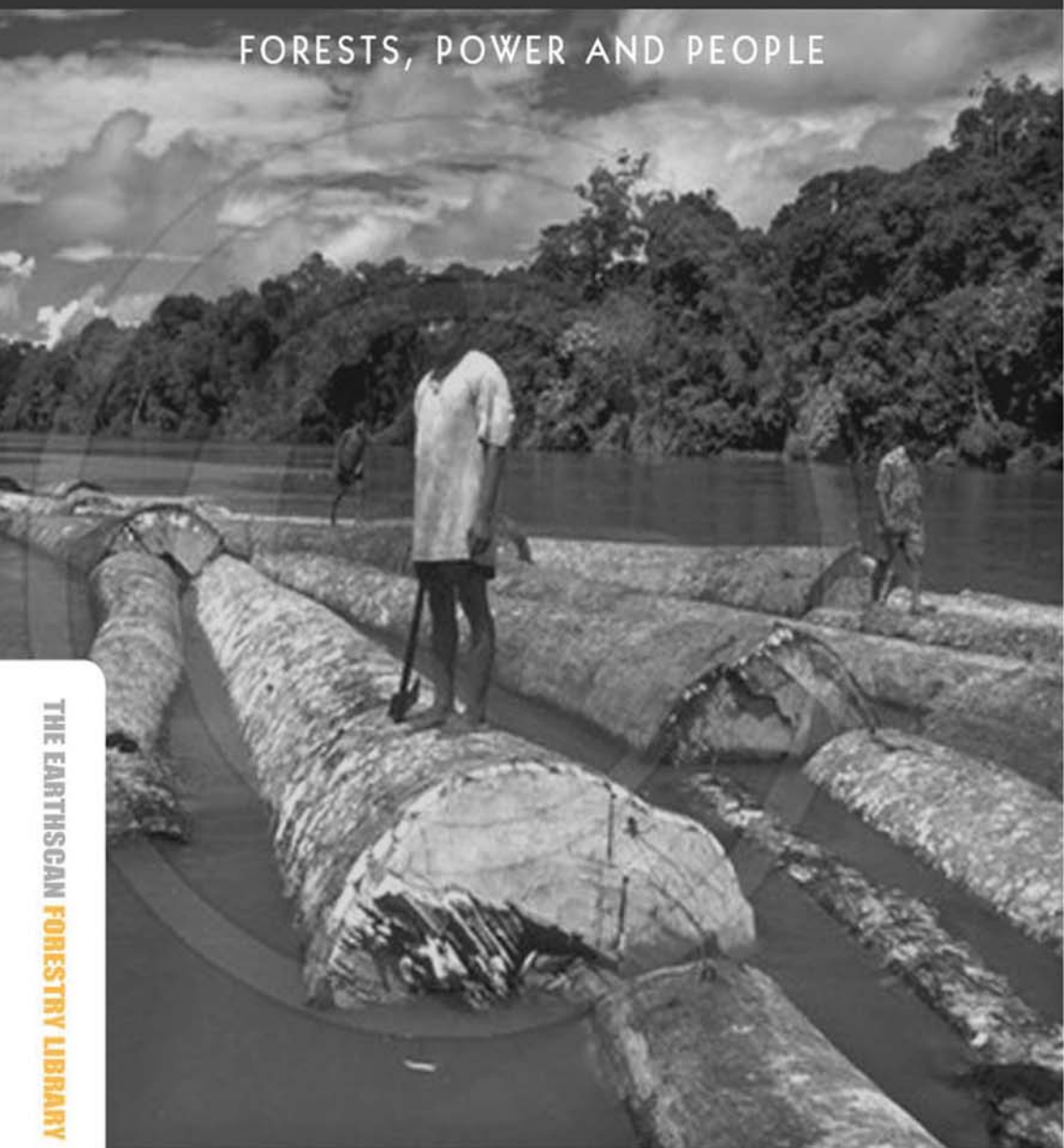


the politics of decentralization

FORESTS, POWER AND PEOPLE



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CAROL J. PIERCE COLFER & DORIS CAPISTRANO

The Politics of Decentralization

Forests, People and Power

Edited by

Carol J. Pierce Colfer and Doris Capistrano

EARTHSCAN

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To those whose voices have not yet been heard.

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Earthscan

8–12 Camden High Street

London, NW1 0JH, UK

Tel: +44 (0)20 7387 8558

Fax: +44 (0)20 7387 8998

Email: earthinfo@earthscan.co.uk

Web: www.earthscan.co.uk

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List of Contributors

Steve Amooti Nsita (steven@nfa.org.ug) is a coordinator, Natural Forest Management, National Forestry Authority, PO Box 70863 Kampala, Uganda.

Edmond Barrow is a forest officer, World Conservation Union (IUCN) Regional Office, Nairobi.

Jürgen Blaser (jblaser@intercooperation.ch) is with Intercooperation, an organization for development and cooperation, Bern, Switzerland.

Timothy C. Boyce is a state forester in Alabama.

Doris Capistrano (d.capistrano@cgiar.org) is director, Forests and Governance Programme, Center for International Forestry Research (CIFOR), Bogor, Indonesia.

Mike Carroll is director, Minnesota Department of Natural Resources, Division of Forestry, Minnesota.

Cherukat Chandrasekharan is a consultant in Kerala, India.

Carol J. Pierce Colfer is a principal scientist, Forests and Governance Programme, Center for International Forestry Research (CIFOR), Bogor, Indonesia.

Arnoldo Contreras-Hermosilla is forest trends fellow, Forest Trends, Washington, DC.

Silvel Elías (silvelias@yahoo.com) is a professor, Facultad de Agronomía, Universidad de San Carlos, Guatemala, and a doctoral candidate, University of Toulouse, France.

Christopher Elliott is director, Forest for Life Programme, World Wide Fund for Nature (WWF) International, Gland, Switzerland.

Ian Ferguson (iansf@unimelb.edu.au) is emeritus professor, University of Melbourne, Parkville, Victoria, Australia.

Hans M. Gregersen (hans@walk-about.net) is chair, Standing Panel on Impact Assessment, Science Council, Consultative Group on International Agricultural Research (CGIAR), Solvang, California.

