; Lawson 3.5). Villacís, Young and Charvet (2.5) provide an interesting example of how using a relatively simple method to monitor one aspect of forest governance (transparency, as reflected in the availability and accessibility of government documents on the web) can yield useful results. A special challenge is how to meaningfully engage sub-national and local-level actors in forest governance monitoring development and implementation. Taking forest governance monitoring beyond the confines of the national capitals requires specific efforts and provisions.

Moving forward with forest governance

Trends

While keeping in mind the limitations and challenges of forest governance monitoring and the diversity in national forest governance contexts, it is possible to identify changes in forest governance. Forest governance has become more complex over the last few decades (Rayner, Buck and Katila 2011). The increase in the amount of goods and services that society expects forests to deliver has led to and is a result of an increase in the number of national and international actors and institutions involved in forest governance. Governments have had limited success in governing forests according to internationally agreed goals of sustainable forest management. And it is clear that without the involvement of non-government stakeholders, forest governance will not lead to achieving these goals.

The increased decentralization and devolution of forest management authorities and the increased area of forests owned or designated for use by local communities and indigenous peoples (Sunderlin, Hatcher and Liddle 2008) have reduced the ability of central governments to govern forests in a top-down fashion. States are no less important today than they were in the past, but other groups of actors are assuming formal roles and responsibilities in forest governance. As issues have multiplied and their interconnections have grown more complex, other actors, including international organizations, private-sector corporations, civil-society groups and consumers, are increasingly participating in forest governance reform processes (Speechly and van Helden 3.2). Increasing competition for land (rather than for forest as such) adds to the complexity of interests and stakeholders.

The need for supportive and effective frameworks for sustainable forest management has become a centrepiece of international initiatives that promote the maintenance of all forest functions. There is growing pressure on all actors to deliver results that can be measured. Markets, especially for timber and carbon, are now recognized as essential partners in forest governance. Monitoring the status of forest governance and the success of support initiatives will be conditional for triggering additional assistance and compensation measures in support of improving forest governance (Rayner, Buck and Katila 2011).

Learning forest governance

These trends seem to indicate that gradual forest governance reform will have a better chance of success than a wholesale overhaul. Trust, confidence and capacity of the stakeholders involved will increase if initiatives to improve forest governance are applied in a committed, transparent and accountable way. This holds true for the commitment of international as well as national actors. However, it will require time for the continuous learning that is an essential component of forest governance reform.

Effective forest governance reform processes must have a clear focus (e.g., law enforcement or transparency). There must be a clearly defined target of reform with sufficient benefits for a large enough number of powerful stakeholders in order to engage their participation. This can serve as an entry point to address broader forest governance issues. A level of shared understanding of the challenges, issues and solutions is needed. During the process, diverse actors need to be prepared to engage in deliberative participation to increase the common ground between them. While it is important to carry out incremental steps with clear outcomes, these should be part of a shared vision to address longer-term requirements, such as capacity building.

The role of power is equally important in finding fair and equitable solutions. NGOs and independent watchdogs can help hold governments and others actors to account and nudge forest governance reform along. Political power and commitment is a necessary resource for effective governance and for effective governance reform. What is at issue is how that power is exercised, who has the power, and how power is created and shared in governance institutions.

Practicing good forest governance

Access to information, trustworthy processes and multi-actor deliberative participatory processes are key elements of applying the practices of good governance. Learning means not only taking in new information, but changing what is actually done and how. This is why governance is an adaptive and iterative process that requires the participation of all stakeholders.

Because of the complexity and connectivity of the issues involved in forest governance, finding the right entry point is a challenge for many forest governance reform initiatives. Cause and effect are often not well defined. For example, improved stakeholder participation is part of and leads to improved forest governance; a stable policy environment as part of good forest governance and as a condition to improve forest governance; corruption underpins and is a result of many forest governance failings; participation requires the political will to improve conducive framework conditions (e.g., democracy, decentralization, good governance).

This seems to indicate, at a minimum, the importance of an accurate and honest analysis and definition of local realities (power, interest, national context) and of cause-and-effect relations. Ignoring powerful elites or conflicts or not recognizing the weaknesses of government will hamper progress. The importance of an entry point to begin to address wider forest governance issues is clearly illustrated by the case of Ecuador (Villacís, Young and Charvet 2.5). There, the access-to-information law is used to address issues of accountability and participation. The solution to the problem of identifying the right entry point may be to formulate and address specific problems, rather than the forest governance system as a whole (which is too abstract and complex). However, addressing specific issues should take place without losing sight of the interdependencies with other issues and of the greater whole.

Although forest governance has become more complex and deforestation continues at a high rate, the level of interest in forest governance is also high and growing rapidly. This is encouraging. The experiences emanating from the articles in this issue demonstrate that a one-size-fits-all solution to forest governance challenges does not exist. They also show that whatever the entry point is to initiate forest governance reform, there is always a set of additional and inter-related governance challenges that underlie that entry point. Therefore, an integrated process approach is essential to successfully address forest governance reform.

"Good" forest governance creates the capacity for continuous learning and the ability to adapt to lessons learned among those engaged in the participatory processes of governance. This kind of social learning provides the dynamic and adaptive capacity of governance. It also creates the stability and predictability necessary for all actors to make the long-term commitments necessary to achieve sustainable forest management that benefits people and nature. The articles reveal that transparency, communication and access to information, and multi-stakeholder engagement in deliberative processes (particularly the meaningful participation of disadvantaged groups) are essential ingredients in moving forward with forest governance.

Acknowledgment

The authors would like to thank Roderick Zagt and Marieke Wit of Tropenbos International for their valuable comments on earlier drafts of the article.

Endnote

1. These include, for example, documenting and raising awareness of the value of forests, including all their goods and services.

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Section 1

Concepts, perspectives and realities

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1.1 Forest governance: mainstream and critical views

BAS ARTS and INGRID J. VISSEREN-HAMAKERS

Introduction

"Forest governance" has become a popular term in forest sciences and practices. A Google search in January 2012 produced about 430,000 hits, and a Google Scholar search about 4,000 hits. Generally, the concept refers to new approaches to forest governance that go beyond the confines of the state, such as policy networks, certification schemes, corporate social responsibility, public participation, community forestry, markets for ecosystem services, and public-private partnerships.

These approaches include both governmental and non-governmental actors at various levels, from the local to the global. These public-private modes of governance are believed to be more capable of managing public "goods and bads" related to forests than conventional governmental policy. Over the years, however, a critical literature on forest governance has also developed that puts this optimism into perspective.

The term "forest governance" has various meanings: from steering in general to new modes of governance that go beyond the confines of the state.

Some people criticize the naïve belief that the introduction of new technologies and nstitutions can solve the complex problems underlying deforestation and forest degradation. Others question the lack of attention paid by governance authors to the issues of power and domination. As alternatives, theories such as political ecology and governmentality have been applied to the forest policy field.

This article aims to highlight the theoretical debates on governance, forest governance and forest governmentality. With this, we hope to contribute to bridging the gap between forest governance debates in the social sciences and those among practitioners.

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Governance

The key buzzword in political sciences and public administration for the last two decades has been "governance" (Kjaer 2004; Pierre 2000; Pierre and Peters 2000). Recently, the concept has acquired various meanings, four of which are briefly addressed here (Table 1).

Table 1. Four conceptualizations of governance

Conceptualization	Description
Broad	Governing by, with and without the state
Strict	Governing beyond the confines of the state
Multilevel	Governing at multiple levels (local to global)
Good governance	Reform programs for improving governance

In its broadest interpretation, governance is about the many ways in which public and private actors from the state, market and/or civil society govern public issues at multiple scales, autonomously or in mutual interaction. Hence, this interpretation refers to governing by, governing with and governing without the state. Consequently, the concept acknowledges the actual and potential role of both public and private actors in providing public "goods" — such as welfare, health and environment — and in managing or solving public "bads" — such as poverty, disease and pollution.

This broad definition of governance is often confused with a more strict interpretation. Strict governance refers to a paradigm shift in the way in which we govern societies and organizations today (Pierre and Peters 2000). According to this interpretation, the old top-down, state-led, command-and-control way of governance has lost its legitimacy and effectiveness.

According to this conceptualization, the "big" government of the Northern welfare state lost credibility during the economic crisis of the 1980s, while its bureaucracy and old-boys networks raised questions about efficiency and democracy (Pierre 2000). As a consequence, public administrations became subject to intense reform programmes, and new modes of governance emerged (Kjaer 2004). Examples are network-like arrangements, self-regulation by businesses, private and public-private partnerships, emission-trading schemes and certification programmes (Agrawal et al. 2008; Kickert et al. 1997; Visseren-Hamakers and Glasbergen 2007). Most refer to this development as "a shift from government to governance" (Rosenau and Czempiel 1992), implying that authority and competencies have moved away from the state to other bodies, such as international organizations, NGOs and businesses (Pierre and Peters 2000).

Contrary to the interpretations above that emphasize the multi-actor character of governance, the third conceptualization — multi-level governance (MLG) — highlights its multi-level character. This concept was introduced in the realm of European studies to refer to the multi-level character of EU policy-making, consisting of European institutions

on the one hand and member states on the other (Hooghe and Marks 2001). Later, the MLG concept was also used in the fields of sub-national, national and global policy analysis to argue that the old distinction between domestic and international politics has become blurred and outdated (Held and McGrew 2002). Also, the original government-centred approach to MLG by Hooghe and Marks has been broadened to include non-state actors. After all, local authorities and NGOs are believed to affect global and European politics, whereas global agreements and European directives are thought to have direct impacts on local practices of different actors (Arts et al. 2009).

Another category is "good governance," which is the promotion of reform of the public sector and/or of corporate management in accordance with a number of good governance criteria, such as cost-effectiveness, transparency, accountability and participation, among others advocated by the European Union (EU), the International Monetary Fund (IMF) and World Bank (Kjaer 2004; Woods 2000). An example of a good governance programme is new public management (NPM), which applies business principles to public administration for improved cost-effectiveness; another example is good corporate governance (GCG), which applies principles of government to business practices for improved accountability.

Forest governance

Traditionally, the state has been dominant in governing forests, not only in Europe (let alone in the Socialist East before 1989), but also in the colonies and in the post-colonial era (Scott 1998). In order to prevent a Tragedy of the Commons (Hardin 1961), it was believed that the state should regulate ownership and access to natural resources such as forests. Otherwise, private resource users — in their continuous strive for personal gain — would jointly erode the resource base.

In many cases, however, colonial and post-colonial as well as capitalist and socialist states proved to be even worse managers of the forests:

- they over-exploited the resource, often in conflict with local livelihoods and with the state's own conservation objectives;
- they issued concessions to private companies or public enterprises without any effective monitoring mechanisms in place; and
- they were absent as managers, leaving the forests open to often illegal local use (Humphreys 2006; Peluso 1994).

This situation led to protests by NGOs (who claimed the need for forest conservation), opposition by grass-roots movements (who fought for local forest rights), and pressure by international donors (who advocated sustainable forest management) (Bose et al. 2012; Agrawal et al. 2008). These reforms can be interpreted by all four conceptualizations of governance discussed above (see Table 1), and thus can be called "forest governance" or "good forest governance."

Current forest governance comes mainly in three forms: decentralization, participation and marketization.

Decentralization

Decentralization involves the de-concentration of administrative competencies and/or the transfer of political authority from the central state to sub-national administrations (Ribot et al. 2006). The local administration gains technical capacity and/or formal authority from the central state and is held accountable by local communities.

Decentralization is therefore believed to bring politics closer to the people, increase policy effectiveness, and enhance democratic checks and balances at the sub-national level (which are also important prerequisites for good governance). Decentralization has become very influential worldwide in the forest sector, although some people question both the intentions and performance of such decentralization programmes in forestry (Ribot et al. 2010).

Participation

The central idea behind Participatory Forest Management (PFM) is that local management of forests, either by communities themselves or jointly with regional forest departments, can be as or more efficient and effective than central state institutions in conserving and using forest resources. India, Nepal, Mexico, Bolivia, Kenya and Tanzania have pioneered different forms of PFM since the early 1990s.

Many countries, from Ethiopia to Albania, followed. The results of PFM have so far been reported as "mixed" (Charnley and Poe 2007; Mustalahti and Lund 2010). Where success is reported, it usually relates to the forest condition rather than to enhancing local livelihoods or empowering local people. Also, PFM has been subject to serious power struggles. Often, only local elites benefit, and conflicts between forest officials and communities over valuable timber resources and land rights have frequently been reported.

Marketization

The third form of forest governance relates to marketization. One example is forest certification (Cashore et al. 2004; Visseren-Hamakers and Glasbergen 2007). This entails market-based mechanisms for independent labelling and monitoring that are meant to guarantee to both consumers and producers that timber products originate from sustainably managed forests. One of the first organizations in this field was the Forest Stewardship Council (FSC), established in 1993. Because this was an NGO-led initiative, with stringent requirements for sustainability, other industry initiatives followed, the largest today being the Programme for the Endorsement of Forest Certification (PEFC). Together, these two initiatives now cover more than 300 million hectares of forests around the world and thousands of companies and products, although most of them are located and traded in the global North.

Another example of marketization is Payment for Ecosystem Services, or PES (Constanza et al. 1997; Farber et al. 2002). The core idea is that forest and other ecosystems provide services to society, such as water regulation, soil protection and climate regulation, which are currently not accounted for in the economic system or in policy. Giving these services a

price allows them to compete more equally with services that are already accounted for in budgets, such as timber production.

REDD+ is an application of PES in forest governance (Levin et al. 2008; see article 4.1). The main idea of REDD+ is that developing countries are paid for their forest conservation and management practices by earning carbon credits and trading them on international carbon market; developed countries can buy the credits to implement their commitments under the post-Kyoto Agreement, which is currently being negotiated under the United Nations Framework Convention on Climate Change (UNFCCC). Currently, REDD+ is being piloted in a number of projects through bilateral initiatives (e.g., between Norway and Indonesia) and multilateral initiatives (through the UN and World Bank) (Visseren-Hamakers et al. 2011).

Forest governmentality

The concept of forest governance has been criticized, particularly for its managerial and instrumental approach, its lack of theorizing about politics and power, and its optimism about institutional design and the following of rules (Bevir 2010; Ostrom 1990). Too easily, governance analysts believe that "apolitical" mechanisms and markets can do the public job, based on cooperation, trust, expertise and exchange. Nonetheless, the governance of controversial issues often includes interest-driven bargaining, social conflicts and power games. In addition, those who govern through the new governance modes are often not elected democratically.

In order to address these issues, other more critical approaches have been developed. Cleaver (2002), for example, shows that communities do not simply adopt externally designed resource institutions, such as PFM, but combine them with socially embedded rules, norms and beliefs, or even reject them (De Koning 2011). Second, political ecologists focus on power, inequality and injustice in what they call late capitalist and neoliberal resource management (Bryant and Baily 1997; Peluso 1994). These authors do not believe that a shift to governance will contribute to poverty alleviation or environmental justice. For them, governance represents not a shift away from, but a continuation of, late capitalism and neoliberalism.

A third critical approach builds upon the notion of "governmentality" (Arts et al. 2009; Dean 2010; Foucault 2000). This concept refers to the way that modern society and its subjects are governed. Crucial in this approach is that current government by the state and self-governance by communities and individuals are intrinsically intertwined. Therefore, government is not so much about governing others, but about letting others govern themselves ("conduct of conduct"). Through societal discourses about proper and normal behaviour — the do's and don'ts of a society — and through social practices by the family, at school and at work, where improper behaviour is corrected, citizens get socialized and thus start to practice valid norms and values (which is a form of self-governance). Hence, according to this approach, there is no shift from government to governance, because both are part of the same power structure that has existed for years, which emerged with the birth of the modern nation state.

One branch of governmentality studies is particularly relevant for forest governance. It focuses on the creation of environmental subjects (citizens) and forest-related identities by states and NGOs. Agrawal (2005) speaks of "environmentality" and Bose et al. (2012) of "forest governmentality." Whereas in the past traditional forest dwellers were often identified as encroachers and uneducated people by the government, they are, in today's governance mechanisms, suddenly applauded as "noble savages," whose forest knowledge should be cherished. And while the former legitimized the violent exclusion of people from their forest lands, their new identities define them as interesting vehicles for implementing forest policy programmes. Hence, community participation is not so much an increase of decision-making power for ordinary people, but the shaping of environmentally responsible subjects and the creation of mutual consent around forestry problems and objectives as defined by governments and NGOs.

Conclusion

The term "forest governance" has various meanings: from steering in general to new modes of governance that go beyond the confines of the state, which can be multi-level in nature. Examples of new modes of "forest governance" are the decentralization of forest administration, participatory forest management, forest certification and payment for ecosystem services (particularly REDD+). Results of these initiatives have however been reported as "mixed."

Forest governance literature has been criticized for being too managerial and too naïve about the role of power. Governmentality studies question whether the shift from government to governance has taken place, promoting an alternative perspective on the inherent relationship between state and citizenry.

The term "forest governance" is indeed contested. This article has aimed to contribute to bridging the gap between science and the practitioners' debates on forest governance, since integrating the insights of both sides can strengthen efforts for forest conservation and sustainable use on the ground.

Acknowledgement

This paper is a summary of the publication *Forest governance: A state of the art review* (Arts and Visseren-Hamakers 2012).

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1.2 Governance and large-scale investments in forested landscapes

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More than ever, customary lands and forests in the global South are embedded in the global economy. Recent spikes in commodity prices, the influence of emerging economies on the global demand for raw materials, and growing concerns about energy security have led to attempts by major consumer countries to secure long-term access to land and its products. Heightened interest in land-based investments has led to a surge of foreign investment in developing countries, where land can be obtained at lower economic and opportunity cost.

Forests, woodlands and mixed-use landscapes are often targeted for agricultural expansion as a means to leverage benefits from land-based investments while avoiding the displacement of cropland. Increased investment is welcomed by host country governments for its opportunity to stimulate rural economies while fostering national economic development (World Bank 2011). It also poses risks, however, that need to be factored into national decision-making on whether and how to pursue economic development through large-scale, land-based investment (Achten and Verchot 2011; German, Schoneveld and Pacheco 2011).

THERE IS AN URGENT NEED TO EXPLORE MECHANISMS FOR GOVERNING INVESTMENTS TO ENHANCE SOCIETAL BENEFITS WHILE MINIMIZING RELATED COSTS.

Ironically, mounting evidence about the positive and negative impacts of this investment seems to have done little to promote a balanced consideration of how to govern the trade-offs that inevitably characterize these investments. It is important to recognize that for developing countries with relatively large areas of natural forest, the question is seldom how to safeguard remaining forests, but rather how to ensure concrete benefits from forest conversion (that justify its costs). And from the perspective of a government planner, environmental cost may not even be considered. This is particularly true for dry forests, where histories of human use are often assumed to have eroded any economic or ecological value, but also in humid forests, where existing land uses have contributed little to the formal economy.

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Ideologies that simultaneously inflate the benefits of large-scale investment while minimizing its costs and assumptions about the benefits that are likely to accrue have left many of the challenges largely unaddressed. There is an urgent need to take a dispassionate look at the challenges associated with achieving policy goals related to land-based investments, and to explore mechanisms for governing land-based investments for societal benefit while minimizing its costs.

This article explores the extent to which the anticipated benefits associated with the growing biofuel industry and the wider trend in land-based investments have materialized. Findings are based on comparative research on the social and environmental impacts associated with the recent expansion of biofuel and multi-purpose feedstock[1] in forests and woodlands in six countries (Ghana, Zambia, Indonesia, Malaysia, Brazil and Mexico), and the policy and institutional frameworks that govern these impacts.[2] The work was carried out by the Center for International Forestry Research and partner organizations.

Environmental impacts

In cases involving industrial-scale business models, the expansion of multi-purpose feedstock was directly associated with deforestation in most case study sites. The proportion of biofuel feedstock expansion occurring at the expense of forests ranged from 13–99% of the total area (German, Schoneveld and Pacheco 2011). The highest rates were observed for oil palm plantations in Indonesia. The lowest rates were for soy in Brazil, where a combination of stringent government regulations on forest conversion, the use of satellite imagery to monitor compliance, and a moratorium on soybeans grown in newly deforested areas have gone a long way to minimize forest conversion for agricultural expansion. The multi-purpose nature of oil palm and soy means that only a small proportion of deforestation may be attributable to the biofuel sector per se. These findings nevertheless illustrate the risks associated with these and other agro-industrial crops that currently penetrate forest landscapes.

In some cases, biofuel feedstock had expanded into secondary forest and fallow. Genuinely degraded land was not targeted for cultivation in any of the cases. This finding is partly due to the research emphasis on feedstock expansion in landscapes with significant forest and woodland cover. Equally important, however, is the tendency by producer-country governments and industry to target forests and woodlands for agro-industrial expansion as a way to minimize negative effects on food security, avoid the challenges associated with land appropriation and resettlement, and maximize timber revenues (Casson 1999).

Whether these concerns are real or overstated remains largely an unanswered question, and rests on the choice of business model; smallholder production has very different social and environmental implications than industrial-scale plantations. Furthermore, there is a tendency to assume that landscapes shaped by histories of timber extraction or fire as management tools are by definition "degraded." This continues to downplay the ecological value of forests and woodlands, and thus the costs associated with forest conversion.[3] The profit motive also deters those investing in biofuel feedstock production

from targeting degraded land.[4] These factors illustrate the challenge of finding contiguous areas of degraded land and getting producers to focus exclusively on them.

Diverse ecological costs are associated with forest conversion. In addition to the biodiversity losses cited in the literature (e.g., Danielsen et al. 2008), local people identified several environmental impacts that directly affected their livelihoods. These included a decline in air and water quality due to factory effluent/emissions and land cover change; an increase in crop and human pests and disease; degradation of protected forests due to encroachment, harvesting pressure and fire; and increased flooding in cases where peatlands were converted.

Yet from the perspective of the expanding biofuel industry, the implication of these forest conversions for the climate mitigation potential of biofuels is paramount. Significant carbon debts were found to accrue from direct and total (direct plus indirect) land-use change, ranging from 254–1579 tonne/ha CO_2 equivalent (eq.) and 266–1744 tonne/ha CO_2 eq., respectively (Achten and Verchot 2011). Although significant carbon debts accrued in all sites involving forest and woodland conversion, the larger debts were derived from sites where carbon-rich peat swamp forest was converted (West Kalimantan, Indonesia).

Total carbon debts associated with *jatropha* (an oil seed-bearing shrub) and soybean were significantly lower than other feedstock; however, where indirect land-use change is significant (e.g., greater than 50%) carbon debts were estimated to reach levels similar to those for oil palm. Carbon debts were found to postpone net greenhouse gas reductions from biofuels by 18 to 629 years, raising the question of whether it is justified for biofuel feedstock cultivated in pristine or "degraded," humid or dry forest landscapes to carry a "green" label.

Socio-economic impacts

Evidence of the local social and economic impact of biofuel feedstock investments suggests highly differentiated impacts, depending on one's position relative to the investment, and on the specifics of the site. For industrial-scale plantations, it is essential to explore the differential impacts experienced by plantation employees, those losing land or resources to companies, and contracted growers. The voluntary nature of employment and the scarcity of regular cash income in many rural areas have meant that livelihood impacts from formal employment tend to be positive among those capable of securing formal plantation employment. Benefits may be due to net increases in household income, social services available to employees or more regular income flows. Yet net benefits to employees do not always accrue. Poor working conditions — coupled with difficulties making the shift from traditional livelihood activities to wage labour — led employees from more traditional communities to perceive net declines in their livelihood conditions.

Unlike employees, customary rights-holders who lost land to investors tended to experience net negative effects on their livelihoods. This was particularly true for sites where land transfers were characterized by the transfer of large areas by customary leaders (with rights affecting many households that held less secure, often derived,[5] rights), and less so in the case of voluntary transactions among individual buyers and sellers.

Economic losses stem from the loss of agricultural and forest income and from difficulties in reconstructing livelihoods. Although land transfer often involved some compensation, the potential for this compensation to translate into livelihood opportunities for the affected households has largely failed to materialize. There are several reasons for this: variability in the compensation paid to different communities; delivery of goods and services of inferior quality; and poor governance of payments received within affected communities. Furthermore, investors rarely seek to offset losses by channelling other economic benefits to affected households. In several case studies, companies preferred to hire labour from outside the area, to the great disappointment of the affected land users.

In the case of small-scale growers, growing feedstock on contract to larger operators can provide access to inputs and services that they may otherwise have had difficulty acquiring, due to capital constraints. Yet evidence from several countries suggests that those with more land or capital are better able to capture these opportunities. And in the emerging *jatropha* industry, unfavourable terms in smallholder contracts and uncertain markets led to a situation in which smallholders were bearing much of the risk of an industry trying to get on its feet.

Recognizing that governments who seek to foster economic development may downplay such impacts in light of such wider policy aims, it is important to look at what wider economic spillovers accrue. Employment benefits can also be appraised in terms of their net economic effect, irrespective of who receives these benefits. In highly mechanized industries, employment levels are generally low and whether the net effect is positive will depend on the number of people who were previously sustained on displaced land uses.

At the only site where returns to land before and after the investment were assessed, greater returns were accrued from displaced land uses than from formal employment. This illustrates that net livelihood benefits should not be assumed. Furthermore, an analysis of legal and institutional frameworks in the case study countries highlights the generous fiscal incentives used to attract investors or develop domestic industries, raising the question of whether a shift to agricultural land uses and the formal sector carries a net benefit in revenue.

Reasons for unfulfilled promises

Biofuel development in three of the six case studies (Ghana, Mexico and Zambia) is in the early stages of development. Several other factors were also found to be responsible for the disconnect between the promise of land-based investments and the actual benefits.

Assumptions about net benefits

Host country governments are making a vigorous effort to attract investment, through the establishment of investment promotion centres, assistance with land acquisition, generous tax incentives and strong political support from the highest echelons of government (Cotula et al. 2009; German, Schoneveld and Mwangi 2011; World Bank 2011).

This is based on a strong belief in the potential of industrial-scale investments as an engine of economic development through import substitution, foreign exchange earnings, technological spillovers to domestic industry, job creation and opportunities for smallholders. It is also bolstered by a tendency among government officials to downplay the social and environmental costs associated with forest conversion by targeting lands assumed to be "degraded," "abandoned" or "unproductive" (despite their often-important livelihood functions). Yet it is not just ideologies of cost and benefit, but assumptions about the guarantee of net benefits, which propel government confidence in agro-industrial modes of development.

Weak enforcement and lack of binding conditions

A second reason for the under-performance of land-based investments is weak enforcement of social and environmental standards or safeguards and the absence of binding conditions on investment. Although national legislation on environmental impact assessment and community consultations and compensation in the context of land transfer are often relatively comprehensive, actual practice is often a far cry from policy aims and legislation (German, Schoneveld and Mwangi 2011). Furthermore, with central and district governments under pressure to generate revenues and promote economic growth and poverty reduction, tension arises between government mandates: promotion on the one hand, and regulation on the other. This creates a regulatory vacuum that allows economic operators to act with impunity (German, Schoneveld and Mwangi 2011).

A plethora of market-based instruments has been developed in recent years. These instruments are put forward as an alternative way to regulate the social and environmental impacts of investments. They hold promise for addressing some of the governance shortfalls of host country governments; for example, by making compliance with national laws mandatory.[6] However, the voluntary nature of these instruments — and their uneven sectoral coverage (e.g., biofuels but not food, feed or fibre) — significantly limits their potential to govern industry practice as a whole.

Furthermore, the rapid proliferation of instruments by individual companies, and to a lesser extent by industry associations, currently threatens to water down standards and undermine their effectiveness by substituting self-regulation for a system of independent checks and balances (German and Schoneveld 2011; Sethi 2005).

The requirements of consumer countries have the potential to further strengthen industry standards, as evidenced by the sustainability standards promulgated through the EU Renewable Energy Directive. This potential is limited, however, to the scope of sustainability criteria employed and to the proportion of wider markets that these requirements apply to (German and Schoneveld 2011).

And while the use of investment protection agreements by host countries holds the potential for generating a social contract to secure long-term benefits from investment, where binding conditions and monitoring are absent, the economic and technological spillovers — and often the realization of the investment itself — will in practice be left to the discretion of investors.

Local governance challenges

A final set of challenges is local. Legislation and practice often confer high levels of discretionary authority on local and customary leaders in making decisions about whether to transfer land to investors, and under what conditions. This has the potential to strengthen rural self-determination, but the limited accountability of local and customary leaders to their people has often undermined this potential. Frequently, despite constitutionally mandated responsibilities to act on behalf of wider constituencies, decisions seem to be made based on chances for personal gain rather than collective interests (German, Schoneveld and Mwangi 2011).

High levels of rural poverty, limited opportunities for cash income throughout rural communities in the global South and a lack of experience in negotiating with powerful outsiders have meant that affected households often have expectations that are either unrealistic or not backed up by legally enforceable agreements. The failure to discuss at the outset who will have access to the jobs or social services promised by investors or the quality of those benefits, for example, tends to create disappointment at the time of implementation. Greater foresight would in most cases have altered the decision on whether or on what terms to transfer customary land to investors.

The above findings suggest that the benefits that accrue to affected households often depend more on the benevolence of the investor than any formal instrument of governance.

Acknowledging and governing trade-offs

There is an urgent need to explore mechanisms for governing large-scale, land-based investments in forests and rural areas of the global South to leverage their potential while avoiding unnecessary social and environmental costs. Recent research suggests a few fundamental steps.

It is essential that those with decision authority acknowledge the real costs associated with land-use change and transfer in land ownership and control from local communities to investors or the state. They must also consider the challenges associated with realizing established policy aims. This will engender the political will to take subsequent steps.

It is also essential that choices be systematically evaluated for their social, economic and environmental costs and benefits and their acceptability to different sets of actors, most notably local communities (in terms of local livelihood benefits) and citizens at large (wider economic benefits). Assumptions about the relative merits and demerits of various business models (large plantations, smallholder production and diverse hybrid arrangements) and land-use change (forests, degraded land and cropland conversion) must be set aside to allow an accurate evaluation of costs and benefits.

Any choice will involve trade-offs and both winners and losers. A multi-stakeholder dialogue is fundamental. It can enable the identification of "no go" options, suitable compensation and livelihood reconstruction options for households whose means of subsistence has been displaced, and land-use options with potentially high benefits and costs that are acceptable to a majority of actors.

These choices will involve acknowledging the challenges in achieving anticipated benefits as well as the costs. A critical evaluation of governance instruments (state and market-based, promotional and regulatory) is also needed.

It should be assumed that no benefits are likely to accrue and no costs avoided without proactive efforts to align investments with relevant policy aims, and without systematic monitoring and adjustment as governance instruments are tested in practice. Such changes will require concerted political will from host and investor countries and civil society, as well as funding for capacity building and governance reforms. In the meantime, since these changes are likely to require more time than what the current pace of land acquisitions allows, temporary moratoria on certain types of investments may be warranted.

Endnotes

1. Feedstock is biomass partially or fully destined for conversion to biofuel.
2. These case studies may be viewed at: www.cifor.org/bioenergy/_ref/research/output/published-document.htm and www.ecologyandsociety.org/issues/view.php?sf=68.
3. While there may be truly "degraded" forest that has lost much of its ecological and economic functions of concern to customary rights holders and outside economic agents alike, this is an exception to the rule.
4. For degraded forest on otherwise productive agricultural land, this means loss of revenue from timber and other forest products; for land that is degraded from an agronomic standpoint, this means lower returns on investment.
5. Derived rights are those that accrue to an individual but originate in and depend on their relationship with another person, usually through parenthood, marriage or cohabitation.
6. This is the case for four of the seven biofuel certification standards recently approved by the European Community for verifying compliance with the EU's Renewable Energy Directive: Bonsucro, International Sustainability and Carbon Certification, the Roundtable for Sustainable Biofuels, and the Roundtable for Responsible Soy.

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1.3 Interactive forest governance for conflict management in Ghana

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This paper analyzes forest governance and conflict management in the Ghanaian forest sector from the perspective of forest experts.[1] It does so by applying interactive governance theory (Kooiman et al. 2005, 2008) to characterize the governing system in terms of governance modes, actors and elements.

Interactive governance

Interactive governance theory was developed by Kooiman and colleagues, who define the concept as "the whole of public as well as private interactions taken to solve societal problems and create societal opportunities" (Kooiman and Bavinck 2005: 17). It is used in this study because it facilitates an analytical understanding of the system to be governed, the governing system and governance interactions, and thus provides a sound basis for proposing interventions in forest governance and conflict management.

ALTHOUGH CONFLICT MANAGEMENT IS A KEY BUILDING BLOCK OF FOREST GOVERNANCE, IT HAS RECEIVED LITTLE OR NO CONSIDERATION IN MOST OF THE ONGOING GOVERNANCE REFORMS IN GHANA.

The need to integrate conflict management in forest governance

Forest governance is high on Ghana's development agenda. The government — together with international organizations, civil society and the private sector — is undertaking several initiatives to strengthen the governance process. These include the Ghana Natural Resource and Environment Governance (NREG) Review, the Forest Law Enforcement, Governance and Trade (FLEGT) Voluntary Partnership Agreement (VPA) with the European Union to combat illegal logging and strengthen forest governance, and Reducing Emissions from Deforestation and Degradation (REDD+).

Widespread conflicts over forest and tree resources and the lack of mechanisms for conflict management undermine people's livelihood sources and pose challenges to forest governance and sustainable forest management (Ostrom 1999; Yasmi 2007). According to

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the World Bank (2009), conflict management is a key building block of forest governance, but it has received little or no consideration in most of the ongoing governance initiatives in Ghana, except for the REDD+ process (FC 2010: 9, 63).

Understanding and finding the means to deal with conflicts related to forest and tree livelihoods became an important research area under the Governance for Sustainable Forest-related Livelihoods programme. The research was carried out as a joint effort of Tropenbos International Ghana, the University of Amsterdam and Kwame Nkrumah University of Science and Technology (KNUST) from 2008–2012. This article presents part of the research results, based on a review of literature, survey, interviews and a workshop with forest experts in 2010 aimed at obtaining data on their knowledge, views and perceptions of forest governance and conflict management.[2]

Forest governance in Ghana

Interactive governance theory distinguishes between three types of governance:

- hierarchical governance (by which the state intervenes and interacts with its citizens in a top-down style);
- co-governance (a collaborative approach, in which responsibilities are shared between the state and societal parties, who share a common goal, responsibilities and benefits); and
- self-governance (where actors take care of themselves, largely outside the scope of government).

Each of these governance modes exist in both customary and statutory governing systems. The three modes of governance coexist in Ghana, but a blend of hierarchical governance and co-governance prevails in the formal forestry sector. Self-governance dominated prior to the introduction of scientific forestry, when traditional authorities were in charge of forest management. It still occurs at the local level, in cases where traditional councils manage civil conflicts (e.g., incidences related to land conflicts which are non-violent) and deal with offenders without government influence or mediation by government officials.

Co-governance arrangements are rooted in the 1994 Forest and Wildlife Policy and its legislative instruments and have been influenced by the international forest dialogue. Ghana has seen increased integration of co-governance arrangements in the forest sector, as reflected in a range of joint decision-making procedures and benefit sharing arrangements (see also article 6.2 in this issue). However, the various civil society and state-initiated co-management and participatory governance arrangements have led to an increasing number of actors in forest governance, all with competing claims and interests. This is a key challenge hindering the governance process (Derkyi in press).

The shift from government to governance increased the diversity of actors involved, which has had tremendous implications for the role of the state, the relation between state and society and the role of the state versus other actors involved in the governing process, especially in Africa (Büscher and Dietz 2005). Although this increases complexity, and becomes a potential source of conflict from an interactive governance perspective, it also creates an opportunity.

The hierarchical mode of governance tends to prevail over co-governance. Although it is essential to govern a complex common pool resource such as a forest, governability is weakened when hierarchical governance overshadows co-governance. According to Kooiman (2008: 173), governability is the overall capacity for governance of any societal entity or system. This capacity can be assessed from the quality of the governance interactions between the system to be governed and the governing system. The forest experts who took part in the survey and workshop identified this as one of the weaknesses in Ghana's forest governance process, because most systems (i.e., rules, laws and institutions) governing local people's access to forest resources restrict this access. This leads to illegal use of forest resources and land use, resulting in conflicts (Derkyi, in press).

Diversity in governing structures

Usually three categories of actors in forest governance are distinguished: the state, market and civil society. In the transitional Ghanaian governance process, a number of actors do not fit neatly in one specific category. The authors therefore distinguish five governing structures in the national context: statutory, customary, civil society and hybrid, embedded in an overarching international structure (Table 1).

In the hybrid governing structure, actor groupings are mostly formed through a blend of two or more governing structures. It is essential to distinguish this mode from the other categories because actors "are often constrained or enabled in their actions by structures" (Bavinck et al. 2005: 29). The hybrid mode facilitates their continual change from one governing mode to another and allows them to operate at different levels of scale even though they are located at one geopolitical level. This enables them to act and align with other actors in a strategic manner.

Problems and challenges in the governance process

Despite the overall intention to move towards co-governance and ensure sustainable forest management, the forest experts at the workshop identified some challenges in dealing with forest conflicts, and their driving forces. Interactive theory refers to these as "images" — i.e., the facts, knowledge, judgements, etc. that steer and shape governance:

- Pervasiveness of conflicts over forest and tree resources, which the existing conflict management mechanisms are unable to minimize successfully;
- Weak institutional structures in the FC, especially in the Forest Services Division, in terms of inadequate field staff and poor logistics to fulfil its statutory mandates;
- Weak collaboration between FC, the judiciary and the police, leading to weaknesses in law enforcement and sanctions;
- Supremacy of the hierarchical governance style in the formal sector, which overshadows the co-governance style inherent in the decentralized structures in the various districts and the participatory initiatives based on the 1994 Forest and Wildlife Policy;
- Forest resource ownership and management are vested in separate actors (traditional authorities and governments, respectively) with the former having no role in forest management. This makes it difficult to reconcile statutory and customary systems and to manage conflicts constructively;

- Political and administrative will to address societal problems emanating from natural resource management are lacking because of the influence of politicians and powerful loggers; and
- Although the sector promotes collaboration among key forest stakeholders, achieving consensus and implementing co-management are often difficult because of the multiplicity of actors and their diverging views, interests and power positions.

Table 1. Forest actors/organizations by governing structure, Ghana

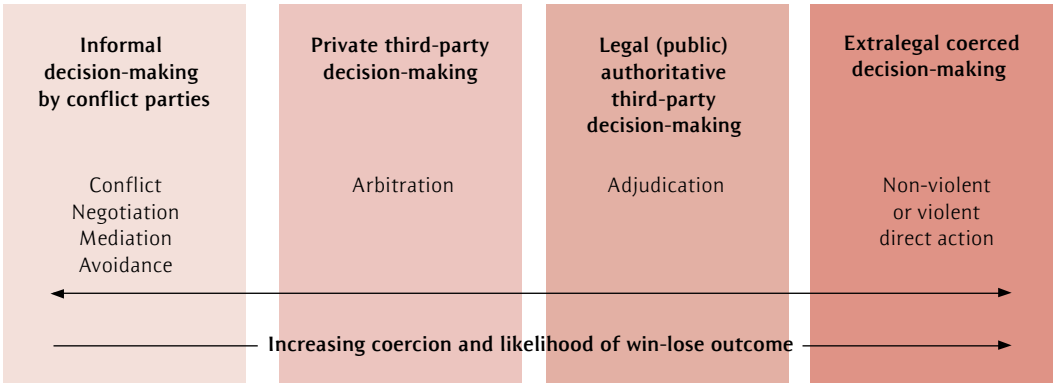
Governing structures	Actors/organizations
Statutory	The Ministry of Lands and Natural Resources
	The Forestry Commission (FC) and sub-divisions (e.g., the Forest Services Division)
	The Administrator of stool lands
	District Assemblies
	The Ghana Police Service
	The Ghana Judicial Service
	Academic institutions
	Research institutions (e.g., the Forestry Research Institute of Ghana)
Traditional or customary	A range of hierarchical levels in the customary governing structure, such as paramount chiefs *(omanhene)*, divisional chiefs *(ohene)* and village chiefs *(odikro)*
	Various stakeholder groupings at the community level, such as collectors and users of non-timber forest products
Civil society	National and international non-governmental organizations, e.g., Care International, IUCN, Tropenbos International Ghana, Forest Watch Ghana (FWG) and the Rural Youth Development Association (RUDEYA)
Hybrid	Community-level actors, e.g., modified taungya system (MTS) farmers,* Community Forest Committees (CFCs) and Community Biodiversity Advisory Groups (CBAGs)
	The forestry forums representing a range of actors from the state, civil society, private sector, hybrid, customary and international governing structures
	The Forest Stewardship Council (FSC), consisting of representatives of both the market and the civil society governing structures
International	Tropenbos International, as well as international donors, such as the UK Department for International Development (DFID), FAO, the Royal Netherlands Embassy, the African Development Bank and the World Bank
	International academic and research organizations

* See article 6.2; Source: adapted from Ros-Tonen et al. 2010.

Conflict management strategies and challenges

Forest managers face several constraints in their day-to-day management of conflicts over forest resources. The instruments at their disposal include a range of strategies, which the authors categorized (Figure 1) based on the continuum of conflict management and resolution approaches by Moore (2003).

Figure 1. Continuum of conflict management strategies



Source: Adapted from Moore (2003: 7) by Korf and Engel 2005.

Among informal decision-making approaches, conflict avoidance appeared to prevail in chainsaw milling. When the offenders hear the FC/Military patrol team in the forest they try to escape, leaving behind the lumber and their working tools.

Negotiation and mediation are employed by timber contractors involved in conflicts related to social responsibility agreements (SRAs) and crop damage compensation to farmers. Timber operators and beneficiary communities use the SRA negotiation process, in the presence or absence of the District Forest Services Division (FSD) officer or local government representative. Officials of the District Forest Services Division (FSD) often mediate when SRA negotiations between timber operators and beneficiary communities are unsuccessful.

Arbitration occurs in the form of committees of inquiry, which assess conflicts such as illegal farming and logging in forest reserves and present recommendations for action.

Legal authoritative third-party decision-making, in the form of adjudication, takes place through the signing of affidavits by offenders. They pledge to desist from committing such offences again and are fined for the forest products they stole. This is a common practice in relation to illegal logging by legal timber contractors, although prosecution leading to a prison sentence of a number of years is also an option.

The last approach, coerced decision making, occurs when the FC/military/police team arrests illegal chainsaw operators through non-violent direct action or destroys illegal farms in the reserves. Violent clashes occur mostly in relation to illegal chainsaw

milling, either between chainsaw millers and an FC/Military team, or among chainsaw millers themselves, in the case of conflicts over money or log theft.

Challenges inherent in conflict management approaches

Forest managers face several challenges regarding these conflict management strategies.

Coercion: the use of coercion has resulted in hostility between FSD officials and actors engaging in forest offences. This has resulted in apathy among stakeholders (regarding providing support for forest management) and, even worse, in fighting and injuries.

Absence of the FC in the negotiation process: although the SRA guidelines mandate the District Forest Manager or his/her representative to be a witness during the negotiation process and to mediate when the need arises, officials are often absent during negotiation. This often results in a disagreement between community members and the timber contractor or within the community, leading to disputes that may escalate if not resolved in time.

Interference: In some instances, politicians and elites plead on behalf of the offenders, preventing them from receiving fines or imprisonment.

Unfair trade-offs: it is often difficult to arrive at a compromise that is acceptable to all parties.

Constructive conflict management

In order to ensure that constructive conflict management becomes an integral component of the forest governance process, workshop participants proposed strategies to be part of the governing system. These would accomplish several things:

- overcoming the governance challenges mentioned above;
- improving conflict management instruments; and
- institutionalizing conflict management in the forest sector based on challenges inherent in the prevailing conflict management approaches.

Overcoming governance challenges

Overcoming the governance challenges mentioned above requires a combination of strategies, including these initiatives:

- A decentralized and interactive approach to forest governance, with feedback loops during implementation;
- Sharing of responsibilities by the FC, with equitable benefits and power and cooperation with key actors in communities and the private sector; and
- Recognition of customary laws within statutory forest laws, with clear roles for traditional authorities.

These initiatives require fundamental changes, not only in forest governance reforms — such as those related to REDD+ or the Voluntary Partnership Agreement (VPA) between Ghana and the EU to combat illegal logging and enhance forest governance — but in the entire forest sector.

Improving conflict management instruments

The following recommendations are based on soft instruments that could complement existing forest legislation. This may create opportunities that are favourable to accommodating the multiplicity of actors and promoting effective interactions.

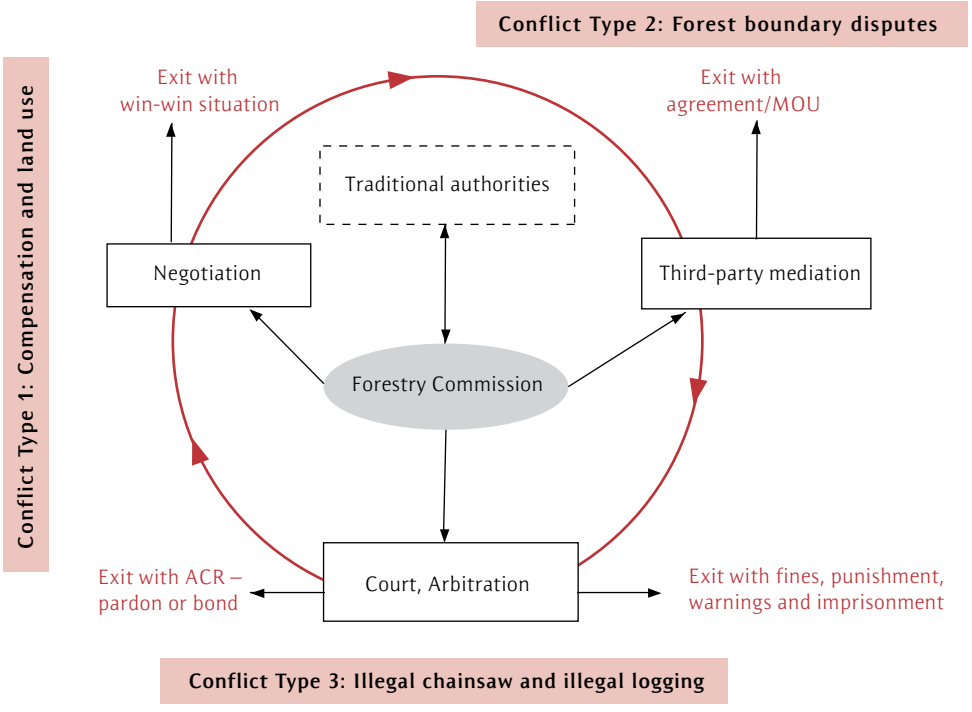
- Providing the FSD district offices with adequate human, financial, technical and logistic resources for the implementation of policy strategies and enforcement of laws and regulations;
- Strengthening the capacity of the FSD frontline staff, such as forest guards, range supervisors, customer service officers (where applicable) and district managers, particularly in conflict management. This will enable them to strengthen existing community-based organizations such as CBAGs and CFCs; and
- Creating a common platform that can redress grievances and address conflicts through dissemination and exchange of ideas, while ensuring people's empowerment through participation in decision-making.

Institutionalizing conflict management in the forest sector

Forest experts called for a unit within the sector specifically designed to manage conflicts and enforce laws, and to arbitrate, involve in adjudication, mediate, educate and have discussions with its stakeholders, clients and other sectors on an ongoing basis. They designed what they called an integrated conflict management (ICM) model to deal with forest-related conflicts (Figure 2).

Figure 2. Integrated conflict management (ICM) model

Designed by forest policy-makers and experts during a workshop held in Kumasi, Ghana (February 2010)



This model revolves around three key sources of forest and tree conflicts: those around (i) compensation and land use (e.g., illegal farming in forest reserves and crop damage compensation payments); (ii) forest boundary conflicts; and (iii) illegal chainsaw operations and logging. As seen in Figure 2, each of these conflict types is associated with specific conflict management strategies. In the proposed model, the FC is the mediating actor (provided it maintains close linkages with traditional authorities) who indicates the steps to achieve each solution.

Conflict type 1: Compensation and land use–related conflicts

- The priority is a negotiation process among conflict parties that leads to resolution.
- If the process does not work, an alternative is third-party mediation (e.g., FSD official, traditional leaders, a District Chief Executive).
- If the conflict remains unresolved, the Land Valuation Division under the Lands Commission must be called to assess the cost of the damage.
- If all these attempts fail, the parties could resort to legal proceedings.

Conflict type 2: Forest boundary conflicts

This includes admitted farms[3] and the modified taungya system (MTS).

- The conflict management strategy must result in either an agreement or a memorandum of understanding (MOU) and should begin with negotiations between the conflict parties.
- If this does not work, third-party mediation (i.e., FSD, taungya heads and traditional leaders) must be explored.
- If mediation fails then conflict parties can form an arbitration team, with representatives from each conflict party, to facilitate a resolution.
- If these approaches fail, legal proceedings can be started.

Conflict type 3: Illegal logging or chainsaw milling

This approach starts with a legal battle with the offender in court, but the workshop participants acknowledged that either the FSD or the offender must have the option of settling the case out of court.

- This kind of conflict should be settled in court with an FC official as prosecutor.
- Arbitration could be used through administrative means by the FSD or through pardon with bond[4] if the timber is intended for community development.

Implications for conflict management in ongoing forest governance reforms

Using interactive governance theory to analyze the governing system that steers Ghana's forest sector, this study identified various modes of governance and actors in Ghana's forest sector. The suggested governance reforms call for multi-stakeholder platforms for policy dialogue and the formulation and implementation of integrated conflict management models, the existence of which are themselves an indicator of good governance.

Nevertheless, if actors' interests are not transparently articulated and negotiated a weak governance process may result. Actors may seek individual and/or institutional benefits

instead of trying to achieve a common goal; this could lead to conflicts due to competing interests and claims.

The range of conflict management approaches indicated by Moore (2003) are present in the day-to-day management of forest resources in Ghana, but they face several constraints. Conflict management has not been accorded its rightful position in the governance process and in the sector's policy and programmes. The recognition of the need for conflict management in REDD+ is a positive sign; it needs to occur in other ongoing governance reforms, such as the VPA process. Such a process must consider complementing hard enforcement measures with soft enforcement mechanisms such as conflict management (Derkyi in press and Arts et al. 2010).

The forest experts involved in this study recognized that Ghana faces many forest governance challenges and that the prevalence of conflicts over forest and tree resources is just one of them. Constructive conflict management should be an integral component of the overall forest governance process, not just in REDD+ initiatives.

Acknowledgement

The authors thank Tropenbos International for financial, capacity building and logistical support for this research, particularly Sam Nketiah for his able leadership of TBI Ghana.

Endnotes

1. In this paper forest experts include actors in the formal forest sector mandated to formulate policies (policy-makers) and implement policy guiding strategies (forest managers) as well as representatives of other governmental, non-governmental institutions and trans-national organizations who have a stake in decisions-making in forest and tree management in Ghana.
2. The perspectives of other stakeholders have and are going to be addressed in other publications.
3. Admitted farms are farms permitted to stay in forest reserves because they were there before or at the time of reservation.
4. Pardon with bond means that the community in question is to sign an affidavit not to fell trees for timber without a permit from the FSD.

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1.4 Forest governance in DRC: artisanal logging

CHARLOTTE BENNEKER

Introduction

DRC is a large country, with approximately 1.2 million km^2 of tropical rainforest, constituting 60% of the Congo Basin Forest. Of the country's estimated 60 million inhabitants, 80–90% live in poverty and 25-30 million live in the tropical rainforest area (Oyono and Nzuzi 2006).

Internationally, the Democratic Republic of Congo (DRC) is not exactly known for the good governance of its natural resources, including its forest resources. International organizations and researchers generally consider the Congolese government to be weak and barely capable of overseeing the vast forest areas in its territory (Oyono and Nzuzi 2006).

The information presented here is based on NGO reports, discussion during meetings and workshops and several studies on artisanal logging by |Congolese researchers, NGOs and government officials that will shortly be published by Tropenbos in DRC (Benneker et al. in press).

Background

Extensive efforts have been made over the last ten years to improve the governance, management and conservation of the Congo Basin Forest in general and the rainforest area in DRC in particular. In 2002, with considerable aid from the World Bank, the 1949 colonial forest code was replaced by a new forest code (Counsell 2006). The new code aims to promote sustainable forest management and socio-economic development based on the use of forest resources. According to a report (Malele Mbala 2010) the Congolese government has been active in implementing its reform agenda aiming at effective sustainable forest management. The report mentions "18 remarkable achievements," including the enactment of the 2002 forest code and corresponding bylaws, the revision of industrial forest concessions and the moratorium on the issuing of new concessions, the engagement of an independent observer to fight illegal logging, the implementation of social responsibility agreements[1] to ensure benefits for communities, and support to the development of community forestry.

In practice, the centralized system of forest governance is still strong, and local practices are virtually unrelated to the reform agenda.

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The remarkable achievements presented by Malele Mbala (2010), however, seem as yet to be mainly achievements on paper. The actual implementation of the reform agenda and forest code has been slow and has been mainly directed at the regularization of the industrial logging sector. Not a single forest management plan for the industrial timber sector has been approved. Ten years after the forest code was enacted, the bylaw that regulates community forestry has been drafted but still not approved, and the bylaw for artisanal logging is weak and vague.

Although the forest code enacted in 2002 has barely been implemented, multiple meetings and workshops are now being organized at the national level to discuss and propose yet another set of institutional reforms. The government says it is committed to the implementation of REDD+ and to signing a VPA under the EU-FLEGT programme to stimulate legal logging.

Governance in DRC

In DRC, reform efforts have generated an inconsistency between discourse and practice at different levels of society. Three parallel forest governance arrangements co-exist:

- the reform arrangement is based on the newly issued regulations (the 2002 forest code) and on extensive discussions between multiple parties (government, international organizations, civil society and the private sector) during meetings and workshops at the national level;
- the central government arrangement, representing the long-established centralist and authoritarian model of forest governance, based on the notion that all land and forests belong to the state; and
- the governance in practice arrangement is based on actual forest use in the provinces.

The reform arrangement

The reform arrangement is innovative and is the most participatory forest governance arrangement in DRC. It emerged mainly in response to pressure by international financing agencies (Oyono and Nzuzi 2006: 194). An important element is the 2002 forest code. Although the code itself was developed without much participation by civil society or the private sector (Counsell 2006: 20), some bylaws defining the application of the forest code have been discussed extensively among the different parties. Participants in these meetings get the feeling that a real shift is being made, from a centralized to a more participatory type of forest governance.

Considering the large number of international organizations, programmes, projects and initiatives involved in forest governance issues in DRC,[2] government officials may be so overloaded with invitations that they spend most of their time in meetings and workshops. Most of these meetings take place in Kinshasa. Occasionally, meetings are

organized in the provincial capitals on a fly-in/fly-out basis, without any meaningful follow-up on the processes initiated.

Both Counsell (2006) and Trefon (2011: 8) argue that civil society has had very little influence on policy implementation due to the dominance of state actors, and the fact that the percentage of the Congolese population participating in these meeting is very small. The ideas that trickle down to the local levels are distorted on the way and further transformed when embedded in a local setting. Up to now, the ideas that have been discussed during the workshops in Kinshasa have little effect on daily forest use practices. As concluded by Trefon (2011:122), international partners have demonstrated their capacity to promote new discourses on good governance but not to actually implement the policies.

The central government arrangement

Officers from the central government participate extensively in meetings and workshops and dominate the discourse on transparent and participatory forest governance. Outside the workshops, officers voice different opinions; for example, that all land and forest is state property and customary land rights are nothing but a remnant of the past. They also feel that their knowledge and capacities are superior to those of local actors, and they discredit decentralization initiatives.

Concrete actions often contradict the forest code and ideas that have been discussed. For example, the ministry has revoked some of the legal competences of the provincial governors and stalled the forwarding of tax payments to local authorities (provinces and territories). The ministry also issued artisanal logging permits to Chinese loggers,[3] even though it does not have the authority to issue these permits; moreover, permits can be issued only to Congolese citizens.[4] A provincial officer from the explained that over the last five years the ministry had made none of the 30 monitoring visits to the concessions stipulated by law. He presented the information in different columns for the different years — 2005: 0; 2006: 0; 2007: 0; 2008: 0; and 2009: 0, with a clear sense for drama.[5]

Governance in practice

Many authors have observed that in the provinces, it is difficult to recognize much of what has been discussed in Kinshasa. Practices in the field are disconnected from the policies designed in Kinshasa. Counsell (2006) mentions that few local forest officers even know the forest code and its bylaws. It's no understatement to say that an efficient, socially integrated and rule-abiding industrial sector has yet to emerge.

A short description of the artisanal logging sector in the Oriental Province may illustrate the working of these local practices. According to the 2002 forest code, artisanal loggers (Congolese nationals only) can be issued one logging permit for 50 hectares of forest per

year by the provincial governor. The governor of the province uses this power for his personal benefit. Besides favouring those in this social network he also obstructs other loggers; for example, by increasing the provincial taxes for the export of timber to Uganda.[6]

According to the ministry only three artisanal logging permits (150 ha) were issued in the Oriental Province in 2010,[7] although artisanal logging is a mayor economic activity in the province, providing timber for local and regional markets (Uganda, Rwanda and Kenya; Lescuyer et al. 2010). The volume and value of timber harvested by the artisanal loggers in DRC is and has always been much larger than the volume and value harvested by industrial loggers (Gerkens, Schwettman and Kambale 1991).

Several studies (see Benneker et al. in press) have shown that although artisanal logging activities are generally considered illegal, most loggers operate with a kind of logging permit, which is often a simple receipt showing that the logger has paid certain fees or taxes. These receipts are accepted as valid documents by the officials who control logging activities. At least six different levels of government agencies[8] have been identified as issuing artisanal logging permits. Each agency seem to serve a certain type of logger; the more powerful or influential the logger, the higher the hierarchical level of the agency issuing the permit.

Artisanal loggers negotiate their way through this landscape of informal payments and taxes. They engage in social networks and establish relations of trust with politicians and other powerful actors to improve their negotiation position. They negotiate collective accreditations and logging permits (both of which are illegal) to reduce expenditures or try to avoid payments altogether.

Occasionally, loggers collectively protest against informal payments when excessive creaming off leads to economic loss rather than gain.

Artisanal loggers have little knowledge of the forest code, ongoing discussions regarding the "reform" forest governance agenda, or the competences of the Ministry of Environment. The reform and central government arrangements influence local practices in diffuse, unstructured and unexpected ways; they certainly do not control them (Oyono and Nzuzi 2006). Rather, forest-use practices are the result of constant hassling and negotiations between local actors, including government officials and politicians, loggers, local associations, entrepreneurs, local communities, traditional chiefs and occasionally, NGOs. Negotiation processes are therefore endless and complicated.

Discussion

To a certain extent, the reform agenda and the resulting 2002 forest code determine forest-use practices on the ground. Decentralization has, for example, empowered certain

local actors to increase their influence in the artisanal logging sector. Arguments from the reform agenda are eagerly used: taxes have to be increased "because logging activities are not sustainable," not because "it enables me to increase my personal wealth." New legislation that is based on the reform agenda may therefore empower certain local actors over others by increasing their legitimacy and by increasing the legal instruments (laws and regulations) and arguments (discourse) that justify their actions.

It is often claimed that in DRC the government is virtually absent. This is largely true in terms of the provision of public services to the population. Government officers, however, are omnipresent in society and are trained as true "bricoleurs"[9] (Cleaver 2002) negotiating informal payments from the general public to compensate for their low salaries and reward those who have put them in their position. Trefon mentions that society has somehow found a way to deal with predatory government officials. After all, the government and society depend on each other. Without the loggers, officials cannot negotiate payments, enabling the loggers to keep the informal payments to a certain "acceptable" level. There is some "order in the disorder," as Trefon argues (2011: 124/5).