Steve Gretzinger works for the World Wide Fund for Nature (WWF) Regional Office for Central America, San José, Costa Rica.

Mandy Haggith (hag@worldforests.org) is a researcher with Worldforests, 95 Achmelvich, Lochinver, Sutherland, Scotland IV27 4JB.

Steven Hlambela is a resident of Chizvirizvi resettlement, Chiredzi district, Zimbabwe.

Witness Kozanayi (kozanayi@yahoo.com or mandondo@africaonline.co.zw) is a consultant at the Center for International Forestry Research (CIFOR), Eastern and Southern Africa Regional Office, Harare, Zimbabwe.

Christian Kuehli (Christian.kuehli@buwal.admin.ch) works with the Swiss Agency for the Environment, Forests and Landscape (BUWAL), Bern, Switzerland.

Anne M. Larson (alarson@tmx.com.ni) is a research associate, Center for International Forestry Research (CIFOR), Managua, Nicaragua.

Gary Lettman is a principal economist, Oregon Department of Forestry, Oregon.

Ted L. Lorensen is a senior staff member, Oregon Department of Forestry, Oregon.

Douglas W. MacCleery is a senior policy analyst, US Department of Agriculture (USDA) Forest Service, Washington, DC, US.

Stewart Maginnis is with the Forest Conservation Programme, World Conservation Union (IUCN), Gland, Switzerland.

Natalia V. Malysheva (nat-malysheva@yandex.ru) is head of department, All-Russian Research Institute of Silviculture and Forestry Mechanization, Ministry of Natural Resources of the Russian Federation, Moscow.

Thomas McShane works for World Wide Fund for Nature (WWF) International, Gland, Switzerland.

Felix S. Mirasol Jr. (jqmmm@philcom.ph) is protected area superintendent of Mount Kitanglad Range Natural Park, Bukidnon, the Philippines.

Merilio G. Morell (merilio.morell@fao.org) is an institutions forestry officer, Forestry and Institutions Service (FONP), Forestry Department, United Nations Food and Agriculture Organization (FAO), Rome, Italy.

Pablo Pacheco (p.pacheco@cgiar.org) is a PhD candidate, Clark University, consultant to the Center for International Forestry Research (CIFOR), Bogor, Indonesia, and research associate at the Institute of Environmental Research for Amazônia (IPAM), Belem, Brazil.

Lauren Phillips is an intern, Forest Trends, Washington, DC.

Jesse C. Ribot (ribotj@wwic.si.edu, jesser@wri.org) is a fellow at the Woodrow Wilson International Center for Scholars, Washington, DC, and a senior associate in the Institutions and Governance Program, World Resources Institute, 10 G Street, NE, Suite 800, Washington, DC 20002.

Bill Ritchie (bill@worldforests.org) is a researcher with Worldforests, 95 Achmelvich, Lochinver, Sutherland, Scotland IV27 4JB.

Gerald A. Rose (jerryrose@uplogon.com) is a forest sustainability consultant and former Director of Forest/State Forester in Minnesota.

Oppon Sasu (sasuoppon@yahoo.com) is a professional forester as well as a project manager. He holds an MSc in forest management from the University of Aberdeen and an MBA in project management from the University of Ghana. Currently he is the Business Planning Manager of the Forest Services Division of the Forestry Commission, Ghana, and Team Leader for the High Forest Resource Project.

Adolino L. Saway Alyas Datu Makapukaw is chief, Council of Elders of Mount Kitanglad Range Natural Park, Bukidnon, the Philippines.

Jeffrey Sayer (jsayer@wwfint.org) is a senior associate, World Wide Fund for Nature (WWF) International, 1196 Gland, Switzerland.

Gill Shepherd is with the World Conservation Union (IUCN) Commission on Ecosystem Management, London.

Bruce Springer is a forest management chief in Alabama.

Wandojo Siswanto (wandojo@dephut.cbn.net.id) is secretary, Agency for Forestry Planning, in the Indonesian Ministry of Forestry, Jakarta, Indonesia.

Wahjudi Wardojo is secretary general of the Indonesian Ministry of Forestry, Jakarta, Indonesia.

Andy White is a senior director, Policy and Market Analysis, Forest Trends, Washington, DC.

Hannah Wittman is a PhD candidate, Department of Development Sociology, Cornell University, Ithaca, New York, US.

David C. Zumeta is executive director, Minnesota Forest Resources Council, Minnesota.

Foreword

Forests are profoundly local. Each one is unique and is adapted to its particular climate, soils and topography, and its history, as well as its use, depend heavily upon its specific social and economic context. People with formal forest management responsibilities are more successful in their endeavours if they tailor their efforts to local conditions. It is hard to maintain forests long without local support, and to achieve such support, communities must feel they benefit.

At the same time, forests are truly global. The whole world benefits from their rich biological and cultural diversity. Changes in forest size and composition affect the global climate. Animals and plants move from one place to another without regard for national borders. The same applies to the smoke and haze from forest fires, the sedimentation of rivers and the lack of drinking water caused by deforestation.

National governments bear the responsibility for the future of their forests. Their citizens look to them to ensure that forest resources provide economic growth and jobs, and to enforce the laws and protect the environment.

The challenge is to find a governance framework that can balance the various local, national and global interests related to forests. Everyone agrees that local groups should be allowed to come up with solutions that reflect their own needs and circumstances; but regional, national and global concerns must also be addressed.

This book grew out of an initiative by the governments of Indonesia and Switzerland in the framework of the United Nations Forum on Forests to promote a global dialogue about these issues. As part of that initiative, the two governments co-sponsored a workshop in Interlaken, Switzerland, called Decentralization, Federal Systems of Forestry and National Forest Programmes. The Interlaken workshop was held on 27–30 April 2004, and brought together more than 160 participants from 51 countries, representing well over 70 per cent of the global forest surface.

The Interlaken workshop was designed to give high-level decision-makers concerned with forests and other key stakeholders the opportunity to share experiences about decentralization in the forest sector and to find out about recent research on the topic. The outcome was a lively and interesting discussion, the results of which are reflected in an official UN report.

Now, with the publication of this book, we hope to share some of the background information, experiences and conclusions with a wider audience. Given the urgent need to find the right balance among local, regional, national and global governance of forests, we thought it important to make this material available to a much wider audience.