The argument is frequently made that the multiple weaknesses, vagueness and contradictions in the forest code and its bylaws have obstructed the application of the law. The government itself considers that strong local resistance, low internal capacity and the lack of financial means have obstructed the application of the law. Malele Mbala (2010) agrees that the new policies were important, but feels that DRC lacked the resources to implement them.

Trefon (2011:1-2) contradicts this type of explanation, claiming instead that "reform policies superficially respond to symptoms without addressing the root causes of the problem. Reform failure in DRC reflects both the complicated power relations underpinning Congolese politics and society and the ambiguity that characterizes international idealism." He argues that forest governance is a political social and cultural problem, not a technical one.

Although DRC may be an extreme case, the tendency of policy-makers to engage in the design of theoretically and technically interesting policy reform without considering what is happening on the ground is not unique to the country (De Koning and Benneker in press). Cleaver (2002) strongly contests the idea that well-designed institutions can change local reality in any predefined way. The context in which new regulations are applied is not empty, but is defined by existing complex, entangled and dynamic sets of institutional arrangements containing elements of different periods in time, value sets and power relations. Existing structures cannot be erased or redone. Newly introduced institutions get absorbed and embedded in existing structures and therefore will never define more than a part of local practice.

Conclusions and recommendations

Given the lack of implementation of the 2002 forest code in DRC, the international community needs to closely reflect on the consequences of promoting yet another set of policy reforms in the forest sector. As mentioned before, the meetings and workshops of REDD, FLEGT — and to a lesser degree, forest certification — are in full swing in Kinshasa. Government officials happily take part in the meetings and once again learn the corresponding discourses. But reform is easier to talk about than achieve. In practice, the centralized system of forest governance is still strong and local practices are virtually unrelated to the reform agenda. Counsell (2007: 26), when discussing the prospects of FLEGT being implemented in DRC, stresses that it is unlikely that anything will change: "the performance of the Congolese government as a meaningful agent of policy development, monitoring and implementation has to be seen as a very distant prospect."

How can the three forest governance arrangements have so little in common? Trefon (2011:8) argues that Western experts see Congo as they think it should be, based on imported paradigms and world views, instead of accepting it as it is. The expectations of ordinary people are rarely taken into account because they are disassociated from debates about institutional reform. The total absence of cultural reality in the reform agenda is partly due to the lack of social scientists with cultural sensitivity in the corps of reform experts. "Foreign expatriates interact mainly with the local elites — the political insiders — and not with the voiceless hoi polloi" (Trefon 2011: 8).

So how can forest governance in DRC be improved? Brown (2002: 7–8), in his analysis of forest governance in Cameroon, emphasizes that the policy development process in countries with weak governance need to match supply-side policy changes — largely donor-inspired — with demand-side pressures to build accountability from below. In line with Trefon, he considers that there is a clear need to learn from the grass roots up because "local experience is required to develop operational policy" and because "without local engagement, central authorities may lack the will to initiate the process at all."

Brown argues, moreover, for a more pragmatic approach to property rights; tenure over resources may be more effective than pursuing radical land reforms. Overall, a long-term and flexible commitment is necessary to overcome the multiple challenges. Both international and national NGOs in DRC might consider these recommendations and balance their lobbying practices with more action on the ground.

Endnotes

1. Cahiers de charges are agreements on compensation payments between logging concessions and communities.
2. They include the Congo Basin Forest Partnership (CBFP), Central Africa Regional Program for the Environment (CARPE), Banc Mondiale, FAO, GIZ, UNESCO, USAID, WWF, WCS, WRI, CARE, SNV, AWF, IUCN, CIRAD, CIFOR and others (see Oyono and Nzuzi 2006: 197).
3. See www.congoforum.be/fr/nieuwsdetail.asp?subitem=3&newsid=180684&Actualiteit=selected.
4. See the *Code forestière 2002*, chapitre IV, article 29.
5. This was a presentation given in Kisangani, 2010.
6. See http://radiookapi.net/actualite/2011/05/30/bunia-la-taxe-d%e2%80%99evacuation-des-bois-d%e2%80%99oeuvre-revue-a-la-hausse and http://radiookapi.net/economie/2011/01/17/bunia-levee-partielle-de-la-mesure-d%e2%80%99interdiction-d%e2%80%99exploitation-de-bois.
7. See www.mecnt.cd/images/DOWN/liste%20pcab10.pdf.
8. These are the ministry, the governors, the provincial coordination of the ministry of environment, the environmental inspectors at the district and territorial level and military authorities.
9. This is from the French verb *bricoler*. A bricoleur is a do-it-yourself individual who resourcefully makes creative use of whatever materials are available to complete a task, regardless of their original purpose.

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1.5 Governance of non-timber forest products in the Congo Basin

VERINA INGRAM

Non-timber forest product value chains

The processes involved as non-timber forest products (NTFPs)[1] are harvested, processed, sold and used create what is known as a value chain. A chain perspective allows the impacts of governance arrangements to be assessed.

Governance of NTFP value chains is often a combination of formal, customary, voluntary schemes and international standards.

High levels of forest cover in the Congo Basin give rise to at least 951 species used as NTFPs in the Democratic Republic of Congo (DRC) and 706 in Cameroon. Approximately one-third of these are traded; around 50 plant-based and 70 animal-based NTFPs are exported (Ingram 2012). The vast majority of NTFPs are sourced from the wild: only 5% of plants are cultivated and less than 1% of animals are wild-sourced (Ingram 2012). The value chains operate in a context of increasing urbanization, significant poverty, a difficult business environment and significant corruption (de Wasseige et al. 2009).

Drivers and incentives to address NTFP governance

Over the last two decades, a growing number of studies have highlighted the high economic, social and cultural importance of NTFPs in the region (Tieguhong and Zwolinski 2008; Ingram et al. 2011). Together with increasing political attention paid to the impacts of deforestation and climate change, and on food security and forest ecosystem products and services, this has led to NTFPs becoming more well known. The Central Africa Forest Commission and Central African Forest Observatory, strongly supported by international organizations, are driving initiatives to harmonize NTFP policies.

Methodology

From 2007 to 2010 nine high-value NTFP chains (Table 1) were tracked, from harvesters in major production areas to consumers. Interviews were conducted with 4,108 stakeholders concerning values, governance, livelihoods and sustainability. Literature, regulatory and trade data were collected and analyzed using value chain analysis (Kaplinsky and Morris 2000).

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Table 1. Characteristics of NTFPs studied

Species	Product names	Study location	Consumption locations	Life form	Parts used	Uses
Acacia senegal, A. polyacantha, A. seyal	Gum, gum arabic	Cameroon	Local; Europe and USA	Tree	Resin, bark, leaves, timber	Material, cosmetic, food, medicine, forage, timber
Gnetum africanum, G. buchholzianum	Eru, okok, koko	Cameroon	Local and cities; Nigeria, Europe	Vine	Leaves	Food, medicine
	Fumbwa	DRC	Local and cities			
Apis mellifera adansoni	Honey, wax, propolis	Cameroon	Local and cities; CAR, Nigeria, Europe, USA	Insect only by-products used	Honey, wax, propolis	Food, medicine, cosmetic, material
		DRC	Local and cities			
Prunus africana	Pygeum, African cherry, red stinkwood	Cameroon	Local and cities; Europe, USA, China	Evergreen tree	Bark, seeds, leaves, timber	Medicine, carving, timber, fuel
Cola acuminata, C. nitida, C. anomala	Cola nuts, abel, goro	Cameroon	Local and cities; Chad, Nigeria	Evergreen tree	Seeds, bark	Stimulant, medicine, cultural
Irvingia gabonensis, I. wombulu	Bush mango, ndo'o, andok	Cameroon	Local and cities: Equatorial Guinea, Nigeria, CAR, Gabon	Evergreen tree	Fruit, seed, bark, timber	Condiment, oil, medicine, dye, construction, fuel

Species	Product names	Study location	Consumption locations	Life form	Parts used	Uses
Raphia farinifera, *R. vinifera*, *R. hookeri*, *R. negalis*	Raffia, cane, Indian bamboo, mimbo	Cameroon	Local and cities	Palm	Stems, sap, leaves, seeds	Material, construction, tools, craft, wine, food
Yushania alpina, *Oxytenanthera abyssinica*	Bamboo, kok-ko, cane	Cameroon	Local and cities	Grass	Stems	Material, construction, tools, craft, paper, fuel
Dacryodes edulis	Safou, plum	DRC	Local and cities	Tree	Fruits, leaves	Food, medicine

NTFP governance: many rules and players

NTFPs are governed in many ways (Figure 1). A combination of statutory, customary, voluntary schemes and international standards are in place, along with corruption and interventions from projects. Some chains are governed by multiple arrangements. Pluralism is not new (Wollenberg, Anderson and Edmunds 2001) and it is dynamic; governance changes as users, uses and values do, over time and spatially.

Statutory arrangements

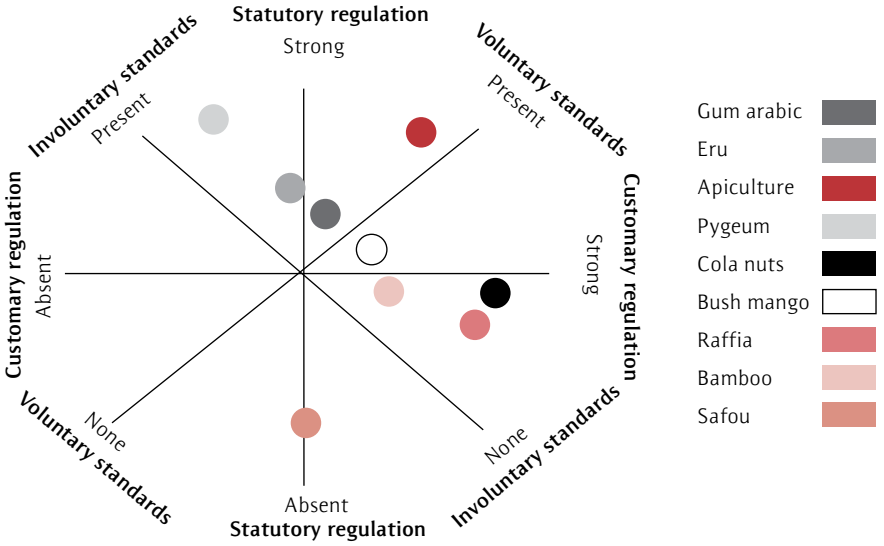
In the Congo Basin, Cameroon has the longest-standing and most advanced forest regulations and DRC the most recent. Forest policies in both countries aim to contribute to poverty reduction, economic development and biodiversity management. The regulations have largely been developed under pressure from outside agencies, with little national political will.

Reforms resulted in the 1994 *Forest and Wildlife Law* in Cameroon and 2002 Forestry Code in DRC. These framework laws regulated the diversity of NTFPs as a homogenous group for the first time. Both distinguish between local populations' rights to freely collect NTFPs for their own use and permissions required for commercialization for trade in protected species and species listed in the Convention on International Trade in Endangered Species (CITES).

Trade in NTFPs from community and council forests[2] is also subject to permission and a management plan. In DRC, the sale of NTFPs gathered under user rights is not authorized, unless a provincial governor decrees their trade. To date, no decrees have been issued. In

Cameroon, the 1994 Law introduced the notion of Special Forestry Products (SFPs). These are not defined, but economic and environmental value is implied. Several SFPs were identified in 2006 and quotas have been set for between five and sixteen products annually.

Figure 1. Pluralist governance in NTFP value chains



The listed products confuse instead of clarify the intentions of the government, however; high-value products are listed alongside commercially insignificant products for which no permits have ever been issued. The regulations are inconsistent, not clearly defined, inappropriate and incomplete given the range of products traded.

Very low levels of awareness of the regulatory and permit system exist in the chains, including local government authorities, who interact most often with direct stakeholders (e.g., harvesters, wholesalers and retailers). The permits are expensive, difficult to obtain and require payment in advance, showing a bias towards the economically and politically powerful few. Even working collectively, many actors indicated that they did not have the political or financial capital to acquire quotas. Eru, safou and bush mango are the most frequently traded plant-based NTFPs, but they are only infrequently permitted. This makes it unclear if their trade is regulated and implies that the flourishing domestic and regional trade is largely illegal.

Some products, such as pygeum and eru, have specific statutory regulations; others, such as cola and raffia, do not. Exported NTFPs, such as gum arabic and pygeum, are regulated only when they exit the main ports. Products that cross regional borders, such as cola, safou, eru and bush mango, are not regulated or monitored.

Governments' institutional capacities are limited, particularly in DRC. Implementation tends to be sporadic and enforcement is rare. In Cameroon, except in the case of pygeum,

quotas and permits are led by demand rather than based on species availability or sustainability. Taxes are inconsistent and are ineffective in controlling trade or promoting regeneration; they are also exorbitant for small-scale enterprises. Since the highest value species are not regulated, the government receives limited revenues. This reinforces the policy status of NTFPs as insignificant products.

Since Cameroon and DRC are signatories to global conventions, international supervision and rule-making add another governance dimension. CITES regulates pygeum through mechanisms and trade monitoring that are designed to limit its vulnerability. This has strongly shaped the chain by requiring inventories and management plans and reformulating rules of access, which have affected costs and benefits. Non-compliance led to a two-year trade suspension; this had significant negative livelihood impacts, but provided respite for the species. The Convention on Biological Diversity requires signatories to secure the rights to use, maintain and protect traditional botanic and medicinal knowledge. In the pygeum chain, this requirement stimulated new benefit-sharing mechanisms among harvesters, community organizations and traditional authorities.

Customary arrangements

Although most forested land is state owned — 86% in Cameroon and 100% in DRC (de Wasseige et al. 2009) —90% of harvesters were unaware of this or assumed customary ownership; these statistics corroborate previous studies (Alden Wily 2006). Customary regulations have a strong impact on political and economic behaviour (Assembe-Mvondo 2009) and also influences NTFP chains.

When NTFPs are harvested for subsistence use, few conflicts arise between customary and statutory regulations. In the case of high-value, high-volume NTFPs, however, these regimes often collide. Wide variations between products were found, but on average, 49% of NTFPs originated from primary open-access forest, 3% from community forests, 30% from farms and fallow and 18% from customarily controlled forests.

In addition to regulating access to specific areas, customary regulations often govern cultural, social and economic values, including quantity, who has access and when and who benefits. Rights varied by chain, with differences between locals and outsiders and nature of payment.

In areas where customary institutions traditionally exerted considerable control, authority was reported as weakening. This was due to high commercial values, increasing rural migration and harvesting by interlopers. New institutions such as community forests have often undermined traditional authority, since they have more power and are supported by influential organizations.

Voluntary market-based arrangements

Market-based initiatives — such as Geographical Indication schemes[3] and organic and ethical-trade certification of apiculture products — have created rules about quality standards, harvest practices and sustainability and increased prices. Even though develop-

ing these schemes was difficult and costly for the small enterprises, they have pre-empted restrictive statutory regulation.

Eru and NTFP retailer's unions and trade associations in Cameroon and Nigeria have significantly influenced marketing methods, prices and trading activities. In the honey sector, enterprises have proactively developed export standards; a chain-wide association has evolved these standards into business-friendly regulations. Corruption abounds in trade, permitting and transport, particularly in the pygeum, cola and eru chains, comprising up to 14% of wholesaler costs in the case of eru.

Arrangements established through projects

Many conservation, development and research projects have, whether deliberately or not, influenced governance. The standards and rules they introduced have changed harvesting, cultivation and processing practices in the apiculture, pygeum and eru chains. Support for harvester collective action, information exchange, cultivation and processing has led to new power configurations in the honey, safou and bush mango chains. This has raised prices and increased production. The involvement of elites and traditional authorities has blended new and traditional rules.

Bricolage in NTFP governance

An impact of the imperfect statutory system is that NTFPs with high commercial, social and cultural values are ineffectively regulated. The ability and will of stakeholders to legally participate in the sector is undermined.

Operating legally does not prevent corruption. A common response to weak statutory governance is bricolage.[4] Some actors, e.g., in the raffia and cola chains, continue to operate informally, using traditional customary arrangements. But where customary arrangements are weak or not beneficial for trade or sustaining livelihoods, new rules and institutions have been created or local rules have been shaped to support access and activities. Examples include the bamboo, honey and pygeum chains.

These chains also use statutory arrangements, such as community forests, to build new forest management institutions to engage traditional rulers and harvesters and rewrite harvesting and benefit rules. Standards introduced by projects have been adopted and adapted; for example, in pygeum harvesting and eru cultivation. This is most frequent in the case of increasing resource scarcity and increasingly commercial value.

Government and donor-driven reforms have largely focused on the statutory framework. This has created fresh bricolage opportunities, giving rise to new markets, coalitions and collaboration with support organizations. The ambiguous status of forest land and resources, and high bureaucratic hurdles hinder communities and individuals who wish to become legal entities to manage, harvest and trade in what they consider their own forests.

High taxes reduce the incentive to formalize, leading to high levels of informality; only 32% of groups are legal entities and the majority of trade is carried out without permits.

Thus a combination of different, sometimes contradictory, overlapping governance arrangements is created. Small-scale harvesters and traders, operating informally, have crafted governance arrangements to maximize benefits. These operations are often economically inefficient, focused on the short term, and do not internalize environmental costs.

The formal framework does not promote or support a vibrant NTFP-based entrepreneurship. Although simple processing prolongs products' shelf life and generally increases profits, this does not occur often in the chains. Even when it does, the value added is generally low, particularly for exported NTFPs, where the end processors gain significant margins from processing.

The lack of harmonization between governance agencies means there is no differentiation between wild and cultivated NTFPs and little promotion of value-adding. Most of the chains have little political visibility.

Although informality avoids state interference, it is a barrier to gaining support from government, research and support organizations. It is also equated with lack of policy attention; the importance of the NTFP sector's contribution to national economies, livelihoods, food security and health has been unknown or under-estimated. Another impact of bricolage is that benefits from trade may be controlled by the actors with the most economic or political power. The people who are the poorest, most marginalized and most dependent on NTFPs may have little control, as illustrated by the pygeum and eru chains.

Impacts on chain and product sustainability

NTFP chains were most likely to be unsustainable where a functioning, legitimate statutory framework was absent and market or voluntary arrangements were weak. When these governance weaknesses combine with strong commercial pressure or market arrangements that have an economic focus, customary laws have proved to be incapable of counteracting unsustainable harvesting techniques and over-exploitation. This is particularly the case for outsiders, but also for local communities. The result is unsustainable exploitation.

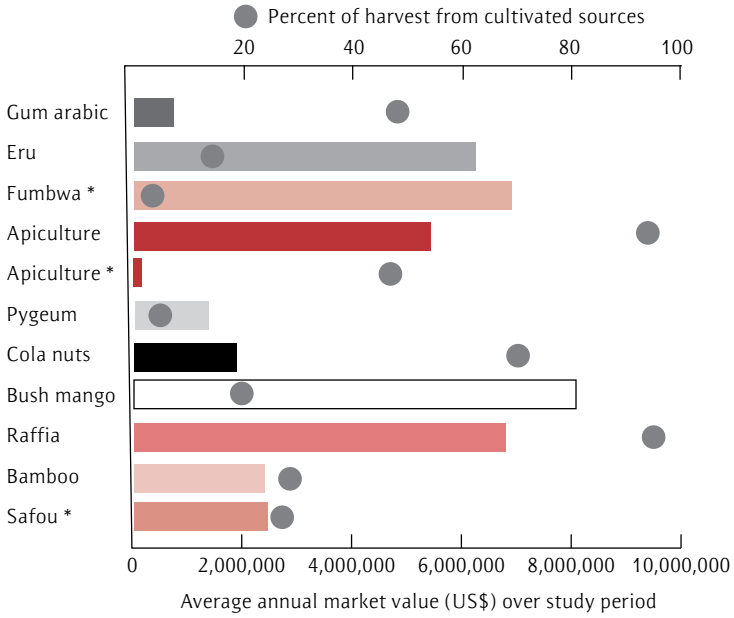
In the absence of inventories for any of the products (except pygeum), perception-based indicators highlight the effects of trade. Across all nine chains studied, 97% of harvesters indicated longer forage distances in the previous five years. Nearly 25% indicated that NTFPs were becoming more scarce and 23% reported increased forage time. Threats include an increasing number of new harvesters. In addition, more than half of the harvest techniques were unsustainable and the majority of products came from the wild, with 42% cultivated. Deforestation for farm clearance was a threat for eru, bush mango, raffia and cola. Forest degradation occurring from multiple uses (e.g., fuelwood and grazing) prevented regeneration of pygeum and bamboo and is problematic for apiculture. The level of unsustainability was highest for eru and pygeum, followed by bush mango, safou and bamboo chains.

The level of cultivation and proportion of wild-harvested NTFPs (Figure 2) provide another indicator of sustainability. Three of the highest value chains are mainly wild-sourced. Apiculture is an exception; although bees are largely domesticated, 78% of hives are situated in open or customary regulated forests. The cola, raffia, bamboo and safou chains have long trade histories, stable markets and high cultivation rates. Cola and raffia have strong customarily regulations.

This suggests that wild harvesting of high-value products, with few formal controls and weak customary governance, is not sustainable in the long term, confirming Clark and Sunderland (2004). Only in the pygeum chain has statutory regulation led to more sustainable trade. Once enforced, it limited the supply of an NTFP whose high value and specific ecology (the parts used, regeneration and harvest techniques) combined to make it highly susceptible to over-exploitation.

Figure 2. Average annual market value and cultivation levels in NTFP chains

Note: all data from Cameroon, except where noted (*: DRC)



Conclusions

Statutory regulations have not been effective in creating sustainable trade, particularly for high value NTFPs in Cameroon and DRC. They have been unable to stimulate and control sustainable trade. These regulations are not the only form of governance; diverse customary, market, voluntary and project arrangements are also in place.

Few regulators have taken a chain-wide approach to assess the impact of plural governance mechanisms. The ingenuity of those who have created their own forms of governance in these largely informal chains has been largely disregarded, despite the sustainability of some arrangements.

The operating environment — which includes corruption, small-scale operations, high urban demand and growing international demand and informality[5] — has also been overlooked in formal regulation and policies. A historical perspective indicates that cultivation is critical to providing a sustainable supply for long-term trade. The ways that tenure and access rights to land, forests, trees and their products are organized are key variables. These determine who benefits and how, as secure ownership is linked to better resource management, with pro-poor outcomes (Alden Wily 2006).

How chain governance arrangements combine — in particular, the complementarity of overlapping systems — is critical for the survival of the species these products originate from, and for the livelihoods of those who depend upon them along the chain. Governments, donors, research and support organizations should look beyond statutory governance in countries where regimes and enforcement are weak.

Pluralism can in fact be a policy option (McAuslan 2004). It would involve recognizing and using sustainably-oriented customary and voluntary arrangements that support statutory frameworks. Support to improve information exchange, collective action and the business-operating context will be essential to achieve a successful bricolage.

Acknowledgements

Support from CIFOR and EU funding via the Mobilisation and Capacity Building of Small and Medium Sized Enterprises in NTFP Product Chains in Central Africa (GCP/RAF/408/EC) project and Establishment of a forestry research network for African Caribbean Pacific countries (ACP-FORENET 9 ACP RPR 91#1) project is gratefully acknowledged. Many thanks to Mirjam Ros-Tonen, Ton Dietz, Ousseynou Ndoye and Sheona Shackleton for their inspiration and support, and to all the NTFP value chain stakeholders for their collaboration.

For more information

See www.fao.org/forestry/enterprises/nwfp-centralafrica-eu/en for more data on NTFPs in Central Africa.

Endnotes

1. NTFPs are products of biological origin from natural, modified and managed forested landscapes. They include plants and animals, whole or in part.
2. These are legal forms by which communities and councils in Cameroon, and soon, communities in DRC, can request rights to manage — but not own — and exploit a specified forest area.
3. A geographical indication is a term used on products from a specific geographical location. It can act as a certification that the product possesses certain qualities, is made according to traditional methods, or enjoys a certain reputation, due to its geographical origin.
4. This is from the French verb *bricoler*. A bricoleur is a do-it-yourself individual who resourcefully makes creative use of whatever materials are available to complete a task, regardless of their original purpose.
5. Formality implies explicit rules, procedures and norms prescribing rights and obligations of actors and enforced by a third party (i.e., statutory regulation). Informality implies socially shared, usually unwritten, flexible, dynamic rules, created and enforced among the actors involved.

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1.6 Governance of biological and genetic resources

RACHEL WYNBERG and SARAH LAIRD

Introduction

The governance[1] of biological resources and genetic resources has become increasingly complex over the past twenty years, in large part due to the adoption of the Convention on Biological Diversity (CBD) in 1992. As a result of the CBD, companies and researchers who wish to obtain access to biological material and associated traditional knowledge are now required to show how the providers of this material and knowledge will benefit. Moreover, access is conditional on benefits being fair and equitable and on the prior informed consent of providers. The CBD put in place an access and benefit-sharing (ABS) framework to address decades of inequitable exchange between rich and poor nations, but the activities it sought to regulate, and its objectives, are diverse. In many countries they have proved difficult to implement in simple and effective ways.

It is extremely difficult — although not impossible — to integrate policies on genetic and biological resources into a single policy framework.

Although the ABS framework has been embedded in international law for almost twenty years, it has largely been confined to genetic resources, and to traditional bioprospecting activities such as the collection and screening of biological samples to identify novel compounds for drug development, new crops varieties, cosmetics, or biotechnology products. Increasingly, however, the wider trade in biodiversity beyond genetic resources, which includes biological resources — commonly referred to as "biotrade" — is being incorporated into ABS regulatory frameworks. This is done in an effort to bring the equity and sustainability concerns of ABS to commodity raw material trade for herbal medicines, cosmetics, and food products. The result is an added layer of complexity in an already unwieldy ABS policy process. Care must be taken to ensure that this expansion of the scope of ABS improves — rather than impairs — livelihoods and sustainability.

At the same time, the industries that use biodiversity have changed considerably as a result of changes in markets and business practices as well as dramatic scientific and

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technological advances (Laird and Wynberg 2008). As a result of these changes, and of the expansion of the scope of ABS measures to include biological resources, there is confusion about which activities and products are regulated under ABS measures.

This was reflected in the intense negotiations leading up to the 2010 adoption of the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization (ABS) to the Convention on Biological Diversity. The scope of the protocol and the lack of definitional clarity between genetic resources, biological resources and so-called "derivatives" were some of the most contentious issues. An innovative solution focused on the use of genetic resources, linking it to research and development involving genetic resources rather than biological resources, but questions remain about the definitions of research and development.

Today, governments seeking to implement the protocol must address a wider range of resources and activities than previously included under the ABS provisions of the CBD. On the traditional genetic resources front, governments face dramatically changed science, technology and market conditions; many are therefore in danger of regulating outdated scenarios. The addition of biological resources draws into the ABS process a range of existing measures in forestry, agriculture and other bodies of law that already suffer from poor design and implementation (Laird, McLain and Wynberg 2010).

The entangling of biotrade and bioprospecting policies

More than 30 countries have enacted ABS laws, but the laws typically regulate bio-prospecting and research activities. As the definitional questions become more complex, countries will increasingly look toward a broader suite of policies and laws to regulate the movement of genetic and biological resources. These policies must address intellectual property rights, trade, species conservation, science and technology, bioethics, health, poverty alleviation, taxation and a range of standards linked to fair trade, corporate social responsibility and organic certification.

Existing policies and laws that regulate biotrade are a complex and often confusing mix of measures that have been developed over time with little coherence or coordination (Laird, McLain and Wynberg 2010; Laird, Wynberg and McLain 2011). Most policies are enacted as ad hoc responses to a crisis (e.g., perceived over-exploitation of a species) or as an overly optimistic view of potential tax revenue if "informal" activities are formalized.

The non-timber forest products (NTFPs) used in biotrade are harvested, used and traded by a wide range of groups in very different ways and contexts (geographical, ecological, economic, political and cultural, among others). Because of this, they are difficult to regulate even when great care is taken.

Over the past few decades, pressure on policy-makers to regulate NTFPs more effectively has increased the attention given to these products, but this new visibility has not always been a good thing. Regulatory measures instituted around NTFPs in recent decades were often tacked onto timber-centric forestry laws, were not evidence based, and had inadequate resources allocated for oversight and implementation.

In the end, these measures created new opportunities for corruption and exploitation. Often, used in conjunction with laws in other fields, such as agriculture and land tenure, they also provided perverse incentives to overharvest NTFPs. In many cases, policy interventions also criminalized NTFP extraction, further marginalizing harvesters and generating new forms of inequity (Alexiades and Shanley 2005). Customary law and local institutions that were better suited to regulating NTFPs were also often undermined by efforts to establish statutory control over NTFPs (Arnold and Ruiz-Pérez 2001; Michon 2005).

In many countries, less is more when it comes to biological resource regulation (Wynberg and Laird 2007; Laird, McLain and Wynberg 2010). Without sufficient assessment, the imposition of ABS regulations could well be yet another inappropriate intervention that has negative impacts on livelihoods, species and ecosystems, instead of addressing the equity concerns it set out to achieve.

Experiences with integrating ABS into the wider use and trade of biological resources are not encouraging. In Cameroon, for example, the government enacted ABS regulations as part of its review of forestry legislation in the 1990s. ABS laws were also developed because of post-CBD discovery in the country of potential anti-HIV compounds in *Ancistrocladus korpuensis* by the U.S. National Cancer Institute. These regulations were never fully elaborated, however. This created confusion and made research difficult or impossible. In addition, with the idea of "green gold" in mind, taxation was applied to all medicinal plants in the export trade, even those sold as raw material "biological resources." This had the immediate effect of driving the export trade underground and forcing many companies out of business (Laird et al. 2010).

In South Africa, ABS legislation enacted in 2004 has proved extremely difficult to implement, largely due to its wide scope of including all indigenous biological resources. In the case of *Pelargonium sidoides*, a plant used in a multi-million-dollar remedy to treat bronchitis, requirements for benefit-sharing agreements with resource and knowledge holders have led to conflict. Exclusive rights have been negotiated with a single community, despite the fact that resources and knowledge were held more widely (van Niekerk and Wynberg 2012).

A bewildering complexity of laws has emerged to regulate *Hoodia*, a succulent plant sold as an appetite suppressant, the use of which is based on traditional knowledge of the indigenous San peoples. This is indicative of what lies ahead as genetic and biological resource use become increasingly entangled (Wynberg 2009). These well-known cases highlight the difficulties — and the negative social and environmental impacts — of governing resources that are both wild-gathered for commodity trade and used in research-intensive industries.

Biotrade and bioprospecting

It is extremely difficult — although not impossible — to integrate policies on genetic and biological resources into a single policy framework. Variation and diversity must be built

into the framework (Laird and Wynberg 2012). Biotrade and bioprospecting activities differ substantially, for example, in the type of material sought. Bioprospecting seeks active compounds and useful genes; biotrade is based on sourcing raw materials.

In addition, the financial returns of product development in these industries are vastly different. Bioprospecting has potentially huge returns but there are low odds of product development from any one sample. Biotrade companies have small to medium returns, and higher odds of product development.

Research activities are also different. Bioprospecting typically includes a phase of intensive research; in contrast, biotrade is based on commodity trade of raw materials, with limited innovative research. In addition, research and development budgets at pharmaceutical, seed, and biotechnology companies are substantially larger than those at botanicals, most cosmetic and personal care companies, and horticulture companies.

The scope and nature of benefits are also significantly different. Bioprospecting benefits — at their most effective — include capacity-building in laboratories, technology transfer and royalties. Benefits from biotrade are more commonly connected to income received from the supply of raw materials for the production of final products; they include fair wages for producers and earnings for those lower on the value chain. Biotrade benefits are often much more tangible for rural communities, and are more easily realized at a local level than the benefits associated with high- tech industries, which are more often shared with universities and local companies (Laird and Wynberg 2008; Laird and Wynberg 2012).

Bioprospecting and biotrade also differ substantially in terms of their environmental impacts. Typically, the collection of samples for bioprospecting has a negligible conservation impact, although if it is done on a large scale it can lead to the overharvest of promising species. For biological resources, sustainability is a real and pressing issue (e.g., Cunningham, Cunningham and Schippmann 1997), as are questions of who benefits when the collection of species changes from wild-harvest to cultivation (Arnold and Ruiz-Pérez 2001).

One factor is common to both bioprospecting and biotrade and is responsible in part for international ABS efforts: traditional knowledge (TK) may be used without consent and without benefiting providers. However, a declining interest in traditional knowledge on the part of the pharmaceutical and agricultural sectors has meant that the use of TK is more common in biotrade industries such as the cosmetics and herbal sectors, where claims based on traditional knowledge are common on labels.

Towards an integrated and meaningful policy framework

Significant resources are being invested in the ratification and implementation of the Nagoya Protocol. It is important to get it right. It must include releasing academic

research on rapidly disappearing biodiversity — information critical to public understanding and appreciation of what we are losing — from a regulatory stranglehold. And it must ensure that producers of raw materials do not face another wall of regulations that, despite the best intentions, undermine livelihoods and sustainability. In addition, developing countries that face pressing development problems — such as access to clean water and sanitation, and serious threats such as land grabs, logging, mining, and the trampling of the rights of indigenous communities — must be careful that with increased donor funding encouraging their attentions they are not swept up into a diversionary debate that does not address their real needs.

ABS guidelines and laws, and basic standards for equity and respect for national sovereignty, are critical. However, the emphasis must be on flexibility and simplicity in the face of rapid scientific and technological advances that change the circumstances, and on partnerships that can actually generate benefits for high-biodiversity countries. Countries must also consider whether genetic and biological resources belong within the same regulatory framework.

There is real movement towards implementation of the Nagoya Protocol, and yet questions that have plagued ABS from the start remain. These relate to the scope of activities and products regulated, how best to generate benefits, and how to ensure equity and sustainability. Careful analysis and thought is needed before countries embark on a new round of regulation. It is necessary to know what is being regulated and to what end, and to know that new measures will first do no harm.

Recommendations for appropriate regulatory frameworks[2]

Regulations should be guided by the nature of commercialization. Laws should recognize the different types of resource use, including subsistence, local trade, discovery research, commercial bioprospecting, commercial trade and recreation. Subsistence use should not be regulated, except in cases where there are clear risks of overharvesting.

For both biotrade and bioprospecting, traditional knowledge holders should provide consent for and benefit from the commercial use of their knowledge. Measures should be instituted to achieve this.

Prior to drafting ABS regulations, policy-makers should understand the relationship between biotrade and bioprospecting and the range of laws that affect these activities. In so doing they should seek to mitigate the negative impacts of these seemingly unrelated laws. Governments must be careful to build on or complement traditional resource rights and customary law, minimize paperwork and avoid duplication of existing laws.

The capacity of local and indigenous people needs to be increased, so that communities can organize, navigate overly bureaucratic permitting procedures, and assert their rights against more powerful players. Policies should avoid criminalizing harvesting activities and further marginalizing producers. Governments should eliminate permits and procedures that are inappropriate and burdensome for small-scale producers and that bring no clear benefits to management or livelihoods.

Capacity-building, and broad research and data-collection efforts should be ongoing, but if governments have limited resources they should focus on threatened species, those that are intensively traded, and those associated with commercial bioprospecting activities.

Laws and policies should grow from extensive consultations with the full range of affected stakeholders, including harvesters and producers, traders, companies and government departments.

Producers, traders and their support organizations need greater capacity to engage with government on the development of effective laws and policies. Creative approaches should also be explored to involve producer communities and traders in monitoring resource use and assisting with policy implementation.

When governments develop policy frameworks they should attempt to integrate national, state and provincial policies regarding bioprospecting, biotrade and benefit sharing in order to avoid duplication of efforts and overlapping mandates.

Revenue generated by the state from royalties, taxes or the sale of biodiversity products should be channelled to conservation and the sustainable management of biodiversity, and to supporting the sector and building government capacity.

Governments should approach regulation with a light hand, and in ways that reflect the financial, ecological and social costs and benefits of such actions, the government's implementation capacity and the likelihood of compliance.

Where land tenure and resource rights are secure, customary laws are still strong, and local capacity exists to manage the resource base and deal with commercial pressures, customary laws often provide a more nuanced approach to regulation, integrating unique local cultural, ecological and economic conditions in ways that better suit the trade of biological resources.

In cases where customary law has broken down to a significant degree, or outside commercial pressure has intensified beyond the capacity of traditional measures, or bioprospecting activities — which have little connection to traditional practices — are undertaken, governments can offer important and necessary complementary levels of regulation. This is something often requested by local groups. However, interventions should be crafted to include local-level institutions and management systems, where these are effective.

Endnotes

1. The term "governance" refers not only to government regulation and law enforcement, but also to the "political, institutional, and cultural frameworks through which diverse interests in natural and cultural resources are coordinated and controlled" (Cronkleton et al. 2008: 1).
2. These recommendations are adapted from Laird, McLain and Wynberg 2010.

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Section 2

Monitoring and transparency

Photo credits

p.53 Meeting with officials, Rubi-Tele (Sukisa) hunting area, Bas-Uélé region, DR Congo. Joseph Bolongo
p.55 FAO/Guilio Napolitano
p.56 Checkpoint at the Rubi-Tele (Sukisa) hunting area, Bas-Uélé region, DR Congo. Joseph Bolongo
p.64 A group meeting discussing the preliminary findings of the Kenya Governance Assessment Report, April 11 –12, 2011: Standing is John Salehe (formally working for WWF Eastern and Southern African Programme Office); sitting, l–r: Kenya Forest Service Director, David Mbugua; Rachel Chaparila (a consultant lawyer); Gideon Gathaara (Conservation Secretary, Ministry of Forestry and Wildlife); and Jane Wambui (Forest Programme Coordinator, Kenya Wildlife Service). Michael Gachanja
p.73 Village consultation in Vietnam. TBI Vietnam
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2.1 A common framework to assess and monitor forest governance

MARJO MAIDELL, EMELYNE CHENEY
and EWALD RAMETSTEINER

Why forest governance monitoring and assessment?

The quality of forest governance largely determines the success and sustainability of forest management within countries. Good forest governance enables progress to be made toward the sustainable and equitable development and use of forests' services and goods. It also affects the achievement of sectoral development goals and enhancement of the social, economical and environmental values of forests.

Improving forest governance requires a systematic approach to identifying areas to be addressed, devising and implementing suitable responses, monitoring results, and continual adaptation and learning. The need for a comprehensive analytical framework to diagnose, assess and monitor forest governance in countries is widely recognized among those dealing with forest governance, particularly at the international level and by non-governmental organizations. This has motivated a number of initiatives to develop such frameworks. This is positive, but also creates risks of duplication of efforts, contradictory outcomes and confusing messages for the countries and organizations that apply these frameworks.

USE OF A COMMON GENERAL FRAMEWORK FOR ASSESSING AND MONITORING FOREST GOVERNANCE HAS THE POTENTIAL TO IMPROVE FOREST GOVERNANCE.

Developing a commonly accepted framework can do much to minimize these risks. This paper describes such an initiative, the Framework for Assessing and Monitoring Forest Governance. The framework was recently developed through an international process with contributions from several countries, organizations and initiatives. The aim of the framework is to serve as a starting point or general terms of reference for forest governance assessment and monitoring.

This article is based to a large extent on the publication *Framework for Assessing and Monitoring Forest Governance* (FAO and PROFOR 2011). The article summarizes the most prominent international initiatives in the field of forest governance assessment and monitoring, and describes the process behind and the structure of the framework. It also provides the next steps for further development of the framework.

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The emergence of forest governance assessment and monitoring

Since the early 1990s, the notion of "good governance" has gained widespread currency as a context for emerging institutional arrangements. During that decade, different bodies — including the United Nations Development Programme (UNDP), the World Bank and the Organisation for Economic Co-operation and Development (OECD) — developed general principles of good governance that were linked to the wider international discussion on aid effectiveness. These principles are now used beyond the donor-related applications from which they emerged.

In the forest sector, the quality of forest governance started to gain greater attention, including its recognition as one central aspect of sustainable forest management (SFM). In the mid-1990s several of the regional processes on criteria and indicators for SFM included a component related to policies, legal and institutional frameworks and forest governance in their monitoring and reporting frameworks.

This component was later recognized as a thematic element of SFM in the Non-legally binding instrument on all types of forests adopted by the UN General Assembly in 2007 (UN 2008) and was taken up in the Global Forest Resources Assessment, 2010 of the Food and Agriculture Organization (FAO) of the United Nations (FAO 2010).

One of the earlier initiatives to apply the concepts of good governance in the forest context was undertaken by the International Institute for Environment and Development (IIED) in the late 1990s. IIED developed a fairly comprehensive diagnostic and planning tool to assess the key enabling elements for good forest governance and to close the gap that existed between field-level assessments and international reporting requirements on SFM (Mayers, Bass and Macqueen 2002). Two subsequent major initiatives were established to develop comprehensive approaches for assessing forest governance:

- the Analytical Framework for Forest Governance Reforms (FFGR) of the World Bank; and
- the Governance of Forests Initiative (GFI) of the World Resources Institute (WRI) and its partners (Capistrano 2010).

The World Bank initiative and the analytical framework it applies explicitly link the good governance dimensions developed earlier by the bank, and the main thematic elements (criteria) of SFM (World Bank 2009). This approach should enable governance reforms with a high chance of strengthening SFM to be identified and prioritized. The World Bank initiative is primarily targeted at policy decision makers and reformers (see article 2.2).

The WRI initiative is designed to assess the strengths and weaknesses of forest governance as a basis for advocacy led by civil society. While the GFI is comprehensive in its coverage of the dimensions of governance, its indicators focus on four issues: forest tenure, land

use planning, forest management, and revenue distribution and economic incentives (WRI, ICV and Imazon 2009). The initiative includes a significant component of capacity and coalition building.

These initiatives, as well as similar frameworks or programmes developed by non-governmental organizations (NGOs) — such as Transparency International and Global Witness — are designed to diagnose, assess and/or monitor[1] forest governance or some elements of it. A range of other international forestry initiatives require assessment or monitoring of forest governance to make progress toward their objectives, such as the EU's FLEGT Voluntary Partnership Agreements (VPAs) and Reducing Emission from Deforestation and Forest Degradation in developing countries (REDD+).[2] Examples of initiatives and their main characteristics are presented in Appendix 1.

Although the initiatives that support the assessment and monitoring of forest governance have been developed for a range of purposes and end users, there is considerable concordance in what they focus on. This being the case, a more common understanding of the meaning and the main components of forest governance — and of the elements of good forest governance, was desirable and potentially feasible.

This initiated the process towards a common framework for forest governance assessment and monitoring. The use of a common framework, which can adjust to various contexts and purposes, has the potential to reduce overlapping assessment, monitoring and reporting requirements and eliminate contradicting outcomes from different initiatives. It would facilitate and streamline efforts to improve assessment and monitoring of forest governance within and among countries, and enhance the compatibility of different approaches.

A harmonized framework for assessing and monitoring forest governance

Recognizing the potential benefits of a harmonized approach, several organizations and initiatives working with countries to develop and field-test forest governance indicators initiated a series of discussions on forest governance monitoring and indicator development in 2009.

In May 2010, the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD) and Chatham House organized an expert workshop on monitoring governance safeguards in REDD+. This workshop presented three core governance parameters, which were subsequently taken up as the pillars of the framework.

In September 2010, the World Bank, FAO and the Swedish International Development Cooperation Agency (SIDA) organized an international symposium in Stockholm to decide on a common framework or core set of principles and criteria to help countries assess and monitor forest governance. As a result of the symposium, FAO and the World Bank's Program on Forests (PROFOR) convened a core group of experts and practitioners to develop the framework. The participants of the core group presented different user

countries, organizations and initiatives with experience in the application of forest governance assessment and monitoring and/or development of forest governance indicators.

The framework presented in this article is based on the draft framework introduced in Stockholm and the subsequent work of the core group of experts. It was developed in close coordination with the initiative of the UN-REDD and Chatham House that is developing guidance on how REDD+ governance safeguards can be effectively monitored (Chatham House and the UN-REDD Programme 2011). Both these initiatives, which use the same structure and description for good governance, were presented in an expert meeting in May 2011. Participants discussed the use and possible subsequent refinement of these two guidance documents.

Proposed common framework for assessing and monitoring forest governance

Purpose

The Framework for Assessing and Monitoring Forest Governance facilitates the description, diagnosis, monitoring, assessment and reporting of the governance of a country's forests and trees. It features a globally relevant set of the major elements that describe forest governance. It provides both a starting point and a frame of reference for organizing governance-relevant information, and can be used within and among countries to assess and monitor forest governance.

The framework can assist countries in increasing their understanding of forest governance, and in identifying and responding to critical issues in ways that can be measured, tracked and improved over time. By enabling and stimulating informed discussions among stakeholders on governance in the forest sector, the framework also seeks to foster opportunities for wider national discussions on overall governance beyond the forest sector.

The framework is not in itself an assessment or monitoring tool. It supports the development of understanding on forest governance and provides a context for all issues of forest governance. The framework is meant to be flexible; it should be adjusted to fit the context, purpose and available resources. The framework can assist in the development of new tools for forest governance, such as the questionnaire-based multi-stakeholder approach being applied in Uganda and Burkina Faso by the World Bank (see also article 2.2).

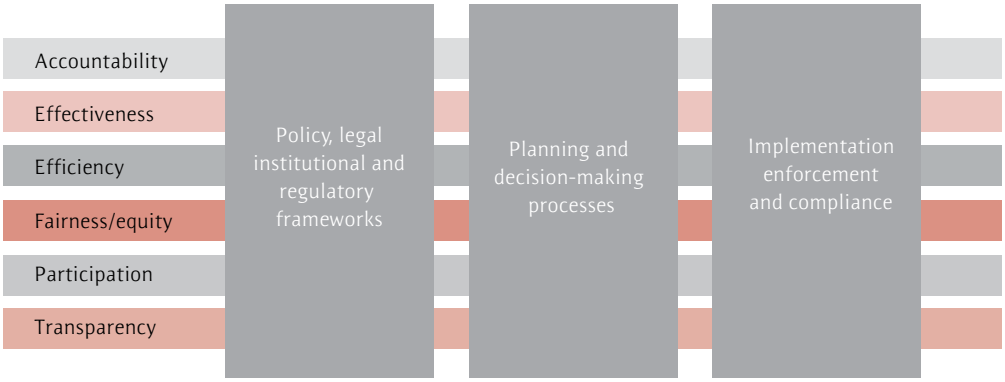
Structure

The framework builds on the understanding that governance is both the context and the product of the interaction of a range of stakeholders with diverse interests. The framework is based on broadly accepted pillars and principles of forest governance (Figure 1).

Although discussions continue on the definitions of governance, the existing literature outlines some common key attributes and processes that characterize good governance. These attributes and processes are reflected in the principles of the framework (Table 1). By drawing on the approaches currently in use or under development in major forest

governance-related processes and initiatives — including the World Bank FFGR, the WRI GFI, and the regional processes on Criteria and Indicators for Sustainable Forest Management — the framework aims to enhance discussion and further development across the field. Additionally, it aims to build on existing national forest governance-related monitoring systems, such as those to monitor administrative, budgetary and judicial procedures.

Figure 1. Pillars and principles of forest governance



Source: FAO and PROFOR 2011

Table 1. Principles of the framework

Principles	Description
Accountability	responsibility of political actors to all members of society for their actions and decisions
Effectiveness	production of results meeting needs; production of desired results
Efficiency	maximal use of human, financial and other resources without unnecessary waste or delay
Fairness/ Equity	equal opportunities for all members of society to improve or maintain their well-being, including impartial application of rules
Participation	involvement of citizens and stakeholders in decision-making, either directly or through legitimate intermediaries representing their interests
Transparency	clarity and free flow of information, enabling all members of society to have access to, understand and monitor processes, institutions and information

Source: FAO and PROFOR 2011

The operational description of governance employed in the framework is based on three pillars (policy, legal, institutional and regulatory frameworks; planning and decision-making processes; implementation, enforcement and compliance). These are fundamental facets of forest governance and occur simultaneously. Each pillar is divided into components (see Box 1) and subcomponents (elements of a component that can be identified and assessed).

Box 1. Description of the components under the three pillars

Components under Pillar 1 probe the existence and quality of forest policies, laws and regulations, including protection of forest-related tenure and rights and the functioning of key institutional frameworks. They examine the extra-sectoral links that affect forest sector governance. The components also consider the concordance between forest policies and broader development policies, such as financial incentives and economic policies, and address equity in the distribution of forest resources and benefits.

Components under Pillar 2 examine the extent, characteristics and quality of participation of a range of stakeholders in forest governance and the capacity of stakeholder groups to engage in governance processes. Components under this pillar also consider the transparency of forest-related decision-making and resource allocation, and the degree of accountability of governance mechanisms and processes.

Components under Pillar 3 examine critical aspects of forest administration and law enforcement, measures that deal with corruption, and the administration of tenure and property rights. A major component under this pillar considers the cooperation and coordination across implementing and enforcement agencies, which is vital for effective management and enforcement and for promoting overall good governance.

The framework offers a range of subcomponents under each component, encompassing important aspects of the forest governance assessment and monitoring process. An example of a suggested subcomponent is provided in Figure 2. The subcomponents of the framework provide a starting point; depending on their specific needs and areas of interest, users may focus on only some of the subcomponents, amend existing subcomponents or add additional ones.

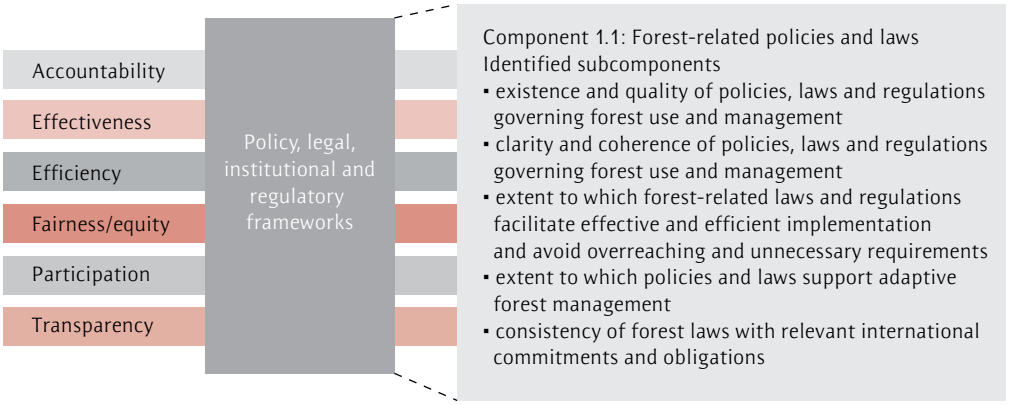
Once indicators for the governance subcomponents have been identified, they allow for periodic measuring, indicating any change in direction. The framework does not specify indicators, since they are necessarily specific to purpose and context. Rather, it provides a structure for the many governance indicators already in existence or under development. Users are encouraged to choose from the framework's subcomponents and develop new indicators according to their needs, objectives and the constraints they face concerning data and resource availability.

Ways of using the framework

The framework provides a basic structure that can be modified according to the purpose, available resources and the intended audience. Users may decide to use only parts of the framework; for example, to complement their perspectives in areas where they have less practical experience. They may also insert additional principles, pillars, components or subcomponents. For example, the framework applies differently to diagnosis than to

monitoring. Diagnosis refers to an analysis that aims to broaden understanding of a governance system. It applies a wider use of the framework to identify a system's characteristics, general patterns, and issues in need of attention, monitoring or intervention. Monitoring focuses on specific aspects of governance that require measurement and analysis over a period of time; these are likely to involve a higher level of detail and a smaller set of subcomponents.

Figure 2. Example of a component and subcomponents under Pillar 1



Source: Modified from FAO and PROFOR 2011

Although the framework was developed primarily to support forest governance assessment and monitoring on a country level, it can also be used in many other settings and by different users. In fact, the framework can be used by anyone involved in forest governance, at levels ranging from sub-national to international. The framework has a wide range of possible applications. Countries can use it to diagnose, monitor and assess the state of forest governance at different levels. Lobby groups, investors, donors, researchers and generators of forest governance data can use the framework to organize, analyze and communicate forest governance information. The framework can also be used for advocacy work aimed at emphasizing specific issues in a country, or in reform processes.

Initiatives such as REDD+, the Forest Investment Program (FIP), and the FLEGT VPA processes may use the framework as a starting point or reference for deciding what to monitor for their specific purposes, and to determine suitable governance measurement parameters. In the case of REDD+, for example, these are likely to include aspects related to other land uses and specific parameters concerning the REDD+ process itself, such as carbon rights and distribution of benefits.

The framework may also serve as a general reference to compare forest governance arrangements between countries. Whether and to what extent the framework can be appropriately employed for country-to-country comparisons will depend on the choice of indicators and the protocols adopted for their measurement and standardization.

Conclusions and next steps

The use of a common framework could streamline forest governance assessment and monitoring efforts, reducing overlaps in assessment, monitoring and reporting. For instance, forest governance monitoring and reporting requirements that follow from commitments to international agreements could be based on a common language and a common understanding of the concept and elements of forest governance that facilitate national-level actions.

The national and sub-national contexts in which forest governance assessment and monitoring is applied are case-specific, and so are the purpose and the desired outcomes. The framework is intended to serve as a basis for the development of context- and purpose-specific assessment and monitoring systems.

Based on initial experiences, the advantages of the framework are evident when it is used for initiating or strengthening a multi-stakeholder dialogue. The use of the framework — in whole or in part — supports the pooling of stakeholder groups' views and opinions, which is fundamental to the development of a workable strategy on improving forest governance as a whole.

The framework is a result of an ongoing process. As the practical experiences from its application and from other approaches in different countries and contexts and by different users accumulate, the lessons learned can revise and further improve the framework to increase its usefulness and practical applicability.[3] For instance, experiences regarding technical capacity and the financial means required to strengthen or develop forest governance assessment and monitoring systems are necessary to improve the framework.

Recognizing the importance of sharing experiences on the many issues involved in undertaking forest governance assessments and monitoring, FAO and PROFOR are planning to organize a meeting during 2012 to bring together experiences from the framework's country-level application. The aim is to share views and develop further guidance on application of the framework.

It is hoped that the use of a widely accepted and applied framework, and its further improvement, will enhance common understanding of and communication about forest governance and lead to improvements that strengthen the practice of forest governance. Ultimately, the aim of strengthening forest governance is to make progress towards sustainable forest management.

Acknowledgement

The authors wish to thank Nalin Kishor (the World Bank) and Eva Müller (FAO) for their valuable inputs to the article.

Endnotes

1. Diagnosis refers to examination that identifies or determines the nature and characteristics of a system or certain aspects of a system. Assessment refers to an appraisal that is based on analytical evaluation, often involving certain criteria and indicators. Monitoring is a continuous tracking or scrutiny for the purpose of collecting specified data or information.
2. The "+" in REDD+ refers to the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries.
3. Some of these emerging experiences are described in articles of this publication (such as 2.3).

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2.2 Forest governance: lessons from three African countries

NALIN KISHOR, TAPANI OKSANEN, KENNETH ROSENBAUM and MICHAEL GACHANJA

Introduction

In the effort to improve forest governance, a diagnostic framework can help assess the baseline, pinpoint the areas requiring improvements and build commitment among stakeholders to undertake reforms. The World Bank has created such a framework, and versions of it were recently applied in Burkina Faso, Kenya and Uganda. While these countries are all poor and poorly governed, they have quite different forests, forest economies, forest institutions and motivations for reform (see Table 1). Field applications in the three countries have yielded insights relevant to a diverse range of reform efforts.

The forest governance diagnostic framework

Underlying principles

A World Bank report defines the scope of forest governance through a framework of five pillars: transparency, accountability and public participation; stability of institutions and conflict management; quality of government administration; coherence of legislation and rule of law; and economic efficiency, equity and incentives (World Bank 2009). The pillars have specific components and sub-components.[1] Each subcomponent can be reported on through a general description of its status or through creation and scoring of specific indicators.

Even though the assessment encourages looking at governance comprehensively, specific reforms will proceed on their own scale and at their own speed.

Country-specific assessment of the framework's components and subcomponents accomplishes several things: it sets a baseline for the quality of forest governance comprehensively yet precisely; it helps identify areas needing improvement and creates a priority list for reforms; and it helps to formulate targeted and actionable interventions. Participatory assessment can also provide a way to build consensus about reform among stakeholders.

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Table 1. Country context

Burkina Faso Per capita income: $ 253 CPI score: 3.0 Ranking: 100 out of 183 countries Deforestation: 1.0% per annum Depletion rate:[2] 1.6% of GDP	Burkina Faso has poor governance. The country has almost 21% of its area under dry savannah forests, contributing 3.65% to the gross domestic product (GDP). The country has experienced continued degradation of its natural resources (forests, farm and grazing lands, lakes, and rivers), on which nearly 90% of the population depends for their living. Combating environmental degradation is one of the pillars of its Ten-Year Action Programme on the Environment and Standard of Living. Burkina Faso is one among eight countries to have been chosen as a pilot for the Forest Investment Program (FIP).[3] Under this program. Burkina Faso could be allocated as much as $ 30 million for the preservation and increase of carbon stocks, with poverty reduction through sustainable management of forest resources. Poor governance has been identified as one of the most important causes of deforestation. Clearly, improving forest governance is critical to FIP, giving Burkina's Ministry of Environment and Sustainable Development (MEDD) a strong motive for using the forest governance diagnostic framework.
Kenya Per capita income: $ 432 CPI score: 2.2 Ranking: 154 out of 183 countries Deforestation: 0.35% per annum Depletion rate: 1.2% of GDP	Kenya is saddled with poor governance. About 2% of the land is under closed canopy forests and an additional 3.7% under open woodlands. Kenya is striving hard to fulfill its REDD+ commitments under the Forest Carbon Partnership Facility and needs to improve governance as a fundamental element of its REDD+ strategy. The law allows industrial harvesting only on government timber plantations and private farms. In 2000, due to multiple problems in these operations, the government imposed a logging ban on all forest plantations. |However, four large-scale operators are exempt from the ban, a situation widely seen as unfair and evidence of poor governance.
Uganda Per capita income: $ 320 CPI score: 2.4 Ranking: 143 out of 183 countries Deforestation: 1.6% per annum Depletion rate: 4.7% of GDP	Uganda also suffers from poor governance. The country has 15.2% of its land area under forests. Uganda is counting on its forests to contribute more to the nation's economy. Uganda's latest five-year development plan (Republic of Uganda 2010) identifies forestry as a key primary growth sector. Further, the country anticipates additional income from REDD+, which will require commitments to maintain and increase forest cover. Improving governance is a high priority.

CPI: Corruption Perceptions Index (on a worst-to-best scale of 0 to 10)

Use of the framework

The framework was applied in Kenya with support of the government of Finland[4] and in Uganda and Burkina Faso with the support of the World Bank. In each country, the assessment was undertaken with the consent or sponsorship of the government. The process involved both individual experts and consultation with a broad collection of stakeholders in a consensus-oriented workshop. The specific approaches differed in each country.

In Kenya, the approach was descriptive. It began with a desk study of the existing literature and interviews with key informants in government, civil society and the private sector. A study team (comprising of staff from Indufor and local consultants) then prepared an initial written report on the status of governance, organized using the five-pillar framework. They vetted and enriched the report through a stakeholder workshop in April 2011. The team summarized the results in a May 2011 strategy note (Indufor 2011).

In Uganda and Burkina Faso, the approach was indicator-based. In both countries, a local consultant prepared a background report. This was shared with stakeholders. In workshops facilitated by a local expert (June 2010 in Uganda; October 2011 in Burkina Faso), the stakeholders then scored a set of indicators based on the components and sub-components of the framework, but customized for their country by a study team of World Bank staff and local consultants.

In Uganda, the workshop lasted two days and scored and prioritized almost 100 indicators. The local consultants then prepared a report on the findings (Kiyingi 2010), which the study team shared with the government and others in July 2010. In Burkina, because of time constraints, a one-day workshop was held; participants scored 36 indicators. The study team collected additional information through stakeholder interviews. As of early January 2012, the report on the Burkina exercise was still in preparation.

Findings

Burkina Faso

Stakeholders in Burkina Faso were candid in discussing both strengths and weaknesses of governance (World Bank 2012). They perceived transparency, accountability and public participation as quite strong, but saw room for improvement. The downward flow of information is weak. Although stakeholders have opportunities to express their interests, they do not participate fully due to lack of awareness.

Stakeholders reported some serious community-government and community-community conflicts. Conflicts usually take a long time to resolve and sometimes prevent sustainable use of the forest.

In terms of forest administration, the country got high scores on its commitment to the environment and to the implementation of forest-related international conventions. However, mechanisms for cross-sectoral and inter-agency collaboration do not work well. Field foresters have inadequate resources, and up-to-date forest resource inventory

information is largely unavailable (although a new inventory is currently underway). In addition, some stakeholders mistrust the forest agency, and political interference occasionally hampers management.

Regarding legislation and rule of law, the law clearly calls for sustainable forestry and clearly recognizes traditional and indigenous rights. The country's approach to forest law enforcement is adequate (although inter- and intra-agency collaboration needs improvement). Weaknesses include lack of clarity on sharing benefits with local communities, conflict resolution processes that are hard to access or unfair, and forest boundaries that are unsurveyed or unmarked.

Regarding economic efficiency, equity and incentives, stakeholders observed that government policies and decision-making give serious consideration to ecosystem services and traditional uses of the forest. Also, forest-dependent communities generally consider their access to forest resources to be fair. The government's ability to track expenditures is weak, however, as is its capacity to assess the impacts of such expenditures.

Kenya

The Ministry of Forestry and Wildlife (MFW), the Kenya Forest Service (KFS) and other stakeholders have recently made progress in promoting good forest governance, but the assessment identified a number of pressing challenges that remain (Indufor 2011).

Regarding transparency, accountability and public participation, the main challenges lie in making usable information on resources and revenue available both within the KFS and to the public. This is crucial given the bad reputation of the Forest Department and continuing allegations of mismanagement. The most urgent actions are needed regarding government-run plantations. Local stakeholders also urgently need capacity to enable them to use information. Given the limited capacities of many community forest associations, the assessment recommended that KFS should aim for Free Prior and Informed Consent when establishing and implementing joint forest management agreements.

Regarding the stability of institutions, national economic statistics persistently undervalue the forest sector, especially its contribution to the GDP. They omit contributions related to the value added through manufacturing; the subsistence economy; and the supply of critical cultural and environmental services. For this reason, the Kenyan forest sector institutions get too little funding from the government and must rely too much on donor funding.

Regarding forest administration, KFS is supposed to be largely self-supporting, based on income from fees and sale of forest products, while still providing free public services such as law enforcement and extension. This dual role may need rethinking given the financial burden that public services present to KFS. Also, Kenya needs to develop commonly agreed definitions for forests and sustainable forest management and to involve more women and other marginalized people in forest administration.

The KFS board is vulnerable to claims of conflicts of interest and unbalanced representation of stakeholders. Corruption within KFS is also a concern.

Regarding legislation, the *Forests Act* 2005 and the 2010 Constitution provide a foundation for reform. However, in light of the new Constitution, the ongoing forest policy revision process, the National Forest Programme process, REDD+ strategy development, and the experiences gained so far in implementation, the *Forests Act* needs revision. This process has already begun, and the revisers are addressing some of the assessment's findings. Coordination within the MFW and between the MFW and other ministries is critical in this process.

On the economic front, revenue is limited by the logging ban (see Table 1), and by non-competitive allocation of logging rights, non-market setting of stumpage prices and illegal timber disposals, as evidenced by internal reports of KFS. There is also an urgent need to develop frameworks for charges for environmental services and carbon, and for revenue sharing.

Uganda

Workshop participants observed that Uganda has good policies, laws and plans, but lacks effective implementation. Participants complained of political interference, corruption, lack of capacity, inadequate attention to private and community forests, inadequate attention to fuelwood, pressures to generate revenue from public forests and lack of professional leadership. The workshop identified several priorities for action (Kiyingi 2010).

Regarding transparency and accountability, Uganda needs to improve the collection, packaging and dissemination of information about the forests, including private and communal forests. The government does involve forest-dependent communities in planning, but it also needs to involve them in management.

Regarding institutions and conflict, plans and budgets must give priority to addressing the main drivers of deforestation. Also, forest managers and users must resolve some long-standing conflicts that have been made worse by political interference.

Government forest administration should aim to increase accountability and restore public confidence. This will require independent auditing of agencies and improved reporting on forest management actions and outcomes. The government should insulate non-political aspects of forest management from political interference and should appoint only technically qualified people to forestry boards. In addition, it needs to better coordinate forest policies, plans and practices with other sectors.

Regarding the rule of law, the government needs to actually implement existing policies and laws, which now often fall victim to manipulation, circumvention, corruption or limited agency resources. Also, the law should clarify the ownership of non-traditional resources, particularly carbon.

Regarding economic efficiency and equity, distribution of benefits must be more equitable, and forest prices should reflect the environmental costs of production. Forest owners and users must be secure in their property rights, and businesses must be able to rely on enforcement of contracts. Management, harvest and processing should adopt appropriate technology and follow best practices.

Follow-up

Each of the three assessments unearthed new information about transparency and accountability gaps and institutional challenges that impede good governance. Each raised the profile of these issues and highlighted the need for reform. The discussion below describes how each country is handling the assessment as of January 2012.

Burkina Faso

The government has not yet received the official report on the assessment. The World Bank team is preparing the report, which will be presented to the Ministry for Environment and Sustainable Development (MEDD) for further discussion and consultation with development partners.[5] This should lead to priorities being set. Many of the highest priority needs should be addressed as components in the country's FIP Plan, to be implemented over the next three to four years.

Kenya

The governance assessment was summarized in a policy brief submitted to the government and disseminated to key development partners (Indufor 2011). The brief is supported by a list of required actions in six areas: priority issues of concern; current status and trends regarding these issues; relevance of the issues in light of stated government commitments; proposed actions and expected outcomes/indicators; responsible actor(s); and estimated time frame.

Kenya is accommodating some of the findings of the assessment in the review of its forestry legislation and in the formulation of the national forestry program. It is also considering using the assessment information as a baseline in its REDD+ strategy. Many of the required actions were integrated into the work plan of the forest sector reform program, and MFW is using the report recommendations to formulate its work plans.

A key recommendation was to improve communication and sharing of information. Internally, the governance assessment report has not been shared with all senior KFS staff; externally, there has been no deliberate effort to share the findings or make governance reform commitments to key stakeholders. Perhaps because most civil society organizations remain unaware of the report, they have not strongly pressed the government to follow up on the recommendations.

Another recommendation was to address the logging ban. KFS has administratively addressed the ban by allowing more timber merchants to participate in plantation harvests.

Uganda

The World Bank team discussed the results of the workshop in follow-up meetings with donors, stakeholders and government officials. The team presented the government with a workshop report that listed priorities and the specific steps that the government could take to address them.

The Norwegian Agency for Development Cooperation drew on the report in its own assessment of reform needs, and the Ugandan government referenced the report in its REDD+ plans. However, eighteen months after the workshop, there have been few reforms.

Lessons learned

Several assumptions underlay these diagnostic assessments:

- thorough assessment was necessary for systematic reform;
- for such assessment to be seen as credible and unbiased, the involvement of an external party (i.e., a party seen not having any vested interest in the outcomes) would be beneficial;
- reform would need support from many sides, including the government, non-governmental stakeholders and donors;
- the process of diagnostic assessment would increase the desire for reform;
- the results of diagnosis would set the course for reform; and
- the diagnostic assessment would be a first step in a process of continuing stakeholder engagement, validation, monitoring, feedback and mid-course correction.

Although assessment seems to contribute to systematic reform, even systematic reform must sometimes happen in small and separate steps. Some problems of forest governance are narrow and can be addressed quickly and individually. Others are somewhat larger and require more effort. Still others are deeply entrenched or extend beyond the sector and require sustained attention or careful coordination.[6] Even though the assessment encourages looking at governance comprehensively, specific reforms will proceed on their own scale and at their own speed.

An assessment does gain credibility from the involvement of an unbiased external party, but it also needs credible local people, such as a trusted facilitator and reputable forest experts. The background research and analysis needs to be thorough and professional. Assessment recommendations gain credibility when they draw on accepted international norms while reflecting the practical constraints of local context.

Reform requires the support of many people. This includes social stakeholders, the donor community and economic stakeholders. In these three cases, donors and development agencies were catalytic in initiating the diagnostic assessments, but in-country support, especially by the government, was essential. Structuring the assessment and recommendations (and ensuing dialogue) in a way that holds the government responsible for its own international commitments, laws and stated policies provides high levels of legitimacy to those pushing for reforms.

The process of diagnosis does indeed increase the desire for reform. This was apparent in the reactions of participants, during and after the process.

Whether diagnosis sets the course for reform remains to be seen. In Burkina Faso, MEDD support to date has been unquestionable. Going forward, it is hoped that government commitment will remain firm in the face of potential resistance and tough decisions. This will be tested in the next few months. In Kenya, the conditions seem right for implementation to proceed, including kick-starting the process through the integration of policy actions into the forest sector reform program and into the ongoing revision of the *Forest Act*. In Uganda, although government officials expressed support for the assessment, follow-up has been lacking. This is in part because bad experiences have made donors reluctant to fund new reforms. It may be because key participants who expressed support for reform during the assessment are in practice cool to the idea.

This experience teaches that with assessment comes a danger of dashing expectations. One reason to involve stakeholders is to have them emerge with heightened awareness of problems, an understanding of possible solutions and enthusiasm for change. If what they get in the end is diagnosis without reform, this may breed skepticism and apathy, making eventual reform efforts more difficult.

Those who undertake these kinds of diagnostic assessments must be willing to follow up with support for reform. When the assessors are external actors, they must respect local sovereignty while promoting partnerships and other processes that lend strength to reform. They must also insist on transparency and accountability, support key players who are willing to lead change, and use the leverage of international initiatives such as REDD+, FLEGT and VPAs.

The ability of transparency and information to maintain momentum in the process cannot be overemphasized. This is the case both for making the governance assessment widely known among stakeholders, and for initiating the reform process by actions that make critical information on the sector widely available. In this respect, the diagnostic assessment contributes to building consensus for change.

An important supplementary benefit of the experience from field applications is that it has allowed for the refinement of the diagnostic framework, including improving its relevance and reliability. The World Bank is presently preparing a guide for those who wish to conduct assessments with the framework. It should be available from PROFOR later in 2012.

Endnotes

1. In 2011, an international process created a closely related three-pillar framework (PROFOR-FAO 2011; see article 2.1). The Burkina, Kenya and Uganda diagnostics used the bank's five-pillar framework. It is hoped that subsequent field åtests will use the three-pillar framework.
2. Forest depletion represents an estimated loss of future income and value that could have been realized through sustainable management.
3. The Climate Investment Funds — consisting of two separate funds, the Clean Technology Fund and the Strategic Climate Fund — are channeled through several international organizations, one of which is the World Bank. The goal of the funds is to assist developing countries to promote sustainable management of forests, increase energy access through renewable energy and mainstream climate-resilient development. The Forest Investment Programme is one such endeavour.
4. The main motivation was to help resolve governance-related bottlenecks that were obstructing the progress of ongoing forest sector reform.
5. The World Bank and the African Development Bank (as the key development partners) and MEDD are strongly interested in the diagnostics assessment, as it would provide critical inputs into the formulation of the FIP investment projects (see also Annex 1).
6. Corruption often falls in this category.

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2.3 Strengthening forest governance monitoring: Zambia and Vietnam

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Introduction

Sustainable forest management (SFM) and its contribution to development crucially depend on the quality of governance: clear and coherent policy, regulatory, institutional frameworks; transparent and accountable decision-making; and effective implementation, enforcement and compliance (FAO/PROFOR 2011; see also article 2.1 in this issue). Deforestation, degradation, and illegal logging are often a consequence of poor governance.

Increasingly, efforts are taken by governments, industry and civil society, and at international levels to strengthen the monitoring of forest governance with a view to improve its quality and effectiveness. While forest governance monitoring (FGM) is often seen as additional to conventional forest monitoring, it is, in fact, often part of what is already being monitored (e.g., the budgetary process). This paper describes the experience of two countries (Zambia and Vietnam) to strengthen their existing monitoring systems in order to provide more robust FGM.

Given globalization, new national and international demands (REDD+, FLEGT) and the growing pressure on forests, governments recognize that they must periodically review their FGM systems to ensure that they are sufficiently responsive to present and future needs. Moreover, under changing visions of the roles and responsibilities of governments vis-à-vis other stakeholders in providing governance,[1] different stakeholders are assuming new roles. For example, industry is increasingly required to conduct self-assessment and reporting, and civil society to conduct oversight.

FOREST GOVERNANCE MONITORING IS A TOOL TO INFORM DECISION-MAKING, BUT IT DOES NOT DIRECTLY CHANGE LAWS, DECISION-MAKING OR IMPLEMENTATION PRACTICES.

FGM serves several purposes. First, it is a tool to improve strategic management — monitoring whether policies are on track, which can help clarify and improve the roles and performance of stakeholders. Second, it improves operational management. Accurate information helps in coordinating human, financial and physical resources and in improving collaboration. It

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can also contribute to improving understanding between stakeholder groups. Third, FGM helps to improve the reputation and credibility/accountability of the sector in the eyes of citizens, investors and the international community (e.g., REDD+ and FLEGT). It also improves the visibility of the forest sector to other departments within government. Ideally, effective FGM reinforces the actions of responsible corporate actors. Likewise, national FGM can fill the gaps left by field-level monitoring, such as independent certification schemes for legally and sustainably produced forest products.

In 2010, in response to country requests, FAO Forestry started the project "Integrating FGM into national forest-related monitoring systems."[2] The aim is to support the development of national capacity in FGM. The project was designed as a process that responds to the specific country conditions, needs, priorities and feasibilities. It also recognizes that data relevant to FGM are already being collected through existing routines (albeit, perhaps not with the explicit purpose of forest governance), but that new priorities may have to be included; thus it is important to inventory existing monitoring protocols as a basis for adding FGM indicators.

The project started with the development of draft guidance for FGM assessment and strengthening at the country level. The second phase consisted of pilot application in Vietnam and Zambia. In both countries a national consultant assessed the legal and institutional landscape. Through interviews, national consultants identified existing FGM-related initiatives, articulated stakeholder needs and identified priorities for developing FGM indicators. The consultants received input from government and other national, provincial and district stakeholders.

The results were consolidated in country background documents (Sekeleti 2011a; Le Khac Coi et al. 2011). A launch workshop in each country consolidated this momentum; stakeholders requested further work on defining FGM requirements and working towards pilot projects (Sekeleti 2011b; Le Khac Coi and van Bodegom, in press). This article highlights the current status, experiences and perspectives on FGM development in Zambia and Vietnam, identifying some initial lessons for the way forward.

Status and perspectives of FGM practice in Zambia and Vietnam

Zambia

The launch workshop revealed that stakeholders' priority was to focus on monitoring and implementation of policy/regulatory frameworks, especially how they affect communities that depend on forest resources. Such frameworks include the *National Forest Act* (and its implementation and enforcement); the national forest policy and action plan; the timber export policy; and national policies/acts on the environment, agriculture and land; as well as the Sixth National Development Plan (6th NDP; 2011–2015) and its related budgets and work plans at the national, provincial and district level. Civil society organizations (CSOs) working with grassroots groups advocated monitoring decision-making processes, law enforcement, and compliance at the community level.

National CSOs requested monitoring and evaluation (M&E) for the allocation of concessions, budget and revenue tracking/distribution, compliance with forestry laws and management plans, and Zambia's compliance with international conventions. At the district level, government agencies favored M&E on law enforcement and compliance, while national-level priorities were related to employment in the forest sector and the contribution to GDP, as well as law enforcement and internal compliance by staff, especially at the district level. Common to all was the need to know the status and jurisdiction of forest resources.

The government recognizes that poor coordination in the sector poses a challenge. Furthermore, it is grappling with attracting community and private-sector participation in forest management, which is constrained by limited capacity across all stakeholders and by insecure tenure over land and resources on customary land. Nonetheless, the Sixth NDP recognizes the need to strengthen oversight of forest policies and activities, establishing measures such as enforced multi-level performance audits by government agencies to provide a clear and strong mechanism for tracking progress in development and poverty alleviation. The focus of these audits will be on improving coordination of M&E systems at national, and especially provincial and district levels, in part through a capacity-building programme, with the Cabinet Office ensuring implementation.

The next step in the FGM pilot is to match the stakeholders' needs with existing M&E mechanisms, identifying gaps and possible variables on which to collect additional data. The most efficient step will be to anchor FGM in existing administrative, budgetary, judicial and census/inventory types of data collection and to tie the strengthening of FGM to international mechanisms such as REDD+ that can provide resources (technical and financial) to further develop the necessary M&E mechanisms.

Vietnam

Vietnam has achieved important results in governing and managing its forest resources, in particular, an increase in forest cover (extending the surface of plantations), and a reduction in poverty in mountainous forest areas. Although the current forest governance system and the associated FGM has provided considerable contributions to these achievements, government and stakeholders feel the need to review and update FGM systems, given the dynamic and rapidly evolving developments in and around the forest sector.

Several FGM-related initiatives have recently started. To deal with the "legality" trade requirements of FLEGT and the U.S. *Lacey Act*, a Standing Office has been established, with a steering committee and a technical working group.[3] A Standing Office has also been established for REDD+, with a steering committee and a national REDD+ network, including working groups on REDD governance. In addition, the Participatory Governance Assessment (PGA), supported by UNDP, intends to contribute to the development of a national system for providing information on REDD+ safeguards, with a particular focus on benefit sharing and participation (Anonymous 2011). A fourth initiative, on socio-economic monitoring (SEM), is currently under development as part of a FAO-led project to support the design of a National Forestry Assessment (Andersson et al. 2010).

The initiatives partly overlap and partly complement each other, although each has its own lead agency and there is no one overarching FGM system.

At the national level several monitoring efforts focus on procedures, including implementation of administrative plans, budgets and judicial procedures relevant to FG and FGM. The Vietnam Forestry Development Strategy 2006–2020 (VFDS) is commonly regarded as the main forest policy implementation programme. Most stakeholders feel that the strategy (plus emerging issues such as REDD+ and FLEGT) is the most feasible starting point for assessing and updating FGM. For the VFDS, a monitoring system is already in place; it contains 72 forest-sector indicators, several of which are relevant to FGM: research, education, training, socio-economic aspects, participation of communities in forest management, financial investment and human resource development.

So far the following priority issues have been identified for FGM development:

- Benefit sharing, especially for local communities, including mechanisms and actual payment for environmental services according to the law;
- Decision-making, both at the national and local level. Laws stipulate the process of formulating laws and plans within a consultative process. More rigorous monitoring frameworks and verification systems are necessary;
- Land tenure, including informal land use and tenure, small-scale leases, illegal land conversion, land use rights of households, demarcation and clear boundaries of forest and forest types on maps and in the field;
- Timber harvesting from natural forests, including monitoring the quality of the harvesting plan and its implementation, harvesting damage, impact on local communities, and chain-of-custody tracking of timber products;
- Staff capacity, including performance and training of staff and other stakeholders.

Apart from these high-priority areas, several issues were raised regarding the concept, principles and process of FGM:

- In the Vietnamese context the term forest governance monitoring is relatively new and not readily understood by most stakeholders as to what it means, what it entails as to monitoring, and in which it differs from supervision, verification or control. Indeed there is even a question of how the term should be translated into Vietnamese;
- A variety of monitoring types is necessary. There is, for example, monitoring through governmental reports to the National Assembly, but also at local, district and commune levels there should be monitoring of governance aspects. There is also need for monitoring by NGOs. Senior governmental staff recognize that there should be mechanisms for top-down (government checks) and participatory monitoring (stakeholders check). This is certainly a challenge in Vietnam;
- Participation of stakeholders in FGM. Favorable conditions should be created for communities to participate in FGM, including: awareness raising, training, and participation in different forums. Special attention is needed for stakeholders outside the government, including independent monitoring by NGOs and CSOs. The existing monitoring system of the VFDS is still considered to be top-down.

Development of the monitoring system and definition of the indicators to be monitored should not only be determined by scientists and governmental officials, but also by local stakeholders, including private sector and members of local communities. It is especially a challenge to involve ethnic minorities in a meaningful way;

- Awareness raising of managers and leaders at local levels. They are usually familiar with monitoring technical issues, but are hesitant to include non-technical issues. Transparency, accountability and fairness are important principles of governance that also require monitoring, but are difficult to implement, so these principles need special attention;
- The process so far resulted in the proposal of some 150 additional indicators for FGM. They must be analyzed for their relevance, priority and feasibility and if they cover all needs for FGM in Vietnam.

The process so far has raised the awareness and profile of FGM among stakeholders and the need for its further development. The results will be used as an input in the related processes such as the PGA and those on FLEGT and REDD+. Linkages with the National Forest Assessment are important, e.g., for the selection of methods, methodologies and piloting changes in routines of data collection and monitoring routines.

Building on the findings so far, the Vietnamese government intends to propose a follow up project, with financial support from the international donor community. Elements of the project would include a definition of FG and FGM in Vietnam; identification of all the needs for FGM; identification of pilot provinces; institutionalization of FGM; capacity building; and awareness-raising. At the same time the country will continue working toward further specification and piloting of a design for a national forest assessment that contains biophysical, socio-economic and forest governance components.

Emerging lessons

Although stakeholders consider the discussions around FGM useful, it is often not immediately clear to them what FG and FGM are and in what way FGM is already part of, or different from and additional to, existing monitoring. Some FGM is undoubtedly already ongoing in both countries, but it is not labeled or seen as FGM. Further efforts will be needed to define FG and FGM within the specific cultural and political context at various levels in the country. This also requires awareness raising and capacity building among FGM designers and stakeholders.

The FGM project intends to bring various nationally and internationally driven FGM-related processes together, and to share views from the international level down to community/village level and from different stakeholder groups in order to obtain a comprehensive picture. A good starting point proved to be giving the stakeholders the

opportunity to present their views on FGM during the inception workshop. However, much effort will be needed to create coherent long-term FGM perspectives and activities.

In both countries, stakeholders identified the following as key issues for further FGM development: policy and regulatory frameworks and their implementation, especially the ways in which they affect communities that depend on forest resources, including how the communities may benefit from revenue sharing. This is not surprising. In Vietnam, there is already a wealth of information available about the concrete issues at stake, what relevant aspects are being monitored, what the gaps are and the need for additional indicators.

A variety of monitoring tools is necessary: both top down (the government monitoring the implementation of its policies and plans) and bottom up (NGOs, CSOs and civilian independently monitoring whether policies, plans and their implementation are really beneficial to them).

The emerging international "pillars and principles" framework is a useful starting point for awareness raising and discussion on FGM in a country. It can serve to increase understanding, develop thinking and common language about FGM, inspire people and show examples of what issues are at stake in FGM. However, it is not a ready-to-fill-out template for FGM needs: it cannot simply be translated or adapted to a national situation. Stakeholders need the overall country framework of relevant (forest-related) laws and plans as a reference, to which they can subsequently connect concrete issues that need monitoring, including decision-making and implementation.

Conclusion

The aim of this project is to support the development of national capacity in FGM. So far, it has been designed and implemented as a process that responds to the specific country conditions, needs, priorities and feasibilities. It also recognizes that certain data prioritized in FGM are already being collected.

Discussing the monitoring of forest governance issues is politically much less threatening than having to fix these issues. FGM is a tool to inform decision-making, but it does not directly change laws, decision-making or implementation practices. FGM is not a quick fix to solve FG issues; nor will it be able to address all monitoring demands (it would be too costly, not feasible, etc.). FGM may be in the interest of the country as a whole, but not in the interest of individual (powerful) stakeholders, so discussions may arise, for example, on how far principles such as "transparency" and "accountability" can be implemented. Besides, a stakeholder may decide to develop or continue monitoring activities separate from the current FGM process. Care must be taken to manage expectations.

In both countries the process to enhance FGM has just started. Next steps include defining information needs and indicators, choosing methodologies for collecting information (including the use of existing data sets), defining roles and responsibilities for stakeholders and capacity building. There should be more attention for monitoring aspects

related to administrative, financial/budgetary and the judiciary. These steps will take several years, and will be most effective and sustainable if they take place in a multi-stakeholder process, building in step-by-step requirements that take into account what is there already and what is feasible in the given circumstances. Based on the experiences in these pilot countries, FAO's guidance document will be adjusted in order to develop a country support tool for FGM.

Endnotes

1. In many countries there is a move from the old style of governance — which the government steers — to a new situation in which several actors are co-steering. In this vision the government does not bear the sole responsibility for governing the forest sector.
2. The FGM initiative is implemented within the FAO-Finland Programme and its support to National Forest Monitoring and Assessment (NFMA) and Integrated Land Use Assessment (ILUA). The initiative is implemented in collaboration with Natural Capital Advisors, LLC (www.naturalcapitaladvisors.com), Centre for Development Innovation of Wageningen University (www.cdi.wur.nl) and Tropenbos International (www.tropenbos.org).
3. The U.S. and the EU are the two most important markets for Vietnamese timber products.

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2.4 Tackling forestry corruption in Asia-Pacific

MANOJ NADKARNI

Introduction

Forestry is important for the development of many Asia-Pacific countries. Well-regulated, sustainable forestry — based on principles of sustainable yield, land zoning and species mix — can contribute to the preservation of biodiversity and support countries' development goals.

In many forest-rich countries, however, these goals are being undermined by illegal logging and by the illegal domestic and international timber trade. This trade does more than cause environmental damage; it deprives countries of millions of dollars in lost revenue, causes loss of livelihoods to forest-dwelling communities, and leads to other criminal activities, even armed conflict, as in Papua New Guinea and other parts of Indonesia. It also undermines the rule of law, causing people to have less faith in and willingness to support governments who fail to curb such activities.

Illegal logging in Asia-Pacific is also a regional issue. Some of the largest timber buying and processing countries are from the region and sooner or later, most illegal logs or timber will reach their shores. This cannot be addressed just on a national level, but requires regional and global action.

Corruption has a severe impact on the revenues that forestry and the timber trade generate for the state and its citizens.

Recognizing this, in 2007 the Transparency International (TI) chapters[1] in the Asia-Pacific region decided that forestry and the timber trade was seriously affecting their countries' revenues. Although many of these countries have good forestry laws, vested interests in the countries or abroad work to cancel out the rigorous application of these laws.

Given that raw or processed timber is not easily hidden, that sawmills and chainsaws need fuel and electricity, that the timber has to be transported by roads and across borders in ships, the illegal timber industry can operate only with the connivance of a large number of people, all of whom allow timber to be cut, transported and processed because of the personal profit they can make. Furthermore, an international timber trade that supports

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these illegal activities could not exist without corruption;[2] without corruption, there would be no illegal logging.

The TI Secretariat developed the Forest Governance Integrity (FGI) programme to examine and improve forestry and the timber trade by fighting corruption and building integrity in forestry governance at the national and international level. Integrity in this sense means behaviour consistent with a set of moral or ethical principles and standards that directly reduce the possibility of corruption.

The FGI TI is not concerned with the question of whether forestry laws are being followed, or if those laws are what's best for the country or its forest, or if recognized SFM practices are in place. All that is being asked is if laws are being circumvented, and if they are, how and why. The idea is that if ineffective laws are followed to the letter, their ineffectiveness will quickly become apparent, rather than being blamed on poor implementation of those laws.

The first stage of the FGI programme resulted in a set of recommendations. The next stage will be to use those recommendations as advocacy messages. The advocacy and the recommendations are very much country-specific. The full list of specific recommendations can be found in country reports available on the TI FGI website.[3]

The research on which this article is based was carried out in five Asia-Pacific countries: China, Indonesia, Malaysia, Papua New Guinea and the Solomon Islands. These countries boast nearly 17 per cent of global forest area. China was included in the programme because of its large processing industry, which buys much of the timber logged in the region.

The FGI programme

The Forest Governance Integrity Programme is a research and advocacy initiative that advocates strengthening of forest governance at the national, regional and global level by a series of activities:

- All the projects within the FGI programme start with a systemic analysis of the ability of a country's institutions, laws, regulations and enforcement agencies to combat corruption in the forest sector.
- The analysis is followed by specific and targeted advocacy work in the country to address the gaps in the system identified by the analysis.
- Both the analysis and advocacy are done by TI national chapters, in consultation with local and national stakeholders.
- National-level work is supported at the regional and global level by the team based in the TI Secretariat.

As noted above, the FGI programme starts off with a systemic analysis. The methodology used is derived from TI's Manual, *Analysing Corruption in the Forest Sector* (TI 2010), which provides a general methodology for prioritizing the corrupt practices that pose the greatest risk to forest governance; i.e., those practices that have the greatest impact and are the most likely to occur.

Each of the TI chapters participating in the programme adapted the manual to the local context by discussing it with a broad array of stakeholders: government, private sector and civil society. The research was then conducted, using the same consultative approach (through workshops or smaller-scale meetings), as well as desk-based research of existing legislation and practice to assess levels of corruption and specific risks. It is worthwhile emphasizing this point: the views expressed here are not just those of TI. They are the views of forestry stakeholders in the country, who have daily, on-the-ground experience of what is destroying their forests.[4]

Corruption risks

The risks listed below are considered by local stakeholders as major areas where corruption might occur. The research was related only to corruption as it affects forests and forestry in a country; there was no cross-country analysis or comparison.

Laws and regulations lacking or in need of reform

Gaps in laws or regulations, either at the national or provincial level, can increase the risk of corruption. For example, the *Forestry Act 1991* in Papua New Guinea has been weakened by amendments introduced since it came into force. Not only do these amendments threaten the sustainability of forest operations, they also hint at weaknesses in the country's legislative process. The lack of public consultation in the drafting of the amendments and the fact that the 2007 amendment evaded the issue of a proper National Forest Inventory are signs of the risk of undue influence by interested parties and a signal that the amendments did not result from a democratic consensus based on scientific or long-term development policies.

Sometimes, corruption risks arise not from the content of the laws, but from the lack of harmonization between different pieces of legislation or regulations. Forestry laws may conflict with laws covering other fields, such as spatial planning or local autonomy. Differences between the regulations of neighbouring provinces can also be a driver of corruption. For example, forest zoning in Indonesia is covered by spatial and land-use plans at national, provincial and district levels; the lack of synergy between these three levels makes them very difficult to monitor and runs the risk of some actors unduly influencing the development of these plans.

Although there may inadequacies in the legislation itself, often the solution lies in reforms rather than a complete overhaul. Such reforms should bring about stronger anti-corruption measures to complement regulations promoting sustainability and legality, as well as better coordination between different institutions and different levels of authority.

Weaknesses in the licensing process

In order to be able to legally operate in a given area, a logging company needs to obtain a permit. The systems put in place to ensure that licenses are fairly awarded vary, but licensing processes have been pointed out by stakeholders as a high-risk area in all five countries where the assessments were made.

Although the decision-making process should itself be transparent, local stakeholders mentioned that discretionary powers still exist in places such as the Solomon Islands and Malaysia. Thus, vested interests may come into play. Such forms of undue influence can also affect political decisions. The power that politicians have can be exploited by companies looking to operate without following the rules that ensure sustainable forestry. In Indonesia in 2008, Members of Parliament were sentenced to eight years imprisonment and a fine of IDR 250 million (approximately US$ 25,000) for corruption in the licensing process.[5]

Stakeholders consulted by TI chapters in Asia and the Pacific have brought up several barriers to integrity in licensing:

- Companies that want to exploit forests need to show that they will respect the legislation and follow the rules. Most governments demand that studies be carried out to assess how operations will be managed and how they will affect the environment. In Indonesia, this system was found to be compromised, as these studies — which are the basis for decisions on licensing — may be subject to manipulation (e.g., through bribery) if controls are not tightened. Similarly, stakeholders in China suggested that there were risks of false declarations on how the land would be used in order to obtain the concession. Once the concessions were given it was far more difficult to control how they were actually used.
- Another issue is the monitoring of the licence-awarding process. The licensing process in the Indonesian province of Aceh is coordinated by a one-stop service. This is a useful tool, but no institution is in charge of overseeing the work of the service and it was found that there is little supervision.
- This is reinforced by the lack of access to information on licensing. Indeed, monitoring of the process by civil society is impossible if information is not available. When information was requested in Aceh, officials refused to disclose it on the grounds that it was confidential and that only the company could disclose it.
- Last, investigations do not always lead to prosecutions and sanctions. This is partly linked to the limited capacity of relevant actors (civil society, government) to detect corruption in the licensing process. Also, even if evidence of corruption is available, authorities have limited capacity to prosecute or apply sanctions.

For these reasons, laws and institutions that have the potential to prevent corruption in licensing cannot be fully efficient.

Further collaboration between these institutions and civil society would be a way of better controlling corruption. In addition, the awarding of concessions needs to be subject to open tenders and there need to be clear criteria for choosing the best applicant. The whole licensing process needs to be subject to strong monitoring through adequately resourced agencies and civil society.

Participation of local communities in decision-making processes

Corruption risks in licensing and in the zoning of forested land obviously have a great effect on local communities. If decisions are skewed by poor governance or by vested

interests that exploit poorly governed institutions, people living in the forests will not truly have a say in how forests are used. Similarly, in Indonesia, unsustainable logging often result in communities being alienated from their forest lands, due to unclear tenure. Logging companies exploit this situation by "buying" the right to operate on historical indigenous lands.

Such issues are particularly acute in Papua New Guinea and the Solomon Islands. In both countries, forested land is largely under customary ownership. Therefore, the question of how local communities are involved in decisions is especially significant. How can their views be treated on a par with those of industry and government? In the Solomon Islands, timber rights hearings have been organized by the government, but there is a history of logging companies providing funds for these hearings because of the limited financial capacity of the government. This obviously has implications for the fairness of the process.

The low capacity of communities was identified as a major reason for this situation. Communities' lack of understanding of laws and of the contracts they negotiate results in an imbalance of power between them and the companies.

Capacity building and support to local communities is a clear necessity. Access to information is a key tool that would allow communities to be in a better position to monitor the use of their land.

Control of logging operations

Within the timber supply chain, corruption risks have been identified that can directly fuel illegal logging. Usually occurring in the form of bribes or undue influence, such corruption circumvents the very legislation that is supposed to ensure the sustainable use of forests and the protection of local communities' rights. Standards do exist, such as the Code of Logging Practice in Papua New Guinea and the Solomon Islands, but according to stakeholders, bribery was used as a way of getting officials to ignore the breaches of these standards.

For example, there are limits to the annual allowable cut by a given company, but timber inventories on which those quotas are based may be falsified, leading to forests being over-exploited. Another example: the guidelines for the use of ministerial discretionary powers in the Solomon Islands when determining timber logging and sales schedules, duties and exemptions were not comprehensive and not always adhered to (Solomon Islands Government 2005). For instance, the management and monitoring of roundwood exemptions are not covered by the procedure.

Monitoring forestry activities is a crucial way of reducing corruption risks. In Indonesia, however, the responsibilities for the oversight of forest management were sometimes found to be unclear or difficult to fit within the provincial or district context, since forests do not conform to administrative boundaries. Without responsible agencies that have clear mandates for the implementation of forestry laws and regulations, it is obviously

difficult for citizens to hold them to account. In Papua New Guinea, independent studies have pointed out the low efficiency of bodies in charge of enforcing and monitoring the Code of Logging Practice (ODI 2007). A possibility to monitor forest governance more effectively would be to do it through a forum of stakeholders involved in forest management.

Operational problems also need to be solved. In China, timber inspection stations are not empowered to impose sanctions. The separation between inspection and sanctions increases the risk of corruption in the provision of legal documents. For example, agencies that check the legality of transport documents may not have the power to seize timber or confiscate trucks, but can merely demand better or up-to-date documentation. A reliable assessment of forest resources is important as a basis for effective monitoring of the timber harvesting and trade (see also article 2.3).

Challenges in enforcing laws

Strong enforcement is a major deterrent to corruption; however, law enforcement is often still a weak point in forest governance. In several of the countries where the research was carried out, stakeholders mentioned high risks in this area, such as bribes to law enforcers to not investigate cases or to provide weak sanctions.

In Indonesia, China and Peninsular Malaysia, the inadequate monitoring of the enforcement as well as the low capacity of law enforcers have been identified as major causes of illegal logging.

Monitoring is critical to make sure that the institutions in charge of providing sanctions are held accountable. It is also essential to increase their capacity. Indeed, forestry and timber trade are rather technically complicated areas, and law enforcers are not always trained to deal with them. Forestry officials may have technical expertise, but may not have the infrastructure or enforcement capacities. Gathering evidence through inter-agency collaboration is an additional challenge that makes it even more difficult to identify corruption. Malaysian stakeholders have suggested that the recent whistle-blower system used be also in forestry as a means to gather evidence and prevent corruption.

Overseeing financial flows and revenues

Corruption has a tremendous impact on the revenues that forestry and the timber trade generate for the state and citizens. It allows logging operators to avoid the payment of taxes, fees or royalties, thereby undermining opportunities for development. According to the Environmental Investigation Agency and Telapak, for instance, government losses due to the illegal trade of merbau wood in the Indonesian province of Papua amounted to trillions of Indonesian rupiahs.[6]

Flaws in the system of declaration of logging harvest are partly responsible for distorting revenues, as identified in Papua New Guinea. The Forest Authority requests that logging companies fill in a form, and then calculates the amount of royalties owed to resource owners. This process is rarely audited by any independent body, however, which can lead to land-owners being paid a lower amount than what is owed.[7] Royalties are also an issue in the Solomon Islands, where the income is usually split between land-owners and logging companies. This practice is not always complied with: royalties are sometimes not paid, and problems in the account of royalty payments weakened the process.[8]

Another element that hampers controls over the revenue chain has been reported by stakeholders in the Solomon Islands and China: unclear responsibilities for overseeing the revenues generated by the forest sector. In the Solomon Islands, there are four types of fees owed by logging operators. They are collected at different points of the process, leading to a fragmentation of the system and difficulty in holding institutions to account. Human resources shortages within the Ministry of Finance and low monitoring capacity worsen the problem.

Audits and inspections by independent bodies are necessary to effectively address such problems. The responsibilities for overseeing taxes and royalties should be clear. Again, some institutions may need capacity building to be able to monitor financial flows.

Next steps for the FGI

The purpose of this work was to identify, at the national and local level, major issues in forest governance and suggest possible ways to tackle them. The recommendations coming out of the analysis, some of which have been mentioned above, will form the basis of advocacy work by the TI national chapters with other local stakeholders. This work will promote concrete solutions and achieve long-term positive impacts on forest governance.

An interesting aspect of the advocacy work is the development of what is called "Islands of Forest Integrity." These are an innovative way of reducing corruption. They are forest-sector "entities" where all forest-related activities are transparent, covered by integrity pacts, where civil servants have taken integrity pledges, and where civil society monitors forestry and timber-related activities. Entities can be a concession, a government department or an area where specific measures and tools are applied to reduce corruption. They will be practical examples of best practice in a positive, solution-oriented way and show that corruption-free forestry is possible. Much of the advocacy work is subject to funding, but the advocacy and the development of these "islands of integrity" has started in Indonesia and Papua New Guinea, supported by the FAO and BMZ.

Endnotes

1. Transparency International is a global civil society organization that works through a network of local NGOs in more than 90 different countries. The locally registered NGOs are known as National Chapters and they work on a range of corruption issues in their own countries. The TI secretariat plays a coordinating role and produces some of the advocacy tools used by the chapters, such as the Corruption Perception Index.
2. This is defined as the abuse of entrusted power for private gain.
3. See www.transparency.org/regional_pages/asia_pacific/forest_governance_integrity/resources_and_publications.
4. This first stage of the FGI was funded by the EU.
5. See http://nasional.kompas.com/read/2008/10/08/07082522/Al.Amin.Nur.Nasution.Kembali.Disidang.
6. IDR 1 trillion = US$ 100 million; http://m.antikorupsi.org/?q=node/4085, accessed on March 18, 2011.
7. [1994] PNGLR 1 N920 PNG National Court of Justice Mussau Timber Development Pty Ltd v (Mussau islanders).
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2.5 Using access-to-information legislation to improve transparency

MIREYA VILLACÍS, DAVID YOUNG
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Introduction

Ecuador is a country with significant areas of globally important tropical forest, but where forest governance has often lacked equitable and open access to information. Frequently, decisions on forest planning and management do not include all key stakeholders, especially those who directly depend on forests for their livelihood.

To increase transparency across the public sector, the government of Ecuador approved the *Organic Law of Transparency and Access to Public Information (Ley Orgánica de Transparencia y Acceso a la Información Pública,* or LOTAIP) in 2004. Since 2005 Grupo FARO[1] has monitored compliance of the Article 7 of the law, which requires the publication of information regarding contracts, finances and plans, among other things.

The existence of an access-to-information law is a step toward increased transparency.

In 2010, as part of "Making the Forest Sector Transparent," an international initiative operating in seven countries and coordinated by Global Witness,[2] Grupo FARO, based on its experience on transparency issues, started monitoring the compliance of LOTAIP.

What's wrong with forest governance in Ecuador?

Nearly 36% of Ecuador's surface (more than 9 million ha) is tropical forests. It is difficult to determine ownership of forests, because there are no complete or up-to-date official records. The main structural reason for this is that legal and institutional arrangements related to land tenure have always been an issue in Ecuador, with the creation and dissolution of government agencies with the mandate to adjudicate on land title. The most recent incarnation of this phenomenon is a new National Land Secretary. A new law is currently being drafted to regulate land tenure and redistribution; it is expected to clarify the roles of the various stakeholders.

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Around 75% of the nation's forests outside protected areas are the property of indigenous peoples and smallholders, only half of whom have legal title. The other 50% claim to have customary rights; however, the land has not been legally allocated to them. These unclear tenure arrangements are a major underlying cause of poor forest governance. This in turn often leads to perverse outcomes such as disenfranchisement of indigenous and other rights-holders; demoralized sense of ownership, pride and therefore investment in sustainable rural livelihoods among forest-dependent peoples; and inequitable centralization of power in economic elites. These factors exacerbate other important drivers:

- deforestation for large-scale agricultural and infrastructure investments, which is often the consequence of broad economic policies that socialize the environmental and social costs of industrial development while privatizing the profits;
- small-scale but extensive "illegal" logging — most forest exploitation is by small operators, and from their perspective the distinction between informal and illegal logging activities barely exists in a context where land- and forest-tenure are weak;
- lack of access to information — since forest land outside protected areas is private property, the state does not allocate concessions or permits for use rights, but logging companies are required by law to obtain licences from the Ministry for the Environment (*Ministerio del Ambiente,* or MAE) after the submission and approval of a management plan. Licences and plans are not made publicly available, so it is not possible to independently judge their quality. Nonetheless, the ministry's own figure for the deforestation rate indicates that insufficient accuracy and rigour are applied to forest management planning to ensure sustainability.[3] Other than occasional studies, there is also a lack of updated and verifiable information on deforestation rates, species status, drivers of land conversion, illegality, etc. In addition, the information that is available is scattered among different entities; and
- lack of access to decision-making — in general, decisions about forests do not include the participation of all key stakeholders, especially those who directly depend on forests for their livelihood. This makes it impossible for citizens to independently satisfy themselves that the state is following the rules, and is implementing policies and practices to ensure the provision of the public benefits of forests (including mitigation against climate change).

Solutions to the problem of poor forest governance are not straightforward. The list of social, economic and environmental issues affecting forests in Ecuador — and elsewhere — is long and complex, and measures to address them all, by state or non-state actors, are beyond the scope of this paper. This article focuses on one element: access to information.

Fixing forest governance weaknesses in Ecuador: the role of transparency

The "Making the Forest Sector Transparent" programme focuses on increased transparency as an entry point, since it has broad support — few people would state they are against it. It is important, however, to make clear the link to a shared sense of good governance: "Transparency is inextricably linked to governance: although there is no coherent body of governance theory, descriptions of good governance processes tend to be broadly similar, describing a situation whereby the state and its institutions are not seen as the only

relevant actors in the allocation of development priorities, and increasing relevance is given to the role of networks in the pursuit of common goals. The state therefore becomes just one actor in the process of governance, alongside civil society and the private sector; and for this to function, a degree of transparency — both in terms of information disclosure and access to decision-making — is required in order for the participants to be able to interact constructively."[4] Transparency supports the role of diverse actors in several ways:

- to hold others, especially government and/or key decision-makers, to account;
- to improve public policy and efficiency through complementary roles ("checks and balances") and openness; and
- to combat corruption through a wider knowledge of the rule of law.

For transparency to be useful and for it to lead to accountability and improved governance, some form of social contract is required. The roles and responsibilities of the state, on one hand, and citizens, on the other, must be agreed to — at least implicitly — by each party. In this context, the government of Ecuador, based on a bill presented by a coalition of civil society organizations, approved LOTAIP[5] in 2004. This law states that "Access to public information is a right, and is guaranteed by the state." Article 7 of LOTAIP requires the publication of information regarding contracts, finances, plans, among others, by all public agencies or agencies that receive public funds.[6]

The Ombudsman *(Defensoría del Pueblo)* has the mandate to enforce compliance with LOTAIP, but the only consequence for non-compliance is inclusion in a list of institutions with unfulfilled compliance. Independent assessment shows that the law needs improvement: in an international rating by the Centre for Law and Democracy LOTAIP obtained a score of only 75 out of 150.[7] It received its low grade mainly for vague provisions for appeals and sanctions.

Additionally, the 2008 Constitution provides for support to LOTAIP by establishing a fifth branch[8] of the state: the Transparency and Social Accountability Branch. It was created in response to innumerable cases of corruption, but also in the context particular to Ecuador, such as ethnic diversity and well-organized indigenous peoples' groups. This required the creation of opportunities for dialogue and greater participation in state functions.

The new branch has the mandate to use social accountability[9] and public participation to foster transparency and prevent corruption within public or private agencies that provide public services. Although the current government has made some efforts to generate information and make it available, there is still a long way to go, both in terms of making information available and in ensuring that this and other mechanisms — such as clearly defined roles and coordination among the public institutions in charge of forest management — deliver good forest governance.

Despite the fact that LOTAIP is one of the main instruments to assess and promote transparency in Ecuadorian public institutions, it does not provide any criteria to measure quality and completeness of information. The law, the ombudsman and the transparency and social accountability branch are necessary, but are not sufficient to guarantee

compliance with the law. Some standards were necessary in order to measure the level of transparency in public agencies.

Assessing proactive publication of information

In an effort to fill this gap, in 2005 Grupo FARO developed a methodology with measurable and comparable criteria to assess public institutions with regards to compliance of the law. Grupo FARO's assessment focused on Article 7 of the law, which specifies information dissemination, and covers 20 areas of obligation (Table 1). In order to validate the methodology Grupo FARO organized six focus groups, with representatives of civil society organizations, community leaders and public officials, to rank the areas according to the relevance of the information needed by citizens.

This assigned a weight according to relevance for public management: items that are a high priority to enable the organization to perform its role were assigned a weight of 70%; items that are complementary for this were weighted 20%; and items that help describe the organization were weighted 10%. The assessment looks only at the information published by the institutions through their web sites. Each item is composed of multiple sub-items, each of which is assigned a value of 0 or 1 on the basis of availability of certain documents, the level of disaggregation of the information, and the timeliness, for example. All these components contribute to the construction of an index that rates the overall fulfilment of the access to information law.

Table 1. LOTAIP Article 7 areas, categorized by importance

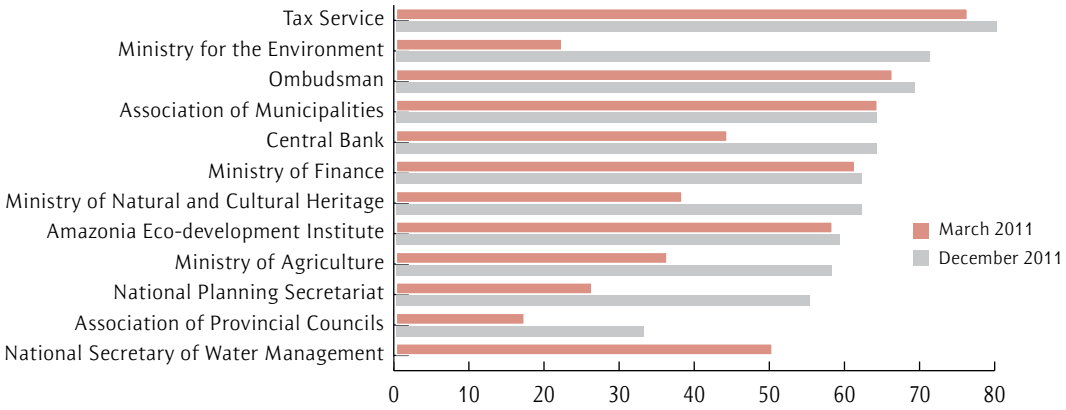
Priority (weighted 70%)	Complementary (weighted 20%)	Descriptive (weighted 10%)
F) Forms availability	C) Salaries	A) Legal structure, regulations and procedures
G) Annual budget	D) Services offered	B) Contact information
H) Internal and government audits	J) Breach of contract	E) Collective agreements
K) Plans and programs	L) External or internal credit contracts	I) Contractual processes
M) Accountability mechanisms	N) Allowances	O) Who is responsible for information
P)* Applied sentences	S)* Resolutions	
Q)* Applied resolutions		
R)* Applied only for the Central Bank		
T)* Information specific for some tribunals		

Reference letters refer to the sequence of clauses in Article 7 of LOTAIP; *Information specific to some agencies

In order to apply the methodology, Grupo FARO designed an online survey with 59 questions. The monitor completes the form according to the information found on the monitored web page. The information gathered is transferred to a data management program, which assigns values to the items and the sub-items and calculates the general index.

Since its development in 2005, the methodology has been applied to several ministries and local governments. In 2010, as part of "Making the Forest Sector Transparent," Grupo FARO started monitoring compliance of LOTAIP in 12 public institutions related directly or indirectly to forest management in Ecuador (Figure 1). One of these, the MAE, is responsible for the forest sector (outside protected areas) through its Natural Heritage Secretariat.

Figure 1. LOTAIP compliance (%): 12 institutions with responsibilities in the forest sector



The results from the March 2011 assessment show that the institution responsible for tax (SRI; 87%), the ombudsman (69%), and the central bank (73%) are the most transparent as far as proactive publication of information, as prescribed by LOTAIP, is concerned.[10] By December 2011 the SRI (81%), and the Ombudsman (69%) had remained in the top three, joined by the environment ministry (MAE; 72%).[11] MAE's dramatic change — from 25% in March to 72% in December — is significant; the launch of the Grupo FARO's National Transparency Report for the Forest Sector increased attention on transparency issues within this ministry more than in other public institutions.

This kind of monitoring helps citizens to know how public institutions are doing in terms of compliance with their transparency obligations, and about the speed with which they are improving access to information. Grupo FARO and Global Witness complemented these results with other publications, including a global annual report on forest sector transparency[12] and an analysis of public investment in the forest sector.[13]

Impacts

As mentioned, the existence of a law on access to information does not guarantee transparency, either in making information available or in decision making. Civil society is an

important part of promoting and encouraging compliance with the law by putting the topic on the public agenda and by organizing citizen action on a range of issues related to access to information.

It is too early to identify any impacts from LOTAIP assessments on more sustainable and equitable forest management. In other sectors, however, Grupo FARO has used various approaches to achieve the goal of improving governance through increasing transparency. Grupo FARO worked directly with the public sector, increasing its capacity to provide information and respond to information demands, and with civil society to disseminate information about the law and of the right to information, to encourage public participation in decision making and to understand what people need to know. There are some examples of the impact of Grupo FARO's activities in other sectors:

- The Ministry of Finance increased compliance with LOTAIP from 30–90% between 2005 and 2007 and established a clear mechanism for responding to information demands.
- Quito city council increased compliance with the law from 37–75% in six months. This was done through training for webmasters on the use of LOTAIP and how to make information available to the public. After initial facilitation from Grupo FARO, the initiative established a "transparency certificate" for municipal agencies that perform well, which is now implemented by the city council.
- Access to information had an increasing profile on the public agenda. In 2010 the ombudsman published standard parameters for compliance with Article 7 of LOTAIP. These include provisions included in Grupo FARO's methodology, such as availability, timeliness and disaggregation.
- The Transparency and Social Accountability Branch, as the fifth branch of the state, is starting to be effective, working with other organizations (Grupo FARO among them) to develop a joint methodology to monitor compliance with LOTAIP and to improve responses to information requests.

In the forest sector, it can be expected that the continued use of a monitoring tool such as this one will continue to increase compliance with LOTAIP, and that the information made available can start to have a positive impact on governance. For example, an accessible list of operators who have committed infractions and are suspended from holding a licence would improve law enforcement. Likewise, publication of the licences themselves would provide clarity (not least to competing companies) that the rules regarding their issuance were being uniformly applied. In addition, publishing forest management plans would help people living near areas of forest operations to reach their own conclusions about the contribution these operations make to local and national environmental, social and developmental objectives.

Lessons learned

The existence of a framework such as a right-to-information law — especially one as structured as LOTAIP — greatly facilitates the monitoring and assessment of public access to information. In countries where no such law exists, or is new and/or weak and therefore not yet embedded in the culture of public institutions, such assessments are more difficult and less influential. In the forest sector, other norms, such as those generated by FLEGT or REDD+, incidentally provide a framework for assessing transparency. "Making the Forest Sector Transparent" is working to publish a gap analysis of the commitments to information disclosure annexed to some FLEGT VPAs, and to pilot a participation assessment tool for REDD+.

LOTAIP does not establish any criteria about the importance or the prioritization of the published information. An institution could potentially score very high by publishing a large quantity of low-value information. The Grupo FARO assessments rely on focus groups and other subjective approaches to develop a methodology to score information priorities. Until these are enshrined in the work of a state institution, such as the Transparency and Social Accountability Branch, those priorities will always be open to challenge.

LOTAIP has also not provided sufficient specificity about some information. For example, while LOTAIP requires all public agencies publish the contracts they manage, they are not explicitly required to make logging licences or forest management plans available, as they are not regarded as managing public resources. This is one area where compliance with the law has not been tested. Although LOTAIP does not prevent institutions from publishing any kind of information (unless it is classified as reserved), neither does it require specific details that may be important for good forest governance.

The existence of a right-to-information law is a step to increased transparency. But in order for a law to be effective, it should incorporate a component that clearly describes how the information has to be published by the institutions. Transparency is not only about uploading information on a web page; there ought to be an extra component in the law related to presenting the information in a way that is useful and easy to understand. The law needs also to have clear mechanisms to respond to information demands, and clear mechanisms to penalize — not just report — institutions when they don't comply with the law.

In general, the right to participate in policy and practice is strong in Ecuador. However, the forest law does not stipulate any formal requirements for participation in decision-making. As in many countries assessed by the programme, national dialogues with civil society have taken place on major issues, but they have been sporadic and not legally binding. Similarly, local forums have been promoted by civil society organizations with peers and with the government, but they are not institutionalized. The participation checklist currently being developed by Grupo FARO and others is intended to use a current global initiative (REDD+) as an entry point to address this.

Finally, it is important to mention that LOTAIP applies only to the public sector. The obligation of the state to be transparent stems in part from the concept of "public service" — that the state exists to serve the people. Private companies have no (or minimal) obligation to be more transparent. Private companies have social responsibilities; therefore, they should also be required to be transparent.

As the value of forests starts to shift away from timber as a commodity — something tangible and easy to see — to that of carbon and environmental services, neither of which are easily measured or monetized, it is increasingly important that public authorities in Ecuador and elsewhere be open about the public information they have and the decisions they make in the public interest.

Endnotes

1. Grupo FARO *(Fundación para el Avance de las Reformas y las Oportunidades*, or Foundation for Advance of Reforms and Opportunities), is an independent, impartial and secular civil society organization (CSO) that provides support and promotes the active participation of civil society, the business sector and state entities, based on research and analysis, for the proposal, implementation and monitoring of public, local and national policies.
2. Making the Forest Sector Transparent operates in Cameroon, the Democratic Republic of Congo, Ecuador, Ghana, Guatemala, Liberia and Peru. See www.foresttransparency.info for further details and Annual Transparency Reports for the forest sector in each of these countries.
3. According to a study published by the Ministry for the Environment, the rate of deforestation in the country is 0.63%, which means 61,800 hectares are lost each year. Data retrieved on December 22, 2011 from www.ambiente.gob.ec/sites/default/files/users/mponce/TasasDeforestacionEcuador.Ver_.03.05.11.pdf
4. See Global Witness. 2010. Making the Forest Sector Transparent. Annual Transparency Report 2009, page 8; http://www.foresttransparency.info/cms/file/231.
5. *Ley Orgánica de Transparencia y Acceso a la Información Pública* (2004), Law No.24, published in official journal *(Registro Oficial Suplemento)* No. 337. There is no official website for LOTAIP, but a copy of the law can be found on the websites of many state institutions, for example www.ambiente.gob.ec/sites/default/files/users/lianeth/LEY%20organica%20DE%20transparencia%20Y%20ACCESO%20A.pdf.
6. A rating of the Legal Framework for Right to Information in 89 Countries (www.rti-rating.org/countrydata.html) provides a spreadsheet score for the quality of LOTAIP (in the law, not in implementation) compared to other countries. LOTAIP scores 75 points, which is the average score among the 89 countries.
7. See the Centre for Law and Democracy, Global Right to Information Rating: www.rti-rating.org/methodology.html.
8. The Ecuadorian government is divided into five branches, each with separate and independent powers and areas of responsibility: executive, legislature, judiciary, electoral and transparency and social accountability.
9. Social accountability is an approach towards building accountability that relies on civic engagement, i.e., in which it is ordinary citizens and/or civil society organizations who participate directly or indirectly in exacting accountability. Retrieved from: http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALDEVELOPMENT/EXTPCENG/0,,contentMDK:20509424~menuPK:1278120~pagePK:148956~piPK:216618~theSitePK:410306,00.html.
10. For full Grupo FARO report see *Transparencia y acceso a la información del sector forestal ecuatoriano 2010*, published in May 2011: www.grupofaro.org/publicaciones.php?id=95.
11. The second assessment was due to be published March 29, 2012, accompanied by an award-giving ceremony for the most progressive public institutions.

12. See www.foresttransparency.info and the downloadable reports at www.foresttransparency.info/report-card/downloads.
13. Grupo FARO. 2011. *Lupa Fiscal — Inversión fiscal en la gestión del patrimonio natural ecuatoriano 2008–2009*; www.grupofaro.org/publicaciones.php?id=96.

Section 3

FLEGT

Photo credits
p.97 Road in Mapane, Suriname. Rudi van Kanten
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p.111 Transportation of timber, DR Congo. Roderick Zagt
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3.1 Introduction to FLEGT, VPAs and the EU Timber Regulation

The FLEGT Action Plan and its Voluntary Partnership Agreements

In 2002 the European Commission (EC) started work on an action plan to tackle illegal logging. The resulting 2003 Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan has six components:

- development cooperation;
- negotiating Voluntary Partnership Agreements (VPAs) with timber-producing countries;
- reviewing options to control the trade in illegally-harvested timber;
- guidance on timber legality in public procurement policies;
- encouraging private sector initiatives for good forest sector practices; and
- encouraging financial institutions to take account of environmental and social impacts in forest sector lending.