As the co-sponsors of this initiative, we would also like to give a special word of thanks to the Center for International Forestry Research (CIFOR) and Switzerland's organization for development and cooperation, Intercooperation, which have provided much of the technical and administrative support for this initiative, to the Food and Agriculture Organization (FAO) of the United Nations, the Program on Forests (PROFOR) at the World Bank, the International Tropical Timber Organization (ITTO), the World Wide Fund for Nature (WWF), the World Resources Institute (WRI), and the governments of Canada, Japan, the UK and the US, which provided valuable technical and financial support for the initiative. Our thanks also go to Carol J. Pierce Colfer and Doris Capistrano of CIFOR for editing the volume.

If the Interlaken workshop made anything clear, it was that the search for the appropriate balance between the authorities at different levels responsible for forests is never-ending and constantly evolving. It probably would not surprise anyone that Indonesia is grappling with difficult issues after only a few years of a major process of decentralization. Yet, Switzerland, which has been refining its decentralized approach for several hundred years, is still trying to adjust the balance of powers to get things right. All of us are in a process of constantly learning. This book is part of that process; we hope it can help us move forward, for the sake of the world's forests and the people who depend upon them.

*Wahjudi Wardoyo, secretary general of the Ministry of Forestry of
Indonesia, and Philippe Roch, director, Swiss Agency for the Environment,
Forests and Landscape
March 2005*

Preface

The idea for the Interlaken workshop on Decentralization, Federal Systems of Forestry and National Forest Programmes was initiated by Jagmohan Maini, then head and coordinator of the United Nations Forum on Forests (UNFF) secretariat in New York. The governments of Indonesia and Switzerland organized the workshop as a country-led initiative in support of UNFF, and the plan was officially announced in 2002 at UNFF 2 (the second formal meeting of UNFF). The workshop took place in Interlaken, Switzerland, from 27–30 April 2004, the week preceding UNFF 4.

The workshop was co-hosted by the Center for International Forestry Research (CIFOR) and co-sponsored by the governments of Brazil, Canada, Ghana, Japan, the Russian Federation, Uganda, the UK and the US. Technical or financial support was provided by the secretariat of UNFF, the secretariat of the Convention on Biological Diversity (CBD), the National Forest Programme Facility of the Food and Agriculture Organization (FAO), the World Bank's Program on Forests, the International Tropical Timber Organization (ITTO), the World Wide Fund for Nature (WWF), the World Resources Institute (WRI), the Swiss Agency for the Environment, Forests and Landscape (BUWAL), the Swiss Development Cooperation (SDC), and Intercooperation, a Swiss organization for development and cooperation, which also took responsibility for the logistics for the workshop. A field day, representing an integral programme element in the Interlaken workshop and also described in this book, was organized by BUWAL in close cooperation with the Forest Service of the canton of Berne.

About 160 people from 51 countries participated in the workshop, representing 70 per cent of the global forest area. It is expected that the initiative on decentralization in the forest sector, brought forward at Interlaken, will further influence the debate on the links among sustainable forest management, sustainable development goals, in general, and goals of highest societal importance, such as poverty alleviation.

The chapters in this book are organized to reflect the three kinds of experience shared at the workshop. The first part looks at decentralization from a thematic perspective, examining such issues as biodiversity, democracy and geography. The second part takes a national perspective examining several country cases. The final section presents three community perspectives on the experience of decentralization. In this way, we hoped to reflect the diversity that characterizes decentralization experiences around the world, and capture any generalizations that could be gleaned from this diversity.

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List of Acronyms and Abbreviations

AA	appropriate authority
AMEDIKP	Association of Eulalensis Women for Pixan – Komop Development (Guatemala)
AMUNIC	Nicaraguan Association of Municipal Governments
BOLFOR	Project for Sustainable Forest Management (Bolivia)
BOSCOM	Communal Forests Office, National Forest Institute (Guatemala)
BUWAL	Swiss Agency for the Environment, Forests and Landscape
CAMPFIRE	Communal Areas Management Programme for Indigenous Resources (Zimbabwe)
CBD	Convention on Biological Diversity
CBO	community-based organization
CGIAR	Consultative Group on International Agricultural Research
CIFOR	Center for International Forestry Research
CIIFAD	Cornell Institute for International Food and Development
CND	National Commission for Decentralization
CONAP	National Council for Protected Areas (Guatemala)
CPF	Collaborative Partnership on Forests
CSM	Cellule Stratégie et Méthode (Burkina Faso)
CSO	civil society organization
DFID	UK Department for International Development
EU	European Union
FAO	United Nations Food and Agriculture Organization
FLASCO	Facultad Latinamericana de Ciencias Sociales (Guatemala)
FODECOM	Fonds de Développement des Communes (Burkina Faso)
G8	Group of 8 (industrialized countries, including the Russian Federation)
GEF	Global Environmental Facility
GPRS	Ghana Poverty Reduction Strategy
GTZ	German Agency for Technical Cooperation
ha	hectare
IBAMA	Brazil Environment and Natural Resources Institute
IDB	International Development Bank
IFAD	International Fund for Agricultural Development
IFF	Intergovernmental Forum on Forests
IMF	International Monetary Fund
INAB	National Forest Institute (Guatemala)

IPAM	Institute of Environmental Research for Amazônia
IPF	Intergovernmental Panel on Forests
IPRA	Indigenous Peoples Rights Act (the Philippines)
ITTO	International Tropical Timber Organization
IUCN	World Conservation Union
JFM	joint forest management
km	kilometre
LASA	Latin American Studies Association
m	metre
MARN	Ministry of the Environment and Natural Resources (Guatemala)
MDG	Millennium Development Goal
MIRNA	Integrated Management of Natural Resources in the Western Highlands project
MPR	People's Consultative Assembly (Indonesia)
NGO	non-governmental organization
NIPAS	National Integrated Protected Area Systems Act (Philippines)
OECD	Organisation for Economic Co-operation and Development
PARPA	Prioritization of Strategic Areas in the Western Highlands project
PROFOR	Forestry Programme of the World Bank
PVO	private voluntary organization
RSPB	Royal Society for the Protection of Birds
SAGEDEDOM	Service d'Appui à la Gestion et au Développement des Communes (Burkina Faso)
SDC	Swiss Agency for Development and Cooperation
Sida	Swedish International Development Cooperation Agency
SRA	social responsibility agreement
TREASURE	Timber, Recreation, Environment, Aesthetics from a Sustained Usable Resource programme
UCA	Central American University
UK	United Kingdom
UN	United Nations
UNCD	United Nations Capital Development Fund
UNDCP	United Nations International Drug Control Program (Bolivia)
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNFF	United Nations Forum on Forests
US	United States
USAID	US Agency for International Development
USDA	US Department of Agriculture
USSR	Union of Soviet Socialist Republics
WRI	World Resources Institute
WWF	World Wide Fund for Nature
Z\$	Zimbabwean dollars