The VPAs between timber-producing countries and the EU form the centerpiece of the action plan. The agreements provide support for improved governance in the forest sector of producer countries and provide a mechanism to exclude illegal timber products from EU markets.

They also commit exporting partner countries to develop a Timber Legality Assurance System (Box 1).

Box 1. Timber Legality Assurance System

- The participatory development of a definition of legally produced timber sets out all the laws and regulations that must be complied with.
- A secure chain of custody tracks timber from the forest where it was harvested to the point of export.
- Verification procedures provide assurance that the requirements of the legality definition have been met for each export consignment.
- The issuance of FLEGT licences validate the results of legality verification and allow for customs clearance of the timber products in the EU.
- Independent monitoring of the functioning of legality assurance system guarantees its credibility.

VPAs have been signed with Ghana, Cameroon, Liberia, Congo Brazzaville, the Central African Republic and Indonesia. These VPAs are in the process of ratification and implementation; four more VPAs are under negotiation. Implementation of the VPA

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includes putting the timber legality assurance system in place. This will enable a producer country to begin issuing FLEGT licences.

The EU Timber Regulation

In October 2008, as part of its commitment under the FLEGT Action Plan, the EC presented a proposal for a regulation that would minimize the risk of illegally harvested timber reaching the market. Regulation (EU 995/2010) was adopted by the Council and the European Parliament in October 2010 and will become operational in March 2013.

The regulation consists of two key obligations: 1) it prohibits illegally harvested timber and products derived from such timber from being put on the EU market; and 2) it requires EU traders who put timber products on the EU market for the first time to exercise due diligence.

The core of the due diligence notion is that operators have to undertake a risk management exercise so as to minimize the risk of putting illegally harvested timber, or timber products containing illegally harvested timber, on the EU market. The due diligence system has three key elements:

- Information: The operator must have access to information describing the timber products, country of harvest, quantity, details of the supplier and information on legal compliance.
- Risk assessment: The operator should assess the risk of illegal timber entering the supply chain, based on the information identified above.
- Risk mitigation: When there is a risk of illegal timber entering the supply chain the operator should mitigate that risk by requiring additional information and verification from his supplier.

The regulation covers a broad range of timber products, including solid wood products, flooring, plywood, pulp and paper. It does not address recycled products, rattan, bamboo or printed papers such as books, magazines and newspapers.

The regulation applies to both imported and domestic (i.e., within the EU) timber and timber products. Timber products that are covered by valid FLEGT licences or CITES licences are considered to comply with the due diligence requirements of the regulation.

The regulation provides for monitoring organizations to be recognized by the European Commission. These private organizations will provide EU operators with operational due diligence systems. Operators can thus develop their own system or use one developed by "a monitoring organization.

Each EU Member State will designate a competent authority that will coordinate enforcement of the regulation and determine the penalties that apply in case of non-compliance.

This development in the EU is in line with similar policy developments elsewhere. The U.S. has amended the *Lacey Act* to make trade in illegally harvested timber a criminal offence. Similar policies are currently under consideration in Australia.

Adapted from: http://ec.europa.eu/environment/forests/pdf/EUTR_Leaflet_EN.pdf.

3.2 Forest governance in Southeast Asia

HUGH SPEECHLY and FLIP VAN HELDEN

Introduction

This article describes some of the forest policy changes that have taken place in timber-producing countries in Southeast Asia[1] over the first decade of the 21st century, and defines expected future challenges. In particular it examines the motivations for and impacts of relevant EU and ASEAN policies designed to tackle illegal logging.

Since the 1960s, Southeast Asia has lost 16 million hectares or 37% of its natural forests.[2] This was driven by the increased post-World War II demand for timber in both northern and regional economies; improvements in mechanization and logging technology; and the expansion of agriculture. Much of this conversion of forestland was planned, but losses also resulted from poor logging practices and from encroachment by landless people.

An erosion of government regulatory functions accompanied these developments.[3] Natural forests in Southeast Asia are predominantly state-owned; government agencies are responsible for their use. The value of the timber and land presented significant opportunities for economic rent capture, a situation that enabled industry interests to gain influence far beyond that of government agencies. This left enforcement officials powerless to act against breaches of the law. In the decade to 2000, 20% of the region's forest cover was lost and it was widely acknowledged that Asia's forests were in crisis.

ALTHOUGH THE TRADE DIMENSION OF FLEGT INTRODUCES LEVERAGE FOR ACTION IN TIMBER-PRODUCING COUNTRIES, KEY CHALLENGES REMAIN.

Some countries had taken action. Log export bans — often aimed at stimulating domestic investment — were introduced in Indonesia, Peninsular Malaysia and the Philippines. In 1988, following devastating floods, Thailand banned logging in its natural forests, but this led loggers to set their sights on neighbouring Myanmar and Cambodia, in the latter case, prolonging the civil war there.

In the early 1990s the World Bank provided support to a number of countries to implement better timber control systems. A loan to the Philippines, for example,

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introduced local Multi-stakeholder Forest Protection Committees, a form of monitoring which recognized government agencies' limitations.[4]

Sustainable forest management became a political goal in several countries. In 1990, the members of the International Tropical Timber Organisation, which includes most South-east Asia countries, agreed to strive for an international trade in tropical timber from sustainably managed forests by the century's end.[5] Despite these efforts, there was scant evidence that the management of forests was improving.

The collapse of dictatorships in the Philippines in 1986 and Indonesia in 1997 broke down the centralized patron-client relationships that had characterized the distribution of timber rights, but the resulting decentralization often simply transferred rent appropriation to the regions. Increasing democratization, however, also created space for political debate. The lack of action — or active connivance — by politicians and officials in permitting illegal logging could be discussed openly for the first time.

The Bali Conference and its impacts

The Forest Law Enforcement and Governance (FLEG) Ministerial Conference held in Bali, Indonesia in September 2001 was made possible by this new political environment. Senior politicians admitted that illegal logging was a problem, and the Bali Declaration[6] stated: "all countries, exporting and importing, have a role and responsibility in combating forest crime, in particular the elimination of illegal logging and associated illegal trade."

The declaration — acknowledged by most Asian timber-producing countries and key importing economies — identified underlying causes of illegal logging and stipulated a range of actions. Uniquely in discussions on illegal logging at the time, it also gave civil society representatives a voice. Although an Intergovernmental Task Force and a Civil Society Advisory Group that was mandated to prepare an action plan was only partially successful, the political space created gave impetus for other actions.

In 2002, for example, Indonesia and Japan established the Asia Forest Partnership[7] that provided a new multi-stakeholder platform for informal but frank discussions between regional actors. In 2007, the Association of Southeast Asian Nations (ASEAN) endorsed the ASEAN Declaration on Environmental Sustainability, in which they committed "to strengthening law enforcement, combating illegal logging and its associated illegal trade." An ASEAN Regional Knowledge Network on Forest Law Enforcement and Governance was established in 2008.

Meanwhile, Indonesia acknowledged that it had lost control over its forest sector and that log smuggling had become rife. Indonesia's Forest Minister called on importing countries to stop buying illegal timber and the government signed bilateral arrangements with

importing countries such as the United Kingdom (UK), China and Japan to combat illegal logging and associated trade. None of these, however, included provisions to regulate trade. Malaysia took the first trade-related action in 2002 by banning log imports from Indonesia.[8]

The EU FLEGT Action Plan and the EU Timber Regulation

In 2002 the European Commission (EC) presented a plan to tackle illegal logging. Its title reflected the need to incorporate the trade dimension by adding a "T" for "Trade" to the FLEG acronym. The resulting 2003 Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan[9] had five components. It focused on the negotiation of Voluntary Partnership Agreements (VPAs) with timber producing countries and a review of options for legislation to control the trade in illegally produced timber.

VPAs form the centrepiece of the Action Plan. They commit timber-exporting partner countries to develop Legality Assurance Systems that include verification of compliance with the defined laws, supply chain controls, issuance of FLEGT licences for exports to the EU and independent monitoring. VPAs have been signed with five African countries and Indonesia; four more are under negotiation.

The Action Plan has had a variety of impacts. The adoption and better supervision of public procurement policies in several EU member states provided a stimulus for traders to take action. NGOs drew attention to public building projects where they alleged illegal timber was being used.[10] Indonesia in particular was targeted, leading several UK importers to cancel contracts. Indonesian officials, however, claimed that the subsequent switch to Malaysian suppliers meant that these projects still used illegal Indonesian timber, now smuggled through its neighbour. This exemplified the growing market risks faced by Asia's two biggest tropical timber producers and was a key factor that led them to consider the potential benefits of VPAs. In January 2007, Malaysia opened FLEGT negotiations, followed shortly afterward by Indonesia.

A key concern of both countries was that because of the VPAs' voluntary nature, competitors not entering into a VPA would enjoy significant advantages by avoiding the cost of building and running the required systems. This concern, together with NGO claims that VPAs in themselves would not have a sufficient impact on the illegal timber trade, led to the adoption of the 2010 EU Timber Regulation,[11] which will become effective from March 2013 onwards. The regulation prohibits trade in illegally harvested timber and requires traders to use due diligence in placing products on the market. A key provision is the explicit recognition of FLEGT licences as evidence of legal production.

The EU was not the only major market to take action. In 2008 the U.S. amended the 100-year-old *Lacey Act* to make it an offence to trade illegally harvested timber in U.S. territory.[12] In 2011, the Australian government introduced a bill that will have a similar effect once it is enacted. The major markets for timber products have changed in a fundamental way.

Another essential change in the world timber trade has been the emergence of low-cost manufacturing in Asian countries, aimed at supplying finished timber products to northern economies. China, followed by Vietnam and Thailand, led this trend. Its imports of unprocessed timber soared from 38 to 112 million cubic metres (RWE) between 1997 and 2009. Awareness of the U.S. *Lacey Act* and the EU Timber Regulation triggered interest in FLEGT, and in 2010 Vietnam became the first processing country to start VPA negotiations.

Motivations for action in Southeast Asia

Access to high-value markets in the EU, the U.S. and Japan remains the most important driver for actions against illegal logging. Markets increasingly require proof of legal and sustainable production. With the new legislation in key importing countries "nice-to-have" evidence of legality has become a "must-have" requirement.

A second reason — national image — is linked to accusations faced by politicians and high-profile companies of being associated with illegal logging and related trade. Governments and multinational corporations aspire to be seen as responsible partners and find it uncomfortable to be associated with deforestation, biodiversity loss, climate change, social injustice, corruption and criminal activity.

In some cases internal politics between the central government and the regions have played a role in triggering government action. In Indonesia, for example, the post-Suharto decentralization allowed provinces and districts to issue felling licences; this led to disputes with the Ministry of Forestry. Indonesia's engagement in the governance debate can be viewed as an attempt by the ministry to reassert its control.

Whereas government and the private sector aimed at maintaining their reputation and market share, civil society organizations used the debate to draw attention to underlying forest governance problems. Recognition of tenure and use rights, participatory decision-making and transparency were key issues of concern. Particular attention was focused on the plight of forest-dependent populations, whose tenuous customary rights were often ignored and whose means of survival worsened as forests were being degraded.

The EU considers civil society involvement as an essential element of improved forest governance. A VPA cannot be regarded as credible and stable unless relevant actors have participated in transparent consultations. While this view is gaining acceptance in South-east Asian countries, it is not universal. Governments and the private sector generally share common interests, but the suspicion with which some of them regard civil society involvement has caused long-running conflicts.

Status of VPAs in Southeast Asia

Malaysia

When negotiations started in 2007 Malaysia already possessed generally satisfactory control systems that, with few modifications, should have provided adequate evidence of

legality. An early VPA conclusion seemed possible. As negotiations advanced, however, it became apparent that there were differing views on stakeholder involvement, resource tenure and use rights and social safeguards.

There were also differences of interest within the Malaysian federation itself. Peninsular Malaysia and Sabah, which generally produce high-value timber products for discerning end-markets and which have made significant progress towards sustainable forest management, saw advantages in a VPA. These advantages, however, were less apparent to Sarawak, which produces most of the country's timber but primarily exports bulk products to less discerning markets. It is not clear when Malaysia aims to conclude VPA negotiations.

Indonesia

The 2002 Memorandum of Understanding between Indonesia and the UK provided support to develop a unified definition of legality as a basis for auditing forest management. This sought to remove the confusion of overlapping and incoherent laws and regulations and the proliferation of private-sector legality standards. An intensive consultation process was started by Indonesian civil society. In 2006 industry and the government joined discussions in what was the first process of its kind in the Indonesian forest sector.

The resulting legality definition and audit system was ultimately accepted by government, industry and civil society alike and became the basis for Indonesia's own legality verification system (*Sistem Verifikasi Legalitas Kayu*, or SVLK), enacted in 2009. This system will ultimately cover the entire Indonesian timber sector. The SVLK is an integral part of the FLEGT VPA and Indonesian civil society played an important role in its negotiation. In May 2011, Indonesia became the first Asian country to conclude VPA negotiations.

The SVLK takes a certification approach, characterized by devolution of verification responsibilities to private-sector bodies and a strong monitoring function for civil society. Indonesian civil society's role is unique; the law grants any Indonesian citizen or civil society organization the right to file a complaint against timber producers or the organizations that verify the legality of company operations and exports. The VPA stipulates the types of forest-related information to be publicly available in the context of the 2008 *Freedom of Information Act*. Auditing the many thousands of operators against the requirements of the SVLK has started and the country aims to start issuing FLEGT licences by late 2012.[13]

Vietnam

Vietnam is a processing hub that imports four-fifths of the raw material used by its export industry. Conclusion of VPA negotiations will require assurance that its imported timber has been legally harvested. Feasible solutions to this issue are still being worked out. A

further challenge is the limited advocacy role of Vietnam's service-oriented civil society organizations and their rudimentary engagement in policy and law-making processes. This may limit stakeholder involvement in the development of its legality assurance system.

In addition to these negotiations the EU has entered into preparatory discussions with Thailand, Cambodia and Laos.

In addition to formal VPA negotiations, the EU has been involved in a range of interventions in the region related to forest governance. These are undertaken by varying coalitions, comprising the EC and EU delegations, supporting EU Member States, trade federations, civil society organizations and several consulting agencies. The European Forest Institute, engaged by the EC to support VPA negotiations and other FLEGT-related activities, established a regional office in Kuala Lumpur in 2009.

The ASEAN criteria and indicators for timber legality

In 2002 ASEAN senior forestry officials established an Ad-hoc Working Group to develop a pan-ASEAN timber certification scheme. The initiative has been supported since 2004 by the German-ASEAN Regional Forest Programme. In 2005 the working group agreed to a phased approach to forest certification. The first step is to establish the legality of forest operations and a set of agreed criteria and indicators to provide a reference framework for developing more detailed country-specific legality standards.

This work has elements in common with the VPA approach. It has established the need for a step-wise approach to certification, and acknowledged that sustainable forest management is not possible without tackling legality. The basic areas of legality adopted by ASEAN and those used in FLEGT are similar, allowing for a common understanding of the scope and underlying verifiers. Both initiatives recognize the need for credible chain-of-custody and independent third-party verification of private sector performance.

There are also differences. The ASEAN approach includes Myanmar; due to current sanctions, the country has been largely excluded from dialogue with the EU. A VPA is a legally binding trade agreement with clear commitments from both sides, including tackling underlying governance problems, while ASEAN's approach is limited to preserving fair and equal conditions for member country enterprises through adoption of common criteria and indicators. And while stakeholder involvement in defining legality and monitoring performance is a fundamental VPA requirement, this is not stipulated by the ASEAN guidelines.

The ASEAN process appears to have strengthened awareness that illegal logging deserves political attention. The resulting national standard setting processes have enhanced cooperation between governments, although it is too early to assess their impact on forest governance. This will to a large extent depend on the manner in which these standards are implemented.

Conclusion

The advent of industrial-scale logging in Southeast Asia in the 1960s, combined with pressure for agricultural land, has taken a large toll on the region's natural forests. While forest loss has often been a consequence of development plans and in accordance with national laws, much degradation and conversion has also occurred because of disregard of legal requirements.

Over the last decade, greater tolerance of civil society action and political acceptance of the role of non-governmental organizations has seen an opening up of the debate on a sector whose reputation for integrity had plummeted to serious depths.

Actions developed by both producer and consumer countries are now starting to have an influence. New legislation — which for the first time prohibits trade in illegally harvested timber and timber products — is changing behaviour in timber-producing and processing countries. ASEAN leaders are now increasingly aware of the growing market demand for legal timber products and the need to take action.

VPAs with the EU provide one way for countries to meet new market requirements, but they will not apply to all countries. Although the trade dimension of FLEGT introduces leverage for action in timber-producing countries, key challenges remain. Solutions by which processing hubs can determine the legality of their raw material imports have to be developed. For countries such as Laos or the Philippines — which have little direct trade with the EU, or are running out of resources — additional levers to secure improved forest governance may need to be identified. The links between REDD schemes aimed at addressing climate change and overall governance issues related to land and resource use need much more attention.[14]

Whatever the next steps, solutions will need to take account of declining EU and U.S. influence. As Asian countries prosper and regional integration increases, developed-country markets will decline in relative importance and trade incentives will lose leverage. However, as the damage from illegal logging becomes more apparent, Asian civil society groups, companies, politicians, and citizens in general are likely to take up the cause of safeguarding the region's remaining forests.

Acknowledgement

Flip van Helden's contribution was written as part of an assignment by the European Forest Institute. The authors benefited from comments by Alex Hinrichs, Hoang Thanh, Htain Lin, Iola Leal, Melissa Othman and Tim Dawson.

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1. They are Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Thailand and Vietnam.
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9. See http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52003DC0251:EN:NOT.
10. See for example www.greenpeace.org.uk/media/press-releases/timber-protest-enters-second-day.
11. See http://ec.europa.eu/environment/forests/timber_regulation.htm.
12. See www.cbp.gov/xp/cgov/trade/trade_programs/entry_summary/laws/food_energy/amended_lacey_act.
13. See EU and Indonesia (May 2011) FLEGT Voluntary Partnership Agreement Between Indonesia and the European Union - Briefing Note. www.efi.int/files/attachments/euflegt/briefing_note_indonesia__en_.pdf.
14. See Saunders, J., J. Ebeling and R. Nussbaum. 2008: *Reduced Emissions and Forest Degradation: Lessons from a Forest Governance perspective*. www.proforest.net/publication-objects/REDD%20and%20Governance.pdf.

3.3 FLEGT Voluntary Partnership Agreements

MELISSA OTHMAN, IOLA LEAL, DIDIER DEVERS and LEA TURUNEN

The European Union (EU) enacted the Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan in 2003 as part of the worldwide effort to address illegal logging and its negative consequences.[1] The EU FLEGT Action Plan sets out a range of measures to tackle illegal logging and its associated trade and to promote forest sector governance. The Action Plan recognizes the role of timber-consuming and timber-producing countries, and defines a set of actions for both to contribute efforts to fight illegal logging.

Voluntary Partnership Agreements (VPAs), one of the instruments proposed in the plan, are trade agreements negotiated between a timber-exporting country (the FLEGT partner country) and the EU. The agreements are voluntary; a timber-exporting country makes an official government request to engage in one. Unlike other trade agreements, the EU is not positioning for trade preferences. Instead, the two entities work together to strengthen the timber-exporting country's ability to ensure the legal compliance of its timber and timber products.

MULTI-STAKEHOLDER PARTICIPATORY PROCESSES ARE FUNDAMENTAL TO FOREST SECTOR GOVERNANCE AND TO THE SUCCESSFUL IMPLEMENTATION OF THE VPA.

Under the VPA, a FLEGT licence is issued to confirm that the timber product has been checked and is in compliance with the requirements set out in the agreement. General principles describing this licensing scheme are outlined in the FLEGT[2] regulation, but the details are left to each negotiation. This openness allows each agreement to adapt to the realities and goals of the partner country in terms of forest governance reforms.

This openness has its challenges as well. Since no blueprint is provided it is up to each country's stakeholders — i.e., affected and interested actors in the forest sector, such as government agencies, private-sector operators, forest communities and civil society organizations — to define the detail. Many governments do not have a tradition of openly discussing forest sector reform with civil society or the private sector, so such consensus forming and engagement is new and can be difficult for many countries (Box 1).

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Box 1. The Cameroon VPA

The process to conclude the Cameroon-EU VPA lasted five years. Negotiations helped reinforce ongoing governance reforms. Although consultation with civil society had a rocky start, the level of civil society involvement had been unprecedented in the country and has led to strong written commitments for reforms of the forest sector.

Source: Symphorien Azantsa, Civil society representative in Cameroon VPA, 2010

Even though VPAs have not yet delivered FLEGT licences, VPA negotiation experiences from ten countries[3] show that the negotiation process itself is having an impact on forest governance by creating more opportunity for dialogue and providing a framework to strengthen forest control, transparency and accountability. The success of the framework will depend on each country's ability to advance the actual development and implementation of the structures, systems and commitments agreed to in the VPA, but as a solid first step, the VPA negotiation process has promoted multi-stakeholder agreement on what those systems, structures and commitments should be.

Why enter into VPA negotiations?

New market requirements related to trade in timber products are causing unprecedented change in the forest sector that no internationally financed forest program, national reform, or individual forest project has been able to achieve. The past decade has seen timber markets become increasingly selective, asking for proof that forest operations, transactions and management promote legal trade. These changes have been in the form of public procurement policies, timber association requirements, company purchasing policies, and even lending criteria on the part of financial institutions to support environmental and socially sound operations.

For many countries the main impetus seems to be the U.S. *Lacey Act* and the European Union Timber Regulation (EUTR), which comes into force March 2013.[4] These two pieces of government legislation demand transparency and legality requirements for timber markets. For the first time, there are potentially real consequences for not demonstrating legality when trading in timber. The U.S. and EU are two of the largest timber-consuming markets in the world, so the pressure on the timber trade is immense.

The EUTR, another measure in the EU FLEGT Action plan, has made VPAs more attractive to timber-exporting countries. Countries that first entered into VPA negotiations, before the EUTR was legally outlined, had major challenges in selling the concept to their citizens. Many people questioned why the country should invest in so much reform and change if there was no advantage against countries not engaging in a VPA. Once the EUTR legislation was finalized, the market advantage was apparent. Under the EUTR, FLEGT licensed timber can enter EU markets without having to provide any further documentation; this is not the case for timber coming from non-VPA countries. The trade

element therefore provides a great opportunity for governance reform and has become a driving force for change in the sector.

VPA elements: building blocks to strengthen forest governance

Specific elements of the VPA provide a foundation for strengthening forest governance:

- the components to the VPA licensing scheme, often referred to as the Legality Assurance System (LAS),[5] which consists of a legality definition, verification procedures, supply chain control, independent audit and licensing;
- a structure to oversee and monitor implementation, which many agreements refer to as the Joint Implementation Committee (JIC); and
- a list of documents that must be made public.

To date, none of these elements are operational in any of the VPA countries, but it is important to recognize the building blocks they provide to strengthen transparency, clarity and accountability. The success of the VPA will depend on each country's ability to implement these elements, but reaching consensus on how they are designed is in itself an achievement.

Legality definition provides legislative clarity

Fundamental to the FLEGT licensing scheme is for each country to clearly describe, based on its own national legislation, what is legal timber. This is done through a legality definition (LD). The LD defines the legislative and regulatory requirements that must be complied with and systematically verified to ensure legal compliance before a FLEGT licence can be issued.

The LD is the result of multi-stakeholder dialogue, where the various stakeholders come together to discuss priorities, perspectives and concerns. The aim is to agree on requirements that are clear and that represent the entire supply chain and address key priorities. The dialogue is often contentious, as it brings together different agendas and perspectives.

Suggestions from the private sector often reflect its desire for a simple licensing system so it can easily demonstrate legality of its product; in some cases, the sector sees the VPA as a tool to reduce the amount of corruption by focusing on requirements in problem areas. On the other hand, civil society often wants to ensure that private companies meet their obligations to surrounding forest communities. These perspectives often clash and it is difficult to find consensus. This means that the process takes time that many governments and private-sector operators do not always want to take.

Despite these clashes and pressures, the LD experience has resulted in stakeholders becoming more familiar with the country's forest legislation. In some countries the LD process has identified where legislative reform is needed because of inconsistencies, overlaps, or gaps in legislation. The resulting LD helps clarify the law and what is required, making it more transparent and interactive.

Verification procedures: articulating responsibility and ensuring accountability

Clear legislation and a secure supply chain are fundamental elements of the VPA. If these are not regularly monitored for compliance, however, they will have limited if any value. Each FLEGT partner country must therefore clearly indicate the different government (and perhaps non-government) institutions involved in the verification of timber legality. It must also set out how controls will take place along the entire timber production and processing chain, detailing the different roles, responsibilities and jurisdictions needed to verify legal compliance.

Verification procedures clarify institutional responsibility. This should help the agencies who implement the system better understand their specific role and activities, and should minimize overlap and clarify accountability. The system relies not just on forest agencies, but on inputs from and collaboration with other government agencies, such as customs, trade, environment, justice, finance, labour and health, including certain regional departments within these agencies.

Vague, overlapping mandates or procedures open the system to misinterpretation and can undermine its effectiveness and credibility. Institutional coordination is not something that advances quickly, however; such coordination may feel threatening and agency norms and culture may feel at risk, thus making modifications difficult. Just as in negotiation processes, institutions need the time to evolve and interact in order to establish strong coordinated systems.

Independent audits strengthen confidence in the system

Every VPA requires an independent third-party audit of the LAS. The terms of reference for the independent audit are discussed and developed during VPA negotiation sessions and clearly outlined in the agreement. The audit provides independent oversight and thus credibility, which helps ensure that systems function as they should.

Some countries have implemented a government tracking system without establishing independent checks; these have not been broadly accepted internationally. Independent oversight gives credibility to the system; information can be verified for accuracy and procedures can be checked to ensure they are doing what they claim to be doing. How effective these audits will be remains to be seen once the VPA becomes operational.

Joint Implementation Committee

Each VPA will have a joint implementation committee (JIC) comprised of representatives from the two parties to the agreement (the EU and the partner country). They will oversee and make the necessary decisions related to implementation, monitoring impacts and problem solving. The JIC will publish an annual report that details the VPA's activities, progress and statistics. These updates keep the wider public informed at the local, national and international levels and will describe progress even before FLEGT licences are issued.

Consistent and regular information creates awareness and helps garner support for the system. It also provides a mechanism for stakeholders and the wider public, keeping the VPA and its outputs accountable, interactive and open.

Improving transparency

All VPAs (except the first one, with Ghana) include an annex that lists information that will be made public and describes the mechanisms for that dissemination. The inclusion of this annex reflects how VPAs as a process evolve over time. Transparency is fundamental to VPAs and the EU FLEGT Action Plan, but initially the VPA did not have a specific section devoted to transparency. The idea evolved through negotiations and stakeholder concerns to more directly target transparency and bring more visibility to VPA countries; therefore, all subsequent VPAs include an annex that clearly states what forest-related information will be made public and how that information will be shared.

Getting access to forest-related information — such as management plans, concession maps, concession ownership, environmental impact assessments, records of those in noncompliance, financial transactions between a company and government, receipts paid to communities — has often been difficult for the general public. The VPA annex provides an opportunity for a country to address the increasing demand for transparency from the markets and signals its commitment to open and accountable processes.

VPA negotiations

VPA negotiations involve a number of processes that help build a framework of participation, transparency, credibility and accountability:

- formal bilateral negotiations between the EU[6] and the FLEGT partner country;
- informal technical discussions between EU experts and the partner country;
- multi-stakeholder dialogue among in-country groups (governments, private sector, civil society, communities and indigenous peoples);
- internal dialogues within each of these stakeholder and rights-holder groups; and
- information exchange with the wider public, at the local, national and international level, both nationally and internationally.

Open and visible processes garner support

In many countries the forest sector is characterized by powerful interests and political agendas. Bringing these stakeholders and interests together can be difficult without the political backing and momentum that a high profile process provides. Formal and informal discussions with the EU help promote a VPA process that involves a number of government agencies and a diverse set of stakeholders. The discussions also attract media attention, both nationally and internationally, and bring visibility and momentum, which encourages broad participation and understanding of the process.

Regular public reports on progress, press releases and open information sessions with the general public — both in the FLEGT country and in Europe — educate the public at large about the agreement, raise the profile of reforms, and reaffirm the VPA's objective to

be inclusive, transparent and accountable in demonstrating progress. Political reform is difficult in a vacuum; when it is open and discussed at the national level, it garners more capacity and strength to tackle opposing interests.

Multi-stakeholder dialogue

Multi-stakeholder participatory processes are fundamental to forest sector governance and are a prerequisite for the credibility and successful implementation of the VPA. Through its framework and focus the VPA provides a great opportunity to develop a credible and effective multi-stakeholder process,[7] but it is up to each FLEGT partner |country to organize and structure one. This has resulted in challenges; many governments are not familiar with or keen to promote stakeholder involvement in the sector. The fact that multi-stakeholder participation is a requirement in the VPA has created the opportunity for a range of people to be part of the forest-sector dialogue.

Many stakeholders who have engaged in a VPA process say that it is the first time they have been able to have discussions with governments on specific forest sector issues.

Why is this process different? VPA negotiations take time: the minimum duration has been one year; some have taken several years. This allows for relationships to evolve and strengthen; trust develops as more VPA negotiation sessions take place. This trust and consistent interaction help break down barriers that were once commonplace between various forest sector actors. Stakeholders start to understand other actors' concerns and are able to exchange views in a more open and constructive manner.

Some stakeholders, e.g., forest-dependent communities and forest workers, are a challenge to involve during negotiation. Some processes have recognized these challenges and outlined steps to address them during VPA implementation.

Stakeholder participation evolves along with as the negotiation processes. Many countries had multi-stakeholder representatives as part of their FLEGT VPA negotiation teams. In some countries, these representatives started as only observers and in some cases they were chosen by government. As discussions evolved, it was clear that government-nominated representatives did not have the credibility or support of their constituency; in all cases they were replaced. Once this was clarified and stakeholders were able to choose their own representatives, these "observers" evolved into important voices and active participants in the negotiation process, highlighting stakeholder concerns and challenges seen in the field.

Participation by those affected and involved in the forest sector has the potential to change how state and non-state organizations, individuals and groups work and interact. The inclusive way in which VPAs have been negotiated (i.e., encouraging dialogue, building trust, and building consensus across and among different groups of stakeholders) is arguably the most visible governance achievement to date.

Non-governmental organizations in all VPA countries have praised the unprecedented levels of involvement in these discussions, and the final agreements have included many, if not most, of the concerns that were raised. In many instances, governments have also welcomed the improved cooperation with non-government experts, which allowed them to come up with better solutions to the challenges of the sector.

Accountability through timelines and a targeted agenda

The VPA negotiation process follows a specific agenda with targeted outputs. This helps manage diverse in-country interests and helps structure dialogue, both among and within each of the different stakeholder groups. A process that promotes general reforms without identifying specific targets could easily fall victim to being too broad and unable to encourage the specific stakeholder support needed to implement change. It also runs the risk of not being taken seriously if outputs, timelines and political commitment cannot be demonstrated.

These are some of the issues targeted for debate and discussion:

- products and forest titles to be covered in the agreement;
- specific rules and regulations to be used to demonstrate legal compliance;
- institutions to run LAS implementation and their specific roles;
- terms of reference for the independent audit; and
- the information and documentation that will be made public.

Focused technical issues help target discussions of diverse interests, and a road map or schedule designates the timelines and deadlines for outputs so progress can be monitored. These commitments help inform all those involved on what needs to be achieved and by what date. This guides not only the country negotiation teams and the EU, but all stakeholders who provide input into the process.

Conclusion

The results of the various FLEGT VPA negotiation processes to date demonstrate that VPAs can be a powerful tool to strengthen forest governance. The negotiation process is changing the way that forest sector dialogue takes place in a country. The elements agreed to in a VPA can provide the foundation of a strong and stable sector, helping to ensure legal compliance, maintain trade access and make the sector more transparent, interactive and accountable.

Many challenges lie ahead, however. No VPA has yet demonstrated how effective it can be to ensure legal compliance, maintain trade access and make the sector more transparent, interactive and accountable, since no FLEGT licensing system is yet in operation. Despite advances in multi-stakeholder dialogue during the negotiation process, it is proving difficult to maintain such advances during VPA implementation. This is either due to a breakdown of the structures that helped facilitate dialogue or a lack of interest by either the government or stakeholders. In addition, the development of the FLEGT licensing scheme is running into technical as well as political problems: technical in that the systems are complex due to their scale and diversity; political in that interagency coordination is not occurring.

Many feel that the success of VPAs has not yet been determined, since there are no FLEGT licences on the market, LAS execution dates have been delayed and VPA commitments have not been demonstrated. These setbacks are serious and could have insurmountable consequences for FLEGT licensed timber and the future of VPAs if they are not addressed. However, the elements agreed to in the VPA require big changes for a country and they take time. The opportunities and concrete outcomes of what the negotiation process is already delivering should not be ignored: multi-stakeholder dialogue, increased transparency, accountability and agreed FLEGT VPA commitments. If these are supported and enhanced, they offer building blocks to strengthen forest governance.

For more information

For more information, please contact the EU FLEGT Facility Governance team (Melissa Othman, Iola Leal, Didier Devers, Lea Turunen) at www.euflegt.efi.int/portal/contact_us.

Endnotes

1. See http://ec.europa.eu/environment/forests/illegal_logging.htm.
2. See http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32005R2173:EN:NOT.
3. Cameroon, Central African Republic, Ghana, Indonesia, Liberia, Republic of Congo have concluded VPA negotiations, and Democratic Republic of Congo, Gabon, Malaysia and Vietnam are currently negotiating.
4. See http://ec.europa.eu/environment/forests/timber_regulation.htm.
5. For more information, see www.euflegt.efi.int/files/attachments/euflegt/efi_briefing_note_03_eng_221010.pdf.
6. The European Commission negotiates on behalf of the European Union Member States.
7. For an example on guidelines and expectations of consultation processes, see www.fern.org/sites/fern.org/files/2008.06_Consultation Requirements under FLEGT_EN.pdf.

3.4 The political economy of timber governance in Ghana

JENS FRIIS LUND, KIRSTEN CARLSEN, CHRISTIAN PILEGAARD HANSEN and THORSTEN TREUE

Introduction

In the Ghanaian forestry sector, several attempts to launch policy reform and improve resource governance have been attempted, but have had limited success. This is, for example, the case with the attempt to reform the forest fiscal regime. It is also the case with the legal ban on chainsaw lumbering. In spite of reform initiatives forest taxation levels have remained low, allocation of timber rights remains discretionary, and widespread illegal/criminalized chainsaw lumber constitutes almost the entire domestic timber supply (Hansen and Lund 2011; Hansen et al. 2012).

For FLEGT to succeed in Ghana it must incorporate broad-based legal reforms of forest governance.

These features can be seen as a result of resistance to policy reform among an economic and political elite. Given this resistance, the characteristics of Ghanaian forest governance and the underlying causes and the resulting patterns of timber exploitation constitute a challenge to FLEGT in countering illegal logging and promoting the sustainability of tropical forests.

This is because the governance regime has served the entrenched interests of an economic and political elite in the exploitation of timber in Ghana. This elite has subsequently and with considerable success resisted any attempts at reforms that could threaten its favourable position. The outcomes of the FLEGT initiative depend on the extent to which the economic and political elite will resist it. So far, the success of reform initiatives — market based or not — appears to be limited. In addition, the governance regime has created a situation in which the domestic demand for timber is supplied by the informal sector, which export market initiatives such as FLEGT have limited prospects of addressing.

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Background

Ghana relies largely on its natural forests to supply both the export and domestic markets for wood products. The country's timber resources are located in the High Forest Zone (HFZ), which constitutes the southern third of the country and covers an area of approximately 85,000 km^2 (FD 1999). Approximately 16,000 km^2 are gazetted as forest reserves (Affum Baffoe 2002). The area outside the reserves is denoted "off-reserves" and is largely farmland dominated by perennial crops such as cocoa (FD 1999). Timber trees are dispersed throughout this agricultural landscape, either as remnants of the natural forest or as emergent trees that have been nurtured and integrated into the farming system (Amanor 1996).

The forest reserves were gazetted under colonial rule to create a permanent forest estate while allowing for the conversion over time of the remaining natural forest into other land uses, in particular agriculture (Kotey et al. 1998). Formal ownership of all land in the HFZ is customary; it remains with the Stools, the traditional and formally recognized land-owning communities (Aryeetey et al. 2007). Yet since 1962 timber trees have been vested in the president on behalf of the Stools and felling rights on and off reserves are granted by the state forest authority to timber companies in the form of short- and long-term timber rights (Hansen and Treue 2008).

Companies holding timber rights consist of smaller logging companies without wood processing facilities and larger firms with various forms of processing facilities and vertical integration. The former group supplies logs to the latter or to wood-processing firms without timber rights. Most wood-processing firms focus on the export market: prices are higher than in the domestic market; a log export ban shelters the domestic processing industry from international competition over raw logs; and a large number of competing chainsaw operators keep prices low (Hansen and Lund 2011). The legislation requires all wood-processing firms to supply 20% of their production to the domestic market, but this is not enforced effectively (Hansen and Treue 2008).

Most of the domestic and part of neighbouring countries' demand for lumber is met by chainsaw operators, who convert trees into lumber at the felling site (Odoom 2004). This lumber is subsequently transported to and traded in markets throughout Ghana. In 1998 all production, transportation and trade of chainsaw lumber was criminalized (TRMR 1998). Chainsaw lumber is nevertheless traded quite openly in all major towns (Hansen et al. 2012).

Resource sustainability

Resource sustainability can be assessed by looking at how the species-specific and total harvest levels compare with regrowth estimates. Off-reserves, there is no sustainable

harvest threshold against which actual harvest may be compared. In principle, the 1994 Forest and Wildlife Policy altered this by aiming at sustainable off-reserve production, but the actual practice is still extraction without replacement.

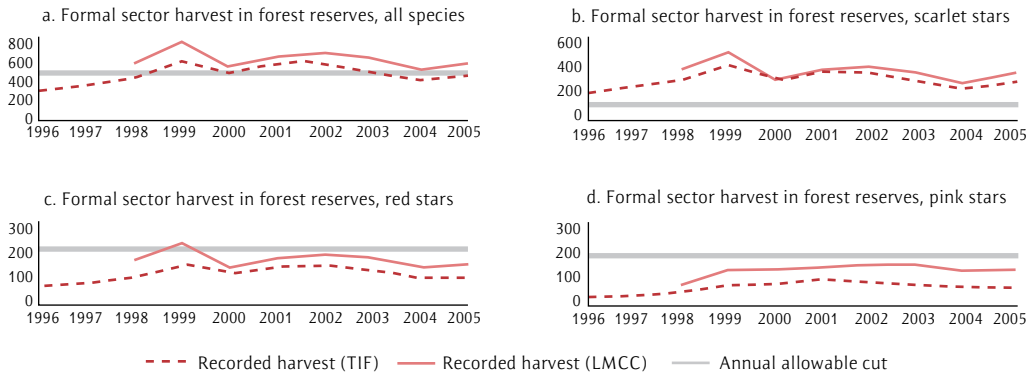
In 1996 the annual allowable cut (AAC) was set at 1.0 million m^3, divided equally between on- and off-reserve areas (Planning Branch 1999). The AAC was based on data from the 1996 HFZ timber inventory (Treue 2001) and assumptions about the productive capacity of forest reserves, and assumed a controlled gradual depletion of off-reserve timber resources over a 55-year period. At the time, this threshold could be seen as the maximum harvest level that the national forest resource could sustain over the longer term. Since then, however, rampant overharvesting has, in all likelihood, implied that the resource can no longer sustain this level.

The timber harvested in Ghana falls in one of two categories; the official and formally registered harvest;[1] and a sizeable informal, unregistered harvest.

Formal harvest

Figures 1 and 2 depict formal harvest figures for 1996–2005. Figure 1 shows that the overall on-reserve harvest has fluctuated around the on-reserve AAC, but that the harvest of scarlet stars, the group of commercially most valuable species,[2] has exceeded the AAC threshold by a factor of two to three throughout the period.

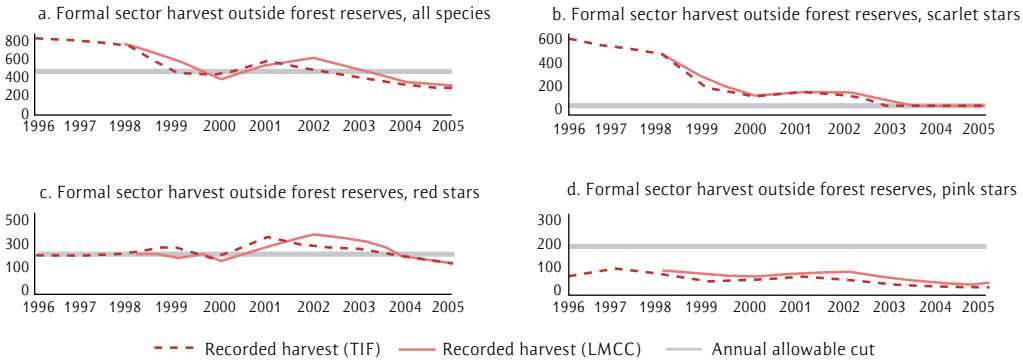
Figure 1. Formal sector on-reserve harvest: roundwood equivalent (m^3 X 1000)



Note: See endnote 1 for explanation of TIF and LMCC

Figure 2 shows that the overall off-reserve harvest has decreased throughout the period; in 2003, it went below the 0.5 million m^3 threshold. Furthermore, it shows that the scarlet star harvest has plummeted from more than 0.5 million m^3 in 1996 to less than 100,000 m^3 in 2005, which suggests that these species are being logged out; strengthened AAC enforcement appears unlikely. Overall, the formal on- and off-reserve harvest has fluctuated around the AAC, but with a significant, albeit decreasing (due to off-reserve depletion), overharvesting of the most valuable species.

Figure 2. Formal sector off-reserve harvest: roundwood equivalent (m³ X 1000)



Note: See endnote 1 for explanation of TIF and LMCC

The resource base is also influenced by a sizable informal harvest. Over the period 1996–2005, Hansen and Treue (2008) estimate this informal harvest to have fluctuated between 2.7 and 2.3 million m³ annually, which largely confirms earlier studies (Tacconi, Boscolo and Brack 2003 and Karsenty 2003, both based on Birikorang et al. 2001). The total timber harvest level in Ghana is likely to be no less than 3 million m³ annually.

Based on monitoring of vehicles transporting wood to lumber markets, Hansen et al. (2012), estimate the annual sales of sawn timber for domestic consumption and overland export to be in the order of 1.4 million m³. Adding the formal overseas export volume of approximately 0.5 million m³ of various products, the total annual wood sales is thus around 1.9 million m³, which corresponds to a timber (round wood) harvest of roughly 6 million m³ — twice the level indicated by previous studies.

Estimating the total annual harvest is difficult for obvious reasons. Attempts to do so leave no doubt that the annual timber harvest is far beyond the annual regrowth.

Distribution of resource rent

Understanding how the value generated from timber exploitation is distributed between different actors in society reveals who benefits from the current de facto arrangement and thus who might stand to win and lose from policy reforms.

Using international log prices, the costs of timber harvesting and transport, and species-specific harvest levels, Hansen and Lund (2011) estimated the stumpage value[3] of the estimated 2005 timber harvest (0.9 and 2.4 million m³ formal and informal harvest, respectively) at US$ 307 million. Of this, US$ 19.9 million was collected as public revenue through various taxes and fees (see also Table 1).

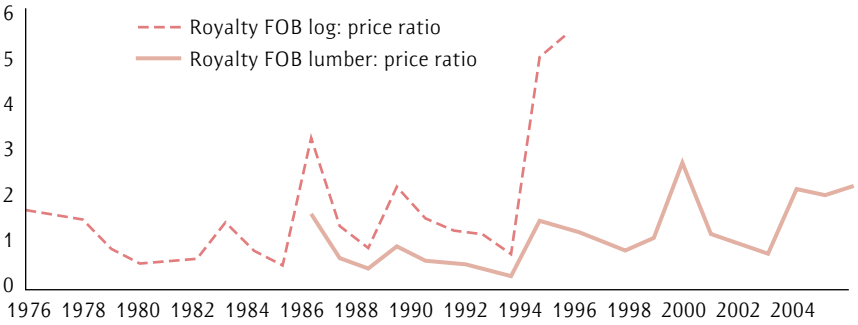
Table 1. Distribution of revenues from timber fees and taxes in Ghana, 2005

Beneficiary	Distribution of invoiced revenues	
	Million US$	Percent
Forestry Commission	10.4	52
Office of Administrator of Stool Lands	0.4	2
District Assemblies	2.0	10
Stools	0.9	5
Traditional Councils	0.7	4
Consolidated Fund*	5.2	26
Forest Plantation Development Fund	0.3	1
Total	19.9	100

Note: Distribution under the assumption of immediate and 100% collection rate of invoiced fees, and immediate distribution. * The Consolidated Fund of the Government of Ghana, where all tax revenue is deposited. Sources: Stumpage fee and concession rent: Calculated from current fee rates and recorded 2005 harvest assuming a 100% collection rate; export levies: FC (2006); air-dried export lumber levy: Revenue calculated from 2005 export statistics (TIDD 2005), assuming a 100% collection rate; Corporate tax: Information obtained from Ghana Internal Revenue Service (unpublished). Amount is that actually collected.

Thus, taxes and fees constituted only some 6% of the stumpage value. Most taxes and fees are collected as stumpage fees. Figure 3 illustrates the value of these fees as a share of the log and lumber export price for the period 1976–2005. It shows that timber taxation has remained at a low level. The stumpage fee: log price ratio does not exceed 4% in any year, except for 1994 and 1995, which were unusual; Ghana at that time experienced a log export boom of low-value species that triggered the complete export ban (Treue 2001).

Figure 3. Royalty rate as percentage of log export price, 1976–2005



Volume weighed royalty rate as percentage of weighed (by species prices of the recorded harvest) Free-on-Board (FOB) log export price and weighed FOB lumber export price in Ghana, 1976–2005. Note: After species-specific log export bans in 1979, 1988 and 1993, log exports of all species were banned in 1995.

The taxation level implies the existence of a large resource rent, which in 2005 was almost US$ 300 million. A large share of this rent is lost, however, through the informal harvesting and selling of timber by chainsaw operators in the domestic market, where prices are lower than in the export market. The low prices obviously benefit Ghanaian lumber consumers. Further, rent is lost through inefficient conversion ratios of logs to lumber by the Ghanaian timber industry, particularly by chainsaw operators. Yet, Hansen and Lund (2011) conservatively estimate that, in 2005 alone, a residual rent of at least US$ 58 million was captured by actors involved in the export-driven exploitation of timber in Ghana.

Of the roughly US$ 20 million collected annually as timber taxes and fees, approximately 75% is appropriated (drawn from the Consolidated and Forest Plantation Development Funds; see Table 1) by the Forestry Commission to finance its running costs and investments. The remainder is distributed to formal representatives of the rural population. How Traditional Councils and Chiefs actually spend the timber revenues they receive and the degree to which this actually benefits the rural population is unclear, due to the absence of accounting requirements (Hansen and Lund 2011).

Since very little public revenue from timber exploitation ever reaches rural areas, let alone the general rural population, timber's main direct contribution to rural livelihoods may thus come from the Social Responsibility Agreements that timber companies must draw up with affected rural communities. Under these agreements, companies provide services equalling 5% of stumpage fee revenue. Communities also benefit from informal payments from chainsaw operators and companies.

Studies indicate that the rules governing consent by and benefits to rural communities in relation to on-reserve logging are not followed consistently (Ayine 2008; Lartey 2009). Further, in relation to off-reserve logging, the rights of farmers to give consent and negotiate compensation for on-farm logging damages to crops are grossly violated by timber companies. This gives farmers strong incentives to collude with illegal chainsaw operators, with whom they strike better deals for the (illegal) sale of the on-farm timber trees (Hansen 2011).

Reforms and resistance

Since the resource value grossly exceeds the costs of exploiting it, the processes by which exploitation opportunities are allocated become particularly important. As described above, timber rights are allocated in a discretion way to various actors.

No official statistics or information on existing timber rights and who holds them is publicly available. Based on a review of information on timber rights from various sources, Hansen and Lund (2011) estimated that, in 2005, the area of timber rights was approximately 3.2 million ha: 1.8 million ha under long-term contracts (typically between 40 and 99 years) and 1.4 million ha under short-term (typically five-year) contracts.

Almost all contracts had been allocated administratively, i.e., officers in the Forestry Commission select a firm from the applicants who competed for particular timber rights. Since the enactment of competitive bidding on April 23, 2003, only six of 50 long-term contracts had actually been allocated through competitive bidding. The remaining 44 had been allocated administratively, as had all other long-term contracts before this date.

The short-term timber rights over 1.4 million ha were allocated in the form of Timber Utilization Permits (TUPs) and Salvage Felling Permits (SFPs). Both of these are meant for a specified (limited) number of trees. TUPs are intended for district assemblies, town committees, rural community groups and NGOs for social and community purposes. SFPs are issued for the salvage of timber trees from smaller areas undergoing development, such as road construction. The data show that all TUPs — 124 in total — have been granted to timber firms, not community groups. Further, all TUPs have been granted for large tracts of forest — an average of 31.7 km^2 — and not a specified number of trees. Likewise, all 448 SFPs, the size of which averaged 22.9 km^2, had been allocated to companies.

In summary, reforms of timber rights allocation as stipulated in the 1994 Forest and Wildlife Policy, most notably competitive bidding, have been enacted only and in general not implemented. The same goes for numerous attempts to increase the taxation level, stumpage fees in particular (Hansen and Treue 2008). Accordingly, low official timber taxes and discretionary allocation of timber rights characterize the sector. This suggests that timber rights are allocated in exchange for payments and/or political support, e.g., in connection with election campaigns. What other rationales could apply? The large number of short-term timber rights allocated to firms with no track record in the forestry sector may be explained as rewards, possibly for political support, that may be turned into cash through joint ventures with or outright sale to active timber companies.

Discussion and conclusion

The FLEGT action plan in Ghana combines market-based incentives in the form of access to export markets with strengthened law enforcement. Compared to a purely voluntary market-based instrument, such as forest certification, FLEGT appears to be a stronger measure for invoking behavioural change. FLEGT, however, seems to be confronted by a number of challenges to effectively contain illegal logging and induce sustainable forest management in Ghana.

First, the sheer size of the domestic lumber market implies that reforms must deal with it as well as the export market if ambitions of legality — not to mention sustainable forest management — are to be met. This will be a challenge, since the domestic timber supply chain is largely decoupled from the few large companies that account for most of the overseas export. Hence, additional regulation, with the indirect incentives of the promise of EU market access for the nation, is needed. It seems doubtful, however, that

national politicians would back the enforcement of a legalization that effectively and significantly reduces supply to the domestic market just to secure the EU as an export market. This would lead to an immediate price hike on domestic timber that the vast majority of the population would hardly appreciate.

Second, the market share of the EU is declining. The EU share of Ghana's total wood export volume has dropped from around 60% in 2000 to around 25% in 2010 (TIDD 2010), which weakens it as driver of change. The size of the informal lumber market in terms of traded volume is double the size of the export market and ten times current exports to the EU and the U.S. (TIDD 2010) — the markets of immediate relevance for legal timber products.

For FLEGT to succeed in Ghana it must incorporate broad-based legal reforms of forest governance. In short, the scarcity of sustainably supplied timber should be reflected in the price of standing timber. That would require substantial changes in tree tenure and, hence in the allocation of timber rights. If individuals and Stools could own naturally occurring off-reserve timber trees, for example, and market them freely, this would significantly improve their incentives to cultivate timber trees. It remains doubtful, however, whether the FLEGT initiative can promote such reforms, as these would run counter to the interests of the economic and political elite who benefits from the control of timber taxes and official timber rights.

If, in the pursuit of addressing illegality, FLEGT ignores the illegitimacy of current forest and timber laws and the shortcomings of the actual governance practices, then the domestic market — including the lack of incentives for rural people to manage and nurture trees — is likely to undermine both legality and sustainability. Indeed, the VPA agreement does make reference to the need for broader reforms, but not in a very specific manner. Although the FLEGT process in Ghana has included a broad-based stakeholder consultation process, it remains to be seen whether this momentum can be maintained and, more importantly, whether it can foster actual reforms.

Endnotes

1. The statistics are on (i) bole volume of all harvested trees maintained by the Resource Management Support Centre (RMSC) of the Forestry Commission; and (ii) log statistics maintained by TIDD (Timber Industry Development Division). The former is denoted TIF because the information is recorded in Tree Information Forms (TIF), which are used to invoice the timber operator for a volume-based species-specific stumpage fee. Log data is recorded in Log Measurement and Conveyance Certificates (LMCC), which must accompany logs during transport from felling to processing sites. See also Hansen and Treue (2008: 580).
2. In addition to scarlet star species, there are red and pink stars of lower quality and price. Categorization also reflects species scarcity, with scarlet stars being the most threatened and pink stars the least.
3. This is the price a contractor would be willing to pay, in theory, for access to standing timber.

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3.5 Where next for forest governance reform?

SAM LAWSON

The Chatham House assessment

In 2010, Chatham House published a major report documenting ten years of progress in tackling illegal logging and associated trade.[1] The ambitious and wide-ranging report was the culmination of a number of years of work by Chatham House to develop and implement a practical methodology for measuring illegal logging and associated trade and the response to it.

The study looked at efforts by both the public and private sector, and examined countries that process and consume illegally sourced wood products as well as the countries of origin of these products. The methodology included a detailed and structured assessment of relevant policy measures, perceptions surveys and other measurement tools, including media reviews, wood balance modelling[2] and import source analysis.[3] So far, Chatham House has assessed five timber producer countries (Brazil, Cameroon, Ghana, Indonesia and Malaysia), two processing countries (China and Vietnam) and five consumer countries (France, Japan, the Netherlands, the UK and the U.S.). Table 1 summarizes the indicators and results.

IT IS ESSENTIAL THAT THE CLIMATE CHANGE AGENDA FOR FORESTS SERVES TO REINFORCE THE EXISTING RESPONSE TO ILLEGAL LOGGING AND POOR FOREST GOVERNANCE RATHER THAN DISTRACT FROM IT.

One overall conclusion — that illegal logging has decreased considerably in a number of key countries (Brazil, Cameroon and Indonesia) — received substantial attention from the media and relevant stakeholders. Much less attention has been paid to the report's more detailed findings and their implications. This includes the detailed findings for specific countries, the general implications for future efforts to address the problem, and lessons for how best to measure illegal logging and broader forest governance.

The work has important implications for policy processes and interventions, including the European Union's Forest Law Enforcement, Governance and Trade (FLEGT) initiative and various new measures to reduce emissions from deforestation and forest degradation (such as REDD+). Although the work was branded as an assessment of illegal logging, key indicators — such as the policy assessment and perception surveys — assess and inform forest governance more broadly.

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Table 1. Chatham House illegal logging indicators

Trends in countries assessed to date

	Brazil	Cameroon	Ghana	Indonesia	Malaysia
High-level policy					
Legislative framework					
Checks and balances					
International trade cooperation*					
Supply and demand					
Tenure and use rights*					
Timber chain of custody					
Transparency					
Resource allocation*					
Law enforcement					
Information management					
Financial management					

Percent of maximum score: 25% or below 25–50% 50–75% 75% and above

*In calculating overall percentage scores, all policies and sub-policies have been treated equally, although some are arguably more important than others.

Source: Chatham House assessment: Section 2.1 of Appendix A and subsections 3.1.1–3.1.12 (see endnote 1)

Lessons for efforts to improve forest governance

The main lesson from the study is that illegal logging and associated trade can be effectively reduced and forest governance can be improved. Tackling these problems is a cost-effective means by which to reduce deforestation and forest degradation — and thereby reduce climate emissions — while also protecting the environment and forest-dependent livelihoods. The study estimated that the reductions in illegal logging observed in Brazil, Cameroon and Indonesia over the last decade may have avoided 1.2 billion tonnes of carbon dioxide emissions, possibly for as little as ten cents a tonne.

This achievement is not a justification for complacency; in fact, it is quite the opposite. As anyone who works on forest issues knows, there remains a great deal of room for improvement. Decision-makers don't just need to be persuaded that a problem needs to be solved; they also need to be shown that it can be solved. Now that CO_2 reduction has been demonstrated, it should provide renewed impetus to make further improvements.

Unfortunately, the report sounded one negative note: attention to illegal logging and poor forest governance appears to be waning as focus shifts to the role of forests in mitigating climate change and the development of financing incentives for forest retention. As the report notes, if further improvements are to be obtained "it is essential that the climate change agenda for forests serves to reinforce the existing response to illegal logging and poor forest governance rather than distract from it."

There are many more country-specific lessons and implications from the work than could possibly be mentioned here. The following discussion includes some key general lessons for supply- and demand-side actions.

Supply-side lessons

One of the largest parts of the Chatham House study involved a structured assessment and scoring of the policies, laws and regulations in the five timber-producing countries (Brazil, Cameroon, Ghana, Indonesia and Malaysia). The analysis sought to measure the extent to which each country's government was doing the things generally considered necessary to ensure good forest governance. The countries were assessed against 48 individual questions and sub-questions, arranged under twelve headings.

Under the heading "allocation and management of rights to harvest," for instance, one question asked whether an open and competitive award process was used to allocate such rights. Under the heading "transparency," on the other hand, one question looked at the availability of concession maps and forest management plans. Up to three individual scores (on scales of 0–2 or 0–5) were given for each country against each question.

These scores examined in turn whether a policy or regulation existed, how well designed it was, and how well implemented it was in practice. For example, the assessment looked at whether transparency of concession maps and plans is required by regulations, how well defined and strong any such requirements are, and the extent to which the documents are actually obtainable in practice. A summary diagram showing the results of the policy assessment for the five producer countries is provided in Table 2.

The assessment demonstrated how ineffective the policy response continues to be in most countries. While illegal logging has decreased considerably in Cameroon and Indonesia, this has largely occurred in spite of and not because of these countries' laws, regulations and policies, which remain very poorly designed and implemented. In Indonesia, for example, improved political will and subsequent enforcement have been key, while in Cameroon both the independent monitor and European market demands have been important.

For this reason, any improvements seen have focused largely on those issues — such as the most blatant forms of illegal harvesting and concessions that directly supply the most sensitive markets — that respond most easily to simple increases in enforcement or to market pressure. As these issues have declined, the relative importance of other, more intractable, aspects has increased. This includes illegal logging by smaller concessionaires, domestic producer-country markets for illegal wood products, illegal issuance of licences to harvest, failure to gazette forest concessions, illegal logging by companies with harvesting licences within their licensed area, illegalities related to the clearance of forest for agricultural or timber plantations or for open-pit mines, and failures to respect local rights and obligations to communities.

Table 2. Chatham House producer country policy assessment: summary results

	Producer					Process		Consumer				
	1	2	3	4	5	6	7	8	9	10	11	12
Attention												
Volume of international media coverage												
Volume of domestic media coverage												
Government policy development and implementation												
Policy assessment												
Enforcement and revenue capture data												
Expert perceptions of government response												
Private-sector policy development and implementation												
Certification and verification schemes												
Diversion to less sensitive markets due to response												
Expert perceptions of progress by private sector												
Levels of illegal logging and associated trade												
Balance between legal supply and demand												
Trade data discrepancies												
Import source assessment of illegally sourced imports												
Expert perceptions of scale of illegal logging and trade												

Improving Worsening Not relevant/not assessed Inconclusive/only baseline available

Producer: 1. Brazil; 2. Cameroon; 3. Ghana; 4. Indonesia; 5. Malaysia; Process: 6. China; 7. Vietnam; Consumer: 8. France; 9. Japan; 10. the Netherlands; 11. UK; 12. U.S.

Tackling these more intractable issues will require a much more profound improvement in general governance, including widespread changes to how laws, regulations and policies are defined and implemented. Some recent positive developments have been made in this regard. They have often been influenced by research and negotiations taking place under the auspices of the EU's FLEGT Voluntary Partnership Agreement (VPA) programme.

Further improvements need to be encouraged by countries with which the EU engages. Though such basic reforms arguably already fall within the scope of REDD+ readiness programmes in some countries, these programmes usually focus on REDD-specific requirements such as carbon accounting methods or the development of systems for establishing baseline and reference emission levels. Yet without improvements in governance, REDD is unlikely to be successful. It is therefore important that REDD+ programmes more actively support such improvements.

Demand-side lessons

Chatham House's research demonstrates that actions in some consumer countries to address demand-side drivers of illegal deforestation and forest degradation have led to improvements. Together, consumer campaigning by NGOs and procurement policies implemented by governments have prompted many companies to make greater efforts to improve timber and wood-product supply chains. There are limits to what these measures can achieve, however, since most purchasing is non-government and campaigning by NGOs tends to focus only on the largest companies.

Further reductions in the consumption of illegal wood in sensitive consumer markets will likely depend on new regulatory measures governing import and sale, such as the EU's VPAs and Timber Regulation, and the U.S. *Lacey Act* amendment.[4] The lesson from other relevant trade measures, such as those under the Convention on International Trade in Endangered Species (CITES), is that if they are to be effective, it is essential that these provisions be well implemented and properly enforced. Provisions for strong penalties are important, but these alone cannot be relied on to ensure compliance. Training and information dissemination are also required, and competent authorities must be provided with the resources needed to carry out inspections and undertake prosecutions. Meanwhile, if the diversion of illegally sourced wood elsewhere is to be avoided, it is also critical that these measures are emulated in other key consumer markets, such as Japan.

Unfortunately, ensuring the legality of wood supplies has become much more difficult over the last ten years, as supply chains have become more complex. In 2008, more than half of the illegally sourced wood estimated to have been imported by the consumer countries studied had been processed in third-party countries (mostly China), up from just 15% in 2000. This presents real challenges for demand-side measures. More concrete measures by governments of processing countries, especially China, are key in overcoming the challenges involved.

Less sensitive end-markets (of which China is also one) are a further challenge. An increasing proportion of illegally sourced wood is now consumed outside of the western markets where concerns over legality and sustainability are greatest. VPAs provide opportunities in this regard. Although the agreements are designed to be bilateral and need only to encompass production destined for Europe, the agreements so far include all production and all exports from the partner country concerned. To maximize this opportunity, it is important that other key importing countries are encouraged to put regulations in place that recognize the licenses produced under the legality assurance systems in EU VPA producer countries, and refuse entry to shipments which do not have the relevant paperwork.

The increasing relative importance in producer countries of illegal clearance of forest for agriculture and of consumption of illegal wood in domestic markets also have demand-side implications. Even if all the timber and wood products imported by consumer countries were legally obtained, these countries might continue to drive illegal deforestation by importing agricultural products (such as palm oil, soya, beef or

plantation timber) grown on land which was illegally cleared of forest, with the timber sold off locally. If consumer countries are to fully eliminate all drivers of illegal deforestation and forest degradation, action will also be needed on agricultural commodities.[5]

Lessons for efforts to measure forest governance

Chatham House's indicators are not the only ones that have been developed to try to measure forest governance. Other notable work has been carried out by the World Resources Institute (WRI)[6] and the World Bank,[7] among others. The demand for practical means with which to measure illegal logging and associated trade and broader forest governance has increased in recent years, in response to international forest policy developments. The most notable are the European Union's FLEGT action plan and the various new REDD+ initiatives. Improving forest governance is a central goal of the former; for the latter, such improvements are seen as both a necessary prerequisite and a key safeguard. Both FLEGT and REDD+ initiatives require practical means with which to measure forest governance over time (see Section 2).

Balancing robustness and practicality

Due to the nature of illegal logging and forest governance, no method of measurement will ever be perfectly accurate or objective. Even the best methods are unlikely ever to be affordable. All measurement methodologies are therefore by necessity compromises between robustness and practicality, and their results are subject to criticism. Too often, the lofty goals of those commissioning or involved in efforts to develop such methodologies have been out of touch with the realities facing those charged with implementing them. There is little point in developing incredibly complex and labour-intensive systems for assessing governance, involving full multi-stakeholder engagement, if these systems are too onerous to ever be practical.

Recent experience has shown that aiming too high can actually be counter-productive: in the absence of feasible solutions, policy practitioners end up falling back on whatever is readily quantifiable (such as seizure volumes), however useless such figures might be. The Chatham House indicators provide an example of a practical solution. The methodology is not as complete, bespoke or robust as some others, but the indicators have been designed to be applicable in all countries. In addition, they can be assessed relatively rapidly and at a reasonable cost. This demonstrates that it is possible to balance practicality and robustness.

There are two main ways in which to improve practicality: sacrificing rigorousness or sacrificing completeness (Table 3). Those developing monitoring systems are unlikely to be able to have everything, and will need to decide what to sacrifice. It is better to be realistic and make sacrifices at the design stage than aim too high and end up with nothing.

Table 3. Options for measuring forest governance over time

		Completeness	
		Addressing only that subset of forest governance aspects considered most important, which perhaps act as proxies for other aspects	Complete, addressing all aspects of forest governance in detail
Rigour	Less rigorous measurement methodology, building on existing methods, but with some adaptation based on input from country stakeholders	Option 1: The worst option, though still better than nothing and better than aiming for option 4 and not achieving it	Option 2: Sacrifice rigour for completeness
	Highly rigorous measurement methodology, custom designed from scratch with full multi-stakeholder engagement and buy-in	Option 3: Sacrifice completeness for rigour	Option 4: Very expensive, unlikely ever to be funded; certainly not likely to be funded repeatedly over time so that improvements can be tracked

Qualitative over quantitative

Another key lesson is the need to counter the "fact fallacy" — the common yet false belief that the most important thing is that an indicator be objectively quantifiable. This fallacy may stem partly from a desire to avoid criticism of results by those with an interest. Policy-makers tend to focus on measuring what is objectively quantifiable (and therefore difficult to criticize), even though such measures may be very poor proxies for the real problems and thus effectively meaningless. In the area of forest governance, objectively quantifiable indicators that actually measure what is intended are rare; it is better to use qualitative indicators, however imprecise and subjective. Both the Chatham House policy assessment scoring methodology and the perceptions survey demonstrate how the qualitative can also be transformed into the quantitative to enable monitoring of change over time.

Coordination

No single set of indicators will ever be suitable for all needs at all times, so there is little value in attempting to gain wholesale agreement for everyone to use the same ones. On the other hand, there is a danger that different processes will duplicate each others' efforts in trying to measure forest governance.

In order to help minimize this, and ensure that different parties were coordinated to the greatest extent possible, the World Bank/Profor and FAO facilitated a series of meetings in 2011 between key practitioners, including the World Bank, WRI and Chatham House. Participants agreed on a standardized framework for assessing forest governance (see

article 2.1 in this issue), which was published along with guidance on best practice.[8] The framework has three major pillars, each of which has three to five components. Each component has a number of sub-components. Various indicators can be used to measure each sub-component; these are not defined in the framework, but are left to individual practitioners to choose. The framework was developed in conjunction with some complementary guidance on REDD+ governance produced by the UN-REDD programme.[9]

Next steps

Although only a relatively small number of countries have been assessed against the Chatham House indicators, they represent a very large proportion of global illegal timber production, processing and consumption, and a significant proportion of global deforestation and forest degradation.

With support from the UK Department for International Development, Chatham House will soon be expanding the assessment to cover additional countries, and in time will also re-assess those countries already examined. In order to make the full set of data more accessible and useful, Chatham House will be developing an on-line interactive web site. This will allow those interested in specific subsets of information — on a particular country, or particular indicator, for instance — to more easily obtain only the information they want. Chatham House will also develop and pilot a methodology for conducting detailed micro-level assessments of individual districts in producer countries. These could potentially be carried out in parallel to the existing macro-level indicators and thereby provide deeper understanding.

Chatham House hopes that the results of its work will be useful to NGOs, governments and the private sector and to specific processes such as the EU VPAs and REDD+. There is also scope for the methodology to be taken up more broadly. Different practitioners can choose to implement only certain indicators, and the methodology can also be tweaked to suit individual country contexts and purposes through, for example, additional perceptions survey questions or policy questions. For instance, TRAFFIC, the wildlife trade monitoring network, is considering applying the methodology in additional Latin American countries, but allowing for some amendments based on multi-stakeholder input in each country.

As its work on the topic is expanded, Chatham House will seek to ensure maximum coordination with the other bodies involved in developing indicators and monitoring methods, both within FLEGT and REDD+. In the meantime, Chatham House will continue to spread the word on its findings, in the hope that the results and lessons learned can be applied to forest governance.

Endnotes

1. See Chatham House, Illegal logging and associated trade: indicators of the global response, July 2010, www.illegal-logging.info/uploads/CHillegalloggingpaperwebready1.pdf. A shorter briefing document summary, and one-page report cards for each country assessed, are available at www.illegal-logging.info/approach.php?a_id=186.
2. The extent to which total wood demand (domestic consumption + exports) exceeds legal supply (licensed logging + imports) is used as a measure of illegal logging.
3. This method for estimating imports of illegally sourced timber and wood products multiplies trade volumes by estimates of illegality in individual trade flows, by source and product type.
4. The U.S. *Lacey Act* was amended in 2008 to include plants. The law now makes it an offence to import or sell timber or wood products that were illegally sourced in the country of origin.
5. VPAs negotiated thus far have incorporated the production of timber for domestic consumption within planned legality assurance systems, and might therefore help address illegal clearance for agriculture by preventing the timber produced from reaching a market. Sales of timber are rarely the most important driver of such clearance, however. Often, remnant wood is simply burned or buried, or consumed locally without ever entering formal chain of custody systems. For this reason it is unlikely that additional controls on timber alone can be expected to address illegal forest clearance.
6. The WRI Forest Governance Toolkit was developed and piloted in Brazil, Cameroon and Indonesia in 2009. See http://pdf.wri.org/working_papers/gfi_tenure_indicators_sep09.pdf.
7. See *Roots for Good Forest Outcomes: An Analytical Framework for Governance Reform*, 2009, http://siteresources.worldbank.org/INTARD/Resources/forest_governance_combined_web_version.pdf.
8. Profor/FAO, Framework for Assessing Forest Governance, 2011. www.fao.org/docrep/014/i2227e/i2227e00.pdf.
9. UN-REDD/Chatham House, Guidance for the Provision of Information on REDD+ Governance, July 2011. Draft. www.unredd.net/index.php?option=com_docman&task=doc_download&gid=5336&Itemid=53.

Section 4

REDD+ and climate change

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4.1 Introduction to REDD+

Reducing Emissions from Deforestation and Forest Degradation in developing countries (REDD) is an international mechanism framed by the international climate change negotiations. It provides incentives for developing countries to reduce deforestation and forest degradation and protect their forests.

Approximately 13 million hectares of forest are lost every year to deforestation, an area approximately four times the size of Belgium. It is estimated that degradation and loss of tropical forests account for 15–20% of all greenhouse gas emissions, more than those caused by the global transport system. Therefore, conserving the carbon stored in existing forests, reducing the rate of deforestation and forest degradation and improving the management of forests can contribute significantly to climate change mitigation.

In 2007, during the 13th Conference of the Parties (COP 13), the United Nations Framework Convention on Climate Change (UNFCCC) launched negotiations on REDD. The concept was later broadened and now also includes activities such as conservation, sustainable management of forests and the enhancement of forest carbon stocks (such as through reforestation). This is referred to as REDD+ ("REDD plus"). International negotiations on both the concept of REDD+ itself and the design of the international REDD+ framework are still ongoing.

The principle underpinning REDD+ is that payments from developed countries will be made available to developing countries that manage to reduce forest-based emissions at the national level. In addition to delivering significant climate change mitigation benefits, the ambition is to design an international framework that also promotes other benefits:

- biodiversity protection;
- poverty reduction;
- food and water security; and
- improved livelihoods of forest-dependent communities, including through clarifying land tenure and strengthening governance.

These are referred to as the non-carbon benefits of REDD+.

Most developing countries engaged in REDD+ are currently undertaking early actions geared at building institutional and technical capacity; these are known as REDD+ readiness activities. A few are already engaging in result-based REDD+ mechanisms, which provide payments for verified emission reduction. These include Brazil, Indonesia and Guyana, working through bilateral agreements with Norway.

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Many countries, international organizations and private-sector and civil society organizations are currently joining forces to prepare the ground and build capacities for REDD+. Relevant global initiatives include the REDD+ Partnership and the Forest Carbon Partnership Facility and Forest Investment Programme, both managed by the World Bank; the UN-REDD Programme; and Norway's International Climate and Forests Initiative. The Voluntary REDD+ Database (www.reddplusdatabase.com) provides an overview of ongoing activities and initiatives.

4.2 The impact of REDD on forest governance

SASKIA OZINGA

Introduction

Improving forest governance, and recognizing who owns the forests, are preconditions for the success of any initiative to reduce forest loss, including REDD. A close look at national REDD plans, however, indicates that they are unlikely to lead to better governance or strengthening community tenure rights. This is because their focus is on monitoring, reporting and verifying carbon emissions, rather than on monitoring, reporting and verifying governance.

REDD's carbon focus stems from the idea that creating a forest carbon market is needed to deliver the billions of dollars required for REDD to work. Forest carbon therefore needs to be monitored and accounted for. But even if such a market were to materialize, which is highly unlikely, it would not benefit forests or communities. It is therefore time for REDD to focus on forest governance. Such a shift would also strengthen the existing EU FLEGT Programme (see article 3.1).

REDD and governance

WITH NO FOREST CARBON MARKET IN SIGHT, IT IS TIME TO LOOK AT HOW REDD CAN MOVE FROM MEASURING CARBON TO MEASURING GOVERNANCE.

To keep forests standing and mitigate climate change — the idea behind REDD — there is general consensus that some basic governance systems need to be in place. According to the World Resources Institute (WRI), governance embraces five principles: (1) transparency, i.e., actions which can be scrutinized by rights-holders and stakeholders; (2) participation in government policy by non-state actors; (3) accountability, or clarity about the role of institutions in decision-making and whether they are accountable; (4) coordination, i.e., how those involved work toward common objectives; and (5) capacity, giving public access to decision-making, and civil society's ability to make use of this.[1] Lack of governance can lead to failed states and armed conflict, particularly in forested areas. In the last 20 years, 30 countries have experienced armed conflicts in forest areas, with timber sales financing the fighting in

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some cases.[2] Failed or fragile states are not capable of implementing the measures needed to reduce deforestation, a point made recently by Alain Karsenty.[3]

The WRI identifies four key issues affected by forest governance:

- Forest tenure: the broad spectrum of ownership, use, access and management rights to forests (Box 1).
- Land-use planning: the multi-stakeholder process to determine optimal land uses for current and future generations, given the particular economic and social conditions.
- Forest management: the management and control of different uses of forests.
- Forest revenues and incentives: collection, management of revenues and benefit sharing.

Box 1. Tenure rights

The term "tenure rights" includes verifying who has rights in or over land and resources. These rights range from access and use to property rights. It includes both formal rights (as written in law) and customary rights (from longstanding practice). In international law, customary tenure has the same legal effect as full title issued by the state. It includes the right to demand and obtain regularization, as clarified by Inter-American Human Rights law and the Convention for the Elimination of Racial Discrimination (CERD). The terminology is important: communities may have rights to the land but not the trees (as in Ghana) or minerals in the subsoil, or the rights may be seasonal (as in parts of Brazil). When clarifying rights, it is therefore essential to clarify which rights.

Improvements in forest governance should lead to improvements in these four areas. The World Bank believes that improving forest governance is a precondition for REDD.[4] This view is supported by the UN Food and Agricultural Organisation (FAO) and the International Tropical Timber Organisation (ITTO), which state that "the successful mitigation of climate change through REDD requires effective forest governance" and that "REDD initiatives should build on lessons already learned through forest law, enforcement, governance and trade initiatives."[5] As the WRI warns: "Failing to tackle problems of weak institutional capacity and coordination, accountability, transparency, and public participation may exacerbate current conflicts over the use of forest resources and risk creating perverse outcomes for forest dependent people, forest ecosystems and the global climate."[6] A first challenge is to ensure that REDD improves forest governance.

REDD and rights to forest land

The 2006 Stern review stated that, "Clarifying both property rights to forestland and the legal rights and responsibilities of landowners is a vital prerequisite for effective policy and enforcement. A lack of clear and enforceable property rights means that forests are often vulnerable to damage and destruction."[7] The World Bank says that to reduce defor-

estation, there must be clarity as to who has which rights over the forests.[8] The FAO and ITTO agree: "REDD cannot be achieved without clarifying rights to land and forests."[9]

The increasing global demand for land, food, fuel and fibre increases the risk of land conflicts. A recently established "land matrix" includes deals reported as approved or under negotiation worldwide between 2000 and 2010, a total of 203 million ha. Of these, deals for 71 million ha have been triangulated and cross-referenced. Very many other deals must be presumed to go unreported.[10] Land is being sold, largely for agricultural production, specifically biofuels. Large-scale land acquisition is reportedly threatening the rights and livelihoods of rural communities. A ground-breaking report on land acquisitions recently concluded that the term "land grabbing" is not an overstatement.

Studies have also shown that as a precondition to keep forests standing, communities need to be given ownership rights so that they can legally own the land they live on.[11] A second challenge is to ensure that REDD strengthens and clarifies the rights of forest communities to land and resources.

REDD experiences to date concerning governance and rights

Despite the need to improve forest governance and strengthen local peoples' tenure rights over land and resources (including carbon), there is little evidence to show that existing REDD plans are improving forest governance, and even less that they are strengthening local peoples' tenure rights. In fact, most evidence indicates the reverse.

A 2011 study of eight national REDD plans[12] concluded that the plans had several shortcomings:

- they failed to recognize the rights of indigenous peoples and local communities and did not include concrete proposals to address land conflicts and outstanding land claims;
- they lacked adequate national consultations;
- they reaffirmed state ownership over forest lands; and
- they focused on developing a valuation and monitoring system of forest carbon, while largely ignoring issues associated with livelihood, biodiversity and cultural values.[13]

The national REDD processes in these countries have not been comparable to the national FLEGT VPA processes. REDD processes have been rushed and have lacked meaningful input from local civil society. They cannot be expected to deliver outcomes rooted in the local context or the necessary reforms to improve forest governance. Many were written hastily by external consultants: unlike the FLEGT VPAs, which have been developed by governments, industry and local civil society organizations in a consensus-based multi-stakeholder process, lasting from six months (Republic of Congo) to six years (Indonesia). As stated by a civil society representative in the Democratic Republic of Congo: "There is an enormous difference in outcome between a vibrant civil society that is informed and actively engaged, and one that lacks the capacity to analyze decisions and merely validates processes by signing attendance lists."[14,15]

More recent studies on the impact of REDD on tenure rights in Peru[16], Cameroon[17] and DRC[18] concluded that existing REDD policies are undermining rights of indigenous peoples and may lead to conflicts over land and resources. The Peru study reveals an explosion in "carbon piracy" and the set-up of unregulated sub-national projects in indigenous territories. Indigenous communities are signing away their rights to land and carbon under terms that are highly favourable to commercial interests and offer little or no guarantee for the protection of indigenous peoples' fundamental rights. REDD certification standards, supposedly designed to prevent bad REDD projects, seem insufficient: "voluntary certification standards for REDD+ projects suffer from serious shortcomings in validation processes, including lack of scrutiny, lack of community consultations and failure to review compliance with human rights standards."[19]

The Peru report concludes that "unless underlying legal and political reforms are made in Peru to address unresolved land and territorial applications and uphold the legal obligations of the Peruvian state to respect indigenous peoples' rights, then REDD+ strategies will not only fail to reduce emissions but will undermine these rights and lead to social conflicts."[20] Daysi Zapata Fasabi of the Interethnic Association of the Peruvian Amazon (AIDESEP), said: "REDD is a threat to indigenous peoples — our objective is to transform it into an opportunity." This could be achieved by moving away from carbon markets and providing modest funding to allow communities to secure the land and territorial rights of indigenous peoples and promote community forest management: "These community and rights based approaches are cost-effective and proven approaches to protecting forest that will not only reduce emissions from deforestation but will lead to poverty reduction, secure livelihoods and biodiversity conservation."

In addition, REDD brings the promise of funds[21] without any requirement to improve governance, solve tenure conflicts or clarify tenure rights. In fact, REDD strengthens control over the forest resource by central government, undermines demands by local communities and indigenous peoples for recognition of their land rights, and compromises existing democratic processes that aim to address similar issues, such as the FLEGT VPAs.[22]

REDD's focus on counting carbon also adds to the displacement of local civil society by international NGOs and consultants, since plans and strategies focus on measuring forest carbon stocks to allow countries to engage in forest carbon markets. In many cases this requires external experts. Local NGOs have complained about a lack of consultation and breaches of human rights, and the Indonesia process has been in violation of the UN Convention on the Elimination of Racial Discrimination (CERD).[23] National REDD+ processes under the World Bank's Forest Carbon Partnership Facility (FCPF) programme seem to violate the programme's charter[24] and the bank's own operational policies.[25, 26]

The focus on carbon

REDD's record is disappointing from a governance perspective. Rather than establishing a system that monitors, reports and verifies governance reforms and clarifies and strengthens local communities tenure rights, REDD has focused on mobilizing payments based on measurable reductions in carbon emissions. But while carbon trading (the trading of

carbon offset derivatives on a financial market) was supposed to bring in money to finance REDD, this now seems highly unlikely (Box 2).

Box 2. Why carbon markets will not deliver for forests or peoples

1) The largest carbon market excludes forests: 97% of the existing carbon market is linked to the EU's Emissions Trading Scheme (ETS),[27] which will not accept forest offset credits until at least 2020. After that, the future of the ETS is in doubt. Other regional trading schemes have not yet started trading, and it is unclear whether they will include forest credits.[28]

2) The likelihood of a global carbon market is diminishing. Until 2010, much of the growth in carbon-trading volume occurred in the secondary carbon market. Although some money raised in the primary market is invested in climate projects, in the secondary market the same permits and credits are traded multiple times, with no additional climate benefit. Even this growth in secondary trading is now stagnating.[29] Since 2008, many banks have closed or downsized their carbon trading desks.[30]

3) Even if a forest carbon market existed, little money would go to forests. As in any commodity market, most funds would enrich those who trade or speculate in the commodity; producers would receive a limited percentage of the final cost (as low as 3% in many key commodity markets).[31] One study concluded that it would require US $20 billion to deliver US $0.6 billion for forest projects.[32]

4) Even then, funds would not go to "high-risk" forest countries. Investors put their money where risks are lowest and returns are highest; more than 75% of carbon offset projects approved in the Clean Development Mechanism (CDM) are in just three countries.[33] This would not be fundamentally different in a forest carbon market, as data from the voluntary market indicate.

In the words of Andy White, from the Rights and Resources Initiative: "Rather than investing in monitoring reporting and verification (MRV) and a carbon-focused market machinery, REDD plans should be analyzing and dealing with the drivers of deforestation, investing in tenure and governance reforms, and helping governments set up the national payment schemes to get money to communities for conservation and restoration."[34]

More than US$ 8 billion has been pledged to REDD for the period 2010–12.[35] This is roughly the same amount that the FAO, WRI and the World Bank estimated in 1987 would be needed to halt the forest crisis when they designed the Tropical Forest Action Plan (TFAP). Used to improve forest governance and strengthen local peoples' tenure rights, this REDD money could do much to reduce deforestation, but it is feared that much of it will now be misspent on carbon accounting and monitoring systems, doing nothing to improve governance, strengthen rights or reduce deforestation.

Figure 1. Existing and expected financing for REDD, 2010–12

Source: Daan van Beek

Government funds	Compliance carbon market	Voluntary carbon market
8.38 billion	0.0 billion	0.6 billion

The focus on carbon is a classic example of Joseph Stieglitz's proposition: "in a very performance-oriented society, what we measure affects what we do, and if we measure the wrong things we do the wrong things."[36] Measuring carbon does not lead to reducing deforestation.

As Guyana shows, the strategy of measuring carbon can actually lead to increased deforestation (Box 3). Measuring governance could, however, lead to reducing deforestation.

Box 3. Avoiding good sector governance through statistical manipulation in Guyana

In 2009 the Norwegian government offered to contribute up to US$ 250 million over five years to support the Low Carbon Development Strategy in Guyana. The idea was to use a performance-based system to pay the country for the difference between a baseline level and actual rates of deforestation. The baseline was set at 0.45% per year, although the actual historical rate of deforestation had been reported by the UN FAO as being close to zero. This meant that deforestation could increase; as long as it remained below the inflated baseline of 0.45%, Guyana would still receive financial compensation. In October 2010 Norway duly transferred the first annual payment of US$ 30 million of avoided deforestation funding to Guyana.

A subsequent study has discovered that the actual historical deforestation rate in Guyana is a mere 0.02% per year, less than one-twentieth of the agreed baseline. During the first year of the agreement with Norway (2009–10) the actual rate of deforestation tripled. Instead of rewarding Guyana for stronger sector governance and better protection of its forests, the inflated baselines had allowed a payment to be made even though deforestation had worsened.

Source: Simon Counsell, Rainforest Foundation UK[37]

Conclusion

For REDD to reduce forest loss, it needs to improve forest governance. This would include improved accountability, capacity building for and participation of all stakeholders, and improved coordination and transparency. With US$ 8 billion of REDD money committed, and no forest carbon market in sight, it is time to look how this initiative can move from measuring carbon to measuring governance. This would strengthen the EU FLEGT initiative, which has proved to date to be more efficient than REDD in reducing forest loss and emissions (see article 3.5).

Endnotes

1. This is based on the WRI's work. See *The Governance of Forests Toolkit*, version one (WRI, September 2009). http://pdf.wri.org/working_papers/gfi_tenure_indicators_sep09.pdf.
2. See D. Kaimowitz. 2005. "Forests and armed conflicts." *ETFRN News* 5: 43–44. www.etfrn.org/etfrn/newsletter/news4344/nl43_oip_1_1.htm.
3. See A. Karsenty and S. Ongolo. 2011. "Can 'fragile states' decide to reduce their deforestation? The inappropriate use of the theory of incentives with respect to the REDD mechanism." *Forest Policy and Economics*. doi:10.1016/j.forpol.2011.05.006.
4. See K. Chomitz. 2007 *At Loggerheads? Agricultural Expansion, Poverty Reduction, and Environment in the Tropical Forests*. World Bank.
5. See *Forest Governance and Climate Change Mitigation: A Policy Brief prepared by ITTO and FAO*. FAO 2009.
6. See World Resources Institute. 2009. *The Governance of Forests Toolkit* (WRI).
7. See N. Stern. 2007. *The Economics of Climate Change*. Cambridge University Press, p. 608.
8. Chomitz, K. 2007. *At Loggerheads? Agricultural expansion, poverty reduction and environment in the tropical forests*. Washington D.C: World Bank.
9. See *Forest governance and climate change mitigation*. ITTO and FAO policy briefing, 2009
10. See www.landcoalition.org/cpl/CPL-synthesis-report.
11. See FAO 2009. *Understanding forest tenure in South and Southeast Asia*. Forest Policy Institute Working paper 14; and J. Hatcher. 2009. *Securing Tenure Rights and REDD*, Social Development Papers No. 120/December 2009.
12. The World Bank provides governments with a grant of up to US $ 200,000 per country to develop a Readiness Preparation Proposal (R-PP), or REDD plan, followed by a "preparation grant" of up to US $ 3.4 million to support actions to develop a Readiness Package (R-Package).
13. See K. Dooley et al. 2011. *Smoke and Mirrors: A Critical Evaluation of the Forest Carbon Partnership Facility* (FERN/FPP). www.fern.org.
14. See Accra Caucus. 2010. *Realising Rights, Protecting Forests: An Alternative Vision for Reducing Deforestation: Case Studies from the Accra Caucus at 18*.
15. For more information on FLEGT consultation processes, see the FERN report *A Seat at the Table: a history of FLEGT consultation processes* (forthcoming).
16. See R.E. Llanos et al. 2011. *The reality of REDD+ in Peru: Between theory and practice*. FPP. www.forestpeoples.org/sites/fpp/files/publication/2011/11/reality-redd-peru-between-theory-and-practice-website_0.pdf.
17. See E. Freudenthal et al. 2011. *REDD and rights in Cameroon: A review of the treatment of indigenous peoples and local communities in policies and projects*. FPP. www.forestpeoples.org. February 2011.
18. See B. Tchoumba. Democratic Republic of Congo – Conservation International REDD pilot project: a different kind of Disney production, World Rainforest Movement and Reseau CREF. www.wrm.org.uy. Retrieved October 2011.
19. See R.E. Llanos et al. 2011. *The reality of REDD+*.

20. See Llanos et al. *The reality of REDD+*, page 7.
21. Funds are made available to the country based on the R-PP plan and budget (see also endnote 12).
22. See *Is REDD undermining FLEGT? The case of Ghana*. www.fern.org/node/4593; and *Lessons learned from FLEGT for REDD*. www.fern.org/node/4963.
23. See CERD, 71st session, Geneva, July30 – August 18, 2007. *Consideration of Reports Submitted by States Parties under Article 9 of the Convention, Concluding observations of the Committee on the Elimination of Racial Discrimination – Indonesia*. (CERD/C/IDN/CO/3, 15 August 2007). www2.ohchr.org/english/bodies/cerd/docs/CERD.C.IDN.CO.3.pdf.
24. The FCPF's charter states that the operation of the facility shall respect the rights of forest-dependent indigenous peoples under national law and applicable international obligations, and all countries whose R-PP we have analyzed have endorsed the UNDRIP and related human rights instruments. Yet none of the R-PPs assessed by FERN and FPP in their report *Smoke and Mirrors* (see endnote 13) has adequately addressed the issue of the rights of indigenous peoples and local communities.
25. The charter states: "The operation of the Facility shall...comply with the World Bank's Operational Policies and Procedures, taking into account the need for effective participation of Forest-Dependent Indigenous Peoples and Forest Dwellers in decisions that may affect them, respecting their rights under national law and applicable international obligations" (Article 3d). As indicated by the CERD decision and elaborated on in FERN and FPP's report, *Smoke and Mirrors* (see endnote 13), this is clearly not the case.
26. See endnote 13 and T. Griffiths et al. 2008. *Cutting Corners* (FERN, FPP). www.fern.org/sites/fern.org/files/document%20cutting%20corners.pdf.
27. See *State and Trends of the Carbon Market 2011*, page 9: "the share of the carbon market primarily driven by the EU Emissions Trading Scheme (EU ETS) rose to 97 percent, dwarfing the remaining segments of the market." http://siteresources.worldbank.org/INTCARBONFINANCE/Resources/StateAndTrend_LowRes.pd.
28. California will begin its carbon-trading programme in 2013, but it is uncertain whether the state accepts REDD credits. The regulation currently allows only for domestic offsets, and concerns remain around the ability to regulate and ensure offset quality outside its borders. In California, the concept of international offsets remains politically unpopular. Australia is set to start a cap-and-trade scheme in 2015, but the regulations detailing the limitations on credits have not been released. There are no methodologies allowing for avoided deforestation, although there will be an allowance for credits from plantations, following Kyoto-compliant methodology.
29. See *State and Trends of the Carbon Market 2011*, page 9, Table 1. http://siteresources.worldbank.org/INTCARBONFINANCE/Resources/StateAndTrend_LowRes.pdf.
30. See www.endseurope.com/21308/corporate-environmental-news-roundup-54.
31. See www.mundenproject.com/forestcarbonreport2.pdf.
32. See www.mundenproject.com/forestcarbonreport2.pdf.
33. See Chart 5, page 67, *Why carbon markets will not deliver for Southern governments*. www.fern.org/sites/fern.org/files/tradingcarbon_internet_FINAL.pdf.
34. See the REDD monitor interview with Andy White, abridged version. www.redd-monitor.org or more precisely http://www.redd-monitor.org/2011/05/24/interview-with-andy-white-rights-and-resources-initiative-the-global-market-for-forest-carbon-is-not-going-to-establish-itself-anytime-soon/#more-8570.
35. See http://reddplusdatabase.org.
36. See www.youtube.com/watch?v=rNMm3_0cdZ4.
37. See www.redd-monitor.org/2011/01/27/increasing-deforestation-in-guyana-gives-norway-a-headache.

4.3 Gender and REDD+ road maps in Cameroon, Ghana and Uganda

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Introduction

A gender-sensitive process to Reducing Emissions from Deforestation and Forest Degradation (REDD+) will allow countries to address gender inequalities from the onset of the process. In an effort to address gender considerations in REDD+, the International Union for Conservation of Nature (IUCN) and the Women's Environment and Development Organization (WEDO) launched an initiative to develop gender and REDD+ road maps in Cameroon, Ghana and Uganda. Implementation of the road maps will ensure that both women and men are recognized as important forest stakeholders and are given equal opportunities to learn about REDD+; build their capacity; participate in and contribute to decision-making processes; have access to technology; own land and benefit from REDD+.

IMPLEMENTATION OF THE ROAD MAPS WILL ENSURE THAT BOTH WOMEN AND MEN ARE RECOGNIZED AS IMPORTANT FOREST STAKEHOLDERS.

Forest governance and gender

Decision-making over the governance and use of forestland and resources should begin by acknowledging the gender-differentiated knowledge, needs, dependence, use and access and control of forests (Aguilar, Araujo and Quesada-Aguilar 2007; Quesada-Aguilar, Aguilar and Shaw 2011). Women's role as major forest stakeholders and contributors to forest conservation and management has traditionally been ignored, creating a disconnect between the fields of gender equality and forest governance.

In a time when new forest initiatives are being implemented, there is an urgent need for action that recognizes that forest governance has two different dimensions: that of women and that of men. There are important differences between men's and women's perspectives on and approaches to use of forest resources. Unfortunately, due to traditional gender inequalities, women's perspectives and circumstances are rarely taken into account in forest governance.

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Despite many efforts, gender equality[1] is not yet a reality. There are significant differences between the rights of women and men: in many countries women have fewer land tenure rights, fewer opportunities to participate fully and effectively in consultation or decision-making processes; less access and/or control of information, technology and tools; and less access/or control over income-generating forest activities. They therefore receive fewer benefits (Table 1).

Table 1. Gender related forest governance issues in Cameroon, Ghana and Uganda

Issue	Cameroon	Ghana	Uganda
Access to forest resources	Women have access for daily activities	Women have user rights	Women have limited access
Control over cash generated by activities in the forests	Women control cash only from activities they carried out	Women control cash from their activities	Women control very little cash (used for household needs)
Opportunity to own land or forests	By law, women can own land; in practice, it is very difficult for them to do so	Women have access to land; however, in the northern part women cannot inherit land	Unfavourable land/ property rights and policies are in place
Access to and control over tools, equipment, cash/credit, inputs, new technologies	Women can buy some tools and have access to traditional inputs; other tools are too expensive and women cannot get loans due to their limited revenue	Women do not have access due to gender roles and cultural beliefs; most women are not educated enough to use new technology or bank credits	Women do not have access to cash because they do not have collateral assets; women have access to simple tools, but have to ask permission to use them
Opportunity to participate in forest related activities	Women do not participate because these are activities specific to males	Some activities are reserved for men	Women participate depending on their level of empowerment
Request to participate in forest projects	Women are not usually invited, and when they are they cannot participate because of work overload	Women are not involved in decision making or implementation	Women are invited to participate but to a limited extent
Opportunity and time to participate in forest projects	Women prefer to do agricultural and household activities	Women participate when they are invited and have time	Most women have a household work overload; empowered women do participate but usually only in implementation

Issues identified during gender and REDD+ training for representatives from women's organizations and gender experts. September and October 2011

Ignoring the gender dimension of forest conservation and management is not an option when the goal is effective forest governance. Mainstreaming gender in forestry is fundamental to effectiveness: an awareness of the power relations between men and women in terms of forest resources will help ensure that these resources are used sustainably and equitably. If gender is ignored, efforts to strengthen forests' contribution to poverty reduction, biodiversity conservation and sustainable development will fail.

REDD+ has the potential to achieve multiple social and environmental benefits, but it could also cause social and environmental harm if programmes are not properly designed (Moss and Nussbaum 2011). REDD+ efforts will be successful only if they support developing countries in addressing the fundamental governance challenges (Brito et al. 2009) and gender inequalities that can seriously impede improvements in forest governance. They can also affect the success of national strategy, increase risks for women and decrease the opportunities available to women. Addressing gender considerations is a central component that can affect the eventual success of any forest initiative, including REDD+.

As countries start implementing international REDD+ policies and develop national strategies, there is a need to incorporate specific gender provisions in REDD+ mechanisms and projects from the outset (Box 1). To do so, countries will require a plan of action that addresses gender considerations. It will also help address the gender differentiated risks and opportunities that REDD+ presents to women and men, and generate the data necessary to highlight best practice and set guidelines.

Box 1. Decision UNFCCC/CP/2010/7/Add.1 decision 1/CP.16 paragraph 72

The Conference of the Parties requests developing country Parties, when developing and implementing their national strategies or action plans, to address, inter alia, the drivers of deforestation and forest degradation, land tenure issues, forest governance issues, gender considerations and the safeguards identified in paragraph 2 of appendix I to this decision, ensuring the full and effective participation of relevant stakeholders, inter alia indigenous peoples and local communities.

In September 2011 IUCN and WEDO launched an initiative to develop Gender and REDD+ road maps in Cameroon, Ghana and Uganda.[2] This is the first global initiative to address country-specific gender considerations in REDD+ processes.

Methodology to develop the road maps

The Gender and REDD+ road maps are the product of multi-stakeholder processes. These brought together representatives of women's organizations, gender experts and national-level policy-makers to discuss country-specific gender issues and propose actions that

would lead to gender-sensitive REDD+ national processes. The road maps are plans of action that identify objectives within the three phases of REDD+ (readiness, implementation and consolidation) and the steps to achieve these objectives within a particular national context.

In each of the countries the process started with three days of training for representatives from women's organizations and gender experts. This was followed immediately by a two-day workshop for national policy makers, in which several representatives from the first training also participated.

The training focused on building the capacity of participants, as many of them had never been invited to discussions or consultations on REDD+. By enhancing the knowledge of REDD+ on the part of women and women's organizations, the training prepared them to better engage in REDD+ processes and make informed decisions and proposals when dealing with decision-makers working on REDD+. The training allowed participants to discuss the role of women in the forest sector, identify gender considerations in REDD+ (relevant to each country) and identify women's involvement and risks and opportunities in relation to REDD+. These discussions were the basis of an information baseline on the gender-differentiated uses and governance of the forest.

Participants in the two-day workshop built on the knowledge generated during training, identified possible ways that gender considerations could be mainstreamed in REDD+ processes, and proposed concrete actions to address or highlight gender-specific risks and opportunities. The end result of the workshop discussions was a country-specific "road map" for mainstreaming gender in REDD+ processes in each of the countries.

Results of the road maps

One of the main results of the training was a list of concerns identified by women regarding forest governance issues (Table 1). It was necessary to understand these concerns in order to determine which gender considerations to address in the road maps. Land tenure was identified as the most relevant forest governance issue in the three countries. The lack of opportunity to participate in forest-related activities was also highlighted. In Cameroon and Uganda participants were concerned that women had little or no control over cash generated by forest activities. In Ghana the control over tools, equipment, cash/credit, inputs and new technologies needs special attention.

In addition to governance issues, the road maps outline the specific risks (Table 2) associated with REDD+ processes that do not incorporate gender considerations appropriately, based on the potential structure of REDD+ in each country (these are defined in the initial planning documents: Readiness Plan Idea Notes, or R-Pins and Readiness Preparation Proposals, or R-PPs).

Table 2. Potential risks for women if gender-blind REDD+ programmes are implemented in Cameroon, Ghana and Uganda

Land tenure	Persistence of customs and practices discriminatory to women's land and forest tenure; since women have little access to land, their participation in forest management programmes would be minimal
	Limited financial means often prevent women from being able to take their case to court
Participation	Lack of involvement of women and civil society in decision-making bodies related to REDD+
	High illiteracy rates among women prevent them from participating in capacity-building programmes
	No deliberate effort to involve women in consultations and participation in REDD+
Distribution of benefits	Social exclusion and capture of profits by men
	Multiple roles of women; women may have less time to be involved in forest management programmes than men, so are not likely to benefit
	Unequal rules of inheritance of resources for men and women
	Cultural practices and patriarchal values lead to inequitable distribution and distribution of benefits, more often than not to the advantage of men and at the expense of women
Knowledge	Information dissemination on REDD+ may not reach the women
	Women's organizations may not get information during all phases of REDD+.
	Limited understanding of the technical aspects of REDD+ could hinder women's meaningful participation

Source: Gender and REDD+ training for representatives from women's organizations and gender experts, September and October 2011

The road maps further identify entry points for mainstreaming gender considerations in the REDD+ national strategy and propose country-specific actions for each of the three phases of REDD+ (Table 3 lists objectives for readiness).

In all the country road maps, the primary objective is the establishment of a gender and forest task force. This will help ensure that the REDD+ national strategy and its implementation address gender considerations. The task force is a platform that will bring together representatives from women's NGOs and networks, organizations working on specialized topics (e.g., land tenure rights), national women's organizations and institutions, female parliamentarians, and gender focal points of development partners, among others. The objectives of the task force are to provide technical support to government REDD+ officials; conduct research on specific forest governance issues that affect women; propose concrete gender responsive actions; and identify and advocate for women's inclusion in decision-making bodies and processes.

Table 3. Examples of objectives proposed in the road maps for the readiness phase

Country	Objectives
Cameroon	1. Support the establishment of a gender and forest task force 2. Build and strengthen women's and gender-focused organizations capacity on REDD+ issues 3. Ensure that readiness policies are gender sensitive 4. Support the mainstreaming of gender considerations in existing policy reforms and documents 5. Guarantee women's participation in REDD+ demonstration activities 6. Build and strengthen institutional capacities on gender and REDD+ issues for government and professional training institutions who work in REDD+
Ghana	1. Support the establishment of a women and forest task force 2. Support the mainstreaming of gender considerations in current revisions of environmental and natural resource policies, with special attention to land policies 3. Build and strengthen the capacity of women and women's organizations on REDD+ 4. Guarantee women's participation in REDD+ pilot projects 5. Build and strengthen institutional capacities on gender and REDD+ issues of implementing partner organizations in REDD 6. Enhance participation through formal and informal education about the forestry sector for women and girls 7. Avoid negative impacts of the REDD+ initiative on women rights (as part of the Strategic Environmental and Social Assessment) 8. Develop gender-sensitive benefit-sharing schemes 9. Enhance the capacity of women to engage in monitoring, reporting and verification (MRV) through appropriate methods
Uganda	1. Support the establishment of a gender and forest task force 2. Ensure the effective consultation and participation of women in the design of national strategy 3. Increase knowledge about gender issues and climate change 4. Create a gender-sensitive awareness and communication strategy 5. Avoid the negative impacts of REDD+ initiatives on women's rights 6. Conduct gender-sensitive baseline studies and MRV 7. Build the capacity of women and women's organizations/NGOs, particularly those in forest management in REDD+ 8. Support the mainstreaming of gender considerations in environmental and natural resource policies, with special attention to benefit-sharing schemes 9. Guarantee women's participation in REDD+ sustainable forest management, conservation, reducing deforestation and forest degradation 10. Promote equal and equitable relations between women and men during the preparation and implementation of gender sensitive REDD+ processes 11. Guarantee women's rights to land ownership

The road maps include specific actions, indicators and a timeline. It identifies implementing organizations and potential sources of funding for each of the proposed objectives. Table 4 lists some examples of specific actions to address some of the forest governance issues mentioned in Table 1 and 2.

Table 4. Actions proposed in Gender and REDD+ road maps to improve forest governance

Objective	Actions
Ghana	
Avoid the negative impacts of REDD+ initiatives on women	1. Identify the potential risks of REDD+ implementation on women's livelihoods 2. Modify and/or create safeguards to prevent the violation of women's rights 3. Inform local women of their rights and safeguards and build their capacity to use grievance systems 4. Engage with the judicial system and traditional authorities (including female leaders) to advance women's rights pertinent to the forest sector
Uganda	
Guarantee women's rights to land ownership	1. Assess gaps, challenges and opportunities for women in land tenure systems 2. Foster a dialogue with traditional authorities and local government institutions 3. Support traditional authorities and local government institutions to develop specific mechanisms that facilitate women's land acquisition 4. Train local women on land acquisition procedures 5. Work in collaboration with female parliamentarians to promote land legislation reforms and the review of the *Succession Act*
Cameroon	
Guarantee women's participation in REDD+ demonstration activities (pilot projects)	1. Identify good practices and actions in other forest management/conservation initiatives that have fully and effectively integrated women 2. Promote the use of such good practices in pilot projects 3. Encourage the participation and involvement of women in the projects by providing the resources to do so 4. Build the capacity of local women to participate in and/or coordinate the activities of pilot project 5. Provide equal access and control to women and men over the tools, equipment, technology and resources needed to engage in pilot activities

Note: Actions have been modified from original road maps
Source: Gender and REDD+ training for representatives from women's organizations and gender experts, September and October 2011

Conclusions and next steps

This initiative enabled the development of the first road maps on Gender and REDD+. It is important to acknowledge that the road maps are just the first step in the development of a REDD+ process that is gender-responsive.

IUCN country offices have continued to support the implementation of these road maps. In Ghana, the road map was presented to the Forestry Commission, key stakeholders at the Pro-Poor REDD Project Review meeting, and the Climate Change Unit of the Forestry Commission. The Climate Change Unit staff have indicated their interest in considering the issues in the road map. In Cameroon, IUCN staff are planning to discuss and share the road map with the government to ensure that it becomes part of the R-PP process. In addition, IUCN will promote the road map and support civil society efforts to create project-funding proposals based on it. In Uganda, the road map is currently undergoing consultation and the representatives of the National Forestry Authority (NFA) have shown interest in its implementation. There is a need, however, to look for additional funding.

Much work remains to be done to ensure that gender equality and women's rights are at the heart of REDD+ policy design and implementation. If they are well designed and implemented, REDD+ mechanisms could contribute to major shift in approach, where conservation initiatives contribute to a true advancement of women's rights. It could also potentially put an end to discrimination against women in forest-related areas. It is hoped that the road maps will lead to gender-responsive REDD+ that will build the capacity of women in forest-related practices, ensure the full and effective participation of all members of the community, create a new legacy for girls and ensure that gender equality is achieved.

For further information

For more information, please contact IUCN-Gender and Environment (www.genderandenvironment.org) or Women's Environment and Development Organization (WEDO) at www.wedo.org.

Endnotes

1. Gender equality is defined as equal rights, responsibilities, opportunities, resources, rewards and voice for women and men.
2. This initiative was organized under IUCN's pro-poor REDD+ project, funded by the Danish International Development Agency (DANIDA).

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4.4 The GuateCarbon initiative and REDD+ readiness in Guatemala

BENJAMIN D. HODGDON, JEFFREY HAYWARD and OMAR SAMAYOA

Community management of forests

A growing body of research suggests a marked trend towards increased management authority for local communities over forests. White and Martin (2002) and Sunderlin, Hatcher and Liddle (2008) find that as much as 27% of forests are under community control, with indications that this number will increase.

The significance of this trend has taken on increased importance as the discourse develops around REDD+. Although many people note the potential for REDD+-driven policy reform to leverage significant gains for local communities (e.g., Westholm et al. 2011), others have sounded the alarm that REDD+ could harm local interests — especially indigenous groups whose customary tenure is unrecognized — if the national systems that are developed favour state control (Dooley et al. 2011). Given the mounting evidence that community-managed forests can outperform protected areas in conserving forest cover and associated biodiversity (Porter-Bolland et al. 2012; Bray et al. 2008; Hayes and Ostrom 2005), it is clear that community forests represent an important strategy for REDD+.

AS ONE OF THE ONLY SUCH PROJECTS IN THE WORLD THAT IS BUILDING ON COMMUNITY-BASED PRODUCTION FORESTRY AND ENTERPRISE, GUATECARBON IS GENERATING IMPORTANT LESSONS WITH GLOBAL SIGNIFICANCE.

The Maya Biosphere Reserve

The experience of forest communities in the Maya Biosphere Reserve (MBR) in the Petén region of northern Guatemala carries tremendous global importance in this context. Over the past fifteen years, nearly 500,000 hectares (ha) of lowland tropical forest have been brought under sustainable management. The majority of it is controlled by communities who have been granted forest concessions (Figure 1).

As of January 2012, more than 482,000 ha of the forests in the MBR were certified to Forest Stewardship Council (FSC) standards. Deforestation rates in certified forest concessions are some twenty times lower than in adjacent protected areas (Hughell and Butterfield 2008). At the same time, forest management and enterprise development has

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provided a major boost to local economies, generating thousands of jobs and increasing household incomes (Rosales 2010).

Despite the successes of community forest management in the Petén, there are very real threats to using this model for forest conservation over the long term. The forest enterprises built up by concessionaire communities are still struggling to turn profits sufficient to outweigh mounting pressure for conversion to other land uses. Part of this is due to social and organizational problems. Other critical barriers are issues familiar to community forest operations globally: high management costs, low productivity, weak markets and limited access to finance. Lack of access to financing is commonly cited by producers as the most important constraint to achieving competitiveness.

Figure 1. The Maya Biosphere Reserve, Petén Department, Guatemala

GuateCarbon

An initiative called GuateCarbon is underway in the MBR. It is led by Rainforest Alliance, in partnership with forest concessions and a range of local and international groups. The goal is to develop a sub-national REDD+ project as a means of securing additional financing for forest enterprises. The strategy uses enterprise development and certification as the basis for the generation of carbon credits, garnering access to the voluntary market through compliance with international standards of best practice.

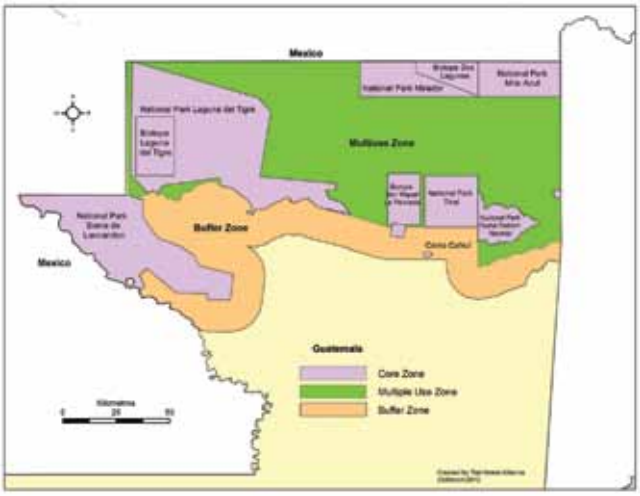
GuateCarbon follows a standards-based approach that builds on FSC and incorporates the protocols of the Climate, Community and Biodiversity Alliance (CCBA) and the Verified Carbon Standard (VCS).[1] The project will cover an area of approximately 470,000 ha of forest and has an estimated potential to offset 800,000 tonnes CO_2-equivalent (tCO_2e) per year. Assuming a market price of US$ 3–5[2] per tCO_2e and applying a conservative discount,[3] the project could generate around US$ 1–1.5 million per year — around a third of the amount typically generated annually through sales of forest products. This would complement forest enterprise activities in the MBR, adding critical top-layer financing to secure and maintain the competitiveness of community forest concessions.

As a sub-national project being developed in parallel with Guatemala's national strategy for climate change and REDD+, the GuateCarbon pilot is a valuable example for counterpart government agencies looking for field-based experience to inform policy. At the same time, as an early example of REDD+ project development for the voluntary market —

and as one of the only such projects in the world that is building on community-based production forestry and enterprise — GuateCarbon is generating important lessons with global significance for civil society groups, development practitioners, donors, academics and private sector investors.

Figure 2: The Maya Biosphere Reserve and main use zones

Source: National Commission for Protected Areas (CONAP)



The Petén and the Maya Biosphere Reserve

The Maya Biosphere Reserve (MBR; Figure 2) comprises 2.1 million ha of broadleaf forest that are home to globally important biodiversity (WCS 2009). Established by the Guatemalan government in 1990, the MBR consists of a core zone of protected areas, a multiple-use zone where controlled forest harvesting is permitted, and a buffer zone at the southern edge of the reserve that allows for agricultural use (Table 1).

Table 1. Use zones of the Maya Biosphere Reserve

Use zone	Area (ha)	% of reserve land area
Core zone (strict protection)	816,392	39
Multiple-use zone	797,868	38
Buffer zone	466,038	23
Total	2,080,298	100

The multiple-use zone covers nearly 40% of the MBR. It is made up primarily of forest concessions allocated to a host of local communities and two private companies for sustainable forest management. These concessions are the central focus of this paper.

Creation of forest concessions

The first few years of the MBR saw frequent demonstrations by communities demanding access to forest resources (Cortave 2003). Such movements coalesced with the formation of the Association of Petén Forest Communities (ACOFOP) in 1995 (Gómez and Méndez 2004). After a protracted period of negotiation between ACOFOP and the government agency in charge of the reserve (CONAP), it was ultimately agreed that communities could be granted forest concessions, which would be managed in accordance with management plans. Such concessions grant communities exclusive rights to resources in the concession for a period of 25 years (Gretzinger 1998).

During the period 1994–2002, 12 community concessions were eventually approved, plus two industrial concessions run by private-sector firms. These concessions collectively cover more than 530,000 ha, more than 25% of the total MBR area (Figure 3).

Figure 3. The forest concessions of the MBR

The strong presence and assistance — by both local and international NGOs — in organizing communities, undertaking forest management planning and securing approval of the community forest concessions cannot be understated (Nittler and Tschinkel 2005). Moreover, the financial and political backing of major donor agencies such as USAID, the Interamerican Development Bank and *Kreditanstaldt fur Wiederaufbau* (KfW), as well as charitable organizations like the Ford Foundation, was central in the establishment and approval of concessions. One estimate puts USAID support alone to the Petén at US$ 135 million between 1990 and 2006 (Stoian, Rodas and Donovan 2007).

Impacts of the concessions: ten years on

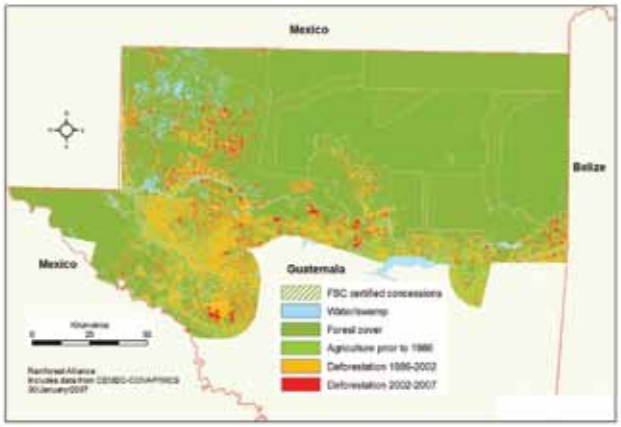
As Radachowsky et al. (2012) recently found — backing up detailed analyses by a host of other authors — it is clear that the concessions have generated significant socio-economic and environmental benefits. Total sales to date by all concessions exceed US$ 30 million and average annual revenue currently exceeds US$ 4 million. In 2003, income from sawn wood was US$ 2.8 million; by the end of 2008, this figure had more than doubled to US$ 5.8 million (Rosales 2010). Fundamental improvements in cost control, milling efficiencies, value-added processing and income from exports of lesser-known species and NTFPs have also been achieved.

At the household level, impacts are harder to measure. One estimate puts the number of permanent jobs generated by concession activities at more than 1,300 (Rosales 2010). Generation of temporary or seasonal jobs — in forest operations, for example — is even more significant, with some 5,000 such jobs created each year (Rosales 2010). Nearly all these positions offer salaries higher than the national minimum wage. Significantly, many concessions also dedicate a share of forestry profits to social development projects in areas such as basic health care and education, and to environmental education and forest protection measures. Investment in such projects averages some US$ 200,000 per year. All this has led to important progress in the building of social capital in concession communities, although deficiencies such as petty corruption and a lack of transparency continue to hamstring some of the operations.

Meanwhile, evidence suggests clear success with respect to forest conservation. Indeed, the concessions have outperformed neighbouring protected areas in conserving forest cover. An analysis published in 2008 found that during 2002–07, the average annual deforestation rate for the entire MBR and the core protected areas was twenty times higher than that of the FSC certified concessions (Hughell and Butterfield 2008; Figure 4).

Figure 4. Forest cover and deforestation in the MBR, 1998–2007

Source: Hughell and Butterfield 2008



Significant threats remain, however. First, there are some fundamental social-organizational issues that must be resolved if the concessions are to be sustained. Improvement of transparency in management, and the empowerment of a representative yet specialized team of professionals to permanently manage operations is essential. Second, there is a need for production diversification. Once reliant almost exclusively on the production of mahogany and Spanish cedar, the concession managers have long appreciated the need to find markets for a wider array of timber species, as well as non-timber forest products. Though significant advances have been made, particularly with *xate* palm, even more diversification will be necessary in coming years, given market dynamics and forest management goals.

Third, business and marketing capacities among the community enterprises need continued improvement. The formation of FORESCOM — a second-tier enterprise formed by eleven of the community concessions, aimed at achieving economies of scale — training of business staff and improved market access, especially for lesser-known species, are important steps forward. However, these improvements have relied on significant donor investment and technical assistance from NGOs. Developing these capacities both within FORESCOM and among the community concessions is critical.

Without such improvements, the concessions face an uncertain future. Particularly troubling is the increase in land conversion in the MBR linked to narco-trafficking. Such threats form the basic argument for adding a new layer of diversification to the income of forest concessions in the MBR, that of payment for environmental services (PES).

The GuateCarbon project

Approximately 470,000 hectares of forest in the MBR's multiple-use zone are included in the project area. They have the estimated potential to offset 0.8 million tonnes CO_2-e per year from avoided deforestation, or approximately 24 million tonnes CO_2-e over

a 30-year project cycle. Preliminary estimates suggest that successful implementation of the project will result in payments on the order of US$ 1–1.5 million per year to complement forest enterprise activities in the MBR. Such payments would benefit more than 5,000 families in the certified concessions through increased dividend payments, improved business competitiveness and better conservation of forest resources. In addition, it is estimated that about 1,000 forest-dependent families will benefit through the creation of new jobs for local workers, mainly in the realm of forest monitoring, control and administrative functions related to project management.

The Rainforest Alliance is providing support to government bodies, local civil society groups and the two private concessionaires in each of the key steps involved in bringing carbon in MBR certified forests to the market while ensuring that mechanisms are established to administer revenues generated from carbon credit sales. Project development activities include: (a) analysis of the legal and regulatory framework necessary to establish carbon rights and undertake a REDD+ project; (b) elaboration of a sub-national baseline; (c) definition and application of methodologies to quantify carbon stocks and emissions reductions; (d) design of an equitable benefit-sharing and reinvestment mechanism; and (e) preparation of a project design document. These preparation activities are being designed in line with accepted international standards (e.g., CCB and VCS).

Several important technical steps have been concluded. A sub-national assessment of baseline emissions has been completed. The baseline was developed using CONAP forest cover data from 2001, 2006 and 2010, with reference to variables such as roads, population density, markets and development plans, in order to model deforestation over the coming 20 to 30 years.