Introduction

Jürgen Blaser, Christian Kuchli, Carol J. Pierce Colfer
and Doris Capistrano

BACKGROUND TO A GLOBAL EXCHANGE

Decentralization processes are taking place in more than 60 countries worldwide. These processes vary by sector, by the discretionary powers transferred to lower levels of governance, by the design and implementation of fiscal and other financial aspects and by degree of social responsibility. These processes are of central importance in political and economic change in all sectors of the economy, including the forest sector.

A few years ago, forestry decentralization was a non-issue for many countries. In the proposals for action of the Intergovernmental Panel on Forests (IPF, 1995–1997) and the Intergovernmental Forum on Forests (IFF, 1997–2000), decentralization is not explicitly mentioned, and it is only indirectly present in the recommendations on participation. Decentralization has become a theme in forestry only since substantial political changes have taken place in many countries. As a matter of fact, governance – of which decentralization is one of the most visible elements today – is a crucial issue in sustainable forest management. It is the quality of governance that may ultimately determine the fate of forest resources in all their aspects – economic, social and ecological.

Important changes in approaches to forests and people have led to remarkable gains in the application of good governance principles. The development of an international forest regime through the United Nations Forum on Forests (UNFF) and the work of the members of the Collaborative Partnership on Forests (CPF), particularly the Food and Agriculture Organization (FAO), International Tropical Timber Organization (ITTO) and the Center for International Forestry Research (CIFOR), with the World Bank in the driver's seat, have undoubtedly contributed to these changes. This international forest regime has provided a much-needed impetus for a re-examination of concepts on forest and people interactions, and has facilitated policy change in many countries. In many cases, it has helped to create legitimate spaces and recognition for local initiatives and longstanding experimentation on the ground. The combination of locally driven processes in concert with this international forest regime has led to

significant changes in forest governance worldwide. For example:

- National forest programmes have become the focal point of the UNFF, placing the discussion of better forest governance at the country level.
- Criteria and indicators for sustainable forest management have been developed and will help to improve the monitoring of forest management.
- The advantages of linking buyers and sellers through the promotion of specific market mechanisms have been recognized.
- The gap between environmental organizations and those focusing on poverty reduction is, in some cases, narrowing.
- Multi-stakeholder involvement, debate and consultation have become the norm and have helped to increase transparency and accountability.
- Forest law enforcement and governance initiatives, as promoted by the World Bank in Asia and Africa, have opened the debate on illegal logging and associated trade and corruption – themes that had been excluded from any substantial discussion of sustainable forest management.
- Numerous countries have attempted to reorient forest management by promoting greater decentralization and devolution to local people.

The decentralization processes occurring around the world have achieved momentum. Local and regional perspectives and agendas are increasingly informing and enriching forest-related discussions at the global scale. However, more is required to build local involvement in the global dialogue. Reaching global goals pertaining to both forest management and human well-being requires policies that are more relevant locally, as well as greater institutional capacity at both national and sub-national levels.

The Interlaken workshop Decentralization, Federal Systems of Forestry and National Forest Programmes, was therefore a very timely event given the sequence of actions undertaken over the past few years to secure conservation and sustainable management of forest resources. Decentralization is a cross-cutting issue, relevant to all the different aspects of sustainable forest management, which links sustainability objectives at the local level with broad global goals as defined in the UN Millennium Development Goals (MDGs).

We hope that the contributions made at the Interlaken workshop will stimulate further work at this cutting edge of policy, as well as greater connections between such efforts and broader development concerns. Inter-governmental global processes such as the UNFF can play a critical role, not only in shaping the global agenda, but also in facilitating and supporting the search for appropriate local solutions through local initiatives. Rio 1992 has taught us to think globally; Interlaken is a point of departure to learn how to act locally.

THE INTERLAKEN WORKSHOP AND ITS PARTICIPANTS

The objectives of the Interlaken workshop were as follows:

- to analyse the implications of decentralization of forest management for the development of national forest programmes and to identify strategies that would allow such programmes to effectively address this issue;
- to share the experience of countries that have decentralized their forestry systems with countries currently undergoing rapid processes of decentralization, including those in transitional phases;
- to derive the lessons learned from countries that have implemented decentralization for use, where suitable, in other countries;
- to prepare reflections and proposals for the consideration of the UN Forum on Forests related to decentralization, centralized systems of forestry and their implications for national forest programmes.

About 160 people from 51 countries participated in the workshop, representing 70 per cent of the global forest area. Approximately 75 per cent of the participants came from developing countries and countries in economic transition; 32 participants came from non-governmental organizations (NGOs) and 32 from private-sector organizations. The Interlaken workshop was an expert meeting, and participants expressed their views in their personal capacities, not as country representatives or representatives of specific institutions.

Because the intent of the workshop was to share ideas and experience and contribute to our global understanding of the processes related to decentralization, the workshop was divided into formal presentations, facilitated discussions on pre-selected topics, field trips (discussed in Chapter 8) and working groups. The formal presentations ranged from thematic discussions of decentralization, to surveys of regions or governance types, to country-specific analyses. The decentralization implications at various scales were also addressed, with presentations from participants representing international, national, sub-national and local levels.

The presentations revealed substantial variation across the globe in the history of governance approaches, in the extent and depth of people's participation, and in the balance of power among different governmental levels. Although some fascinating patterns emerged, a recurring theme was the uniqueness of each case and the importance of taking contextual factors into account when considering new governance modes. These patterns and variations will be explored in more detail in the following chapters, with particular attention, in the final chapter of this book, to the lessons we can learn.