At the same time, carbon stocks were assessed. The resulting baseline — covering nearly 40% of Guatemala — serves as the reference point for assessing performance in stemming deforestation and degradation in the MBR. Based on these outputs, and on community consultations, the first draft of a Project Design Document (PDD) for GuateCarbon has been completed. The PDD — aligned with CCB and VCS standards — will be the key reference document during project validation and execution.

The importance of partnerships — with community stakeholders, local and international NGOs, government, and international donors — in producing the PDD was essential. CONAP's GIS unit was critically important in providing information for establishing the baseline, including forest cover maps and data for carbon stock estimation. This significantly reduced the costs for project proponents and secured greater collaboration with government partners.

Through such close collaboration with national stakeholders, GuateCarbon has sought to both build capacities and inform the national-level policy dialogues on REDD+. The

key government agencies involved with the project are also charged with the design and ultimate implementation of a national REDD+ scheme for Guatemala. By developing a sub-national project over an important area of the country, GuateCarbon is thus generating important early lessons and highlighting areas for policy development as part of Guatemala's REDD+ readiness plan.

For example, significant work has been undertaken at the national level to address legal and regulatory issues surrounding the benefits from carbon sales, chief among them, ownership of forest carbon. After protracted discussion informed by legal analyses undertaken by the Rainforest Alliance, a trust fund mechanism — termed a Special Purpose Vehicle — is being designed for the management of payments generated through the sale of carbon credits. This mechanism will be used to divide up payments generated from the sale of carbon credits among government agencies, concessions and project administration units. End uses of carbon payments will include dividend payments, monitoring and reporting work, verification audits and forest management expenses.

The position of community stakeholders and the Rainforest Alliance is that since REDD+ is ultimately designed to compensate for activities to reduce emissions — not to simply pay for carbon stocks — the bulk of the carbon payments should go to those undertaking sustainable forestry, i.e., the communities and concessions. Some government stakeholders initially viewed the issue differently, believing that since the forest belongs to the state, government agencies should receive and administer carbon payments. After more than a year of discussion, the Government of Guatemala has formally agreed to transfer the rights to credits for emissions reductions from avoided deforestation to the forest concessions.

The stumbling block to agreement on this central issue was the perception by government lawyers that ceding the state's rights to carbon — to any entity — would equate to ceding rights to territory, thus undermining state sovereignty. This belief led to the temporary rejection of any proposal put forward by stakeholders to address carbon rights. After a protracted period of technical workshops and meetings to clarify the difference between rights to carbon and rights to emissions reductions, the government agreed that rights to emissions reductions could be recognized as belonging to the concessions. The legal rationale for the decision rests with the *Protected Areas Law*, since the activities undertaken by the concessions to reduce emissions are aligned with its objectives.

The process of negotiation and resolution of carbon rights is highly significant given the uncertainties surrounding this issue in many tropical countries where REDD+ projects are under development. Typically, the language around such projects discusses "rights to carbon," which often generates tremendous opposition — not only by government, but by communities and other local stakeholders rightly concerned about the implications of

such projects on sovereignty, territorial or otherwise. In the case of GuateCarbon, redefining the term as "emissions reductions rights" clarified the issue for decision makers. It also aligned the language with existing law and avoiding the uncertain and possibly lengthy process of developing a new law, without undermining community interests.

Equally critical in the preparation process is the ongoing work at the community level to achieve Free, Prior and Informed Consent (FPIC) and establish social baselines to monitor socio-economic impacts during the life of the project. The Rainforest Alliance has developed a series of modules for climate and carbon education workshops that have been applied in the Petén communities, and work is ongoing with ACOFOP and other partners to secure and document local-level FPIC as part of the PDD preparation process. At the same time, the Rainforest Alliance worked at the international level with a number of partners — including CCBA, Flora and Fauna International and Forest Trends — to develop a social impact assessment manual geared specifically to carbon projects. It will be used to monitor change related to a number of key social and economic indicators over time.

In using such approaches to ensure FPIC and draft the PDD, GuateCarbon is emphasizing the importance of following a standards-based approach to project design. Building on the concessions' history of compliance with FSC standards for forest management, the project has placed a high premium on following internationally accepted procedures. These procedures are designed to ensure that actions undertaken will result in long-term emissions reductions, and that payments received will be used equitably. Moreover, designing the pilot in line with CCB and VCS standards helps to ensure that the project will attract investors and garner a more secure market share. Indeed, several international firms have already expressed interest in investing in the project once the PDD is validated.

Given the advances of the project to date, and the growing trend of community-based forestry as the basis for REDD+ globally, GuateCarbon is generating important lessons for the international community around the steps to developing a REDD+ project based on community production forestry.

Endnotes

1. See: www.climate-standards.org and www.v-c-s.org.
2. A recent analysis by Forest Trends' Ecosystem Marketplace found average reported price across the forest carbon market in 2010 to be US$ 5.5/tCO_2 (Diaz, Hamilton and Johnson 2011).
3. The discount rate accounts for time in estimating the value of goods and services. For revenue analyses covering multiple years, the value of future profits needs to be discounted. Since a dollar today is worth more than a dollar tomorrow, a discount rate — typically tied to the interest rate on loans — is necessary in profit projections.

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4.5 REDD+ and forest governance in Nepal

EAK B. RANA, SEEMA KARKI, BHASKAR S. KARKY, RAJAN KOTRU and JAGDISH POUDEL

Introduction

Since the 1980s community forestry has been an important factor in arresting the degradation of the extensive forests of Nepal's middle hills. Approximately 17,000 community forest user groups in Nepal manage more than 1.2 million hectares (ha) of forests. These forests provide a large and growing repository of carbon, which is restored and conserved through the efforts of local communities.

Under the global climate change negotiations under the United Nations Framework Convention on Climate Change (UNFCCC), developed and industrialized nations offer incentives to developing countries for their efforts to minimize forest degradation and deforestation that decrease carbon dioxide emissions. This Reducing Emissions from Deforestation and Forest Degradation (REDD) approach has been broadened (REDD+) to explicitly include increasing forest carbon through the sustainable management of forests and forest carbon conservation and enhancement.

Participants are learning important lessons about benefit sharing, local forest carbon monitoring and the monitoring and verification of REDD+ payments.

In 2009 the first initiative to test the REDD+ approach in the Himalayan Hindu Kush region was launched in Nepal. This pilot project involves local communities in monitoring the carbon in their forests and rewards them for the extra carbon sequestered in their forests. It also incorporates features that direct the REDD+ payments to poor and marginalized forest users. The initiative is showing considerable promise as a way of providing incentives for local communities to build up the carbon in their forests and thus reduce levels of carbon dioxide.

A pioneering REDD+ project

A pilot forest carbon trust fund was set up in 2010; it directs REDD+ payments to forest user groups in watersheds in three districts of Nepal's middle hills. The trust fund and the

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associated work of establishing a governance framework for the REDD+ payments is financed by the Norwegian Agency for Development Cooperation (Norad) and implemented by the International Centre for Integrated Mountain Development (ICIMOD) in partnership with the Federation of Community Forestry Users Nepal (FECOFUN) — an umbrella network of community forestry user groups (CFUGs) in Nepal — and the Asia Network for Sustainable Agriculture and Bio-resources (ANSAB).

The goal is to provide financial incentives to CFUGs to continue and enhance their work of improving the condition of their forests so as to lock up more carbon. This initiative is carried out by CFUGs at the watershed level to promote coordination and to limit transaction and monitoring costs. The overall objective is to inform Nepalese policy-makers about how to implement REDD+ payments in setting up a nation-wide forest carbon fund. The initiative is also important internationally: REDD+ is a new concept and the procedures for implementing it are still being worked out.

The means of calculating payments

The initiative began by identifying three watersheds (Table 1). These were chosen for being accessible from Kathmandu, having large forest-dependent indigenous populations and for representing different kinds of forests and different stages of community forestry development. The three watersheds have more than 10,000 ha of community forest, which are managed by 105 CFUGs and their 18,000 member households.

Table 1. Characteristics of the three REDD+ watersheds

Forest and district	size (ha)	Indigenous populations	Forest types
Kayarkhola watershed (Chitwan district)	2,382	Chepang and Tamang	Mature sal forest *(Shorea robusta)* down to 300 m above sea level (ASL)
Ludikhola (Gorkha district)	1,888	Gurung and Magar	Sub-tropical forest with sal regeneration from 1,300–1,800 m ASL
Charnawati watershed (Dolakha district)	5,996	Thami and Tamang	Lower temperate forest to maximum 2,600 m ASL

The procedures for measuring carbon and making REDD+ payments to the user groups were worked out in 2009 in consultation with stakeholders and incorporated in technical guidelines. These guidelines describe how to measure the amount of forest carbon in the forest in the main carbon pools of the trees, the below-ground biomass (roots), litter, herbs, saplings and soil.

The partners who were implementing the project then trained 42 local resource persons (LRPs) on facilitating user groups to measure forest carbon. These measurements are made by users groups assisted by the LRPs; this means that the expertise to carry out the work is lodged in the local areas and measurements can be carried out at a relatively low cost. The LRPs receive small payments for this work.

Measuring the carbon

The first baseline carbon measurement was made in February–April 2010 from 570 sample plots in the three watersheds. The 250-m2 plots provided representative samples of densely forested areas (70% or more canopy cover) and sparsely forested areas across the 105 community forests. One year later, in the same three months, the amount of carbon in the plots was remeasured. The data show an average mean annual increment of 2.67 tonnes of carbon per hectare, or 1.2% of the total carbon in these forests. The increment varied considerably between the three watershed areas (Table 2). The low increase in the Chitwan forests reflects the fact that the forest there is mostly mature, slow-growing sal trees *(Shorea robusta)*.

Table 2. Increase in carbon in three watersheds, 2010–2011

Forest and district	increase in carbon (%)
Kayarkhola watershed (Chitwan district)	0.5
Ludikhola (Gorkha district)	2.5
Charnawati watershed (Dolakha district)	1.1

Measuring socio-economic aspects

The amount of forest carbon accrued in community forests only accounts for 40% of the calculation of total REDD+ payments. The other 60% is calculated on the basis of the the socio-economic criteria shown in Table 3 so as to direct more benefits to traditionally marginalized and poor people. The aim of including these socio-economic criteria is empowering poor and disadvantaged users by encouraging them to advocate for REDD+ payment money to be spent in ways that benefit them by focusing expenditures on forest and livelihood improvements.

Table 3. Criteria for making pilot REDD+ payments to community forests

Criteria	Proportion	Descriptions
Carbon sequestration (forest carbon stock and increment)	40%	24% is for forest carbon stock and 16% is for forest carbon growth
Proportion of Dalit user households in CFUGs	15%	Dalits (ex-"untouchables") are amongst the poorest of the poor in Nepal
Proportion of users who are indigenous people	10%	Indigenous people are traditionally more forest-dependent than other groups
Proportion of users who are economically poor	20%	Each watershed decided on indicators to classify poverty, including land holdings, income levels and asset ownership
Proportion of women in the CFUGs	15%	This criterion will probably be revised to become a measure of women's empowerment, such as the number of women in CFUG decision-making positions

Payments

The users, with assistance from the project and newly formed multi-stakeholder monitoring committees, gathered the carbon data and socio-economic data and entered it on official claim invoice forms. The claims were checked by the watershed advisory committees and forwarded to the centre. However, from year two an independent agency will check and verify the claims.

For the first year Norad provided a US$ 100,000 seed grant for the trust fund. Based on the claims, a total of $ 95,000 was distributed to the 105 CFUGs. This ranged from $ 87 for Amalekharka CFUG in Dolakha district to $ 4,264 for Kankali CFUG in Chitwan district.

Use of REDD+ payments

The operational guidelines specify that the REDD+ payments must be spent on nine types of activities; these are related to improving forest condition, promoting sustainable forest management, improving local livelihoods and monitoring forest carbon. Users have to indicate on their claim invoices how and where the payments will be invested.

The CFUGs are investing their REDD+ payments to improve the management of their forests by establishing fire breaks to reduce the risk of destructive fires, by promoting the stall feeding of livestock to reduce forest grazing and by installing biogas and improved cook stoves to reduce firewood consumption. Some are spending their REDD+ payments on improving the livelihoods of poor users. The user group that received the largest REDD+ payment (Kankali) spent most of its money on establishing fish farming for the poorest user group members. Many of the Gorkha user groups spent their money on preventing the fires that cause considerable damage to their forests each year.

Payment structure

The project has established several multi-stakeholder institutions to implement, oversee and monitor the REDD+ payments. This structure ensures that the views of all the main stakeholders are well represented and that the payment process is efficient and fair (Figure 1). The fund is managed by the Project Management Unit, which is responsible for managing the data and making the REDD+ payments to the user groups. According to the plan, this work will be carried out in the future by a government entity.

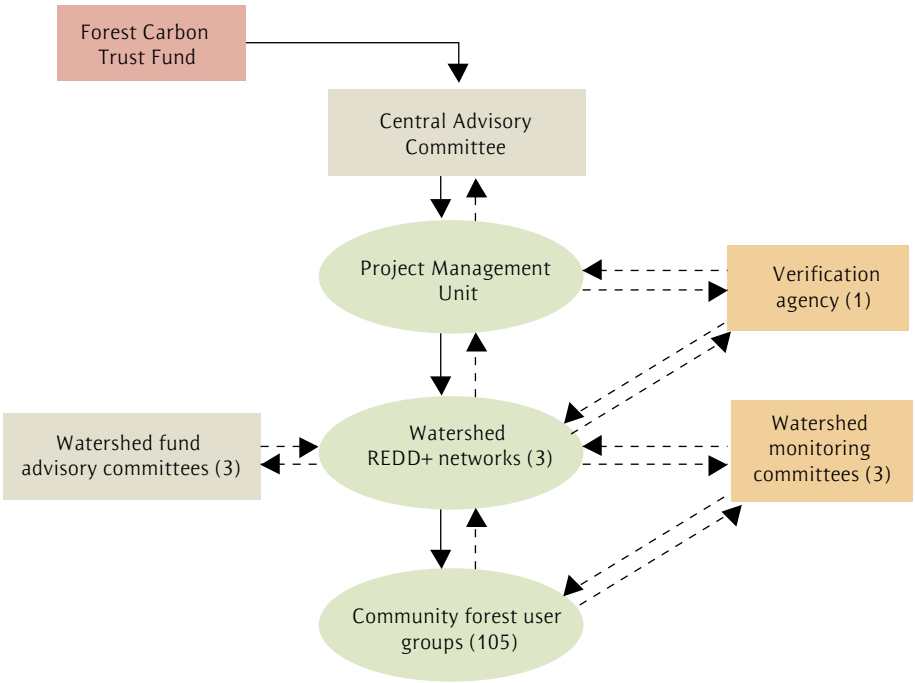
The structure of the fund

Advisory committees

The fund is governed at the central level by a multi-stakeholder Trust Fund Advisory Committee and at the watershed level by advisory committees of watershed-level stakeholders. The central advisory committee is made up of government and civil society representatives, including the REDD cell of the Ministry of Forests and Soil Conservation

(MFSC), the Nepal Federation of Indigenous Nationalities (NEFIN), the Dalit NGO Federation, the Himawanti Nepal women's Network and FECOFUN. This body is responsible for overall decision-making about the trust fund and REDD+ payments.

Figure 1. The structure and system of the Pilot Forest Carbon Trust Fund



Note: Dotted lines represent reporting, data and information flows; solid lines represent REDD+ payments

The three watershed-level REDD+ advisory committees meet quarterly to review progress and approve claim invoices from forest user groups and forward REDD payment claim invoices to the central advisory committee. The watershed-level committees are made up of representatives from district forest offices, local government and organizations representing community forest user groups, indigenous people, Dalits and women.

These advisory bodies provide multi-stakeholder institutions with guidance on the fair distribution of carbon funds and ensure more equitable distribution of the revenue generated by community forestry.

Watershed REDD+ networks

While the advisory committees ensure that procedures are properly followed, three newly established REDD+ watershed networks provide a platform for forest users to learn about REDD+, share experiences, address issues and conflicts and to ensure that users' rights are respected. Most importantly, they facilitate collective REDD+ decision-making by stakeholder communities.

A representative from each user group attends the monthly Watershed REDD Network meetings. The three networks also inform other stakeholders at the national (FECOFUN), watershed (network members) and community levels (user groups) about the benefits of carbon storage under new global mechanisms for mitigating climate change.

Monitoring committees

The local multi-stakeholder monitoring committees oversee the monitoring and facilitation of user groups in each watershed. These committees assess the CFUG REDD activities and facilitate the CFUGs for proper utilization of payments.

Verification agency

The first payment through the trust fund was made based on the recommendation of the forest carbon trust fund advisory committee over the claims invoices sent by CFUGs. The second round of claims will be verified by an independent verification agency; this will be a private consulting company. A monitoring, reporting and verification (MRV) framework document has been developed by the project to carry out the REDD+ activities and to regulate the REDD+ payments. The MRV framework document is based on the methodological standards and social and environmental safeguards of the Verified Carbon Standards (VCS) and Climate, Community and Biodiversity Standard (CCBS). The independent agency will verify the accuracy of claims in terms of the technical, social and environmental aspects of the operational guidelines of the pilot trust fund and the MRV document.

REDD civil society alliance

A civil society alliance has been set up to promote the REDD+ approach, within the project, but mostly in a wider context. The alliance is made up of representatives from women's, Dalit, indigenous people and community forestry civil society organizations and representatives from the media and natural resource research institutes.

FECOFUN is the alliance secretariat. It organizes regular meetings where members discuss issues related to forestry, climate change and REDD+ in Nepal. The alliance has held several discussions with representatives from the REDD cell of the MFSC and has learned about the development of international climate change polices and Nepal's climate change negotiations. A particular focus of the alliance is to ensure that social and environmental safeguards are observed in order to secure the rights of indigenous and disadvantaged people. On behalf of the alliance, FECOFUN and NEFIN attend government REDD working group meetings and include the REDD agenda in the national policy process.

Challenges and risks

This pilot initiative has successfully set up a means of directing REDD+ payment to forest user groups by establishing technical and operational guidelines and the institutions for governing the system. There are, however, several substantial risks and challenges.

Sustainability challenge

The main challenge in the progress of this initiative has been its sustainability. The REDD+ payments are being made from a seed grant provided by the donor, rather than from the international carbon market. Donor funds are available only until 2013. The payments to users being linked to a fixed amount provided by the donor, not to potential — much larger — amounts from carbon offset funds. This means that users have less incentive to store more carbon in their forests. Another sustainability challenge is the under-representation of the government and private sector in the REDD+ payments governance structure.

User rights

One of the central rationales of REDD is that the main stakeholders must have secure rights over their forests. This will motivate them to increase levels of forest carbon, which often involves long-term efforts. Although Nepal's CFUGs have use rights over their forests, political instability and frequent changes in forest policy mean that these rights are not secure. The government is proposing to revise the 1993 *Forest Act* to impose much higher government taxes on products harvested from community forests. Another related issue is the lack of clear policy on who owns soil carbon (roots); CFUGs have management rights only over the above-ground parts of trees and other vegetation in their forests.

Protecting all forests

An inherent risk in community forestry is that users will protect their community forests, but exploit and degrade other accessible forests outside project sites. This could also happen as a result of REDD+ initiatives that focus on community forests. Users may minimize the exploitation of their own forests at the cost of adjoining forests, thus resulting in net carbon losses. The initiative has addressed the risk of this "leakage" by identifying adjoining areas of forests that participating user groups exploit and by monitoring the levels of carbon in these forests.

Rewarding good forest managers

Under the pilot system the best-managed community forests will receive lower levels of payments related to carbon sequestration, since they have already improved their community forests by adopting sound management practices. Thus, they will have the least potential to build carbon stocks. Conversely, it is the users who have adopted the fewest good forest management practices who will qualify for higher levels of payments. The issue here is how to ensure that good forest managers are rewarded.

Definition of indigenous people

The project uses the official definition of indigenous people of the National Foundation for Development of Indigenous Nationalities (NFDIN). Who is and is not indigenous is a contentious and complex issue in Nepal. Some so-called non-indigenous people have been resident in parts of Nepal for much longer than some of the "indigenous" groups.

The way forward

At the time of writing (March 2012) the user groups are carrying out their third round of carbon measurements as part of their second REDD+ payment claims. The pilot REDD+ initiative is demonstrating the potential to accomplish several things:

- motivate communities to increase the levels of carbon in their forests, both at the user group level and the watershed level;
- provide the triple dividend of climate change mitigation, climate change adaptation and improved livelihoods for forest dependent communities; and
- increase the value of forests.

Participants are learning important lessons about benefit sharing, local forest carbon monitoring and the monitoring and verification of REDD+ payments. These lessons are being communicated to policy-makers by the civil society alliance and through the frequent interactions of the alliance and FECOFON and NEFIN (who are members of the REDD working group). More studies and assessments are needed, however, to review and distil how these lessons apply to the national REDD policy process.

Section 5

Other governance instruments

Photo credits
p.175 Logging site, Suriname. Rudi van Kanten
p.177 Province Orientale, DR Congo. TBI DR Congo
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p.186 Marked logs at a log yard in Malaysia. Alex Hinrichs
p.189 Inspection of temporary log yard in Indonesia during voluntary certification. Alex Hinrichs
p.190 The traceability system developed by a private company. Alex Hinrichs
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p.194 Forest at the Kuala Belalong field studies centre in Brunei. Rodney John Keenan
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p.200 Forest at the Kuala Belalong field studies centre in Brunei. Rodney John Keenan
p.203 Bamboo area, mountains of northern Thailand.

5.1 Are National Forest Programmes valid instruments for improving governance?

CORNELIA SEPP and STEFAN MANN

Introduction

This paper summarizes a 2010 survey[1] capturing the lessons learned from National Forest Programmes (NFPs) in 76 countries. This survey was cross-referenced against a poll conducted by FORIS[2] in 2009 as well as the NFP update[3] and the Forest Resources Assessment (FRA). The survey was validated through focused interviews with different stakeholder groups and a comprehensive document review. Combined, the results provide insights into different NFPs and suggest ways to put the concept into practice. This paper serves as a reference for parties involved in NFP processes and the members of the wider professional community who seek lessons learned and recommendations on how NFPs promote forest governance.

Background: the NFP concept

NFPs as unified policy frameworks

One of the most important outcomes of the international post-UNCED forest policy dialogue, the NFP concept was officially endorsed at the fourth session of the Intergovernmental Panel on Forests (IPF, 1995–97). The term "National Forest Programme" was used to describe a wide range of approaches to sustainable forest management at the sub-national and national levels. It applies to all countries and to all types of forests.

NFPs have come to be recognized as an important procedural framework for promoting good forest governance and, by extension, SFM.

An NFP consists of repetitive cycles of analysis, planning, implementation and monitoring/evaluation of forest-related policies and activities. A widespread misconception about NFPs is that they are either a one-time exercise or a tangible product. The NFP concept stresses the need to address forest sector issues in a comprehensive and cross-cutting fashion. It looks beyond the forest sector, involves all forest stakeholders and links the international forest policy dialogue to national strategic and operational planning. In this way, an NFP serves as a permanent national framework that coordinates a range of forest-related international agreements and national programmes and plans.

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For international cooperation, NFPs can provide a common basis for support. As a commonly agreed, comprehensive forest policy framework (e.g., COFO 2010, Forest Policy Development Guide 2010) an NFP can guide countries in their pursuit of good forest governance.

NFP principles

NFP principles are procedural benchmarks that determine how the elements[4] of an NFP have been achieved. Originally, the IPF/IFF agreed on 37 procedural principles. These were later streamlined into three groups: (1) national sovereignty and country leadership; (2) consistency within and integration beyond the forest sector; and (3) participation and partnership.[5]

National sovereignty refers to the acknowledged right to manage forests. It implies that NFPs are to be aligned to each country's context. Donors should provide their support in a way that addresses national priorities. The forest sector needs to exercise effective leadership and coordination when dealing with other sectors and the international community.

Consistency within the forest sector promotes synergies. It applies to policies, legislation, procedures, instruments and institutions. Integration refers to linking the NFP to overarching policies (e.g., national development policy, poverty reduction strategy) and to other sectors.

Participation promotes transparency and consensus. It requires clarification of stakeholders' mandates, tasks, rights and obligations and the establishment of effective coordination mechanisms.

Findings and observations

Prevalence of NFPs

By 2010, the number of countries operating NFPs had risen to 131[6] from 99 in 2008.[7] Countries with NFPs account for 75% of the global forest area. Almost three-quarters of all NFPs started after the year 2000; one-third started after 2006. This suggests that the NFP concept is gathering momentum. Most NFPs came about through external support by donors or NGOs. Currently, the NFP Facility – a multi-donor programme hosted by FAO – is the most important provider of small grants, procedural support and information related to NFPs to 70 partner countries.

Main functions

Most respondents to the 2010 survey perceived NFPs as either a strategic planning document or a forest policy forum in parallel with other initiatives, such as the non-legally binding instrument (NLBI).[8] Only about one-third identified NFPs as their main forest governance reform framework, which suggests that there is a long-term need to promote NFPs.

Aside from the need to communicate the concept, develop capacities and mobilize support, structural deficits in many countries need to be overcome; this can be a slow

process. The number of countries regarding their NFPs as only a "project" had dropped markedly in the survey, compared to the 2009 FORIS questionnaire. This attests to the success of coordinated support of the kind the NFP Facility provides.

Institutional set-up

The significance of the structure of governance bodies within the forest sector and in related sectors, along with procedural rules governing inter-institutional coordination and cooperation, is increasingly apparent. Half the respondents cited organizational and structural deficits as major constraints for NFP implementation. Most countries report progress in this regard, having successfully established different forms of focal points, steering committees and consultation platforms. NFPs are commonly spearheaded by the ministry in charge of forestry. Their focal points are often attached to a relatively low level of the forest administration, however; this results in a lack of political influence. Many countries established dedicated structures for thematic focus, such as round-tables, advisory groups, working groups, task forces, monitoring and/or validation units. Only a minority of countries deliberately reflect ongoing decentralization processes within the set-up of their NFPs, e.g., by means of conducting regional dialogue processes.

Several cases have been recorded where established structures and processes broke down after donor support (especially funding of running costs and investments) had ceased.

NFPs as iterative processes

Almost 70% of respondents characterized NFPs as iterative. Some phases seem to have progressed better than others. Most countries judged their analysis, policy formulation and planning phases as nearly complete: 80% of all responding countries now have a forest policy statement and have enacted forest legislation. Findings suggest distinctly less progress in terms of institutional reform and implementation at the field level, owing primarily to a lack of resource allocation, weak capacities and changes in personnel. Monitoring and evaluation seem to be least well developed in most countries.

Implementation of the NFP principles

The 2010 survey, like earlier assessments,[9] found widespread satisfaction regarding national sovereignty. The NFP exercise apparently promoted country leadership in forest sector development. Most progress occurred in terms of a common vision, donor coordination, and funding (national budgets or other sources, including donor support). Most countries based their forest policies on broad stakeholder consultation. Some had their forest policy signed by high-ranking government officials so as to highlight the forest sector's significance.

Findings suggest that NFPs in most countries depend on external support. Some NFPs were initiated through donor influence, i.e., with a view to streamlining donor involvement in forest sector development. Such observations tally with earlier studies (e.g., the 2009 NFP Facility survey). Donors can also have negative influences, however, as shown by responses criticizing donor dominance, even to the point of disregarding national

priorities. Further concerns suggest that especially in African countries NFPs did not strengthen governance to the extent necessary, due to institutional deficits, the low profile of the forest sector and insufficient implementation.

Country responses highlight participation and partnership as a factor in the success of the NFP and even an objective in itself, one that demonstrates democracy and legitimizes decisions. This contrasts with findings from the 1990s indicating a certain reluctance to involve non-state stakeholders. For most respondents participation has become a reality, and is often linked to constitutional reforms and decentralization.

Most countries have devolved management and decision-making rights to local groups and to the private sector. Participation by marginalized/indigenous groups often leaves room for improvement, however. Participation seems to be strongest in terms of policy formulation, planning and monitoring, while involvement of the private sector reportedly lags behind. Because stakeholders often lack self-organization, negotiation skills, political leverage and awareness, they often fail to meet official registration requirements without donor support. An absence of tangible benefits can leave stakeholders frustrated. Further bottlenecks include inadequate access to data and lack of procedures adapted to specific target groups. Furthermore, countries report difficulties in funding information management. Donor support to this end was reportedly not sustained.

Consistency within and beyond the forest provided a mixed result. Coordination within the forest sector had progressed most; cross-sector mainstreaming had waned (despite the fact that the number of respective coordination mechanisms had grown markedly compared to the 2004 NFP update). Only a few countries had succeeded in establishing permanent cross-sector working groups (e.g., on land use, energy, biodiversity, climate change etc.). Donor support was instrumental to this end.

In a majority of countries, the forest sector's economic significance remains underrated, owing to a lack of data or data dispersal among various ministries. Environmental services provided by forests are often underrated due to a lack of valuation methods and instruments. References to forest sector development in development strategies and Poverty Reduction Strategy Papers (PRSPs) tend to be generic and lack substantiation.

Legal/regulatory consistency across sector boundaries was identified as a critical issue in the 2004 NFP update. Findings from 2010 corroborate this observation, with most countries reporting weak progress. Findings regarding coordination between NFPs and processes in support of various forest-related multilateral environmental agreements (MEAs) suggest that parallel implementation rather than consistent mainstreaming is occurring.

Lessons learned

Based on these findings, the following lessons learned seem pertinent (Table 1).

Table 1. Lessons learned from NFP implementation in 76 countries

Prevalence	The large number of NFPs creates considerable opportunities. Most countries have structures and procedures in place and have achieved preliminary results.
Main functions	National and international perceptions differ considerably. NFPs rarely become a unified framework for all forest-related initiatives.
Institutional set-up	The duplication of coordination frameworks diminishes the efficiency and impact of NFPs. The role of NFPs as related to the NLBI warrants further clarification. Coordination is hampered by the often low status of lead agencies.
Iterative process	Despite considerable progress in policy formulation and planning, implementation is critical. Weak M&E obstructs learning and adjustment at the policy level.
Country sovereignty and leadership	Lead agencies lack political leverage, due to low administrative attachment, a weak public image of forest authorities, capacity deficits and insufficient resource allocation. Competent leadership requires capacity and continuity. Highly elaborate arrangements outside existing governance structures prove unsustainable. Adequate funding depends on political commitment. Donor support is crucial, but should not become dominant. Despite a tight project schedule, donor support needs to respect the country-specific pace of development.
Participation and partnership	Participation is highly successful in general, but still requires improvement regarding (i) involving other economic sectors; (ii) empowering NGOs and informal stakeholder groups; and (iii) involving the private sector. Participation depends on tangible benefits and impacts from the NFP, especially at the local level. Overly ambitious planning runs the risk of discouraging stakeholders, particularly in the absence of corresponding funds. Equal satisfaction among all stakeholders is unrealistic. Conflict mediation is required, especially where large numbers of stakeholders with specific agendas are involved.
Consistency within and beyond the forest sector	Cross-sector coordination and alignment of NFPs with overarching policies warrant further attention and improvement. Recognition of the forest sector's economic and social significance facilitates cross-sector streamlining. Information management and availability of data are pivotal to this end. Joint activities, such as cross-sector projects and streamlining of EIA processes, facilitate cross-sector coordination.

Conclusions and recommendations

From a general perspective, the extent to which NFPs improve forest governance depends on how effectively they are structured. Several factors are required:

- raise the profile of the forest sector;
- promote adequate institutional settings for the NFP;
- enhance leadership capacities and participation;
- demonstrate tangible benefits of NFPs; and
- institutionalize learning and knowledge management.

Profile of the forest sector

Communicating the forest sector's contribution to development and poverty reduction requires sound information:

- forest data should be systematically assessed and streamlined into the M&E routines of other sectors and overarching programmes;
- local data (e.g., Forest Management Plans) should be consolidated at the regional and national levels; and
- disclosure rules and data accessibility need to reflect stakeholder needs, including level of complexity and availability in local languages.

Many forest products are used informally and are hence not reflected in official data, and markets do not yet reflect the forests' environmental services. Several actions are required:

- establishing a value for forest services, e.g., through payment for environmental services (PES);
- formalization of production and marketing to promote the accurate pricing of forest products; and
- support to smallholders and local communities to promote the development of forest management units, capacity development, market outreach, and to increase the value added from forest production.

In many countries the forest sector remains tainted by corruption. This problem is difficult to change. These are examples of needed improvements:

- a neutral NFP moderator;
- information and public relations;
- capacity development in terms of professionalism and standards of conduct; and
- networking.

Political commitment to transparency, participatory decision-making, and decentralized implementation are the main ingredients of a successful NFP.

Institutional setting and management

If NFPs are to be recognized and accepted, they must be attached to public governance structures, and authority should be shared among various sectors. This can be achieved by linking the NFP to an influential ministry; establishing inter-ministerial steering committees for coordination purposes and strategic decision making; promoting

decentralized governance; and linking the NFP to wider contexts such as environment or sustainable development.

NFP structures become more durable when they are kept lean and efficient, in line with domestic funding capabilities. NFPs should be able to remain operative if external support is withdrawn.

Efficiency also depends on strategic planning, including mobilization of human resources and capital. Professionals spearheading the NFP require specific skills besides technical knowledge, including expertise in organization and accountability and communications, and social awareness and competence in interacting with lay people.

National sovereignty and country leadership

Successful NFPs require that forest sector not to be marginalized in terms of high-level political attention or fund allocation by more prominent sectors or influential stakeholders in the national development context. This is particularly important as donors switch to joint assistance strategies and budget support in reference to country-driven development priorities.

Although Official Development Assistance (ODA) has been instrumental in promoting NFPs, dependency on external aid may weaken national commitment and leadership. Balancing proactive interventions and respect for national priorities and time requirements can be challenging for donors. Lean and efficient structures are more likely to survive the withdrawal of donor support.

Participation and partnership

Participation requires the political will to improve framework conditions (democracy, decentralization, good governance). If these conditions do improve, stakeholder analyses serve to clarify the roles and mandates, interests, capacities and political leverage of various stakeholder groups. Empowerment of marginalized stakeholders promotes acceptance of the NFP, and increases the chance that it will be implemented.

To participate meaningfully, stakeholders must have these characteristics:

- well informed about both the subject of the discussion and procedural aspects of their participation. In order to avoid frustration, it is important that stakeholders are well aware of what their participation means.
- organized and legitimately represented. This requires prior internal consultation and consensus.
- empowered — capacity building and advocacy help to avoid inequity and dominance by the most influential groups. Weaker stakeholders need to be encouraged.

- motivated — stakeholder views must be taken seriously, and tangible benefits must be provided to avert frustration.

Stakeholder participation often depends on whether the NFP can provide tangible benefits. Participation strategies should therefore address local priorities. Since SFM means a long-term, inter-generational investment, tenure security and equitable benefit sharing are key concerns of the rural poor. NFPs need to demonstrate the socio-economic viability of SFM. Public support, including PES and incentive schemes that promote investment and employment, can sustain local commitment.

Consistency within and beyond the forest sector

Although NFPs have succeeded in promoting forest sector coordination, cross-sector coordination remains hard to achieve. NFPs must therefore be aligned to the overarching development policies of each country. This requires actions by the forest sector to ensure that it is adequately represented in cross-cutting processes:

- initiate cross-sector decision-making at decentralized levels;
- initiate joint activities, e.g., studies as part of the sector review and implementation partnerships for field projects; and
- engage in cross-sector networking to foster working relations.

The way forward

Findings suggest that in an increasing number of countries, NFPs have come to be recognized as an important procedural framework for promoting good forest governance and, by extension, SFM. NFPs engender societal consensus about the ways in which forest resources are managed and used, and promote social equity in terms of access to and sharing of forest goods and services.

Because forest resources underpin the livelihoods of a large number of people, many more fundamental issues of societal reform and development can be demonstrated, discussed and resolved against the backdrop of the forest sector. On the other hand, NFPs provide no patent remedy for structural weaknesses or deficiencies, such as non-transparent public governance or entrenched corruption. The most fundamental precondition of any successful NFP is political will, arising from awareness for both the ecological/environmental and socio-economic significance of forest resources and the need for consensual change and improvement.

The NFP concept has two main strengths. First, it provides a framework at the national level for all international forest-related processes, such as the NLBI and forest-related parts of MEAs dealing with biodiversity, climate protection and desertification. Second, it can mainstream the implementation of NFP principles — country leadership, participation and coordination — that are universal for sustainable development at large.

Putting this concept into practice requires continuity and coherence. The NFP model is fairly flexible and easily lends itself to the inclusion of new and emerging issues. However, multilateral as well as bilateral processes and initiatives (including donor-support) tend to promote new and parallel processes with similar objectives, principles and structures. FLEGT and REDD+ are examples, because they progress mostly independently of NFPs.

Arguably, both initiatives are directly linked to forest governance and might therefore most appropriately be streamlined into and addressed within the cross-cutting framework of an NFP. On the other hand, both FLEGT and REDD+ are considerably more focused and specific than NFPs, and, owing to the international attention they receive, admittedly more momentous than NFPs. Streamlining such processes into ongoing NFPs depends on effective and efficient progress of the NFP itself. Demonstrating success requires monitoring and evaluation, one aspect of the NFP that needs to be improved in many countries.

Endnotes

1. The survey was commissioned by the FAO NFP Facility and co-funded by GIZ Sector Project International Forest Policy (IWP); it is available on request from GIZ-IWP.
2. This is the Forestry Information System under the auspices of FAO, which provides baseline forest assessment data.
3. The NFP update denotes a global platform for information collection and exchange on NFPs. It operates through coordination between national focal points and FAO.
4. These include a national forest statement, forest sector review, policy and legal-regulatory reforms, strategies including financing, and an action plan.
5. See FAO/NFP Facility. 2006. *Understanding NFPs*. The principal author was Cornelia Sepp, ECO-Consult.
6. See the FRA survey, 2010. Global assessment reports have been carried out by FAO since 1948 at ten-year, and since 2000, at five-year intervals. FRA 2010 is the most comprehensive global assessment of forests and forestry to date. It examines the current status and recent trends for about 90 variables covering the extent, condition, uses and values of forests and other wooded land.
7. See NFP update 2008.
8. See United Nations. 2008. Non-legally binding instrument on all types of forests. Resolution adopted by the General Assembly at its 62nd session (A/RES/62/98), New York.
9. See BMZ 2004 and NFP Facility 2009.

5.2 Can the FLEGT Action Plan and voluntary forest certification reinforce each other?

ALEXANDER HINRICHS and FLIP VAN HELDEN

Introduction

Following the failure of the 1992 Rio Earth Summit to agree on a global forest convention, the 1990s saw the establishment of voluntary certification schemes for sustainable forest management. These were developed by an alliance of non-governmental actors in what has been called a process of "non-state market-driven global governance" (Cashore and Stone 2010).

In subsequent years these voluntary approaches were complemented by a number of regulatory approaches to legality. The FLEGT Action Plan and voluntary certification schemes have significant potential to support good forest governance and sustainable forest management if voluntary and regulatory efforts can be made mutually reinforcing.

Most recent forest policy initiatives tend to incorporate elements of both regulatory and voluntary approaches.

Voluntary approaches for sustainability

The development of certification schemes has been characterized by three factors: 1) a direct interaction between civil society groups and the private sector; 2) independent third-party auditing of company operations and supply chains; and 3) a reliance on discerning end-users to create the necessary market for certified timber. Initially, this led to the establishment of a variety of schemes, these have now largely consolidated into two competing approaches: the Programme for the Endorsement of Forest Certification (PEFC) and the Forest Stewardship Council (FSC).

Voluntary certification schemes have received considerable public sector support in the form of direct and indirect subsidies and through public procurement policies. In some instances governments have actively promoted the development of national certification schemes. This has blurred the distinction between private-sector and government-led approaches.

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Even though concern about tropical forest management triggered the development of voluntary certification, in practice its uptake in the tropics has been slow. This has led many tropical timber-producing countries, as well as regional bodies such as the Association of Southeast Asian Nations, to emphasize the specific constraints of tropical forest management and the need for a step-wise approach to sustainability certification, with legality as its entry point. Today, a variety of voluntary legality verification initiatives have been developed in response to market demand, and certification schemes have established rules to allow for the mixing of timber from non-certified but verified "controlled" or "non-controversial" sources.[1]

The relationship between voluntary approaches and forest-sector governance is complex. Governance failure —particularly in relation to property rights, market conditions, stakeholder involvement and law enforcement — has often hindered the effective implementation of certification schemes. A favourable policy climate is in many ways a precondition for certification to fully meet its aims.

Although certification stands to benefit from better governance, and can strengthen compliance at the level of the individual management unit, it cannot be expected to directly address broader institutional and governance failure. Better law enforcement, for example, is difficult to achieve through voluntary certification. Certification bodies check procedures at the level of the certified enterprise but are "unlikely to have much impact on those companies whose business models are based on evading the law" (Bass 2003: 37).

Regulatory approaches for timber legality

In recent years, growing public concern about deforestation and forest degradation has led to a call for regulatory approaches. This is based on the assumption that the legally binding nature of regulatory instruments and their universal scope gives them a greater impact than voluntary initiatives. Many countries already find it difficult to enforce existing laws and regulations, however, and the impact of regulatory approaches depends on the ability and willingness of governments to implement and enforce them.

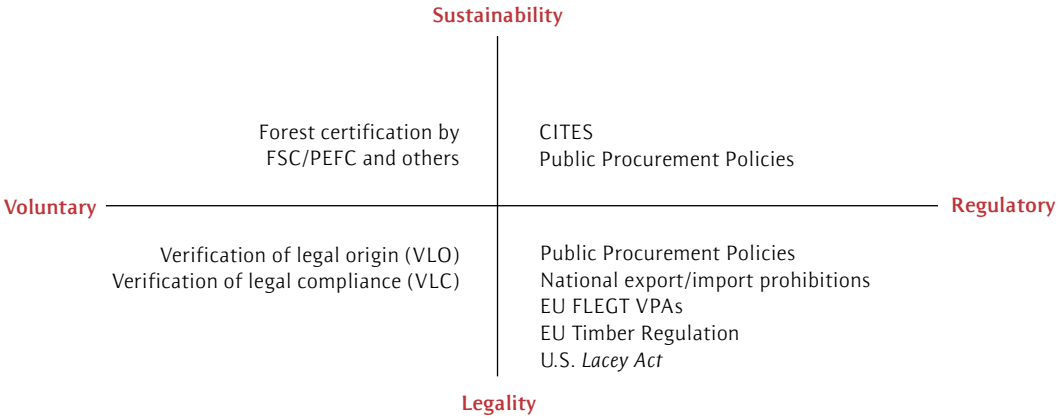
These are the most common regulatory approaches taken in the forest sector to date:

- specifications used in mandatory public procurement policies for timber and timber products;
- attempts to regulate international trade in endangered timber species in the framework of the Convention on the International Trade in Endangered Species (CITES);
- prohibitions on the export and in some cases the import of certain timber species or timber sizes, usually logs;
- legally binding trade agreements in which a certain standard for timber legality is agreed upon by exporting and importing countries;
- general prohibitions on the trade in illegally harvested timber; and
- mandatory due diligence measures.

The EU and U.S. have been instrumental in promoting such regulatory approaches. The Voluntary Partnership Agreements (VPAs)[2] of the 2003 EU FLEGT Action Plan, for

example, take the fourth mechanism as their focus, with the aim "to create the governance structures that reinforce capacity for law enforcement and oblige companies to respect the law" (European Commission 2010). The EU Timber Regulation of 2010 and the U.S. *Lacey Act* amendment of 2008 combine the last two mechanisms by prohibiting the trade in illegally harvested timber and by obliging or stimulating traders to minimize the risk of trading in such timber (Figure 1).

Figure 1. Voluntary and regulatory approaches to legal and sustainable timber



Note: Specifications in public procurement policies for timber and timber products recognize both legality and sustainability.

These approaches take legality as their focus for two reasons. First: country-wide sustainability is not achievable without addressing underlying governance issues. Second: a unilateral imposition of a sustainability standard would face difficulty in the absence of an internationally agreed definition of sustainable forest management. No country, however, can object to taking its own legal framework as a standard for trade. Unlike sustainability standards — which are often perceived as an imposition from abroad — legality standards reinforce national sovereignty over forest resources.

Similarities and differences between voluntary and regulatory approaches

Most voluntary and regulatory approaches rely on the power of the discerning market to foster better forest management and use clearly defined standards to assess compliance. FLEGT VPAs and voluntary approaches also dedicate an important role to multi-stakeholder dialogues and rely on independent third-party monitoring to assure their functioning and maintain credibility.[3]

The two approaches have a number of differences:

- Regulatory measures cover the entire forest sector in a country, while voluntary initiatives focus on the certified enterprise or forest management unit. At the industry level, certification can even be limited to a single product line. This difference in scope has major implications for implementation and enforcement,

since controlling sector wide-performance is much more difficult than assuring localized compliance.

- Companies use voluntary standards to improve their market position compared to their competitors, while governments may use regulations to create fair conditions and improve practices within the sector as a whole. As a result, only regulatory measures have the potential to enhance the reputation of an entire country.
- Voluntary initiatives depend on the good will of actors and are binding only on those participating in the scheme. Companies can always opt out. Regulatory measures are compulsory and bring the force of law to bear on all actors within the jurisdiction in question.

Do voluntary sustainability and regulatory legality approaches compete?

Some authors are concerned that legality verification competes with efforts to move towards sustainability (Brown and Bird 2007). They are concerned by the duplication of efforts related to the development of standards, the costs associated with obtaining both legality verification and sustainability certification, and the assumption that legality implies a lowering of the threshold.

The degree to which legality and sustainability notions overlap depends on the extent to which the legal framework of a country incorporates sustainability requirements. The difference between legality and sustainability would largely fall away if governments made it mandatory for forest operations to meet a specific sustainability standard.[4] In practice, the legal frameworks of many timber-producing countries already incorporate substantial sustainability requirements, such as preparation of management plans and monitoring procedures. Enforcing these requirements would be a major step forward.

Within the EU there is little evidence that the market will permanently accept legality as sufficient proof of sound forest management. On the contrary, large retailers do not stop at meeting mandatory legality requirements, but tend to aim for certification for corporate responsibility and marketing efforts aimed at end users. These company policies are reinforced by increasingly mandatory public procurement policies that require proof of sustainability.

How sustainability certification and FLEGT VPAs are mutually reinforcing

While FLEGT VPAs and voluntary certification processes differ in standard, scope, and approach, there are a number of ways in which these instruments support each other.

VPAs can benefit from voluntary certification schemes, which provide working examples of traceability mechanisms and auditing processes at the level of the forest management unit. Voluntary schemes can function as a testing ground for case-based and practical solutions at the local level. This is especially important where voluntary approaches improve local understanding of national laws and regulations; develop local stakeholder

processes that feed into national VPA processes; and have developed tracking and tracing procedures that benefit the traceability systems agreed to under the VPA.

Voluntary approaches can also help pioneer best practice in countries that are not yet ready for nation-wide regulatory approaches and therefore allow countries and companies to prepare themselves for improved forest management. At the same time, countries can prepare for new export market challenges and opportunities, including those stemming from the EU Timber Regulation and U.S. *Lacey Act*.

Voluntary certification in turn may benefit from VPAs, since they tend to provide greater clarity on the legal requirements applicable to forest operations. They also enhance transparency by ensuring that information on forest operations is made public. Although the legality principles of certification schemes state the obligation to meet all applicable legislation, these principles often lack the detailed sets of indicators and verifiers that characterize the FLEGT legality definitions and verification procedures, and the support these receive by national stakeholders.[5]

The overall improvement of governance and law enforcement decreases the risk of conflicts among stakeholders, lessens the level of effort required to move to sustainability certification and reduces the cost advantage of non-certified producers over certified producers. In these ways, improved governance can be seen as a prerequisite for certification.

In summary, it appears that the two approaches are mutually reinforcing. Voluntary certification schemes deepen management requirements to the level of social, economic and environmental sustainability at the company level, while VPAs help to spread legality requirements and good governance to the forest sector as a whole.

Creating practical synergies between FLEGT and voluntary schemes

Although sustainability certification and FLEGT VPAs appear mutually reinforcing there is still the risk that duplication of efforts will impose unnecessary costs on companies or lead them to opt for lower legality verification rather than higher sustainability certification.

The FLEGT Action Plan allows for ways to address this issue. Both within the VPAs and in the EU Timber Regulation there are possibilities to make use of the control systems and risk-reduction mechanisms provided by voluntary schemes and to create practical synergies between certification and FLEGT.

Voluntary schemes in the context of FLEGT VPAs

In FLEGT negotiations partner countries and the EU have foreseen the possibility that voluntary schemes could be linked to the Legality Assurance System (LAS) developed under the VPA. The main condition for such market-based elements to be accepted for use in the LAS of a FLEGT partner country is that the scheme in question provides at least the same degree of legality verification as that agreed to under the VPA.

The procedure outlined by the EU is that partner country governments conduct a rigorous evaluation of the standard and supply chain controls of the voluntary scheme in question so as to ensure equivalence with FLEGT legality controls. After discussion of these findings with the EU, the parties could agree to accept the voluntary scheme as meeting all or part of the requirements for issuing a FLEGT licence. Ultimately, if a voluntary scheme could demonstrate the same quality of legality controls as those associated with the FLEGT VPA, the partner country could treat the certificate of a voluntary scheme as equivalent to FLEGT.

If such a combination of legality and sustainability controls were to develop, the FLEGT VPA would not only help to improve transparency and strengthen forest governance in the forest sector of FLEGT partner countries, but could also become a driver for the acceptance of voluntary schemes in those countries.[6]

The FSC has foreseen this possibility. With the ongoing revision of its Global Principles and Criteria, FSC plans to present its legality principle as a stand-alone section that can be used as a first step in a modular approach to full FSC certification. PEFC also studied the matter with a workshop in Gabon in 2011 that focused on the question, "how far FLEGT may facilitate efforts … to provide not only legal, but also certified sustainable timber to international markets."

In addition to FLEGT VPAs recognizing the advantages of voluntary schemes, it is also possible that certification schemes can make use of the advantages of FLEGT-licensed timber. Both PEFC and FSC allow a certain degree of mixing between certified and non-certified produce on the condition that the non-certified component is fulfilling the Controlled Wood standard of FSC or comes from what PEFC calls a "non-controversial source." It is still an open question if these schemes would endorse FLEGT timber as such. The FSC Controlled Wood standard, for example, includes specifications on genetically modified trees and conversion timber that likely are not covered by FLEGT.

Voluntary schemes in the context of the EU Timber Regulation

The EU Timber Regulation prohibits the placing of illegal timber and timber products on the EU market. In addition, it requires due diligence on the part of companies placing timber on the EU market for the first time, in order to minimize the risk of trade in illegally harvested material. The regulation regards FLEGT licensed timber and timber with a CITES certificate as meeting its requirements and therefore exempt from the due diligence requirement. Voluntary forest certification and legality verification are not considered equivalent proof of legality.

Voluntary schemes can, however, be used to reduce risk, and their use by timber trading companies may go some way to demonstrating due diligence. Private-sector initiatives such as the Timber Retail Coalition have asked the EU to explicitly recognize the value of existing forest certification systems. Voluntary schemes are also well positioned to provide their own due diligence services to companies wanting to meet the EU Timber Regulation. In late 2011, for example, FSC announced its intention to develop a FSC Due Diligence System to ensure that operators in the EU would be able to provide the relevant information to the authorities; and to offer legal verification under the EU Timber Regulation as a temporary measure on the way to full certification.

The main change that can be expected from the EU Timber Regulation is that it will influence day-to-day purchasing decisions by EU companies that trade in timber products. Next to issues of supply, quality, delivery time and price, risk will become part of the decision to buy or not buy a certain allotment of timber. In this decision-making process timber from low-risk sources will have an advantage over timber from high-risk sources. If certified timber from recognized schemes is regarded as low risk under the EU Timber Regulation this will likely provide an additional impetus to global certification efforts.

Conclusion

Approaches to meeting the demand for timber from legally and sustainably managed forests can be placed on a continuum ranging from private-sector voluntary initiatives to government-led regulatory approaches. In reality, there are few initiatives at the extremes of the continuum. Most policy initiatives tend to incorporate elements of both voluntary and regulatory approaches.

One of the key principles of voluntary certification schemes, for example, is compliance with the legal framework of the country where they operate. Regulatory approaches are often initiated at the request of "responsible" market parties, who feel they are being undercut by less scrupulous competitors.

Voluntary and regulatory approaches have the potential to be mutually beneficial. Voluntary schemes can provide a framework of principles and criteria that can be adapted to local circumstances through national stakeholder processes. Voluntary schemes also provide technical procedures and lessons learned from implementation that are of value to regulatory approaches. Their limitation lies in the fact that they are usually only taken up by the responsible operators in the timber sector; they also have a limited ability to strengthen law enforcement and good governance at the national scale.

Regulatory approaches can help to improve forest governance in a much more broad way. Implementing FLEGT VPAs across the forest sector of timber producing or processing countries, however, can be quite a challenge. Countries may benefit from certification-

based methods before moving towards sector-wide legality. It is important to note that the impact of regulatory approaches depends on the ability and willingness of governments to enforce them, and the full impact of regulatory instruments — in particular, those contained in the FLEGT Action Plan and the U.S. *Lacey Act* — is still not known.

While the two types of instruments are generally mutually reinforcing there is a risk that the proliferation of standards, as well as the practical interaction between voluntary and regulatory approaches, will lead to a duplication of efforts and costs. Discussions on strengthening the practical linkages between voluntary and regulatory approaches have started only recently. These discussions should provide the basis for a more systematic analysis of regulatory and voluntary approaches and result in increased collaboration, a harmonization of terminology, benchmarks and standards as well as a systematic discussion of their practical interactions and joint impacts.

Acknowledgement

Flip van Helden's contribution was part of an assignment by the European Forest Institute.

Endnotes

1. FSC requires that the non-certified portion in an FSC mix product has to comply with the FSC Controlled Wood standard describing five origins, including illegally harvested wood, that must be avoided. PEFC rules that "at least a signed self-declaration that the supplied raw material does not originate from a controversial source" is required. Controversial sources are defined as "illegal or unauthorized harvesting."
2. The FLEGT Voluntary Partnership Agreements are "voluntary" in the sense that partner countries can decide whether to enter into such an agreement. Once signed and ratified, however, these agreements are legally binding. They thus fall under the regulatory approaches.
3. The exceptions are the EU Timber Regulation and U.S. *Lacey Act* amendment, whose development and enforcement rely on government and the judiciary.
4. One of the most important differences between sustainability and legality standards lies in the treatment of conversion timber. Timber from converted forests obviously cannot be certified for sustainability. Legality standards, however, allow for the conversion of forestland to other uses as long as due legal process is followed. Timber thus produced can receive a legality certificate.
5. Certification schemes in some FLEGT countries, such as those in the Congo Basin, are already looking to the VPAs to strengthen verification of their legality principle.
6. The reverse is also possible, in that voluntary certification can assist FLEGT partner countries in |developing their Legality Assurance Systems. The Indonesian Legality Assurance System, for example, is based on a certification approach.

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5.3 From forest certification to REDD+ in Malaysia

JESSICA RAE and LEE GODDEN

Introduction

Malaysia has some of the world's most diverse and valuable forest resources, but has experienced significant deforestation and forest degradation. The country has undertaken efforts to address the problem, including a range of measures to combat illegal logging and improve the sustainable management of forests.

A major initiative was the Malaysian Timber Certification Scheme (MTCS), a national certification programme similar to the well-established international Forest Stewardship Council (FSC) standard. This paper evaluates forest certification as a means of improving forest governance and draws lessons from its implementation for forthcoming projects on reducing emissions from deforestation and forest degradation (REDD+).

Although REDD+ activities are a form of forest governance in themselves, they also rely on pre-existing good forest governance mechanisms.

The focus in this article is forest certification, since this has been implemented for some time in Malaysia, as opposed to other processes of managing illegal logging, such as a Voluntary Partnership Agreement (VPA), which is still under negotiation in the country. Clearly, the VPA has significant potential to promote sustainable forest management (SFM) and address major problems around illegal logging once it is in place.

Competing visions of what good forest governance entails in Malaysia has led to conflict in some forest areas. In this context of competing perspectives, the Malaysian government must broaden its concept of what good forest governance means in order for REDD+ to be effective in Malaysia — and to address two key issues: indigenous and local communities' participation; and customary land rights.

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Forest governance in Malaysia

Malaysia is a federation of 13 states and three federal territories. Two states — Sabah and Sarawak — are located on the island of Borneo; the remaining states and territories form Peninsular Malaysia. Article 74(2) of the Constitution specifies that the Malaysian states have jurisdiction over land and natural resources. This provision empowers each state to independently regulate forests through enacting laws and formulating policy.

The National Forestry Council (NFC) was established in 1971 to enhance cooperation between the federal and state governments and to ensure a coordinated approach in the implementation of policies and programmes related to forestry. The NFC introduced the National Forestry Policy (NFP) in 1978. The NFP outlines principles for SFM, forest harvesting, regeneration, rehabilitation and management of non-wood forest products; the constitution of sufficient areas of Permanent Reserved Forest; and the establishment of downstream processing industries. Each state has applied the NFP.

In 1984 the federal Parliament passed the *National Forestry Act*, which builds on existing state law. While all states in the peninsula have enacted the Act, Sabah and Sarawak continue to regulate their forestry sectors using their own regulations. As a result, there are three separate jurisdictions governing forest resources: the peninsula, Sabah and Sarawak.

The NFP was revised in 1992 in an attempt to make it "greener" and now comprises federal policy on the development of community forestry, the establishment of Permanent Forest Estates, law enforcement, education, conservation, tree plantations and agro-forestry, as well as the commercial use of timber resources.

Malaysia attempts to control illegality in the forestry sector in a number of ways, including prevention, detection and suppression, penalties and forest certification.[1] The focus on regulation and policy highlights the Malaysian government's emphasis on forest governance as a mode of law enforcement and control, although the introduction of timber certification may indicate a broader approach to governance in this sector. This article examines the use of timber certification only as a way of addressing illegality and improving forest governance.

Forest certification schemes

As forest certification schemes have developed globally over the past decades, Malaysia has not only embraced them, but has developed its own national programme, the MTCS. The development of this domestic initiative has been seen as driven by international market pressures, and by Malaysia's desire not to have international measures imposed on it.

The MTCS was established in 2001. It is overseen by the Malaysia Timber Certification Council (MTCC), which is charged with operating and developing the scheme. The council is closely linked to the Malaysian government; two members of its Board of Trustees come from government agencies.

The initial certification standard was based on the International Tropical Timber Organization's Criteria and Indicators on Sustainable Forest Management, but has since evolved into the Malaysian Criteria and Indicators for forest management certification, known as MC&I 2002. It comprises nine principles, 47 criteria and 96 indicators. This standard is now subject to its first review; the revised standard will be known as the "MC&I (Natural Forest)."[2] The MTCS has been endorsed by the Programme for the Endorsement of Forest Certification (PEFC), the world's largest forest certification organization.

The MTCS now operates in 4.67 million hectares (ha) of permanent reserved forest in Peninsular Malaysia and 55,949 ha in Sarawak. A number of European countries, including Denmark, France and the United Kingdom, have accepted the MTCS as an authorized entity for inclusion in their public procurement policies. In contrast, the Timber Procurement Assessment Committee in the Netherlands has decided that the MTCS does not meet its standards for sustainable timber, largely due to concerns about the recognition of indigenous peoples' rights relating to the control of external activities in certified forest areas.

The FSC is also active in Malaysia, but on a much smaller scale than the MTCS. This may be due to the FSC's more stringent standard. Two forest management units (FMUs) have obtained FSC certification in Malaysia.[3] A Malaysian-German Sustainable Forest Management project, covering 170,000 ha in Ulu Baram in Sarawak, is in the process of obtaining FSC certification.