The working group sessions were organized around six main themes, and their results were incorporated within the report submitted to UNFF:

- allocation of roles and responsibilities, and coordination at different levels and across sectors;

- maintaining ecosystem functions, sustaining forest productivity and appropriate application of knowledge and technology;
- policy, regulatory frameworks and equitable benefit-sharing;
- financial incentives, promoting investment and private-sector partnership;
- participation, conflict and multi-stakeholder processes; and
- capacity-building and technical and information support.

Interlaken workshop participants were highly constructive and cooperative, leading to an unusually candid sharing of experience and perspectives. The field day, in which people could experience decentralization on the ground, was instrumental. Overall, the workshop succeeded in defining issues and approaches towards decentralization and in giving a broad overview of existing and planned processes of decentralized forest management. This book pulls together the central descriptive and analytical conclusions from this fruitful sharing of global experience.

ORGANIZATION OF THE BOOK

The remainder of this book is organized into three main parts. The first, focusing on thematic issues, raises important cross-cutting questions. The second part offers case studies that convey some of the breadth of experience of individual countries. The third, based on a community panel, provides a ‘bottom-up’ perspective, demonstrating how decentralization policies have played out in rural communities in three countries – Guatemala, the Philippines and Zimbabwe.

Part I begins with an overview of forest governance in federal systems by Hans M. Gregersen, Arnolando Contreras-Hermosilla, Andy White and Lauren Phillips. A longer version of Chapter 1, which included a great deal of case material, was published in draft form and used at the Interlaken workshop as a discussion document. This chapter, of necessity, captures only the highlights of the authors’ study.

The authors of Chapters 2 and 4, who have, in fact, worked together in the past, focus on the important components of effective and benign democratic decentralization, though both argue that such a process has hardly been attempted in any real sense. In Chapter 2, Anne M. Larson surveys experiences in Africa, Asia and Latin America, focusing on lessons learned; and in Chapter 4, Jesse Ribot is more prescriptive, analysing the mechanisms and ‘excuses’ used by central governments to water down decentralization efforts.

Chapter 3, by Ian Ferguson and Cherukat Chandrasekharan, switches to a regional perspective, surveying the decentralization experience in Asia and the Pacific. Like Larson and Ribot, these authors find many problems with the implementation of decentralization; but they seem to favour a greater role for central government in the overall balance among the levels.

Chapter 5 details the experience of the FAO with decentralization in the forest sector. Merilio G. Morell outlines the various programmes that have supported decentralization and then provides two case studies (Burkina Faso and Mali) from which he draws a number of conclusions.

Chapter 6, written by Jeffery Sayer and colleagues Christopher Elliott, Edmond Barrow, Steve Gretzinger, Stewart Maginnis, Thomas McShane and Gill Shepherd, focuses on the implications of biodiversity conservation in decentralized forest resource management. Although supporting the reasoning behind decentralization, these authors warn of possible dangers to biodiversity and resource conservation unless some important functions remain in the hands of the state. They conclude by proposing some conditions under which decentralization can favour biodiversity conservation.

The shortcomings of decentralization policies, in their implementation, are clearly outlined in all of these contributions. Some authors argue for slowing the pace in order to give governments and citizens a chance to adapt to the new features of a decentralized approach; others suggest that local governments and citizens will become adept at dealing with their new powers only by using them. Although all see the potential value of decentralization, some favour a stronger central role and others a stronger local role, in the balance of power. Some show more faith in communities' management abilities, some have less.

Part II, the country cases, begins with Indonesia, the co-host of the workshop together with Switzerland. Chapter 7, written by members of Indonesia's Ministry of Forestry, Wandojo Siswanto and Wahjudi Wardoyo, outlines the various laws and regulations that frame decentralization in Indonesia, and discusses frankly the principal problems that have plagued the process, as well as governmental efforts to solve them, in a country that began formal decentralization only very recently.

Chapter 8 presents Switzerland's decentralization experience through a presentation and discussion of the four field trips undertaken during the workshop. It is written by Christian KÜchli and Jürgen Blaser, and presents a historical perspective on relations among the various levels of governance, as well as key factors instigating shifts in the balance of powers and responsibilities from more decentralized to more centralized forms and back again.

In Chapter 9, Pablo Pacheco describes the decentralization process in Bolivia, under way since the mid 1990s, which has focused on the devolution of significant powers to municipalities. Bolivia has empowered indigenous groups by returning their traditional territories to them, has empowered private landowners by allowing them to develop management plans and log their forests, and has empowered previously illegal loggers by legalizing small, community-based logging companies. Although significant strides have been made towards devolving powers both to communities and to lower levels of the bureaucracy, serious problems – outlined clearly in this chapter – remain.

Chapter 10, by Steve Amooti Nsita, describes the Ugandan situation. This country has been through several cycles of decentralization and

recentralization, culminating most recently in another decentralization phase. The fact that many of the problems reported in Indonesia mirror those in Uganda does not augur well for a speedy resolution of their shared problems, particularly regarding the balance of power between levels.

Ghana, described in Chapter 11 by Oppon Sasu, is unique among developing countries in the longevity of its decentralized government, which was first formally acknowledged in 1878. Like Uganda, however, Ghana has gone through different phases. The current decentralization phase began in 1988, when local government was given additional powers, and was strengthened again in 2003 with a formal decentralization plan. A central problem in Ghana is the unwillingness of central government agencies to relinquish authority, as intended, to the district assemblies. This chapter includes serious attention to the lessons learned in Ghana's decentralization process.

Turning to Europe, in Chapter 12, Bill Ritchie and Mandy Haggith examine the decentralization process in Scotland, which involved oscillation between top-down and bottom-up pressures. The establishment of the Scottish Parliament in 1999 and the transfer of control of Scotland's forest estate to the Scottish Executive were two top-down elements leading to greater local control. For their part, local people's organized efforts to gain access to land and forests led to a land reform act that gives them the right to own land, including woodlands, and to the establishment of more than 100 community woodland organizations.

In Chapter 13, Natalia V. Malysheva outlines Russia's long history of centralized forest management and its painful efforts to decentralize during recent years. Malysheva, a member of the forest bureaucracy, looks at the historical evidence and comes down firmly in favour of a strong central state role in forest management, arguing for the importance of Russia's forests to the global community (over 25 per cent of the world's standing volume of timber is in Russia) and the threats posed by decentralization as implemented to date.

Chapter 14, by Gerald A. Rose with Douglas W. MacCleery, Ted L. Lorensen, Gary Lettman, David C. Zumeta, Mike Carroll, Timothy C. Boyce and Bruce Springer, describes forest management in a country with a longstanding form of federal government: the US. During the 20th century, concerns over environmental stewardship led the federal government to control many aspects of land management, including public forest managers' dealings with local communities. Some states fall back on those laws and regulations; others impose stricter standards. Colleagues Ted L. Lorensen, Gary Lettman, David C. Zumeta, Mike Carroll, Timothy C. Boyce and Bruce Springer describe the approaches taken in Oregon, Minnesota and Alabama.

The cases demonstrate serious problems with the implementation of decentralization, but also, with one exception (Russia), a commitment to continue trying to make it work. Switzerland, whose decentralization history started more than 150 years ago, experienced problems during the first decades very similar to the ones that newly decentralized countries are reporting. The long time to sort out conflicts and optimize the cooperation of

all the governance levels might be one reason that this country case study, together with the Scottish experience and, perhaps, Bolivia, appears more optimistic in an otherwise rather dismal record. Recurrent problems include conflict over the division of authority and resources between the various levels of government, problems controlling forest crime, historical oscillation regarding preferred levels of decentralization, difficulties realizing the empowerment of communities as intended by decentralization advocates and unwillingness of central governments to relinquish control and resources to lower levels of government.

The final part of this book is devoted to community voices. Each of the first three chapters in Part III was written as a joint contribution by a community member and a partner who helped with writing, language and adjusting to the context of an international workshop. Our intent was to make the presentation of community views to an international body of policy-makers, scientists and bureaucrats as open and seamless as possible.

Steven Hlambela is a community leader in Zimbabwe's Chiredzi District. He was assisted by Witness Kozanayi, a junior researcher working for CIFOR, who has experience in that community as well as others. Chapter 15 outlines this community's experience in trying to implement a community-inspired resettlement vision. After a series of difficulties, including internal conflict, outsiders claiming resources, and disagreements and inaction by government officials, the authors conclude that communities cannot 'go it alone'. Both bottom-up and top-down involvement will be necessary to accomplish community goals.

Adolino L. Saway Alias Datu Makapukaw is a tribal leader from the Talaandig tribe in Mindanao (the Philippines) and Felix S. Mirasol Jr works for the Philippine Department of Environment and Natural Resources in Mindanao. Chapter 16 tells the story of their efforts to manage Mount Kitanglad Natural Park cooperatively. Although there have been conflicts and problems, the authors consider the decentralization process to be proceeding well in the Philippines, and to have had a positive overall impact.

Silvel Elías is originally a community member from a Guatemalan village but is currently a doctoral student at the University of Toulouse, France; Hannah Wittman is a doctoral student from Cornell University. These authors find serious problems with the decentralization process in Guatemala, presented in Chapter 17. Conflicts abound between a government that has traditionally ignored and abused indigenous rights, and communities intent on defending their rights. In some cases, by shifting governmental regulation to a more local level, decentralization actually causes a loss of indigenous control over natural resources.

The community examples share the experience of conflict between governmental entities and members of local communities, and among other stakeholders as well. But the authors vary in the degree to which they consider decentralization helpful. The Philippine authors, although acknowledging some problems, are basically optimistic that this process is beneficial and that problems can be ironed out; the Zimbabwe authors reluctantly

conclude that they need the help of the government; and the authors of the Guatemalan case present conflict-ridden scenarios with the potential for adverse effects on local communities. Clearly, decentralization is having different impacts in different places.

The final chapter in this book, the conclusion, pulls together the important threads that emerged during the workshop and highlights interesting differences.

This chapter concludes by summarizing important definitions pertaining to the issues addressed in and used throughout this book. The definitions are based on those developed by Hans M. Gregersen for the World Bank (see www.worldbank.org/publicsector/decentralization/admindecen.htm).

TYPES OF DECENTRALIZATION

Political decentralization. Groups at different levels of government – central, sub-national (meso) and local – are empowered to make decisions related to what affects them.

Administrative decentralization. Different levels of government administer resources and matters that have been delegated to them, generally through a constitution. In terms of decentralization as a process of change, and according to the level of transfer of responsibilities, it is useful to distinguish between the following forms:

- *Deconcentration* redistributes decision-making authority and financial and management responsibility within the central government; there is no real transfer of authority between levels of government. Deconcentration may involve only a shift of responsibilities from federal forest service officials of the capital city to those stationed in provinces or districts.
- *Delegation* transfers responsibilities and authority to semi-autonomous entities that respond to the central government but are not totally controlled by it. Public forestry corporations and, in some cases, implementation units of some forestry projects – often donor supported – are examples of this form of decentralization.
- *Devolution* transfers specific decision-making powers from one level of government to another (from a lower level to a higher level of government, in the special case of federations) or from government to entities of the civil society. Regional or provincial governments, for example, become semi-autonomous and administer forest resources according to their own priorities and within clearly defined geographic jurisdictions. Most political decentralization is associated with devolution.

Fiscal decentralization. Previously concentrated powers to tax and generate revenues are dispersed to other levels of government. For example, local

governments are given the power to raise and retain financial resources to fulfill their responsibilities.

Market decentralization. Government privatizes or deregulates private functions, as has happened in the New Zealand forest sector.

Part I

Themes in Decentralization

Chapter 1

Forest Governance in Federal Systems: An Overview of Experiences and Implications for Decentralization

Hans M. Gregersen, Arnaldo Contreras-Hermosilla,
Andy White and Lauren Phillips

INTRODUCTION

The role of government has been the focus of great debate in recent years. Much of this debate has focused on the reality of reduced government, increased reliance on markets and on private initiative, as well as on the important contributions of civil society and the private sector in providing public services. At the same time, there has been widespread and active debate on the optimal roles of different levels of government: how government authorities and responsibilities should be distributed among different levels of government. A World Bank study in 1999 found that more than 80 per cent of all developing countries and countries with economies in transition are currently experimenting with some form of decentralization (Manor, 1999).