The introduction of timber certification schemes has had a positive impact in improving forest management techniques in forest areas that have sought compliance with certification standards. It has also been influential in SFM standards being included in government audits of FMUs that are not part of certification schemes. For example, 100-year SFM Licence Agreements in Sabah are now based on FSC principles. Nevertheless, certification schemes — particularly the MTCS — have been criticized for failing to incorporate stakeholder views when formulating the initial standards and, more broadly, for not resolving conflicts relating to indigenous groups' customary land claims in certified forest areas.

Participation in forest certification schemes

The development of the MC&I involved a process of consultation with 85 organizations and private companies in October 1999. A National Steering Committee was formed in 2001 to revise the existing MC&I. Three indigenous peoples groups that were members of the committee later withdrew their membership; they felt their views were not being addressed, particularly in regards to indigenous customary land claims.[4] These resignations were followed by that of WWF Malaysia, which was concerned that the MC&I 2001 did not provide a clear path to obtaining endorsement from FSC, and that the input received from the consultations was not being incorporated into the standards.

The MTCC then invited other social and environmental groups to be involved in the consultation process. These groups had little to do with the protection and recognition of indigenous peoples' rights. One indigenous representative group, JOANGO Hutan,[5]

questioned whether these groups were being included merely to meet the forest certification requirement of involving external stakeholders in the process of developing the standards, without actually taking their concerns into account.[6]

Treatment of indigenous peoples' rights and tenure

Despite the withdrawal of some groups, the MTCS, like the FSC, includes references to indigenous peoples' rights and tenure in its certification criteria. In reality, though, the MTCC does not consider that it is obligated to address these issues, stating that "land ownership and tenure rights for indigenous peoples lie outside the mandates of MTCC, forest and timber certification."[7] An artificial division of responsibility between the government's land administration and forest certification body fails to take into account the connection between forest areas and indigenous peoples' land rights claims to those areas. Although the MTCC has claimed to address this matter by issuing additional instructions to ensure that the traditional uses of the forest by indigenous peoples are respected,[8] this does not provide an adequate mechanism to deal with conflicting land claims that arise in areas where companies are involved in timber operations and indigenous peoples hold customary rights.

One example is the Samling Sela'an Linau FMU, which received MTCS certification in October 2004. This certification occurred despite the fact that the certified area overlaps the territories claimed by the Penan indigenous peoples group, with the land being the subject of litigation since 1998.

Penan communities have launched five cases in the Upper Baram region of Sarawak.[9] The initial case argues that the government issued a logging licence to Samling Plywood, a subsidiary of the Samling group of companies, in an "unlawful"[10] manner without considering native customary rights in the area. In response, the Government of Sarawak, as the First Defendant, denied that the plaintiffs held native customary rights over the land, and stated that even if they did, these rights were extinguished when no claims were made within 60 days of the notification being published.[11] To date, none of these cases have been resolved and they are only five of an estimated 100 claims filed by native plaintiffs in Sarawak.[12] The fact that none of these cases have been resolved suggests that legal recourse is not a quick or easy way to resolve overlapping land claims or obtain recognition of customary land rights.

Although timber certification schemes may not, strictly speaking, be responsible for resolving conflicting land claims, their standards should provide stronger guidance on how forestry companies should proceed if such conflicts exist. This could extend to requiring companies to investigate the existence of indigenous tenure rights themselves, rather than relying on government recognition of such rights.

It is in the interests of companies to prevent litigation around land claims, even if they also seek to continue to exploit the forest resources. Indeed, in response to NGO reports that criticized MTCS certification for failing to appropriately recognize indigenous peoples' land rights, Samling argued that it was the state government's responsibility to regulate and verify land claims.[13] Meanwhile, the government has little incentive to process native customary claims since they often view this land as "idle" or "waste" land that can be put to "productive" use by commercial forestry exploitation.[14] In that sense, although forest certification has had a positive impact in improving forest management techniques, it is difficult to conclude whether it has contributed to more inclusive forest governance. Although better forest governance is not the sole purpose of timber certification schemes, these programmes should contribute to, rather than detract from, better forest governance.

Nevertheless, the use of certification programmes has expanded the number of stakeholders who have the potential to influence the development of forest management policy, including, for example, national indigenous NGOs and international NGOs. These groups actively campaign for good forest governance in the form of greater transparency, participation and equity. In the context of forest certification schemes, this has led to conflict between these groups and government agencies, because of their differing views on what good forestry governance entails.

These civil society groups argue that good forest governance does not merely involve following the certification standards that have been set by the government and/or a third-party certification scheme. It also ensures that the outcomes of the scheme are equitable and fair in the broader national context of recognizing indigenous and local communities tenure rights. These actors have highlighted the forest governance challenges for Malaysia, which will need to be considered in the implementation of REDD+ schemes.

REDD+ policy and project development

Good forest governance is important for REDD+. It influences the extent to which REDD+ projects can be effectively implemented in the broader context of a country's forest governance and policy framework. REDD+ is still in the early stages of development in Malaysia, since it was only the recent expansion of REDD to REDD+ (i.e., the inclusion of conservation, sustainable management of forests and enhancement of forest carbon stocks) that provided greater opportunities for the country's participation.

REDD+ policy developments are coordinated on a national level, under the Ministry of Natural Resources and Environment. Malaysia is taking a phased approach to implementing REDD+. It begins with readiness activities, including the development of a national REDD+ strategy (expected to be complete by the end of 2012), and ends with quantified reductions in greenhouse gas emissions under full-scale REDD+ implementation. Working groups have been established to address matters such as baselines; monitoring, verification and reporting (MRV); institutional arrangements; governance; payment of benefits; and capacity building. A Task Force on REDD+ was established in January 2011.[15]

On the sub-national level, the state of Sabah has been taking an active lead in developing a REDD+ road map for the state. The Sabah Forestry Department is coordinating REDD+ development; it hosted a workshop in August 2011, with the assistance of WWF, to facilitate stakeholder consultation on the proposed REDD+ road map. This road map will form the basis for the state's sub-national strategy and will support participation in any international REDD+ mechanism.[16] Sabah will also receive funding from the European Union to develop a number of pilot projects over a three-year period, commencing in 2012. The focus will be on carbon enhancement activities such as SFM, reduced-impact logging and forest restoration.[17]

Although the government of Sarawak does not appear to be developing a REDD+ policy, a private company, Tropical Offsets Pty Ltd., is developing a small REDD+ project in Long Bangan.[18] The developers have gained the support of the Sarawak government and are waiting for approval from the company that holds the forest concession for the area.[19]

Lessons from forest certification for REDD+

At one level, the MTCS certification scheme in Malaysia could be regarded as having achieved important objectives, with almost five million hectares certified; and with significant gains in forest management practices that have contributed to Malaysia retaining its competitiveness in the international timber market. But underlying these more technical gains there remain concerns about the legitimacy of the certification procedures that do not address underlying forest governance matters such as the recognition of customary land rights. In this manner, Malaysia's experience in forest certification and its wider ramifications for more inclusive forest governance highlight some key issues that need to be considered in the development of REDD+ projects. Timber certification has demonstrated the need for robust and effective participation and transparency; by extension, it is important that REDD+ projects apply high standards of participation and transparency to their processes and procedures for implementation. Otherwise, these projects risk the same problems of legitimacy that have beset the MTCS, which some people have seen as involving indigenous groups only superficially, without seriously taking their concerns into account.

To ensure that REDD+ schemes retain legitimacy, and that projects provide more substantive co-benefits in Malaysia, it will be important for governments and REDD+ project proponents to follow procedures that allow the effective participation of indigenous peoples and local communities. REDD+ processes should adopt clear standards for negotiation that go beyond consultation after the REDD+ projects have been largely finalized by other parties. Involving local communities at all points in the process, including the early formative stages of the projects, is important to ensuring that potential social co-benefits are realized. Transparency around what such co-benefits may entail is also critical.

Indigenous groups report that they have not to date been invited to REDD+ discussions in Malaysia. Part of the explanation may be that in the preliminary stages, REDD+ is largely a technical activity and the focus is on issues such as carbon accounting, rather than how to deliver co-benefits to communities.

Unless there is active participation by indigenous and forest-dependent groups in the initial stages, however, the design of REDD+ processes may overlook their specific needs. This would be detrimental to the outcomes of the scheme, in terms of co-benefits and climate change mitigation, since in many areas local peoples' traditional knowledge and practices will be integral to reducing deforestation and forest degradation.

It is acknowledged that it will not be easy to satisfy indigenous and local community concerns, since one of the most intractable problems in Malaysia is the status of customary land rights. Many land claims remain unrecognized or are in the process of litigation. To date, the MTCS recognizes customary land rights only in accordance with existing Malaysian law; this recognition does not extend to customary land claims, even where there is longstanding occupation of forest areas by indigenous peoples and local communities. The Samling case illustrates the limitations of market-based schemes such as timber certification. The scope for protection of customary land rights within these schemes is restricted by the confines of existing state law, and these schemes have had limited success in influencing national laws in this regard.

Increasingly, however, some timber-importing countries are unsatisfied with claims by forest-exporting countries that existing legal and institutional arrangements are an impediment to the recognition of customary land rights. The rejection of MTCS by the Netherlands may increase the pressure on Malaysian authorities and REDD+ project proponents to demonstrate a substantive recognition of customary rights. Otherwise, these schemes risk rejection by potential international purchasers of REDD+ carbon credits; ultimately, the sequestration credits generated may not be commercially viable.

REDD+ activities provide an opportunity for international forest governance norms to provide leverage for these issues; REDD+ frameworks should mandate respect for, and the effective implementation of, customary land rights. The extent of this leverage will very much depend on whether binding international obligations to respect the rights of indigenous and local communities are embedded in international REDD+ frameworks. It will also depend on the extent of demand for REDD+ projects that meet this social criterion.

The implementation of REDD+ projects in forest areas where customary rights exist should not occur without the free, prior and informed consent of local communities, as mandated in international instruments such as the UNDRIP.[20] Although the Malaysian federal government is obliged to uphold the international treaties on indigenous peoples' rights that it has signed, past experience suggests that the national government may be reluctant to enforce these obligations on states, since forest governance is seen as a state responsibility in Malaysia. If the national government does not enforce these obligations in the development of REDD+ frameworks and standards, it could prove

detrimental to the incorporation of strong obligations for the states with respect to indigenous peoples' rights under a future UNFCCC regime for REDD+.

A related issue is that REDD+ tends to require a high degree of Malaysian federal control, especially if projects are to be accounted for on a national, rather than sub-national, scale.[21] The information required for accounting and auditing may be difficult to obtain, given the independence of the states in forming forestry policy and legislation; The state of Sarawak in particular has maintained a position that forest matters are regarded as a sector under state control.

Any formulation of REDD+ frameworks in Malaysia should actively encourage cooperation between federal and state governments around contentious issues, such as the degree of state autonomy in forest management and the status of customary land rights. Only in this way will the Malaysian government be able to meet its international commitments regarding the commercial viability of carbon credits generated, and regarding co-benefits for indigenous and local communities.

Conclusion

Although timber certification schemes are capable of improving specific forest management practices, they are limited in their ability to influence the necessary major structural changes required to improve forest governance at national, state and local levels. The experience of Malaysia's timber certification schemes has highlighted some forest governance challenges in ensuring the participation of indigenous and local communities and in providing recognition of customary land rights in forest areas.

These challenges reflect differences in opinion between the government and civil society groups concerning what good forest governance entails. Government focuses on regulation and standards, while civil society groups focus on equity and participation. It is likely that these same debates will be played out in the REDD+ sphere.

The government may have to broaden its understanding of good forest governance, and go beyond merely complying with legal regulations and requirements, in order to meet international standards and expectations. This will be important for the successful implementation of REDD+ activities. Although these activities are a form of forest governance in themselves, they also rely on pre-existing good forest governance mechanisms — such as the clear recognition of tenure interests — in order to achieve their goal of climate change mitigation while simultaneously providing the benefits of poverty alleviation and biodiversity conservation.

There are two key lessons from forest certification for the development of REDD+ in Malaysia: 1) the government must seek to consult indigenous people from the outset; and 2) it must resolve customary land right conflicts in order to avoid the risk of reinforcing existing disparities in the access to and use of the forest resources. These disparities may jeopardize sustainable outcomes and disadvantage local forest-dependent communities.

Acknowledgement

The authors acknowledge the funding provided by the Australian Research Council, DP110100259 Climate Change Law and Mitigation: Forest Carbon Sequestration and Indigenous and Local Community Rights.

Endnotes

1. See A. Wells, T.H. Chiew and C.H. Keong. 2008. "Systems for Verification of Legality in the Forest Sector, Malaysia: Domestic Timber Production and Timber Imports." *VERIFOR Country Case Study 8*: 21–22.
2. A third draft of the revised standard was released at the time of writing and is expected to be implemented in October 2012.
3. The Perak Integrated Timber Complex in Perak, with an area of 9,000 ha, was certified in 2002; the Deramakot Forest Reserve in Sabah, covering 55,000 ha, was certified in 2007.
4. See Greenpeace. 2005. *Missing Links: Why the Malaysian Timber Certification Council Certificate Doesn't Prove that MTCC Timber is Legal nor Sustainable*, p.14.
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10. See Writ of Summons, *Kelasau Naan & 3 Ors vs Sarawak Government & 2 Ors*, High Court Suit Number 22-46-98 (MR).
11. See Defence of First Defendant, *Kelasau Naan & 3 Ors vs Sarawak Government & 2 Ors*, High Court Suit Number 22-46-98 (MR).
12. See M. Colchester et al. 2002. *Land is Life: Land Rights and Oil Palm Development in Sarawak*. Forest Peoples Programme and Perkumpulan Sawit Watch, UK and Indonesia, p.35.
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14. See F.M. Cooke. 2006. Expanding state spaces using "idle" native customary land in Sarawak. In F.M. Cooke (ed.). *State, Communities and Forests in Contemporary Borneo*. Australian Nat'l Univ. Press, p. 5.
15. See Dato' Dr. A. Rahman, E. Philip and P.K. Aun. *REDD Plus Framework for Malaysia*. www.cbd.int/doc/meetings/for/wscbredd-apac-01/other/wscbredd-apac-01-malaysia-en.pdf.
16. See J. Leong. 2011. "Sabah moves forward with REDD+ road map." *Borneo Post* (online), August 24, 2011. www.theborneopost.com/2011/08/24/sabah-moves-forward-with-redd-road-map-latest.
17. See J. Leong. 2011. "Sabah moves forward."
18. The REDD+ project will consist of 3,000 ha of land as communal forest, 2,400 ha as agriculture land and a buffer zone for the carbon offsets created.
19. See e-mail from Brett Pritchard to Jessica Rae, September 15, 2011.
20. Malaysia voted in support of the UNDRIP, first in the Human Rights Council of June 29, 2006 and later in the UN General Assembly on September 13 , 2007.
21. See Conference of the Parties UNFCCC. 2011. *Draft decision on guidance on systems for providing information on how safeguards are addressed and respected and modalities relating to forest reference emissions levels and forest reference levels as referred to in decision 1/CP.16, appendix I*, Draft Decision-/CP.17 (advance unedited version, 2011) para 11, which "acknowledges that subnational forest reference emissions levels and/or forest reference levels may be elaborated as an interim measure, while transitioning to a national forest reference emission level and/or forest reference level." This national platform of accounting and auditing will be necessary for monitoring, reporting and verification purposes, to prevent leakage and importantly, obtain financing.

5.4 Forest governance from an investor's perspective

BAS WETZELAER

Introduction

According to international law, states are the primary owners of the natural resources in their territory. Consequently, national and international governance is crucial in guiding natural resource industries to develop sustainably and in ensuring that the wealth that natural resource development creates is distributed equitably.

The operations of these industries have a strong impact on scarce resources such as water, energy, timber, food and minerals. Companies in a sector such as forestry, paper and packaging (FPP) will be increasingly relevant from an environmental, social and financial perspective in the years to come. As a responsible investor, and in line with John Ruggie's "Protect, Respect and Remedy" framework,[1] SNS Asset Management (SNS AM)[2] sees it as their responsibility to minimize any negative impacts of their investments.

For the past decade, the FPP sector has been at the centre of shifting global conditions. This has been driven mainly by social and technological factors, such as the growing influence of digital media and the declining demand for traditional forest products in established markets. Timber-based building materials have also experienced declining demand since 2006, due to deterioration in the North American housing market.

WITH GOOD GOVERNANCE, NATURAL RESOURCE DEVELOPMENT CAN GENERATE SIGNIFICANT REVENUES THAT ARE HELPFUL IN PROMOTING GROWTH AND REDUCING POVERTY.

At the same time, demand and supply patterns for forestry, paper and packaging products have shifted to emerging countries. As the FPP sector struggles to adapt to this evolving context, new trends — including stakeholder relations, climate change and product innovation — are emerging. They offer the greatest potential to positively affect financial performance and generate opportunities for sustainable development.

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Maximizing the potential of responsible forestry governance

Whether the FPP industry will contribute to sustainable development and equitable wealth distribution depends on the overall governance framework, including both corporate and sovereign elements. With good governance, natural resource development can generate significant revenues that are helpful in promoting growth and reducing poverty. Weak governance structures, however, often contribute to situations where poverty, corruption and conflict are more prevalent.

SNS AM does not finance forestry projects. Instead, it leverages its influence as a shareholder of companies in the FPP sector.[3] Engaging these and other companies in environmental, social and governance (ESG) issues is central to SNS AM's responsible investment strategy. Current ESG engagement themes of interest to SNS AM and other investors include community engagement (e.g., respecting the right to be consulted in good faith, through representative institutions, with the objective of seeking free, prior and informed consent (FPIC) from local communities); health and safety management; sustainable forest management; and the prevention of illegal logging practices.[4]

Shareholders are equally concerned about issues such as corruption, organized crime syndicates, weak national rule of law and insufficient enforcement mechanisms. Such risks in the government domain can make it difficult for the FPP sector to ensure compliance with the ESG standards demanded by responsible investors. In SNS AM's view, the effective management of corporate social responsibility (CSR) starts with four factors:

- commitment and policy;
- robust (life-cycle) management systems and adequate due diligence;
- transparency and accountability; and
- an effective corporate governance structure.

These best practice areas can help FPP companies minimize their negative ESG impacts.

Commitment and policy

The starting point for the management of ESG issues is the creation of a CSR policy. Such a policy, along with the commitment to operate according to international best-practices, can provide a framework for mitigating ESG issues. The Ruggie Principles provide general recommendations that may form the basis of a policy statement. SNS AM considers the following elements when evaluating a company's CSR policy:

- specific programmes and policies;
- short- and long-term targets and objectives;
- reference to international standards;
- a clear statement against the use of specific no-go areas, practices or regions (i.e., an FPP company should recognize that logging and biodiversity conservation may not be compatible for protected areas and High Conservation Value Forest (HCVF);[5]
- the recognition of specific policies for ESG-sensitive regions or products that are known to have an impact on companies or on local people and/or biodiversity;
- reference to stakeholders, including employees, customers, affected communities and others;

- a commitment to establish formal mechanisms for dialogue with all relevant stakeholders, including civil society and governmental bodies, in human rights matters;
- clear extension of the policy to agents/intermediaries, suppliers, joint venture/business partners; and
- commitment to a full due-diligence process including risk assessments, transparency, the adoption of implementation programmes and mechanisms, and monitoring and reporting.

Life cycle management/due diligence

SNS AM recognizes the need to manage forestry and logging operations over long time horizons and across a forestry project's life cycle. A life cycle approach complements the long-term perspective of forestry operations by highlighting the multiple aspects of large-scale forestry operations, which each have specific economic, social and environmental impacts to be managed.

For example, wood sequesters carbon while it is growing. Although there has been a growing focus on carbon to evaluate the environmental performance of forest products, this category is only one subset of a life cycle management approach. A comprehensive life cycle analysis programme assesses additional relevant impacts on the environment, such as the rate of biodiversity loss, changes in land use, chemical pollution, global freshwater use and air acidification. Life cycle management should complement a long-term approach to sustainable forest management by accounting for the extended impacts of forestry and logging operations.

Additionally, in line with the Ruggie Principles, SNS AM expects companies to apply strong due diligence practices that discourage corruption and bribery. This proactive approach helps companies identify corruption risks associated with their operations and enables them to respond more effectively. This means that a clear statement against the use of corruption and bribery, which addresses facilitation payments, gifts and political donations, as well as confidential "whistle-blower" protections, should be formalized. Furthermore, all businesses should be required to consider bribery issues and corrupt activities as part of assessing their business conduct risk.

Governments around the world recognize that illegal logging is a global issue. To illustrate this point, the new EU Timber Regulation, which will come into force in March 2013, requires forestry extraction operations to establish due diligence systems to minimize the risk that illegal products will enter the EU.

SNS AM has combined the two concepts of life cycle management and due diligence and determined the following indicators:

- ESG Impact Assessment: this includes baseline study and identification and assessment of social and environmental risks for large-scale new-build expansion and development projects — it also entails designing effective mitigation measures and building a monitoring framework to measure performance;[6]

- a management system built on an iterative management process such as the "Plan– Do–Check–Act" model to ensure that ESG matters are systematically identified (Plan), implemented (Do), measured (Check) and that progress is analyzed (Act);
- risk management and mitigation mechanisms that ensure the effective integration of ESG information into business functions;
- emergency preparedness plans that include risk/accident prevention measures for on-site and off-site incidents;
- monitoring and evaluation to ensure that ESG policies and programmes are effective; and
- access to grievance and remedy mechanisms for all relevant stakeholders.

Transparency and accountability

One of the most efficient ways to improve the impact of FPP companies in countries that depend heavily on natural resources is through increased transparency and accountability. This is especially significant in the case of disclosure of key policy indicators. In the short term, it offers a comparative view of what companies in the FPP sector claim to be doing and measures whether a company has good practice management tools in place and is committed to their implementation.

In the case of illegal logging, SNS AM — in line with key legislative trends and cooperation agreements, such as the U.S. *Lacey Act* and the EU Timber Regulation — requires transparency and accountability from FPP companies. The resulting openness supports a more attractive business climate in countries that depend on natural resources, and reduces political and other related risks. More concretely, SNS AM encourages companies to carry out several tasks:

- disclose relevant financial data on a country-by-country and project-by-project basis;
- disclose relevant policy indicators that offer a comparative view of what FPP companies claim to be doing and measure whether a company has "good practice" management tools in place and is committed to their implementation;
- provide site-specific forest or plantation information;
- report in accordance with the Global Reporting Initiative (GRI);[7]
- create a high level of transparency about business activities in risk countries;
- obtain independent, external verification from bodies such as the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification Schemes (PEFC); and
- embrace voluntary initiatives such as the Forest Footprint Disclosure (FFD) and Extractive Industries Transparency Initiative (EITI) and work to promote them.[8,9]

Corporate governance

With a strong governance and leadership structure, a company is better able to meet the financial and non-financial challenges of the FPP sector and adhere to the highest standards and best practices of local, national and international parties. This is essential in order to enhance companies' long-term economic value.

For its overarching guidelines on good corporate governance practices, SNS AM has adopted the International Corporate Governance Network's (ICGN) principles, which are internationally recognized as the standard of good practice.[10] As a minimum, we expect companies in the FPP sector to observe corporate standards in their domestic markets. Specifically, SNS AM encourages companies to develop a corporate governance structure that includes the following:

- the Board of Directors addresses environmental, social, ethical and governance issues. The board is accountable for the impact of these issues on the company, both in terms of reputation, risk and performance;
- designated board committees to address these issues;
- at least one member of the board should have expertise in environmental, social and ethical issues relevant to the FPP sector;
- a function specifically and solely designated to addressing ESG issues — this function should be well resourced and should be granted adequate authority, accountability and financial resources to meet these responsibilities;
- a whistle-blower policy should apply to all employees, especially since employee health and safety and labour rights are very important in the FPP sector;
- whenever appropriate, remuneration plans should factor in performance on environmental, social and ethical issues; and
- shareholders should receive sufficient and timely information, so that they have an informed view of the company's environmental, social and ethical performance and management of the social, environmental and ethical risks that the company is exposed to.

Responsible investing in practice

Poor corporate governance is increasingly considered as a root cause of poverty and conflict. Over the years, poor and marginalized people have been highly vulnerable to the impacts of the FPP industry's rapid expansion, often losing their livelihoods and home-lands in the process. As a result, social conflicts involve more and more people across the world. Widespread corruption in some of the region's rainforest nations — combined with ineffective laws and corporate exploitation of weak government regulations — have long been recognized as key drivers behind the rapid expansion of the FPP industry.

In general, SNS AM does not exclude companies from its investment portfolios because of their presence in poorly governed or contested contexts. Companies should recognize however, that the capacity of governments and host societies to deliver the expected benefits from natural resource operations, such as logging, may be limited, as will their ability to monitor social and environmental protection. This is all the more important if there are indications of weak transparency, high levels of corruption, manipulation of data, and controversial links with the informal sector. Companies that choose to operate in a poorly governed context should abide by national and international standards and not take advantage of lax health, safety and environmental laws.

Donors and international financial institutions generally base their state aid and government loans on the presence of good governance, both corporate and sovereign. Investors such as SNS AM also pay attention to good governance in their ESG analysis of investment targets. SNS AM seeks appropriate disclosure on the best practice areas mentioned above for the FPP companies in which it invests. For this purpose, SNS AM's ESG analysts make use of professional data from ESG rating agencies. Best-in-class rankings are made available to SNS AM that assess FPP companies' performance on indicators such as "policy on bribery and corruption," "CSR reporting quality" and "transparency on payments to host governments." In this way, the rating agencies indicate which companies need further improvements to their risk management standards, and also help find examples of best practices in the FPP sector.

This thorough assessment results in a recommendation to include, exclude or engage with FPP companies, depending on the presence of controversies related to weak governance. When there is clear evidence that an FPP company is directly cooperating with a military regime or trading in illegal timber, SNS AM will exclude it from investment. When an FPP company operates in a conflict area/fragile state and does not uphold best practices for forest governance or social and environmental issues, SNS AM will try to engage with it to encourage it to adopt best practices. The outcome of the resulting dialogue is determined by assessing the readiness of companies to answer questions from SNS AM, to cooperate in the process of the engagement, to be transparent, to address matters of concern and ultimately to demonstrate improvement in its ESG performance. Despite the fact that company engagement requires a long time and success is not always guaranteed, it has great potential for investors in raising awareness on the on the importance and effectiveness of good forest governance for sustainable business development.

Endnotes

1. The Ruggie principles outline the state's duty to protect human rights, the corporation's responsibility to respect human rights, and the need for access to remedy. In 2011, the UN Human Rights Council unanimously endorsed the principles. Investors stand to benefit from them; they can be used to support the implementation of responsible investment strategies. www.sustainalytics.com/sites/default/files/ruggie_principles_and_human_rights.pdf.
2. SNS Asset Management (SNS AM) is the asset manager of the Dutch retail banking and insurance provider SNS REAAL and enjoys a leading position in responsible institutional asset management. SNS AM manages the portfolios of REAAL, ASN Bank, ASN Investment Funds, SNS Investment Funds and the Zwitserleven Investment Funds and all separate accounts. SNS Asset Management also manages assets for external clients and the participants in the funds of SNS AM.
3. That is, SNS AM does not invest directly in forests, but in listed FPP companies through the stock market. An investment in FPP companies is not an end in itself and SNS AM never takes a majority stake.
4. Free Prior and Informed Consent is founded in the rights articulated in the UN Declaration on the Rights of Indigenous People.
5. HCVFs are not yet formally endorsed as protected areas; rather, these areas are identified by businesses and NGOs as areas of high conservation value due to biodiversity, cultural and andscape significance.
6. UNEP FI/URS (2006) Environmental and Social Risk Briefings for Forestry and Logging sector, United Nations Environment Programme Finance Initiative. www.unepfi.org/signatories/toolkit.
7. See www.globalreporting.org for more information.
8. See http://eiti.org and www.forestdisclosure.com for more information.
9. The FFD initiative acts as a hub for information, research and best practice case studies on deforestation issues and encourages innovation through exchange and collaboration with all stakeholders. In addition, FFD engages companies to encourage them to report on their forest footprint, which is based on exposure to natural resources that occur on forested lands, such as cattle products and biofuels. EITI is a global standard that promotes revenue transparency. It has a robust yet flexible methodology for monitoring and reconciling company payments and government revenues at the country level. The process is overseen by participants from government, companies and national civil-society organizations. The EITI board and the International Secretariat are the guardians of the EITI methodology internationally.
10. The ICGN principles can be found at www.icgn.org/icgn-global-corporate-governance-principles.php.

Section 6

Case studies:
stakeholder engagement and conflict resolution

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6.1 Community forestry: a Namibian case study

CARSTEN SCHUSSER

Introduction

In article 1.1 Bas Arts and Ingrid Visseren-Hamakers briefly explain what forest governance is and how it emerged. As a solution to the vast and ongoing process of deforestation, community forestry is a new mode of forest governance. It follows the assumption that if government involves local people by giving them management rights and benefits to the use of forest resources, they will develop a feeling of ownership. They would then be more likely to conserve rather than damage these forest resources, because they depend on them. Community forestry would also help local people improve their living standards and reduce poverty. The main pillar of the concept is the direct involvement of forest users: the state must be willing to hand over some forest administration power to local communities.

As Arts and Visseren-Hamakers mention, the results of local forest management are mixed. Some positive ecological outcomes, such as increased vegetation cover, have been achieved (Brendler and Carey 1998; Chakraborty 2001; Charnley and Poe 2007; Tomas 2006; Devkota 2010; and Maryudi 2011). The empowerment and improved livelihoods of forest users has not been achieved, however; according to Edmunds and Wollenberg (2001:192), "the poorest forest users have become worse off than before."

OUTCOMES OF COMMUNITY FORESTRY DEPEND MOSTLY ON THE INTERESTS OF POWERFUL ACTORS.

Who determines outcomes in community forests if the forest users are not the main pillar of community forestry? Arts and Visseren-Hamakers cite critics who state that power is not addressed as an issue in forest governance research. This article tests the hypothesis that outcomes in community forestry depend mostly on the interests of powerful actors.

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Methodology

The research focused on the CFN project (Community Forestry in Namibia, formerly Community Forestry in North Eastern Namibia, or CFNEN). The field research was conducted in separate periods from November 2007 to November 2009. The project studied 14 community forests in northeast Namibia.

To test the hypothesis, the study tried to answer the following questions:

- Who are the powerful actors?
- What are the interests of the powerful actors?
- What are the outcomes of community forestry?

Identifying powerful actors

The study included a preliminary quantitative survey and a qualitative follow-up survey (Schusser et al. in press). The method identified the actors involved in a specific community forest network, their power, their interests and the outcomes of community forestry. Actors included individual persons as well as institutions and organizations if they had the ability to intervene in community forestry. Standardized questions evaluated the power status of all actors, following a power theory developed by the author.

The theory is built on three elements that an actor might use to wield power:

- coercion: altering the behaviour of another actor by force;
- incentives: altering the behaviour of another actor by providing advantages or disadvantages; and
- trust: altering another actor's behaviour due to his or her accepting information without verifying it.

The quantitative information collected during the preliminary survey was used to separate the actors identified according to their level of power. The powerful actors were revisited during the qualitative follow-up study. Since this group was smaller more time could be spent with them. The qualitative survey does not quantify the power of an actor, but identifies the power sources.

Semi-structured interviews were used to gain more information and to carry out further observations and search for any other evidence indicative of the power that an actor might have. For example, if the quantitative survey determined that a certain actor had coercive power, the qualitative investigation had to find irrefutable evidence of this. Priority was given to the qualitative survey due to the rich empirical evidence provided by qualitative interviews, documents and observations.

Identifying powerful actors' interests

Although it is possible to obtain information by asking actors directly what their interests are, the answers may not be accurate, especially if an actor wants to hide his or her real

interests. To avoid this the study analyzed the actors' interests following Krott's definition (2005: 8). He states that interests cannot be observed directly, but can be determined through observations of a given actor's behaviour. How the actor behaves and what he does are indicators of his interests.

Determining community forestry outcomes

The approach developed by Maryudi et al. (2011) was used to examine the social, economic and ecological outcomes of community forestry. The study defined the social outcome as empowerment of the forest user through participation in decision-making, and the economical outcome as improvement in the forest user's livelihood. To evaluate the ecological outcome the study searched for any proof of initial resource assessment and of follow-up monitoring based on it. If these were present, the study also analyzed these documents. Outcomes were then categorized (Table 1).

Table 1: Categorization of community forestry outcomes

	Low	Middle	High
Social outcome *(forest user)*	no participation in decision making	some participation in decision making	complete participation in decision making
Economical outcome *(forest user)*	no improvements in livelihood	some improvements in livelihood	significant improvements in livelihood
Ecological outcome *(corresponding forest)*	no improvements in biodiversity	initial natural resource management activities	improved biodiversity

Results

In all, 14 community forests and 349 interviews were analyzed. The number of actors involved in one community forest varies between 9 and 27.

Powerful actors

In February 2006 the Namibian government announced the first 13 official (gazetted) community forests. According to the regulations (Community Forest Guidelines 2005), an implementation and monitoring phase[1] should start after gazettement. The first step is a forest resource inventory. The second step, based on the inventory, is an integrated forest management plan; the third step is the plan's approval by the Directorate of Forestry. Step four is implementation of the plan by the forest management committee.

The gazettement happened suddenly and unexpectedly. At the time the project had been in existence for five years, but no process for a forest inventory had been approved by the

Directory of Forestry. It became obvious that completion of the first three steps would take a long time, and that only after doing so would the community be in a position to manage a community forest. To satisfy the communities and to motivate them to continue, the Directorate of Forestry designed a block permit. The block permit is an official document that allows the communities to harvest certain timber species and generate income from the harvest. This was an example of the incentive power element, since it offered benefits and changed the communities' behaviour.

Communities started to require a new block permit when the old one expired. The block permit does not appear in the guidelines or in the *Forest Act* as a legal community forest management tool and the communities never inquired whether it was the right procedure. This example shows how the study analyzed the power element trust. The study would only analyze the information provided by one actor if it was was verified by another actor.

The Directorate of Forestry conducted inspections to monitor the implementation of the block permits. The *Forest Act* of Namibia provides a legal basis for this. According to it, officers in charge can issue fines or arrest suspects. The study observed these on several occasions. This could be seen as an example of the coercive power of the Directorate of Forestry.

The results of the qualitative follow-up survey were analyzed and are summarized in Table 2.

Table 2. Summary of power elements used by powerful actors in 14 community forests

Name of powerful actor	Percentage of each power element present (%)		
	Trust	Incentives	Coercion
Directorate of Forestry	79	71	100
German Development Service	100	100	0
Traditional Authority	50	0	100
Forest Management Committee	71	0	0
Conservancy Management Committee	43	0	0
Village Head Man	14	0	0
Ministry of Environment and Tourism	14	0	0
Namibian Nature Foundation	14	14	0

Economic outcome

In 2006 the CFN Project began an initiative to generate income for the members of the Ncumcara community forest through the sale of dead wood for firewood.

The German Development Service provided a rotation fund that allowed the Forest Management Committee (FMC) to pay the firewood producers when they delivered the firewood. After the sale of the firewood, the costs were subtracted and the profit was deposited in the fund.

Forest users saw the firewood rotation fund as a possibility for generating additional household income. In addition, the Ncumcara community forest generated revenue through the collection of permit fees and the sale of confiscated timber. The money was not paid directly to the forest users; instead, it was invested in community projects that benefitted every member of the community forest, e.g., maintenance of a public water point. The forest users benefited from the sale of firewood, both directly and indirectly through the community projects, but not in a significant way. Based on these facts, it was determined that the economic outcome for the Ncumcara community forest belonged to the middle category. The economic outcomes for all 14 community forests studied are presented in Table 3.

Table 3. Results of the outcome analysis

Name of community forest	Social outcome	Economic outcome	Ecological outcome	Powerful actors involved	Powerful actors whose PIDO* corresponds with the outcome
Ncumcara	middle	middle	middle	1, 2, 3, 4, 6	1, 2, 3 4, 6
Mbeyo	middle	middle	middle	1, 2, 3, 4, 6	1, 2, 3, 4, 6
Ncaute	middle	middle	middle	1, 2, 3	1, 2, 3
Muduva-Nyangana	middle	low	low	1, 2, 3, 7, 8	1, 3
George Mukoya	low	low	low	1, 2, 3	None
Kampinga-Kamwalye	low	low	low	1, 2, 3, 4, 8	None
Masida	middle	middle	middle	1, 2, 3, 4, 5	1, 2, 3, 4, 5
Kwando	middle	middle	middle	1, 2, 3, 4, 5	1, 2, 3, 4, 5
Sashona	middle	middle	middle	1, 2, 3, 4, 5	1, 2, 3, 4, 5
Mujako	middle	low	middle	1, 2, 3, 5	1, 2, 3
Izimbwe	middle	low	middle	1, 2, 3, 4, 5	1, 2, 3
Ngoma	middle	low	middle	1, 2, 3, 4, 5	1, 2, 3
Makata	middle	middle	middle	1, 2, 3, 4	1, 2, 3, 4
N#a Jagna Conservancy	middle	low	low	1, 2, 3, 4	1, 3

* PIDO = Powerful Interest Desired Outcome; 1. Directorate of Forestry; 2. German Development Service; 3. Traditional Authority; 4. Forest Management Committee; 5. Conservancy Management Committee; 6. Village Head Man; 7. Ministry of Environment and Tourism; 8. Namibian Nature Foundation

Ecological outcome

After gazettement the German Development Service developed a forest inventory technique. They were highly active in having it applied in the field and paid most of the costs. The results were incorporated into the integrated forest management plan and submitted to the Directorate of Forestry for approval. Apart from ten Participatory Natural Resource Assessments and six unapproved integrated forest management plans, no other document existed to assess natural resources and no evidence of monitoring was found. The ecological outcome was found to be in the middle category in most cases (see Table 3).

Social outcome

The community forestry guidelines recommend the establishment of a forest management body. This was done in all community forests through the selection of an FMC, which would manage the community forest on behalf of all forest users. The committee was supposed to implement the management plan, but since no plans were approved, it had very limited decision-making power over the use of forest resources. In addition, the forest users depended on the block permit, and consequently, on the good will of the Directory of Forestry. This also applied to other activities, such as fire management. Apart from the selection of the committee members and the participation in making decisions about how to use the generated community revenue, the forest users are not really involved in decision-making processes. For this reason, the social outcome was determined as middle for most of the community forests researched (Table 3).

Interest analysis

At the end of the field research in September 2009, ten years after the CFN project started, no management plan had been approved by the Directorate of Forestry. The directorate did support the FMCs in the detection and reduction of illegal harvesting. For example, illegal harvesting activities were discovered in the Mbeyo community forest: 100% of harvestable trees were cut down illegally. Before community forestry started in Mbeyo, the area was known as a hotspot for illegal harvesting activities, but no illegal activity was ever officially reported.[2] During that time the Directorate of Forestry was responsible for managing the Mbeyo forest, but it had neither the resources nor the personnel to do so on a regular basis. Through the involvement of the communities and the establishment of FMCs the directorate has now better control over the large forest areas. Because the directorate needs the involvement of the communities it is willing to hand over some management responsibilities, but it doesn't want the communities to decide on their own behalf. This is why the directorate is delaying or complicating processes. The interests of the powerful actors involved were analyzed and are summarized in Table 4.

Assessing the results

To test the hypothesis — that outcomes in community forestry depend mostly on the interests of powerful actors — the study compared the interests of powerful actors with the outcomes of community forestry. An indicator (Powerful Interest Desired Outcome, or PIDO) was designed (Table 3 and 5).

Table 4. Summary of interests of powerful actors in the 14 community forests

Name of powerful actor	Interests
Directorate of Forestry	- control over forest resources - further funding for community forestry - improved status of the DoF at national level (community forestry contributes to the GDP via the mobilization of forest products, and with this, to rural development and poverty reduction)
German Development Service	- sustainably managed forests - poverty reduction - empowerment of the local resource users
Traditional Authority	- maintain and improve status/position - benefits
Forest Management Committee	- benefits
Conservancy Management Committee	- benefits
Village Head Man	- maintain and improve status/position - benefits
Ministry of Environment and Tourism	- expertise/knowledge on participatory natural resource management - benefits from the forest use will help to support the conservancy approach
Namibian Nature Foundation	- sustainably managed forests - poverty reduction - empowerment of the local resource users

The indicator shows the degree to which the actors' interests correspond to the outcome. Based on the actual community forest outcomes the study could test if the interest of the powerful actor corresponded to the outcome. The results of the test are shown in Table 5.

Table 5. Correlation between actors' interests and outcomes

	Name of powerful actors	PIDO Social	PIDO Economic	PIDO Ecological
1	Directorate of Forestry	1	0	0
2	German Development Service	+1	1	1
3	Traditional Authority	1	0	0
4	Forest Management Committee	0	1	0
5	Conservancy Management Committee	0	1	0
6	Village Head Man	0	1	0
7	Ministry of Environment and Tourism	0	0	0
8	Namibian Nature Foundation	+1	1	1

PIDO +1: the powerful actor desires a high outcome; PIDO 1: the powerful actor desires a middle outcome; PIDO –1: the powerful actor desires a low outcome; PIDO 0: the powerful actor does not desire a specific outcome

Conclusion

The social and economic outcome results for the forest users presented in Table 3 were mostly determined as middle, indicating that the forest user benefitted only slightly from the community forest concept. They can decide who will be selected as an FMC member, and they are asked what should be done with the money generated through the community forest management. Often, the forest users benefit only through community improvements.

The results also indicated that a stable or improved biodiversity was not a desired outcome for most of the powerful actors. Only two powerful actors desired a high ecological outcome. Because of their involvement in ten cases, the community forests' ecological outcome was evaluated as medium.

In two cases that were in the initial stage of community forestry, the PIDO did not correspond to an outcome. In all other cases powerful actors have interests that correspond to an outcome. In eight cases even powerful actors have at least one interest that corresponds with an outcome.

These findings prove the hypothesis that outcomes in community forestry depend mostly on the interests of powerful actors, since most of the outcomes can be related to an interest of such an actor. The study analyzed the elements of power these actors have; the results show that they use their power to push through their interests. Who the most powerful actor is cannot be answered but it is clear that it is not the forest user.

Endnotes

1. See Community Forest Guidelines, 2005, p. 20
2. Interview sources were the chairman and former illegal harvester, the head man of the village and the first project coordinator for the German Development Service.

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6.2 Pro-poor forest governance in Burkina Faso and Tanzania

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Introduction

This paper discusses initiatives in pro-poor forest governance in two African countries: Burkina Faso and Tanzania. The term "pro-poor forest governance" means equitable, decentralized decision-making that recognizes the rights and responsibilities of the local forest users and communities who depend on forests for their livelihoods. This aligns with the Forest Governance Learning Group (FGLG)[1] definition of good forest governance, which "reflects the decisions and actions that remove barriers and install policy and institutional systems which spread local forestry success."[2] Key features include participation, accountability, equity, fairness, transparency, local control and management.

Successes in pro-poor governance and in community decisions about forest resources need to be connected with other processes within the forest sector.

Africa is the only continent where rates of deforestation continue to worsen,[3] and forests are tightly linked to the livelihoods of poor rural African households.[4] Pro-poor forest governance — which puts decision-making power in the hands of poor forest users — offers the potential to both secure livelihoods and protect forests. The following factors have enabled the successes in Burkina Faso and Tanzania:

- enabling policy frameworks;
- working in multi-level collaborative networks;
- connecting local enterprise and forest management;
- a learning-by-doing approach; and
- facilitating learning exchanges.

Burkina Faso and Tanzania

This article draws on evidence from two very different countries. Burkina Faso, in West Africa, has a total forest cover of approximately 26% or 7.1 million hectares (ha), 67,000 ha of which is planted forest. Natural forests are by and large non-reserve (75%) and

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there is a high rate of deforestation, about 15,000 ha per annum, or 0.2%. There is very little closed forest; forest is approximately 50% open/fragmented forest and 50% other wooded land. Despite the comparatively small forest resource, forestry is an important sector for the national economy, accounting for around 16% of GDP.[5]

In Tanzania, in East Africa, forests and woodlands cover approximately 40% (33.5 million ha) of total land area and are primarily classed as Wet Seasonal Miombo Woodland (62%). Of this, 16.0 million ha are forest reserves; 2.2 million ha are national parks and 17.3 million ha are unprotected forests on general land that is not publicly owned or managed. There is a high rate of deforestation: Tanzania lost an average of 412,300 of forest per year between 1990 and 2000 (a deforestation rate of 0.99%).[6]

The experience of the two countries provides lessons about pro-poor forest governance in different regions of the continent (West Africa and East Africa). Types of forest, policy regimes and levels of aid investment in the decentralization of forest management differ in the two regions.

The lessons presented here are drawn from several sources. In Burkina Faso, the primary source is TREE AID's experience promoting pro-poor forest governance through its Trees for Change project, now in its fifth year.[7] The project works in eight communes in Burkina Faso, home to approximately 26,500 people. It brings together relevant stakeholders at the community, local government, traditional authority and state level.

The project works to enable the development of Forest Management Agreements, agreed to by local communities and adopted by commune authorities, which meet local needs and protect tree resources. It works closely with the national government through a central government working group on decentralization and through an FGLG-style group to connect actors at different levels. It also works to ensure that lessons learned in the pilot communes can be scaled up and that legislative changes match progress on the ground.

The information provided for Tanzania draws on research commissioned by TREE AID into best practice in participatory forest management (PFM).[8, 9] The Tanzanian case is often presented in literature as one of the most successful examples of PFM; the research was designed to understand more about this experience and to consider what lessons it offered to TREE AID's work in Burkina Faso. The research draws together the experiences of a variety of actors over several decades in order to consolidate lessons that might be learned from the Tanzanian experience.

Successes up close

Burkina Faso

In Gompsonsom Commune in northern Burkina Faso, families are unable to feed themselves entirely on the harvests from the agricultural crops that form the backbone of their livelihoods. To make up the shortfall, they depend on trees and forests, both for wild foods that they collect, such as fruit and leaves, and for products they can sell to generate income, such as shea nuts, honey, tamarind and baobab. Villagers also collect fuelwood

and timber from the forest. Prior to project intervention, this collection was largely unregulated and occasionally was punished harshly by local Forest Service Officers. Relationships between villagers and the Forest Service were strained and traditional norms governing forest use tended to be enforced locally. Neither community members nor village and commune authorities were familiar with the provisions for community-managed forest governance that became available through decentralization processes initiated by central government.

With support from TREE AID and its partners, community members have come together to discuss their forest use, learn about opportunities presented by the decentralization legislation and agree on a Local Forest Management Convention (LFMC). The LFMC establishes rules and demarcates specific areas of forest to meet a range of stakeholder needs, including conservation, income generation, firewood collection and grazing. Tree-planting plans are laid out to ensure the long-term sustainability of wood for fuel and timber. Women in Gomponsom have been very involved in the LFMC process; it has given them a voice in forest management for the first time. This is particularly important, since it is women who use the forest most for collecting food, income generating products and firewood.

A Village Forest Management Committee (VFMC) enforces the convention that villagers developed. The convention is in the process of being ratified by local commune authorities, who received capacity-building assistance from the project. Commune authorities are aware of their new responsibilities under the decentralization policy and are beginning to enforce them locally. Along with colleagues from the Forest Service, they are developing more mutually respectful relationships with communities, who now better understand and welcome their forest management efforts.

Tanzania

In Tanzania many examples of PFM have been praised for successes and good practice. One significant example is the pioneering Community-Based Forest Management (CBFM) approaches in the Duru Haitemba forest in Babati District, which provided communities with secure ownership rights and responsibility for forest protection. This reversed the trend of deforestation, and villages were able to implement and enforce management plans that prohibited uncontrolled use.[10] The *Hifardhi Ardhi Shinyanga* (HASHI) project empowered local stakeholders in forest restoration and revived local indigenous practices by placing them in a modern legal context.[11] The *Matumizi Endelevu ya Misitu ya Asili* (MEMA) project increased village forest revenues under CBFM. Villagers were designated as both owners and managers of the forest resource through a Village Natural Resource Committee (VNRC); the owners incur the costs but also accrue the profits generated.[12]

The most significant improvements — in both social and conservation outcomes — have been made in the Nou catchment forest in the southern part of Babati and Mbulu district of Northern Tanzania. The forest suffered extensive exploitation from timber production since the early 1950s and was closed in 1989 due to extreme deterioration.[13] In 2004 the UK-based NGO, Farm Africa, with local- and national-level support, implemented the

Nou Joint Forest Management Project (NOU JFM). It took a dual approach, establishing a community-based forest management system, and adopting improved livelihood systems through complementary natural resource interventions to generate income alternatives to deforestation.[14] Current developments include the Tanzania Participatory Forest Management Project (TPFMP), which commenced in 2009 and ends in 2012. The project places a strong emphasis on the inclusion of women and youth and demonstrates an innovative design and preparation approach based on local knowledge and institutions, development of strong partnerships, collaboration, and capacity building.[15]

Lessons learned: Reflecting on successes and challenges

Enabling policy frameworks and multi-level collaborative networks

In both Burkina Faso and Tanzania the national policy context. is favourable. It enables decentralized forest management, which, when implemented with participation by local people and with pro-poor objectives, can support pro-poor forest governance. Decentralization to the regional and village levels has been in process in both countries since the mid-1970s and legislation introduced in the 1990s formally mandated processes to decentralize forest management. In Tanzania, significant donor support for PFM from Scandinavian countries in the 1990s led to many projects within the country and to the development of a strong policy base and institutional framework for decentralization and pro-poor forest management.[16]

In Burkina Faso, there has been less donor support for the formal legislation that puts decentralized forest management — including the 1996 *Forestry Code* — into place. This is changing. Donors are increasingly supporting development in the forestry sector as the country begins work on a REDD+ readiness plan.

Capacity, will and resources at the central government level remain major challenges, however. Decentralization has been slow and in some cases opportunistic, benefiting business or individual interests rather than those of communities; as in other countries, elite capture[17] at the regional and local level is an issue. As in Gompsonsom Commune, smallholder farmers are often unsure or distrustful of the process and local authorities are uncertain of their roles and new responsibilities and lack the resources and support to implement them.

In Burkina Faso, therefore, it has been important to work with policy-makers at the national, regional and local level and within the Forest Service, which inherits new responsibilities under the decentralization legislation. The working groups established by TREE AID's Trees for Change project have enabled practical policy support for decentralized forest management from the highest levels of central government. They have also built the capacity of regional and local actors to take up new responsibilities and to facilitate and eventually ratify and enforce forest management plans developed by communities. Crucially, these multi-stakeholder networks have fostered dialogue, included forest users and supported local community capacity to make decisions about forest use and management.

The project followed the FGLG model in its first phase and has supported the development of a bylaw framework and capacity training for commune level authorities to approve and implement agreements around LFMCs. In its second phase the project accompanied these earlier efforts with a high-level working group that brought together central government actors to support the implementation of decentralization policy within the Ministry of Environment and Sustainable Development. A primary goal of this group is to pass the necessary subsidiary legislation to implement the Forestry Code. The group will also address contradictions between customary and statutory law on land tenure, which present challenges to the decentralization of forest governance. They are currently finalizing an Act that will establish a permanent section within the Ministry of Environment and Sustainable Development to support decentralization in the forestry sector.

In Tanzania, research highlights the importance of multi-actor networks and the engagement of a variety of stakeholders as key factors in the success of these initiatives. Multi-actor networks have been particularly important in terms of preventing corruption and elite capture, building the capacity of local actors (especially within Village Councils/ Assemblies) and sharing lessons learned. Elite capture of decentralization processes is a major challenge in the forestry sector; it may be addressed by support for multi-level collaborative networks with decision-making authority. The TPFM implemented by Farm Africa in Babati and Mbulu district has been successful in engaging District and Local Council actors, community organizations, and women and youth. Their commitment to the project — and to the alternative livelihoods it promotes — has been important for its success.

Connecting local enterprise and forest management

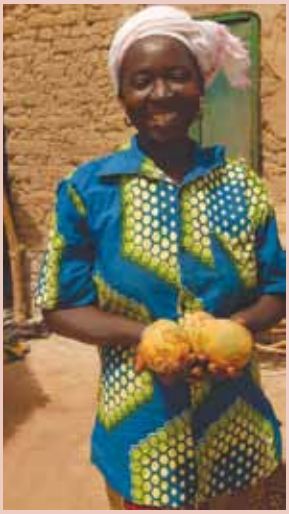
The TPFM project includes alternative livelihood strategies as a part of its approach to PFM. It supports income-generating activities such as beekeeping, tree planting, mushroom cultivation, butterfly farming, fish farming, medicinal plant commercialization and the development of ecotourism and cultural tourism. This alternative income has reduced the pressure on forest resources and provided an additional stake in forest protection for villagers-turned-forest entrepreneurs. In some cases, however, endeavours have not generated a steady source of income for participants. This may be due to a lack of sound market analysis and resource base assessment and a lack of support for the development of small businesses. There are lessons to be learned from TREE AID's experience using the Market Analysis and Development (MA&D) approach to support poor smallholder farmers to develop sustainable businesses selling tree products.

In Burkina Faso, non-timber forest products (NTFPs) are an important component of the rural economy, especially to women, who are those most engaged in harvesting, processing and, increasingly, commercializing products such as shea nuts, forest honey and baobab leaves. The MA&D approach enables poor, often illiterate would-be entrepreneurs to identify locally available natural resources, to ensure sustainable supply (through, for instance, controlled harvesting and planting built into business plans) and understand local and regional markets for these products before beginning to develop their

enterprises. To date in Burkina Faso several hundred small enterprises have been established, supplementing household income and security. Many of these entrepreneurs, the majority of whom are women, have become involved in VFMCs and have been influential in developing management plans that ensure secure access for entrepreneurs to the tree products they are commercializing (Box 1).

Box 1. Participating in CFMCs

Salamata Nanema, age 35 (shown here), is one of the many female entrepreneurs who have been motivated to participate in the agreement of CFMCs. Secure tree tenure is crucial to the success of her business. Since beginning to sell liana fruit she has been able to send her daughter to school and to buy additional food for her family during the lean season. She explains her motivation for joining the VFMC in Gomponsom, *"I'm a member of an enterprise group that sells liana fruit. I chose to participate in the committee that elaborated the Local Forest Management Convention and to represent Village Tree Enterprise groups there because I depend on forest products. My role was to be sure that the rules that we developed would protect and facilitate access to the trees that we use for our enterprises."*



Learning by doing and learning exchange for local actors

In Burkina Faso the introductory nature of the project — and its work in eight different communes — has enabled a flexible, learning-by-doing approach. For instance, when early project work revealed the degree to which commune authorities were unfamiliar with central government legislation, planned activities were revised to support the transfer of knowledge and technical capacity. This included seconding partner NGO staff to work as forest governance advisors at the commune level. The project design considers the process of learning, sharing and building capacity as one of the indicators of its success. TREE AID learns about what is and isn't working well through regular project review and evaluation, engagement with project stakeholders at all levels and by sharing its experience in international networks such as the FGLGs and the Forest Dialogue.[18]

Sharing among a range of actors and across experiences in the eight communes allows the lessons learned to be replicated. It also allows for the gradual development of a flexible model of support that can be shared with government and potentially scaled up. The central government working group created the necessary time, practical support and range of participation necessary to plan for the development and implementation of secondary legislation. This will facilitate decentralized pro-poor forest governance around the country, and is an important step in that direction.

Local actors, including forest users and village and commune authorities, have been able to visit each other to discuss progress and learn from their peers. The project has also facilitated exchange visits to share experiences of decentralization and pro-poor forest governance in neighbouring Mali (Box 2).

Box 2. Decentralization in Mali

Policy and legislation on decentralization in Mali are similar to those in Burkina Faso, but Mali has had elected local government structures in place considerably longer than has Burkina Faso and during the project they shared this history of commune-led natural resource management with their Burkinabe counterparts. The Burkinabe Forest Service has been more receptive to community needs when changing its legislation, which was of interest to Malian participants.

Further opportunities for learning have arisen from linking the project to broader international dialogues such as discussions around REDD+ readiness taking place within the framework of the Forest Investment Programme in Burkina Faso.

In Tanzania, the Farm Africa TPFM project is designed according to a learning-by-doing approach, and is built on previous experience gained through the Nou Joint Forest Management Project (2004–07). A 2008 report on the TPFM project found that the design process — which included investigation and negotiation stages before the project implementation — had been important to the eventual success of the project.[19] A Project Coordinating Unit, which regularly brings together Farm Africa and partner organization representatives, has also been important in sharing experiences, learning lessons, strategic planning and replication of successful initiatives. According to one report, the Farm Africa project is "based on an ethos of genuine collegiality and ongoing review and adjustment."[20] This was seen as crucial to understanding the project's success in equitably altering the balance of power in forest resource management in the communities (the project ends in 2012).

Conclusion

Successes have been achieved in pro-poor forest governance in Burkina Faso and Tanzania. TREE AID has had considerable experience with these issues in Burkina Faso (and the Sahel more broadly) and is interested in sharing with and learning from colleagues working in this field in East Africa.

It is noteworthy that despite contextual differences, there are many common features of the experience in Burkina Faso and the results of the research commissioned in Tanzania. In both cases, there is a need to connect successes in pro-poor governance and in decisions of communities about their forest resources with other processes within the forestry sector. This will help ensure that efforts in a diverse range of initiatives — from climate protection to enhanced timber legislation — include and benefit those who depend on forests for their livelihoods and are best placed to protect them.

Endnotes

1. The Forest Governance Learning Group (FGLG) is an informal alliance of in-country groups and international partners active in eight African and three Asian countries. FGLG aims to connect those marginalized from forest governance to those controlling it, and to help both do things better. FGLG networks are active in Cameroon, Ghana, India, Indonesia, Malawi, Mozambique, South Africa, Tanzania, Uganda and Vietnam. For more info see: www.iied.org/natural-resources/key-issues/forestry/forest-governance-learning-group.
2. See Mayers, J., A. Bila, S. Khaukha, K. Opoku and W. Simwela. 2006. "Forest governance and social justice: Practical tactics from a learning group approach." *International Forestry Review* 8(3): 101–109.
3. FAO (Food and Agriculture Organisation). 2011. *State of the World's Forests*. Rome: FAO.
4. See, among others: Cavendish, W. 2000. "Empirical regularities in the poverty-environment relationship in rural households: Evidence from Zimbabwe." *World Development* 28: 1979–2003.
5. Forest Governance Learning Group. 2008. *Burkina Faso West Africa Presentation*. Contact authors for a copy.
6. FAO (Food and Agriculture Organisation). 2010. *Global Forest Resources Assessment 2010. Country Reports: United Republic of Tanzania*. Rome: FAO.
7. TREE AID's Trees for Change project is funded for an initial five years by the UK's Department for International Development (DFID) and now enters a second stage, with funding from the Swedish International Development Agency (SIDA).
8. See Salt, G. 2011. *Forest Governance and Participatory Forest Management in Tanzania: Past, Present and Future Approaches – A literature and best practices review.* Prepared for TREE AID in October 2011.
9. The term "participatory forest management" is used more broadly in Tanzania and East Africa. Its goals and values resonate with those of the process described here as "pro-poor forest governance" in West Africa.
10. See among others: Wiley, L.A. 1998. *Villagers as forest managers and governments "learning to let go." The case of Duru Haitemba and Mgori Forests in Tanzania*. Forest Participation Series, No 9. London: International Institute for Environment and Development.
11. See MNRT. 2005. A Study on the Social, Economic, and Environmental Impacts of Forest Landscape Restoration in Shinyanga Region. Tanzania. Unpublished report. IUCN – The World Conservation Union, Eastern Africa Regional Office.
12. See Blomley, T. and S. Iddi. 2009. *Participatory Forest Management in Tanzania: 1993–2009. Lessons Learned and Experiences to Date*. Dar Es Salaam: United Republic of Tanzania, Ministry of Natural Resources and Tourism, Forestry and Beekeeping Division.
13. See Leminih, M. and M. Bekele. 2008. *Participatory Forest Management: Best Practices, Lessons Learnt and Challenges Encountered — The Ethiopian and Tanzanian Experiences*. FARM –Africa/SOS Sahel Report produced March 2008.
14. See Sangeda, A. and S. Mosha. 2011. FARM Africa Tanzania Participatory Forest Management Project (TPFMP). Mid-term Evaluation, January 2011.
15. See Sangeda, A. and S. Mosha. 2011. FARM Africa.
16. See Blomley, T. and S. Iddi. 2009. *Participatory Forest Management*.
17. Elite capture is the ability of elite groups to take advantage of government initiatives intended to distribute resources or funds to the general public in such a way that it primarily benefits themselves.
18. The Forest Dialogue was formed in 2000 as an ongoing civil-society-driven, multi-stakeholder dialogue platform and process to forge relationships and spur collaborative action on the highest priority issues facing the worlds' forests. For more information, see http://environment.yale.edu/tfd/about/history.
19. See Leminih, M. and M. Bekele. 2008. *Participatory Forest Management*.
20. See Salt, G. 2011. *Forest Governance*.