The forest sector has not escaped these trends. Internationally recognized problems such as illegal logging and uncontrolled deforestation are increasingly attributed to weak governance structures. These problems, as well as the broader political trends, are driving many countries to reconsider the role of government in administering their forest resources and others to move away from centralized systems of decision-making and direct government implementation of forest programmes.

Unfortunately, the flurry of debate and political activity has often not benefited from the careful analysis of broader experience. Despite all the experience and innovation across the globe, there have been relatively few attempts to understand how different levels of government interact and balance authority and responsibilities in the forest sector, and how local governments, the private sector and civil society affect progress towards improved management of forest resources.

In this context the experience of federal systems of government in administering forest resources is particularly valuable. Federal systems of

government are composed of member states or provinces and thus have, by definition, decentralized systems of governance. Some responsibilities and authorities are vested with the central federal government, and some with state or provincial levels. In federal systems, in contrast to centralized systems, meso- and local-level governments are often well established, with longstanding political constituencies and various accountability mechanisms that enhance their performance. Most importantly, the meso levels of government have not only responsibilities but also real authority and legal rights because they are part of a federal system defined by a constitution.

We review the experiences of selected major forest countries with federal systems of government and derive lessons for policy actors considering future decentralization initiatives, whether through a federal system or through some other system of government. The study focuses on the federal governments of Australia, Brazil, Canada, India, Malaysia, Nigeria, Russia and the US. Bolivia, Indonesia and Nepal have undertaken major decentralization programmes and are thus also included, even though they do not have federal systems of government. These 11 countries account for more than 60 per cent of the world's forests.

Each of these countries adopted decentralized forest governance systems at a different point in history. Their combined experience presents both common threads and dramatic differences. Those countries that adopted federal systems of government early on have largely adjusted to the administrative demands of harmonizing the operation of central and sub-national levels of government; others are still struggling with the complexities of decentralized management. Some have been more successful in securing the benefits of decentralized systems of governance while minimizing the associated dangers and costs.

DEFINITIONS: FEDERAL GOVERNMENTS AND DECENTRALIZATION

Countries with federal systems of government share responsibilities and authority, generally through the provisions of a constitution, between the national-level central government and meso (state, provincial or regional) and local levels of government. Powers between these levels are divided and coordinated in such a way that each level enjoys a substantial amount of independence from each other. This implies the existence of a constitution describing the division of powers and a means for resolving disputes. Most importantly, in contrast to simple devolution of specific powers and responsibilities from central to lower levels of government, federations use the principle of *constitutional non-centralization* rather than decentralization (Olowu, 2001).

In other words, when independent states decide to create a federation and a federal system of government, they confer, generally through a

constitution, certain specific responsibilities and authorities to the federal government in the interest of all states. All other powers, responsibilities and rights remain with the states. In contrast, unitary governments may have sub-national levels of governments; but these are not constitutionally empowered to make decisions on major government services and functions; rather, they are subordinate units. Indeed, for these reasons, use of the term *decentralized* is somewhat awkward in the case of federal governments. In the US, Canada, Malaysia and Australia, for example, authority for forest administration was never centralized at the federal level. Because of this confusion, we use *decentralized* to refer to the non-centralized distribution of authorities and responsibilities. Other federal governments, notably Russia and India, began as centralized governments, later adopted federal constitutions, and have been 'decentralizing' authority and responsibilities.

In a federal system, the central government usually has responsibilities for those resources, activities and events that affect more than one state and that are involved in the production of national (and sometimes international) public goods associated with the environmental services derived from forests. The member states generally have responsibility for and oversight of those resources, activities and events that affect mainly the state in question, the regulation of private forest practice and enterprises, and those functions that depend heavily upon local participation and involvement. Often, the federal government influences or controls state activity through federal laws, incentives and checks and balances related to the use of resources. Member states, in turn, generally regulate and guide the actions of lower levels of government (municipalities and districts), local community entities, private individual landowners and private companies operating within the states.

Variations in federal systems of government are considerable, however. There are differences in the relationship between responsibility and authority at different levels of government within federations; there are differences in the distribution of fiscal responsibilities; and there are many other differences that distinguish various federal forms of government. Federal systems can be simultaneously decentralized in some respects and centralized in others, and, indeed, there is constant tension between different levels of government.

FOREST GOVERNANCE IN FEDERAL SYSTEMS

This section briefly describes the current structure of forest administration in eight major forested countries with federal systems of government, and identifies particular patterns in the distribution of government authority.

Most of the countries in our review are undergoing transitions in their forest administration, and the roles, functions and orientations of forest agencies and forest management are in substantial flux. We often found disagreement or general lack of knowledge about the actual distribution of authority and responsibilities in many countries, and a wide discrepancy between the official and actual distribution of power. Our findings represent

our understanding at the moment; but the situation is very fluid in many of the countries studied.

The following nine points highlight patterns of forest administration in the eight federal countries:

- 1 Federal structures of forest governance tend to be complex and multifaceted, with strong cross-sectoral linkages to agriculture, water, transportation and other sectors (see Broadhead, 2003; Dubé and Schmithüsen, 2003). In all cases the federal forest agency is only one of several federal agencies administering public forestlands. Strong roles of other agencies and linkages to other sectors appear to help to create checks and balances for accountability and to ensure that the forest sector reflects the concerns of stakeholders, particularly beyond those directly involved in the forestry sector. In some countries, the other sectors involved can number into the hundreds. In the US, for example, some 31 federal entities interact directly with the Forest Service in planning and managing federal forestlands, and many others have a more indirect linkage (Ellefson and Moulton, 2000).
- 2 With the exception of the US, in all federal countries examined in this review, governments own a majority of all forestlands. Interestingly, of these seven countries where public forest predominates, majority ownership rests with the federal governments in Brazil, Russia and India. In contrast, in Malaysia, Nigeria, Canada and Australia, it is the state or provincial level that owns the majority of all forestlands. Federal ownership is substantial even in the US, where the federal government owns about 35 per cent of all forests, the states own about 5 per cent and the private sector owns the majority – about 60 per cent.
- 3 Policies and government structures to deal with the private sector and the civil society vary widely. In the US, the size of the private sector is considerable; accordingly, federal as well as state governments have established regulations and programmes to encourage and regulate private enterprises. India, in contrast, denies private corporation access to public forests and induces corporations to establish partnerships with small ‘non-forest’ owners. In some countries, the access of non-governmental institutions to the government decision-making process is encouraged; but in others such linkage is not promoted actively.
- 4 In many countries, federal and/or state governments do not officially recognize traditional land ownership rights. Thus, they deal in different ways with the interactions between local populations and local governments, with profound implications for the sector’s governance.
- 5 The degree of responsibility and authority for the forest sector vested in the federal government and other tiers of government varies widely. In some the administration of the forest sector is relatively centralized, while in others main responsibilities and authority reside either in the second or even third tiers of government. In Brazil, for example, until recently, most key decisions and implementation of programmes were under the aegis of

the Federal Environment Institute; in Malaysia, states enjoy a high degree of autonomy to design and implement their own programmes.