6.3 Addressing forest degradation and timber deficits in Ghana

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Reforestation is an essential component of forest policy where forests are severely degraded and development aims are to be achieved. This is the case in Ghana, which has only 5% (395,000 hectares, or ha) of its primary forests left and where 30% of the population lives on less than a dollar per day.

This article is based on insights obtained from several studies (Hoogebosch 2010; Grupstra 2012; Insaidoo, Ros-Tonen and Acheampong in press, a; Insaidoo, Ros-Tonen and Acheampong in press, b) jointly carried out by Tropenbos International Ghana, Kwame Nkrumah University of Science and Technology and the University of Amsterdam. It reviews the main characteristics and outcomes of various reforestation schemes in Ghana and identifies lessons from their successes and challenges.

Data was obtained through desk studies, open and semi-structured interviews with officials of the Forestry Commission (FC) and the Forest Plantation Development Centre and surveys among target groups. Separate male and female focus groups were held in the study villages, where elements of the Poverty-Forests Linkages Toolkit (Shepherd and Blockhus 2008) were employed to assess the relative importance of various livelihood sources.

For participants' commitment, it is important to improve the long-term prospects of the various reforestation schemes.

Policy context

In Ghana, deforestation has increased at an alarming rate since 1983, when a long period of drought triggered large fire outbreaks in the country. The FAO (2010) estimates the annual deforestation rate in Ghana at 2.1% per year, which corresponds with an average annual forest loss of 115,000 ha since the turn of the century. This results mainly from bush fires, indiscriminate logging and conversion of forest to farmland.

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In response to these challenges, the Ghanaian government embarked on a reforestation programme as part of the new Forest and Wildlife Policy of 1994. A Forest Development Master Plan was launched in 1996 (FDMP 1996–2020). Its aim was to promote private plantation development, with a target of 10,000 ha/year for 20 years. To this end, a Forest Plantations Development Centre was set up in Akyawkrom (near Kumasi), and a Forest Plantations Development Fund (with support from the Highly Indebted Poor Countries (HIPC) fund of the IMF and World Bank) was created to encourage private investors to invest in plantation forestry (FAO 2002).

Since 2001 the forest plantation policy has changed in favour of promoting community participation in plantation development. This was due to continued forest degradation over the years and the slow rate of forest plantation establishment under public-private partnerships. In that year, the FC launched the National Forest Plantation Development Programme, which came into effect in 2002. Its aim was to combine the creation of a future resource base for industrial timber with enhanced environmental quality, employment creation and increased food production (FC 2008).

In addition to the development of private and commercial plantations, two additional reforestation strategies emerged in degraded forest reserves: the modified taungya system and government-owned industrial plantations under the Government Plantation Development Programme (GPDP). Legal reforms (the *Timber Resource Management (Amendment) Act* 2002) provided for rights to ownership and profits. It also provided for guarantees against expropriation to individuals who planted timber trees in off-reserve areas. The *Forest Plantation Development Fund Act* 2000 establishes rights of ownership over timber produced to beneficiaries of the fund. This encouraged small-scale farmers in off-reserve areas to engage in on-farm tree planting, often with support from NGOs and/or the private sector (timber and/or mining companies).

The modified taungya system

The modified taungya system (MTS) is a co-management arrangement between the FC and local communities. Under this scheme, farmers are co-owners of trees and are allowed to inter-plant food crops during the early years of plantation establishment. It differs from the old taungya system (suspended in 1984) in giving farmers a 40% share in the timber benefits. Under the MTS, interested farmers organize themselves in MTS groups, which collectively apply for a piece of degraded forest reserve land to establish a plantation.

There are two types of MTS: the National MTS – implemented and coordinated by the Forest Services Division – and the MTS under the Community Forest Management Project (CFMP). The difference is that under the CFMP (which ended in 2010) funds from the African Development Bank were available to pay MTS farmers for their work on peg cutting[1] and to initiate complementary income-generating projects to create revenue for the period between canopy closure (when planting food crops is no longer possible) and timber harvesting. The CFMP also stresses capacity building and social organization.

In 2010, plantation development policy changed again, due to the need to involve decentralized administrative structures in forest management and mobilize some of the District Assembly funds for reforestation. Attention shifted from partnerships with communities to institutional partnerships between the FC and the District Assemblies and traditional authorities, particularly the stool land-owners.[2] They are involved in reforestation schemes by making land available for reforestation in return for a share in the benefits or (in the case of private plantations, off-reserve) for a yearly rent. District Assemblies employ youth for reforestation in on- and off-reserve areas. With this newest policy, government-owned plantations under the Government Plantation Development Programme and the MTS schemes have been suspended. Table 1 lists various bodies involved in reforestation in Ghana.

Table 1. Acronyms related to reforestation in Ghana

Acronym	Full name
FC/FSD	Forestry Commission/Forest Services Division
FMDP	Forest Management Development Plan
FPDC	Forest Plantation Development Centre, under the MLNR
FPDF	Forest Plantations Development Fund
GPDP	Government Plantation Development Programme
MLNR	Ministry of Lands and Natural Resources
MTS	modified taungya system
NFPDP	National Forest Plantation Development Programme

Ghana's reforestation schemes

Reforestation in Ghana includes the establishment of forest plantations in degraded forest reserves as well as afforestation in the form of economic tree planting on off-reserve farmlands where there was no forest in the recent past. In degraded forest reserves, trees are planted in pure stands with or without initial intercropping with food crops. In off-reserve areas tree are planted in pure stands or integrated in existing crop systems (Table 2).

Achievements and challenges

Private plantations

Official records at the FC in Accra indicate that 280 private investors were operating in 12 forest districts and developed a total of 22,313 ha of forest plantations nationwide during the period 2002–10. Investors consider that the funds available from the Forest Plantation Development Fund (FPDF) are too small to provide any meaningful support to their reforestation activities and tend to use only their own funds to establish plantations. Only those who use land in off-reserve areas are able to secure an FPDF loan, since only this land (unlike forest reserve land that is not their property) can be used as collateral for loans.

The plantations provide employment mainly for migrant workers from regions in northern Ghana (Hoogenbosch 2010). Since a full-time wage for workers on private plantations is uncommon (Hoogenbosch 2010), most of their cash and non-cash income comes from growing food crops among the trees, on the farm plot allocated to them, or on farmland that they hold outside the plantation (see Figure 1). The plantation also provides firewood, non-timber forest products (NTFPs) and bushmeat.

Table 2. Overview of major reforestation activities, Ghana

Private, large-scale commercial plantations: established in degraded forest reserves or off-reserve areas with a loan or subsidy from the FPDF	
Planting scheme: mostly exotic short-rotation trees in pure stands Key stakeholders: private investors, government, workers (including many migrants from other regions), stool landowners and adjacent communities	Responsibilities — The Forest Plantation Development Centre (FPDC): coordination; FC: providing technical services such as land demarcation and surveys and monitoring plantation development; private investors: preparing a reforestation plan for approval by the FC and the FPDC, mobilizing the financial means, tree seedlings and working inputs, training workers, and supervising planting and maintenance activities; stool land-owners: guaranteeing access to land for reforestation for a period of 50 years; community: help preventing fire outbreaks and illegal activities (in return for a 2% share in the benefits). Benefits — For off-reserve land, where investors can use the land as collateral for loans, the FPDF loan facility is available; for reforestation in forest reserves small subsidies from the FPDC can be obtained; benefits are shared (90% for the investor and 6%, 2% and 2% respectively for the land-owner, FC and adjacent community); workers receive a wage for casual labour and are often allowed to grow food crops between the trees or on a specific portion of plantation land.
Large-scale plantations established as part of the GPDP in degraded forest reserves, using money from the HIPC Fund	
Planting scheme: same as private plantations Key stakeholders: Government (FC and MLNR), plantation workers, stool land-owners and adjacent communities	Responsibilities — Government agencies: providing tree seedlings and sometimes working materials like cutlasses and boots, ensuring marketing and accounting of the plantation products; contract supervisors: supervising workers and providing extension services; workers: providing labour; stool land-owner and traditional authorities: providing land within the degraded forest reserve; community members: helping prevent and control fire outbreaks and illegal activities. Benefits — 92% of timber revenues for the FC, 6% for the stool land-owner, and 2% to the adjacent community; employment: workers are employed full-time for a wage.

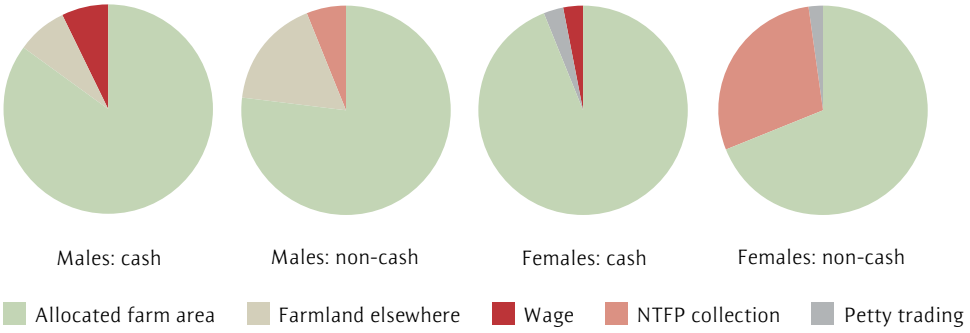
Modified taungya system: forest plantations in degraded forest reserves by government in partnership with farmers who inter-plant food crops	
Planting scheme: Similar to the previous ones, but farmers grow food crops alongside the planted timber trees during the early years of plantation development. Key stakeholders: The FC/FSD for the national MTS and the Forest Plantation Development Centre of the Ministry of Lands and Natural Resources (MLNR) for the MTS under the Community Forest Management Project (CFMP) that was funded by the African Development Bank until 2010, male and female farmers organized in taungya groups, stool land-owners, adjacent communities	Responsibilities — Government agencies: coordination and project implementation; especially FC/FSD: allocation of degraded forest reserve areas, seedling provision, extension services, marketing of plantation products and financial management; farmers: manual work and wildfire protection; stool land-owners and traditional authorities: providing land within the degraded forest reserve and guaranteeing uninterrupted access to the allocated land; community members: assisting the FC in preventing fire outbreaks and illegal activities. Benefits — Taungya farmers are considered co-owners of trees and gain access to farmland by the right to plant food crops between the trees during the first 2–3 years of plantation establishment. They can keep 100% of the proceeds from food crops; timber revenues are shared 40% for the FC, 40% for the farmers (on a group basis), 15% for traditional land-owners, and 5% for the forest-adjacent community. In some cases, additional income-generating projects were implemented under the CFMP that ended in 2010.
On-farm tree planting: smallholder tree planting in off-reserve areas	
Planting scheme: trees are planted in pure stands with or without inter-planting of agricultural crops during the first years of plantation establishment or in established cropland. The latter combines timber tree species with perennials and food crops. Key stakeholders: small-scale farmers and public and private supporting organizations (FC, mining and/or timber companies, NGOs or tree-growers associations).	Responsibilities — Farmers: all phases from planting to marketing; supporting organizations sometimes provide seedlings, extension services and initiate alternative income-generating projects. Benefits — 100% of crop and tree benefits for farmers who use individual or family/clan lands for tree planting; 33% for the chief/landlord and 67% of timber proceeds and 100% of food crops for the farmer when farmers use chief's land; 50/50 for landlord and tenant if trees are planted in cocoa farms under a sharecropping arrangement; sometimes associated with income-generating projects.

Sources: FC 2008; Hoogenbosch 2010; Grupstra 2012; interviews with FC and FPDC officials.

Most workers are satisfied with their living and working conditions, but improvements could be made as far as timely payment, working outfit and equipment are concerned. Stool owners tend to be dissatisfied with their share, which is lower than under the MTS (Grupstra 2012).

Figure 1. Cash and non-cash income components of workers' livelihoods at a private plantation

Source: Hoogenbosch 2010.



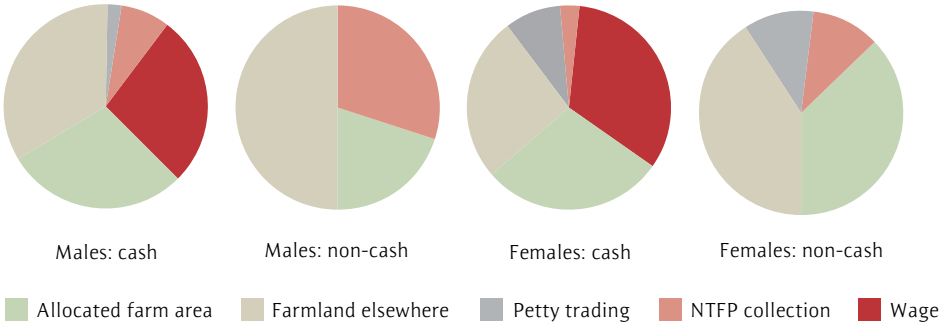
HIPC-funded reforestation initiatives

Records at the FC in Accra indicate that from 2004 to 2009 a total of 17,169 ha of timber tree plantations were established under the GPDP across 45 forest reserves throughout the country. This generated 12,595 full-time jobs (FC 2008). In addition, the HIPC fund finances other tree-planting activities, such as the Greening Ghana Programme that distributes seedlings for planting in public spaces.

Unlike private plantations, government plantations usually employ their workers full time, which is reflected in the higher share of cash income of plantation workers (Figure 2) compared to workers on private plantations (Figure 1). Although planting food crops between the trees was not the intention of this scheme, it is often allowed. The employees also combine their work on the government plantation with farming on their individual plots outside the plantations (Figure 2). As with the private plantations, workers appreciate the employment opportunity, but delayed payment, lack of housing on the plantation (which increases travelling time to and from the villages where they live) and lack of working equipment are indicated as concerns (Hoogenbosch 2010).

Figure 2. Cash and non-cash income components of workers' livelihoods at an HIPC-funded plantation

Source: Hoogenbosch 2010.



The modified taungya system

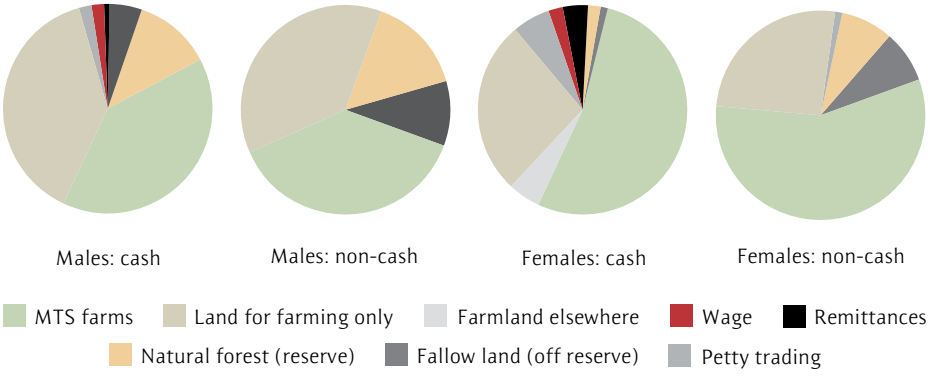
A total of 87,664 ha of degraded forest reserve land were reforested under both types of MTS between 2002 and 2008 (FC 2008), providing a source of farmland and future income to an estimated 109,000 rural families (Valerie Fumey Nassah, RMSC, pers. comm.). Mainly through its food crop component, the MTS contributes substantially to the incomes of both sexes, but more so to that of females, especially when they are involved in the production of seedlings (Insaidoo, Ros-Tonen and Acheampong in press, a; see Figure 3 for averages). A total of 42% of MTS revenues is invested in asset accumulation and 24% of the respondents succeeded in saving MTS revenues (Insaidoo, Ros-Tonen and Acheampong in press, a).

As long as food crops can be derived from the MTS, the scheme allows farmers to improve their livelihoods, but several factors limit the poverty-alleviating potential of the MTS, now and in the long term. These include a lack of timely supply of good-quality seedlings, the ban on planting cassava in MTS farms (which is driven by the fear that the crop will destroy young timber trees) and lack of income between plantation establishment and timber harvest (which also applies to other forms of plantation development). Derkyi (in press) adds to this the insecurity about the continuity of the scheme and future timber returns. MTS farmers are concerned about the lack of signed agreements and what the benefit-sharing arrangement on a group basis means for individual rights to timber benefits.

The MTS under the CFMP performs better, both in plantation condition and livelihood outcomes, since support to social organization and income-generating projects increase farmers' commitment to the scheme (Insaidoo, Ros-Tonen and Acheampong in press, a).

Figure 3. Cash and non-cash income components of MTS farmers' livelihoods

Source: Adapted from Insaidoo, Ros-Tonen and Acheampong in press (a).



On-farm tree planting

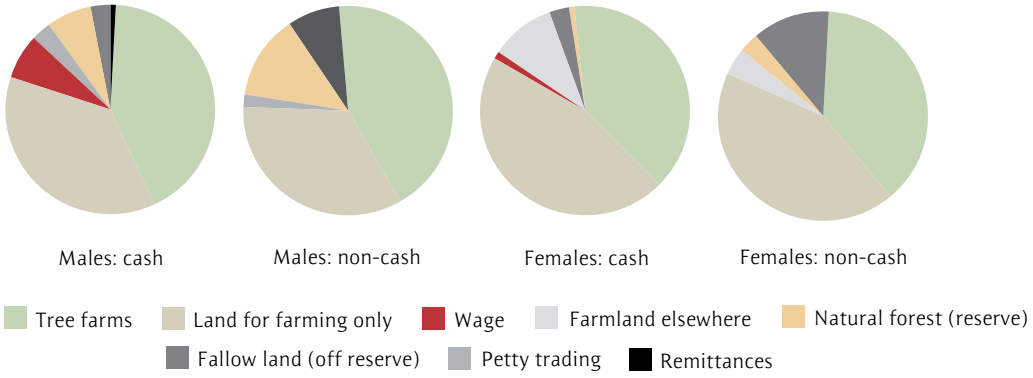
By the end of 2008, the FPDC had registered 3,317 individuals and groups involved in tree planting in off-reserve areas throughout the country. They established 13,740 ha of forest

plantations on farmland between 2002 and 2008 (FC 2008). Figure 4 shows average contributions to income derived from on-farm tree planting in off-reserve areas.

Several challenges influence the success of the on-farm tree-planting scheme. They include the extra work compared to conventional farming, the high costs to establish and maintain tree farms, the lack of income from pure timber stands between planting and harvesting, and the lack of funds for tree farm maintenance once food cropping between the trees is no longer possible. Other challenges included bureaucratic procedures to obtain loans for tree planting and land rights documentation, ambiguous legislation regarding tree ownership and insecure timber rights for tenant farmers (Boni 2006; Insaidoo, Ros-Tonen and Acheampong in press, b).

Figure 4. Cash and non-cash income components of on-farm tree planter's livelihoods

Source: Adapted from Insaidoo, Ros-Tonen and Acheampong in press (b).



Lessons learned and recommendations

Integrating food crops in plantation development is important, since it contributes substantially to the workers' and farmers' cash and non-cash incomes. Since cassava is the staple crop in Ghana's high forest zone, it is recommended that farmers be conditionally allowed to grow cassava on MTS farms. Experiments in the MTS and on-farm tree planting schemes have shown that this does not need to harm young trees if there is adequate spacing between trees and crops.

It is important to create income-generating opportunities between the time of canopy closure (when food crops can no longer be cultivated) and timber tree harvesting, e.g., through on-site seedling production, sale of thinned wood or advance timber payments. It is also recommended that, rather than promoting the planting of trees in pure stands, multi-purpose agroforestry schemes are developed that generate food, cash crops and NTFPs during the entire cycle.

Ongoing professional support for private investors and farmers — in the form of technical advice, supply of seedling or training in nursery establishment and tree planting skills — is a key factor in the performance of the reforestation scheme.

For plantation workers, timely payment and access to housing on HIPC plantations and working equipment are important improvement points.

The MTS appears to be particularly important for women, both in terms of cash income (particularly when they are involved in seedling production), non-cash income and participation in MTS management committees. The policy shift towards partnering with District Assemblies and traditional authorities at the cost of the MTS scheme undermines this important trend towards gender equity in forest management.

Secure land tenure and tree harvesting rights (including reducing the bureaucratic requirements of obtaining harvesting and conveyance permits) is a key condition for successful reforestation.

For participants' commitment it is important to improve the long-term prospects of the various reforestation schemes.

Linking reforestation schemes to the carbon credit market may help increase the economic feasibility of reforestation.

Endnotes

1. Pegs are one-metre-long sticks made of branches or small trees that are used to indicate where seedlings are to be planted.
2. A stool land owner is any person or body of persons who based on customary traditions have control over community land, including family land, as a representative of a particular community.

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6.4 Decentralized forest governance in central Vietnam

TRAN NAM TU and PAUL BURGERS

Bach Ma National Park

A major challenge in decentralized forest governance in Vietnam is developing a mechanism that would support both reforestation and poverty reduction among people in rural communities. To help address this challenge, Forest Land Allocation (FLA) policies recognize local communities and individuals as legal recipients of forest and land-use rights. Although forest cover has increased in Vietnam since the implementation of the FLA policies, the forest is of low quality.

Vietnam has taken up the enormous challenge of forest governance reform through decentralization and devolution.

It remains uncertain how and to what extent rural people really benefit from these policies. Bach Ma National Park (BMNP) in central Vietnam has gone through the FLA policy process. It provides an interesting case study to evaluate the impact of FLA on forest cover and poverty reduction for everyone by comparing the impact on two different cultural groups, the "Vietnamese" Kinh and the indigenous Co Tu.

This article presents major research findings from four villages in Thua Thien Province, Vietnam. It analyzes whether FLA policies have been able to integrate conservation and poverty reduction among rural communities.

Background

Until the mid-twentieth century Vietnam was covered with vast forests. Various studies show that since then, the country has experienced rapid deforestation; it peaked in the late 1980s. Figures range from a forest cover of 55% in the late 1960s to only 28% in the early 1990s (Sunderlin and Ba 2005; Castella, Nguyen and Novosad 2006).

One important reason for this loss is the over-exploitation of forests by large-scale logging activities of State Forest Enterprises (SFEs). Unsustainable forestry practices and

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slash-and-burn agricultural practices by small-scale farming households are other reasons. "Agent Orange," a defoliating chemical sprayed by American airplanes during the Vietnam War, caused dramatic damage to Vietnamese forests (and to human health). During the postwar period (i.e., after 1975), infrastructure expansion, the establishment of timber plantations, government resettlement programmes, internal colonization and migration further added to severe deforestation.

The Vietnamese government recognized that top-down, state-controlled forest management had not been effective. Since the late 1980s, under the influence of the Doi Moi[1] policy, a new approach has evolved; it involves decentralized forest management in combination with devolution initiatives. At least five important changes in policy reflected this new approach:

- land classification and rules for forest protection based on the Law(s) on Forest Protection and Development in 1991 and 2004;
- the allocation of land-use rights to private organizations and households, based on the 1993 and 2003 land law(s);
- the recognition of communities as legal recipients of forest and land-use rights in 2004;
- afforestation programmes; and
- the innovative reform of State Forest Enterprises (SFEs), requiring them to become self-financed.

Since 1995, forest area increase exceeded forest loss (mostly due to new plantations), and overall forest cover increased from 28.2 percent in 1995 to 36.7 percent in 2004 (Nguyen Quang Tan 2008).

Forest Land Allocation (FLA)

The FLA policies have been especially important to the devolution process. Their objective is to allocate 30% of the total forestland in Vietnam to non-state actors, mainly individual households, groups of households, local organizations, and communities. They become the legal recipients for the use, management, protection and development of the forestland (De Jong, Do and Trieu 2006; Floriane and Jaime 2009; Thi 2009).

This so-called socialization process of forest management is intended to strengthen forest protection and management and integrate forest development (including the rehabilitation of degraded forestlands) with economic development and poverty alleviation (Castella, Nguyen and Novosad 2006; Hoang and Son 2008). The FLA policies have influenced local institutions by establishing new rules of forest ownership, access and use by multiple stakeholders.

Under FLA, forests are divided into three categories: production, protection and special-use. Production forests are reserved for exploitation in compliance with approved management and development plans of the forestry agency. They are mostly established on barren or degraded lands and are usually allocated to individual households, who can receive a land-use certificate — the so-called Red Book — for these lands.

Protection forests are designated to protect critical land and water sources. Exploitation is restricted to non-timber forest products (NTFPs) and timber for home consumption. Previously, these forests were assigned to state forest organizations. In 2004–05, however, they were allocated as community forests as part of FLA. Now, village communities or groups of households within a community can receive protection forest areas and manage them communally.

Special-use forests are off limits for exploitation. They are designated as biodiversity conservation areas because of their scientific importance, tourism value or their cultural and historical heritage. Special-use forests remain under state forest control, and are usually designated national parks. BMNP is in this category.

The study area: Bach Ma National Park in Central Vietnam

BMNP was established in 1991 and covers an area of 37,487 hectares (ha). It is located in Thua Thien Hue and Quang Nam provinces of central Vietnam.

BMNP has three zones:

- a core area for the protection of ecosystems, habitats, fauna and flora. This zone is managed by the Ministry of Agriculture and Rural Development (MARD)[2] through the BMNP Management Board;
- a zone for the ecological restoration and protection of ecosystems, habitats, fauna and flora. These are usually degraded natural forest areas, and are also managed by MARD; and
- a small administration zone where offices of the park's staff and tourism facilities are located, such as hostels, hotels and restaurants. These are jointly managed by MARD and the Provincial Peoples Committee of Thua Thien Hue province.[3]

The buffer zone

A buffer zone surrounds BMNP. It comprises a combination of various forest types and land uses, which are managed by various stakeholders. At the district level, for example, the Forest Protection Unit (FPU) is responsible for managing forestry activities and enforcing forest protection laws. The FPU participates in management of natural forest and forest fire prevention, and in collaboration with the national park rangers, deals with illegal infringement in the buffer zone and the national park.

Some of the natural forest and planted forests are managed by the Forest Protection Management Board (FPMB)[4] at the district level; the board depends on the FPU for law enforcement. The remaining natural forests and bare forest land, where trees are lacking or the predominant cover is shrubs and weeds, are managed by the District People's Committee (DPC) and the Commune People's Committee (CPC; Box 1).

Box 1. Commune People's Committees

The CPC is the lowest hierarchical level of administration of the Provincial People Committee (PPC). The commune level can be considered a sub-district level. The commune usually consists of several villages; it is the officially recognized lowest government unit in decision-making. A village headman is the village representative of the government. Headmen are elected and are the lowest-level representatives of the national government. They are important, as villagers apply to them to receive certain types of forestland. Villages of mainly indigenous people also have a traditional leader (the village patriarch) in parallel to government officials.

Approximately 70,000 people (12,000 households) live in the buffer zone of the park; 40% of the households are classified as poor. Most of the people in the communes and villages in and around the national park are Kinh or Co Tu,[5] who practice agriculture. The Co Tu are the indigenous people who have lived in these forested highlands for centuries. They have always practised forest-derived types of agriculture — namely, shifting cultivation with long fallow periods — and have communally managed surrounding forests to secure NTFPs. The fallow vegetation is important for cattle fodder.

The Kinh, or "Vietnamese," came from the lowland areas and started to settle in the area at the end of the war with the U.S. Their agricultural system consists mainly of sedentary irrigated rice farming and agricultural cash crop production.

FLA policies in the buffer zone of BMNP

The Forest Land Allocation (FLA) programme was introduced in the buffer zone of BMNP in 2003. It enabled the government — mainly through MARD and PPC — to allocate forestland to organizations, households and individuals for long-term (50-year) use outside the special-use core area of the BMNP.

After forest governance was decentralized in Vietnam, the district governments and SFEs at the district and the commune levels became responsible for managing forestland in the buffer zone. Previously, almost all forests in the buffer zone were production or protection forests, which were managed by the Khe Tre State Forest Enterprise (SFE). The SFE used to perform all tasks, including logging and wood trading; they also managed reforestation and forest restoration tasks after logging.

The SFE has now become the Forest Protection Management Board (FPMB), and its focus has shifted more to protection and management rather than exploitation. Because there are few staff members to protect and manage the large forest areas, local people are contracted to fulfil the forest protection objectives of the FPMB.

BMNP officials are not involved in any decision-making in the buffer zone, but they do collaborate with the districts and communes to implement government development programmes in order to reinforce the link between the park and the buffer zone area. Conversations with BMNP staff and representatives from district government agencies made it clear that they considered the buffer zone as an area where park management conducts outreach activities that are aimed at (1) getting local people not to use the park; and (2) diversifying the livelihoods of local people away from forest resources.

FLA policies seem to be quite effective in protecting the forest and keeping people out of the national park (Table 1). People go into the forest (e.g., to harvest forest products) much less frequently; the number of people in the "no entry" category increased from 1% to 20% after FLA was implemented. Most respondents saw the benefits of protection, especially in protecting forest cover to sustain the ecological functions of forests (the regulation of water flows was said to be the most important of these functions).

Table 1. Frequency of forest access to Bach Ma National Park

Frequency of entry	Before FLA		After FLA	
	n	%	n	%
Every day	17	19.5	6	6.9
Every week	18	20.7	12	13.8
Twice per month	27	31.0	19	21.8
Once per month	12	13.8	8	9.2
Once in several months	11	12.6	22	25.3
Once a year	1	1.2	3	3.5
No entry	1	1.2	17	19.5
Total	87	100.0	87	100.0

Source: Field data; n = number of respondents

Figure 1 shows that the limited access to collect NTFPs has seriously affected the Co Tu: almost 70% stated that they were negatively affected, compared to less than 30% of Kinh. The Co Tu have always depended on the forest for specific food items, construction materials for housing, and for grazing their cattle.

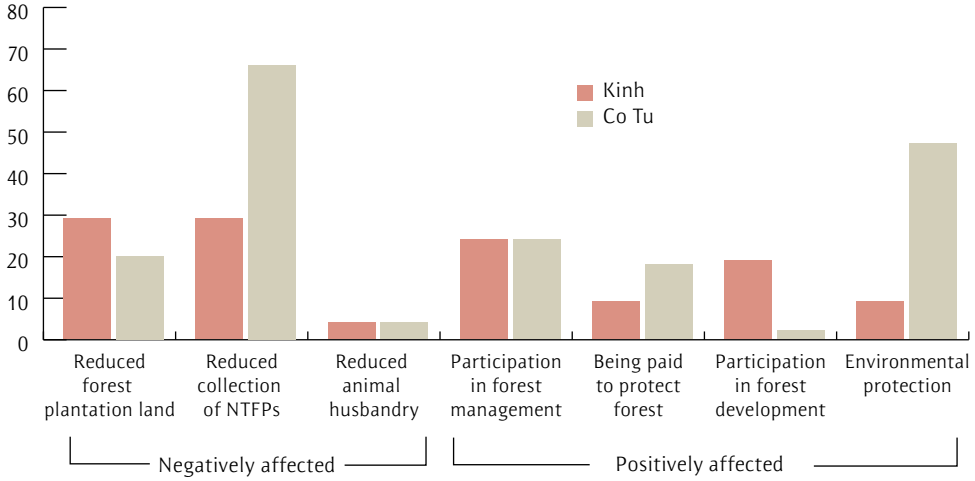
Forest governance and decision-making power

Although the forestry sector in Vietnam has undergone major changes through decentralization, devolution processes have been limited in their scope. Figure 2 shows the result of a participatory Venn diagramme exercise with all major stakeholders in the villages (both government and non-government stakeholders).

It is striking to note that the ultimate beneficiaries, the communities (called "village" in Figure 2), have hardly any negotiating power. It is the executing agency of the Vietnamese

government policies at the local level — the CPC — that has the most decision-making power in how and where FLA is implemented in village territory.

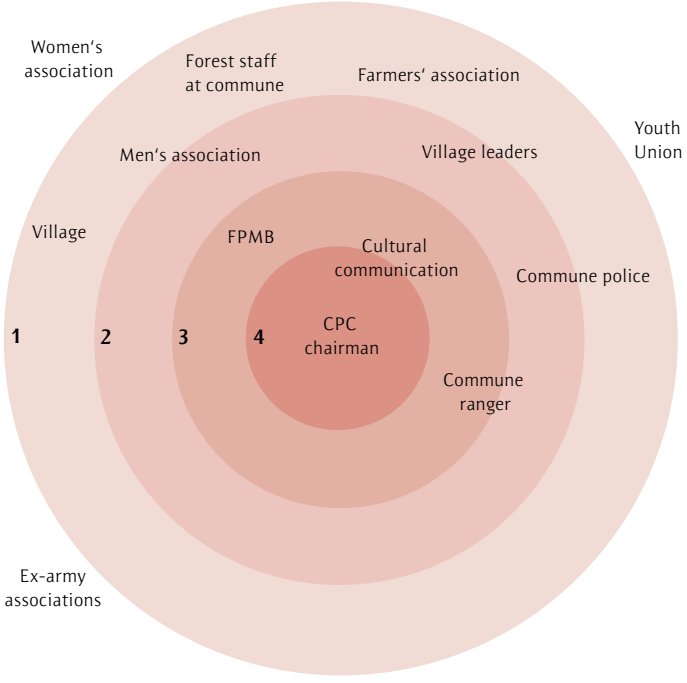
Figure 1. Ethnicity and views on how the national park affects livelihoods



As the lowest level of government decision making on land-use decisions, the CPC has an important role in deciding who will get land-use rights, such as production forest, and who will be allocated communally managed forests, and where these will be located.

Figure 2. Forest management decision-making power by stakeholders in the buffer zone

Note: 1 = low power; 4 = high power



Conflicting land-use rights in community forests

As part of devolution, the FLA policies aim to follow socio-cultural aspects in allocating forestland. Research in the four villages revealed that the indigenous Co Tu are mainly allocated community forest management land, following their traditional communal forest use practices.

The village patriarch used to be crucial in establishing village territories, including village forest areas. Figure 2 shows, however, that the village patriarch is not even mentioned as a stakeholder. Boundaries of allocated community forestland are now set by the government. At the village level, the CPC is responsible for implementing community forest boundaries.

These state-set boundaries regularly conflict with traditional village land boundaries, which have been in place for generations. The state boundaries are set according to ecological criteria, following catchment areas, for instance. These state boundaries regularly cut right through indigenous boundaries of different traditional village-land territories. This causes confusion and increases conflicts among people from different villages, who are not aware of the new boundaries.

When a group of Co Tu villagers is allocated a community forest, people from other villages often continue to enter and use the forest; they claim that the forest and its NTFPs belong to their indigenous village territory. This results in short-term behaviour, rather than long-term management. Various respondents explained that if they did not harvest NTFPs and other useful products in their community forest, outsiders would take these products, leaving them with nothing.

This is aggravated by the fact that most of the allocated community forests comprise degraded forest, where useful products are already scarce. Increased competition from outsiders causes the over-exploitation of timber and NTFPs. Rather than being used for protection, the community forest designation seems to accelerate degradation.

Kinh versus Co Tu: increased social differentiation

Community forests are mainly allocated to Co Tu; individually-held production forests are mainly allocated to the "Vietnamese" Kinh. Kinh are less interested in community management, as they are very individualistic.

Figure 2 shows that they do see positive results from the national park. This has mainly to do with the fact that Kinh mostly participate in forest management as forest guards. In addition, the Kinh have more experience in managing production forestland, and in managing lands individually.

Unlike the case with community forests, Red Books (land ownership certificates) are provided for production forestland. With a Red Book, owners can receive a loan from the bank and get support in cultivating economically valuable tree crops, although this is mostly limited to planting acacia and rubber trees. This allows owners to improve their socio-economic position considerably, and explains why they are more concerned than the Co Tu about the loss of possible production land due to the establishment of the national park.

Red Books cannot be obtained for community forests. This limits the benefits that can be received from community forests. In the research villages, various Co Tu community forest management groups had drafted a forest management plan for their community forest, which included enrichment planting of useful NTFP species, such as bamboo and rattan. However, the lack of a Red Book and their limited financial resources restrict them from obtaining a loan from the bank or investing in enrichment planting.

Figure 2 clearly shows that the Co Tu are negatively affected by the national park in terms of NTFP collection. Providing an alternative source, through enrichment planting in the community forest, could help overcome this problem. In discussion, villagers explained that their allocated community forest was degraded, and would need at least ten years of rehabilitation before any products could be harvested. With the severe competition from surrounding villages to exploit the forest and its products, any benefits in the short run seem highly unlikely.

Conclusion

Vietnam has taken up the enormous challenge of forest governance reform through decentralization and devolution, recognizing the central position of local communities in managing forests. Forest Land Allocation (FLA) policies are meant to facilitate the devolution process. So far, however, the implementation of FLA policies remains rather top-down. Although communities and individual households are recognized as legal recipients of forestland, they cannot actively engage in decisions about how to use and manage the forestland and the forest; government bodies make these decisions.

Decision-making on how to manage and use the forestlands in and around BMNP has been decentralized to as low as the commune level. Although this has had positive effects in the case of production forests, it is less successful in relation to community forest management. If FLA policies set the right conditions, particularly for the Co Tu, they could enable the protection and sustainable use of the communally managed protection forests. The forest management plans that the Co Tu developed themselves could strike a balance between environmental protection and poverty reduction.

Enriching the forest with economically valuable (non-timber) forest species provides a more diverse forest cover, while allowing people to receive short-term benefits from harvesting NTFPs. Planting also serves important objectives by demonstrating a type of forest ownership to outsiders. This could potentially reduce the number of conflicts among villages.

The demarcation of community forests should first aim to integrate the existing traditional village territories into the government-based delineation of community forests. This would require scaling up and coordinating activities among different villages to strike a balance between indigenous boundaries and ecological borders.

The Kinh are quite individualistic, which hampers their willingness to communally manage the forest, other than being paid as forest guards. This job, often taken up by them, does provide them with a way to participate in forest management.

Decentralized forest governance structures should allow further devolution through more active participation by the local communities, the legal recipients of forest and land-use rights. In this way, Vietnam can move forward with achieving both sustainable forest management and poverty reduction.

Acknowledgements

The authors would like to thank in particular the staff of Tropenbos International, both in Wageningen, the Netherlands and in Hue, Vietnam, for their continued support to this work. Many thanks also go to our Dutch IDS students and Vietnamese students from HUAF, who have provided many new insights into the FLA policies at field level as part of their MSc research. The authors are also grateful to the senior academic staff in IDS and HUAF for their scientific and practical support to young scientists from both the Netherlands and Vietnam.

Endnotes

1. The Doi Moi ("renovation") policy was implemented in 1986 to enable economic reforms; its goal was to create a "socialist-oriented market economy." The most dramatic changes included decentralized economic management and allowing privately owned enterprises in commodity production.
2. MARD is responsible for forest management and for the management of national parks.
3. The Peoples Committee is the executive arm of the provincial government. It is responsible for formulating and implementing policies, including FLA policies.
4. FPMB at the district level is an administrative unit. It administers all the protection forest areas in the district and its objectives are to manage, protect and develop this forest type. FPMB reports to the Department of Agriculture and Rural Development at the provincial level about the forest activity status on its territory and to the DPC.
5. Kinh and Co Tu are two of 54 ethnic groups in Vietnam from five different ethno-linguistic families. Viet (Kinh) people account for 87% of the country's population and mainly inhabit the Red River Delta, the central coastal delta, the Mekong Delta and major cities. In the process of economic development, Kinh people were encouraged to resettle to resource-abundant areas in the uplands. Co Tu people mainly live in the mountainous areas of Quang Nam Province and Thua Thien-Hue in central Vietnam, along the Laos border.

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6.5 Conflict management and sustainable forest management in the Himalayas

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Introduction

Conflicts in the context. of forest management are common. In the future both climatic and non-climatic factors (e.g., insecure tenure rights, demands for ecosystem services) will exacerbate these conflicts. An analysis of global examples, such as water sharing or forest use (Kotru 2006), endorses this hypothesis.

Demands for a sustainable supply of forest goods and services from a variety of stakeholders are increasing. This puts pressure on forestry institutions and governance systems to perform efficiently, effectively and equitably. This challenge will demand a better understanding of emerging conflict situations in relation to climate change and environmental degradation. If conflicts are not addressed, they will worsen environmental degradation, compromise the desired impacts of public and private investments, and undermine livelihoods.

Community conflicts need to be assessed and analyzed with the communities themselves.

Conventional participatory approaches, policies and legislations are constrained in their ability to consider and apply conflict management mechanisms in practice. Due to rapid socio-demographic and economic changes there is a need to develop consensus over the role of good forest governance in making national development investments focus on impacts. This article is based on a case study in India and Nepal, in which the authors were directly involved; it discusses the drivers of change, governance issues, stakeholder participation and approaches to resolving local conflicts.

The key objective of the study was to identify hidden local conflicts as entry points for a customized participatory planning approach that facilitated conflict management with the conflicting parties. It also endeavoured to find out if the valuation of economic and environmental benefits arising through the settlement of such conflicts can stimulate local actions for resource conservation and maximize the contribution of forestry sector to local development. Climate change impacts also put high demands on local conflict management.

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Managing conflicts

The main approach to settling forest resource conflicts is local empowerment. It is the key to judicious decision-making on resource management, which in turn is the outcome of decentralization implemented through participatory and multi-stakeholder consultation tools. The "Earth Summit" (Agenda 21; UN 1993) was the precursor to a wave of forest sector decentralization reforms in developing countries. In addition to achieving multi-stakeholders cooperation, the overall aim was to minimize conflicts between the state and local communities over forest use (Gleditsch, Salahyan and Nordas 2007; Reuveny 2007).

Thereafter, community-based forest management frameworks were broadened. The underlying rationale was that local people should not only help design participatory forest management (PFM) but also contribute to inclusive decision-making processes and effective norms for governing forest resources on an equitable basis, which are crucial to mitigating conflicts (Sikor, Barlösius and Scheumann 2008).

There is also a need to examine development programmes in terms of local understandings and approaches to community-based natural resource management initiatives, and of local power and status relationships with the environment (Twyman 2000). On the other hand, participatory approaches (e.g., Participatory Rural Appraisals, Appreciative Inquiry, etc.) are not designed to treat local conflicts. Public investments in forest production and conservation are often not sustainable, since projects/programmes operate on an ad-hoc basis, and project cycles seldom allow time for conflict identification and mitigation.

Despite the advancement of PFM in India and Nepal and huge investment, (e.g., about US$ 141.4 million (from 1996–2011) through donor support in Nepal),[1] there are conflicts around forest areas. Forest encroachments in the state forests of Nepal are a clear clash of interests in protection on the one hand and access on the other. The poor survival rate of plantations on common lands in India is due to a conflict of interest between open grazing and conservation.

The overall lack of commitment and facilitative skills of implementing personnel add to the ability of forest governance to solve the local conflict of interest (e.g., exploitative fellings in remote community forests) in already degraded forests and plantations. This leads to forest cover loss in Nepal, where the annual deforestation rate from 2005–10 was 27,000 ha (Mongabay 2011).

The conventional mode of settling forest-based conflicts demands tactics that recognize two main challenges: First: managing conflicts must be part of future forest governance mechanisms. In extreme cases, violence is likely to occur when internal and external stresses are not countered by capable and legitimate institutions. Second: increased demands on the good governance of forest resources will emerge from the diversified range of stakeholders who seek inclusive participation in securing production, quality of services and equitable access and benefit sharing. Public schemes and donor-aided projects have targeted and scheduled implementation, and conflict management has often proved ideal to achieve the positive impacts of investments.

Case studies

Conflicts arise because of differences in the values and interests of diverse stakeholders. Because conflicts are inevitable, processes for dealing with them constructively are needed. The main objective is to analyze forest-based conflict situations and use the results to develop a new conceptual framework for planning sustainable forest management (SFM).[2] This case study relied on logical steps from conflict identification to its management:[3]

- selection of three sites (one in India and two in Nepal);
- identification of any conflicts that hindered SFM (what, why, who, how);
- use of a combination of participatory assessment and consultative tools to facilitate local sensitization and conflict management;
- conflict analysis (assessing the power and position of various stakeholders) and proposal of locally owned conflict resolutions and management; and
- distillation of lessons learned in order to propose a conceptual framework.

The three case studies had scenarios of resource scarcity, long-established social conflicts, a range of governance standards, and political instability at the local and national level that affects local lives, livelihoods and resources. They are summarized in Table 1.

Table 1. Impacts of integrating conflict management in participatory planning

Conflict	Approach adopted to facilitate inclusive conflict management	Impacts achieved
Bhodi Village,Kangra District of Himachal Pradesh, India		
upstream land use as open grazing area by watershed-based livestock keepers, against forest restoration planned by the Bhodi village institution	- watershed based vision-building and planning - third-party mediation, using downstream community facilitators - focus group discussion - cost-benefit analysis of current land use vs improved management, and its dissemination to watershed communities - exposure trips to sites where watershed communities benefited from forest-use-related conflict management	- proactive identification and management of conflict led to inter-watershed consensus and action on phased restoration of open-grazed communal land, instead of one-time area closure - community actions on fire management led to progress on conservation and future forest products for value addition - increase in forest cover led to improved micro-climate, biodiversity and grass production - women were champions for resource conservation and led further upscaling of the approach

Lorpa Village, Jumla District, Nepal		
overuse of local forest resources for illegal purposes by local community members, against inadequate institutional capacity to counter misuse of these resources	- vision-building - non-confrontational style of conflict resolution - watershed planning based on resource balance studies if conflict of interest continues - focus group discussion with Community Forest User Group - Community-based Climate Vulnerability Assessment - climate modelling (downscaled) used for assessing future trends - exposure trips to good community forestry groups	- awareness of communities to settle the conflict of interest between different forest stakeholders as the key to progress and prosperity through an Integrated Participatory Watershed Plan - the plan is the means to achieve good forest governance and an ideal response to climate change challenges
Rangapur Village Development Committee, Rautahat District, Nepal		
wider group of stakeholders with demands on forest use, against local forest-dependent groups authoritarian conflict management style used by distant users	- multi-stakeholder dialogue - focus group discussion - targeted development activities - collaborative forest management plan	- no consensus for an inter-community dialogue to manage forests on long term was achieved - although a collaborative forest management plan could not be implemented, it did lead to the suppression of criminal elements carrying out illegal cuttings, and minimized further conflicts

General findings of case studies

Since earlier public investments on conservation and afforestation had failed, the authors established the link to conflict of interests on the common use of communal and forest lands. Therefore, the first focus-group discussions outlined the needs and probable solutions of conflicting groups. Rather than implementing the development programme, the authors linked the further planning of investments to non-climatic issues that hinder the regeneration of forests. This triggered the local response: "If we have to progress and prosper, we need to manage conflict of interests."

In Bhodi (see Table 1), a downstream community affected by soil erosion and water scarcity found the solution in restoring the forest cover in the upstream. This community was sensitized to facilitate a consensus for an integrated watershed plan that balanced the needs of livestock-keepers in upstream with a phased plan for forest conservation. In Lorpa (affected by heavy deforestation and degradation), forest-dependent groups were

made aware of the value of ecosystem services on the basis of sharing projected threats due to climate trends and impacts of non-climatic factors. This galvanized the work on a participatory climate-proofed watershed plan with clear perception on forest restoration.

In Rangapur, however, an agreement between the disputing parties could not be reached. There, the various stakeholders had different views on the illegal timber felling, and trust-building among key warring forum members could not be achieved.[4] The communication gaps between the stakeholders were a major hurdle.

All the sites were subjected to participatory approaches and limited early investments were made to affect a constructive dialogue amongst conflicting groups. Box 1 provides the key conclusions.

Box 1. Key conclusions from case studies

Conflict management needs intensive and local manoeuvring to identify the latent or existing conflicts in the early planning phase, before projects are implemented.

Holistic thinking and valuation of local ecosystem services on the watershed scale forges cooperation between upstream and downstream communities, and facilitates collective short-and long-term decision-making on conservation, improved livelihoods and economic avenues, thus mitigating conflicts.

Inadequate local institutional capacities can lead to drawn-out conflicts, which threaten forest ecosystems and people's livelihoods.

Tenure security is important, not only as an issue between the state and local users, but as a source of conflict between users in a common watershed.

Non-climatic factors are now compounded by climatic factors, causing faster ecosystem degradation and creating additional challenges in managing conflicts (e.g., poor livestock keepers).

Marginalized and disadvantaged groups (e.g., women) are often alienated and suppressed through such conflicts.

The short duration of projects (e.g., less than three years) is not ideal to manage deep-rooted local conflicts as these tend to consider that investment flows from new economic sources can mitigate conflicts.

Recommendations

The conflict management skills of facilitators (including institutions, local resource persons and women) should be upgraded on a continual basis and used proactively during the early planning phase of development projects. Capacity-building support should be customized accordingly, from micro to macro level.

Non-climatic and climate-change arguments with grassroots communities should be used for facilitating in conflict situation by projecting negative impacts and opportunities (e.g., good forest governance and expected benefits from Reducing Emissions from Deforestation and Forest Degradation, or REDD).

Performance-based progress in local conflict resolution should be applied to allow the flow of public and private funds for development.

Conflicts that clearly disadvantage marginalized groups need to be treated in the early stage through site- and situation-specific actions.

There is an urgent need for further research focused on how identifying and addressing local conflicts can be converted into local opportunities through a sense of belonging and mutual interest in their resolution.

Building a new conceptual framework for managing conflicts

These recommendations — combined with a rich body of literature that examines many relevant issues pertaining to the environment-development challenge — warrant a shift to proactively identifying and managing conflicts (Boyd et al. 2008). In the context. of forest management, competition for finite resources, divergent beliefs and institutional factors can trigger and exacerbate conflicts over natural resources (Homer-Dixon 1994; Germain and Floyd 1999; Hellström 2001). Often these conflicts emerge as nonviolent, yet destructive, issues that impede development, social equality and conservation (Treves and Karanth 2003; Woodroffe, Thirgood and Rabinowitz 2005).

Encroachment on thousands of hectares of forest in Nepal is an example. The shifting of decision-making powers from central to local levels of government is part of a larger process of devolving resource rights to local-level institutions. This should minimize the chance of conflicts, which is an important first step for viable forest management. The reality, however, is that resource rights are often not vested in local institutions or individuals, and the poor are particularly likely to suffer from a lack of control over the forest resources, since their livelihoods depend on these resources (WRI, UNDP, UNEP and WB 2008).

Obviously, governments need to develop suitable conflict management strategies and more inclusive practices, recognizing the inter-relationships between conflict, social, political, economic and cultural factors (Upreti et al. 2010). An improved conceptual framework must assist in dealing with conflicts about the management of forests. This framework can be piloted at different scales and be made more robust through ongoing learning. The cases analyzed in this paper contribute to such a framework.

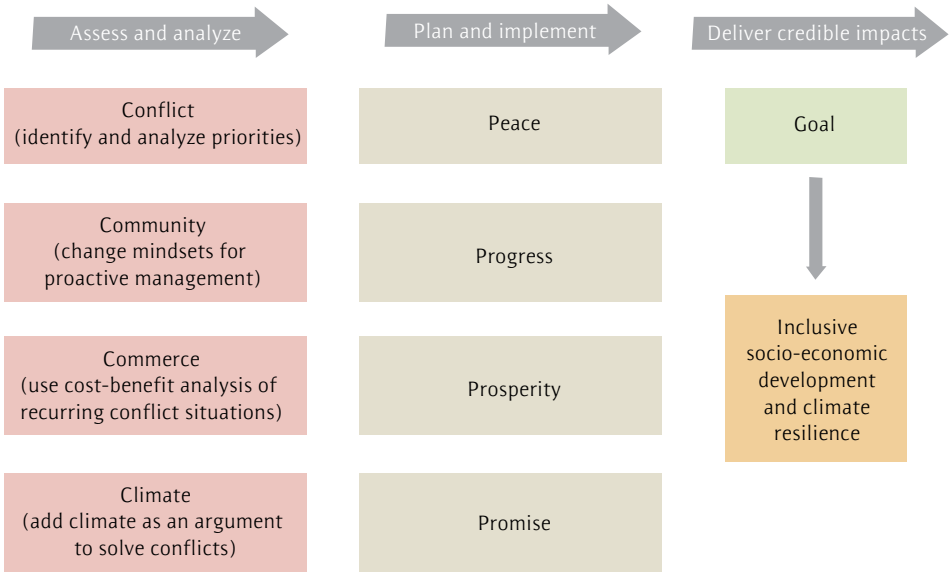
Proposed framework

A 4-C framework for managing conflicts is proposed that includes these elements:

1. Conflict: its resolution as the basis of successful short-long-term development outcomes and overall peace
2. Community: as the prime social medium to facilitate resolution and make development progress
3. Commerce: valuating and investing in inclusive economic initiatives to generate interest for conflict mitigation
4. Climate: as the precursor to conflicts, demanding integration in participatory tools and for galvanizing local community support.

The proposed framework aims to conceptualize the social dynamics between principles of equitable human development, technological advancement, environmental security and politically sensitive atmospheres and the ways forward to keeping conflict issues part of the focus of sustaining forest resources. Figure 1 provides the essential aspects of such a conceptual framework, bridging gaps where there is lack of governance, disruption of forest resources surrounded by conflict scenarios at micro and macro scales.

Figure 1. Proposed 4-C framework for managing conflicts in forest management



In other words, community conflicts need to be assessed and analyzed with the local communities. Short- and long-term resolution often needs to be accompanied by visible and sustainable income generation and conservation activities that address climate resilience.

When external planners design target investments, they often have the notion that community participation will take place as a precursor to planned targets, given an assumed mindset of collectivism and commonality within a community. In reality, this is not the case, as there are always latent or actual conflict situations in and among communities. These should be identified at the outset, and can be addressed by designing tangible and intangible benefits.

Acknowledgement

The views expressed in this article are personal views of the authors and do not necessarily reflect those of ICIMOD.

Endnotes

1. Source: Ministry of Forests and Soil Conservation, Foreign Aid Division, Government of Nepal.
2. In these case studies, the authors have directly been involved in the design and analysis of the local conflict resolution process.
3. As a common guideline for selected case studies, FAO's *Land Tenure Manuals* format was used, using "Local Conflict" as the entry point.
4. This site was a test area for a new concept of community-based collaborative forest management, where traditional users and settled forest users were brought together under an institutional arrangement of District Forest Coordination Committee. However, forest destruction and illegal encroachments on the CFM area have been substantially increasing in these areas and CFM sub-committees have a very limited capacity and commitment (partly because it can be life-threatening) to protect local forests (barring a few proactive members of CFM sub-committees). In Rangapur there was no change in the intensity of encroachments/illegal felling after the Biodiversity Sector Programme for Shiwaliks and Terai (BISEP-ST)4. Visual assessment shows that intact forestlands can be converted to open area/agriculture in 7–10 years.

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Note: tel = telephone; e = e-mail; m = mobile; s = Skype; w = web site; b = blog; tw = twitter

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Appendix 1. Initiatives contributing to forest governance assessment and monitoring

Initiative	Developer	Date *	Characteristics
Assessment and monitoring of forest governance			
Regional Criteria and Indicators for SFM processes, United Nations Forum on Forests (UNFF)	Forest Europe process, Montreal Process, ITTO, UNFF, FAO	mid-1990s to 2010	These processes establish policy, legal and institutional frameworks as an integral part of sustainable forest management (SFM), and undertake internationally harmonized data collection and monitoring on forest governance characteristics, including through the FAO Forest Resources Assessment 2010.
The Pyramid, a diagnostic and planning tool for good forest governance	IIED	2002	This is a framework to stimulate participatory assessment and target-setting in forest governance at the country level. It aims to accelerate field-level progress in SFM.
Independent Forest Monitoring (IFM)	Global Witness	1999 (first field tests); 2005 (guide)	Through the use of independent third parties, IFM aims to improve transparency and contribute to the development of a sound legislative and regulatory framework for responsible forest management.
Analytical Framework for Forest Governance Reforms (FFGR)	The World Bank	2009	The framework aims to identify and prioritize areas of governance reforms with a good chance of strengthening SFM. It is primarily targeted to policy decision makers and/or champions of reform.
The Governance of Forests Initiative (GFI)	World Resources Institute	2009	The initiative assesses strengths and weaknesses in the governance of forests as a basis for civil society-led advocacy. It includes a significant component of capacity- and coalition-building.

* Date that initiative was published/established

Initiative	Developer	Date *	Characteristics
Forest Governance and Integrity Programme (FGI)	Transparency International	2009	The programme aims to address corruption at all stages in the timber production chain and examines how corruption facilitates the unsustainable harvesting, production, conversion, export, import and procurement of timber and wood products.
Framework for Assessing and Monitoring Forest Governance	FAO, PROFOR	2010	The framework facilitates the description, diagnosis, monitoring and assessment of and reporting on the state of governance in a country's forest sector. It aims to provide a common approach to forest governance assessment and monitoring.
Provision of information on REDD+ governance			
Guidance for the Provision of Information on REDD+ Governance (Draft)	UN-REDD, Chatham House	2010	The document provides guidance on the main elements to consider when establishing a national information system on key governance issues in REDD+ implementation. The guidance is structured around three main questions: 1) what information to provide; 2) how; and 3) who should be involved.
Support to and monitoring of forest governance reform to halt illegal trade of timber			
FLEGT Voluntary Partnership Agreements (VPAs)	The European Union	2003	VPAs are bilateral agreements between the EU and timber exporting countries. They aim to guarantee that the wood exported to the EU is from legal sources; as part of the agreements, countries commit to a number of forest governance reforms that will be included in annexes to the agreements. Compliance with these commitments will be monitored by third-party auditors.

Established in 1991, the European Tropical Forest Research Network (ETFRN) aims to ensure that European research contributes to conservation and sustainable use of forest and tree resources in tropical and subtropical countries.

ETFRN promotes a dialogue between researchers, policy-makers and forest users, the increased coherence of European tropical forest research, and increased collaboration with researchers in developing countries through partnerships and other forms of capacity building.

ETFRN provides a range of services, including *ETFRN News*, which comprises theme-based issues on research relevant to the international development agenda. This issue of *ETFRN News* provides an overview of the opportunities and challenges of forest governance throughout the world.

The mission of Tropenbos International (TBI) is to improve tropical forest management for the benefit of people, conservation and sustainable development. By making knowledge work for forests and people, TBI contributes to well-informed decision making for improved management and governance of tropical forests. TBI's longstanding local presence and ability to bring together local, national and international partners make it a trusted partner in sustainable development. TBI is ETFRN's coordinating member and national focal point in the Netherlands.

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Development Cooperation
Ministry of Foreign Affairs

Ministry of Economic Affairs, Agriculture and Innovation