- 6 In Canada, Malaysia, the US, Australia and India, comparatively strong meso-level government forestry agencies dominate the picture, to some extent because there is little federal forestland and the functions given to the federal agencies are fewer. At the same time, federal entities hold major responsibility for trade, research, international relations in forestry and the establishment of environmental standards. In the US, Brazil and several other cases, there is more federal forestland ownership; thus, more management responsibility for public land resides within the federal agencies.
- 7 Federal forest agencies tend to be responsible for managing federal forestlands and providing overall leadership on forestry matters, but often have limited jurisdiction over the regulation of forest practice on private lands – a responsibility held, in most cases, by member states or provinces.
- 8 In Russia and Nigeria, where a majority of the forestland is owned by the central or federal government and managed by the central forest agency, central agencies are weak and control of public forestlands is fragile. India and Canada, where a majority of forestlands are owned by state or provincial governments, have a better record of effectively controlling the public forest estate. Thus, decentralized ownership of public lands appears an effective strategy, at least in some cases.
- 9 In most cases, the power of the forest administration agencies, whether federal or state/provincial, vis-à-vis other agencies of government, is relatively minor. Public forest administrations are often subsidiaries of ministries of environment or agriculture. In some cases the jurisdiction of forest agencies is shared with other powerful agencies, as in the US and Brazil. Management of inter-sectoral and inter-agency linkages is difficult and is not often achieved satisfactorily in most federal countries. Australia is an exception: the government administers forests based on a broad process of consultation and decision-making, involving various agencies and actors of the private sector. In most cases, federal structures do not ensure horizontal coordination between agencies of government. In Nigeria and India, this hampers administration of forest ecosystems that span local administrative boundaries.

DECENTRALIZED FOREST GOVERNANCE: FINDINGS

The 11 countries studied present a rich array of history and experience in forest governance, and offer some general findings and lessons for those considering the decentralization of their governance structure. Below we discuss findings on:

- 1 the implementation of decentralization;

- 2 the role of forestry within the broader political context and the importance of cross-sectoral linkages;
- 3 the importance of ensuring adequate capacity, incentives and accountability; and
- 4 the importance of ensuring adequate participation by civil society and the private sector.

Implementation of political decentralization

- In most federal countries, decentralization processes involved sovereign states' assigning authority and responsibilities to a central government formed through a constitutional process. Exceptions include the Russian Federation, Bolivia and India, where decentralization efforts involved devolution from central to meso- and local-level governments.
- Even in countries where the central government owns most forestland (Russia, Nigeria, Nepal and Indonesia), the relative power of the federal forest public administration is low and forest agencies were generally incapable of influencing the main course of events. The forest sector was therefore a follower, more than a leader, in the decentralization process.
- The process of debating and adjusting the distribution of authorities and responsibilities is open ended. The ongoing tensions between different levels of government and political forces have often contributed to a better definition of governance responsibilities and authority at different levels, consequently reinforcing administrative checks and balances. Thus, decentralization processes can be seen as evolutionary, the balance of powers undergoing constant pressure and revision. In some cases, it is more revolutionary (for example, the former Soviet Union, Bolivia and Indonesia).
- What now appear effective and efficient decentralized systems took many years to achieve, with many adjustments to unforeseen events along the way. The present is a period of transition in countries such as Russia, Bolivia, Indonesia and Nigeria.
- The evolution of the distribution of forest administration authorities and responsibilities between central, meso and local levels of government has been part of much broader national processes of balancing authorities and powers in response to shifting goals, needs, resources and political processes.
- Decentralization of responsibilities and authority to the third level is generally difficult. First, these levels of government have rarely been vested with adequate authority, revenues and accountability mechanisms – and thus lack the capacity and political constituencies necessary to handle new responsibilities. Second, decentralization initiatives frequently assign responsibilities without the complementary rights or resources to motivate adequate performance. And third, second-level governments are sometimes inadequately prepared or are involved in mediating between the central and local governments.

- Decentralization initiatives in federal countries appear easier to conduct, and are more effective in the short run, than in non-federal countries. Decentralization initiatives in non-federal countries are more challenging because they necessarily entail developing local government capacity and setting new precedents for managing revenues and enforcing accountability. This experience suggests that policy-makers need to be careful in drawing lessons from decentralized governance in federal governments for application to non-federal governments.
- The objectives of the decentralization process were apparent in most countries; but the operational mechanisms needed to ensure a smooth transition were less clear.
- When administrative and technical human resources were scarce, urban issues with greater political visibility, such as health, education and transportation infrastructure, and agricultural demands tended to receive greater attention than the management of forests.
- Decentralization processes were often paralleled by a deconcentration of forest-related functions at the federal level. For example, in the US, devolution of forest administration authorities to the newly incorporated western states (and to the private sector through land grants) was paralleled by deconcentration of some Forest Service functions and decision-making to regional offices.
- Despite the trend towards decentralization of forest governance, today we see clear arguments for central or even international mechanisms (such as global conventions) to address the production of national or global public goods associated with the environmental services derived from forests.

Cross-sectoral roles and linkages

- In most of the 11 countries studied, many government agencies, in addition to the forestry agencies, are involved in decisions about forest resources.
- Cross-sectoral linkages with judiciary, agriculture, energy, transportation and environment are important in shaping approaches to forest governance. The complexities mount with the different responsibilities of agencies at different levels of government.
- Effective decentralization in the forest sector can occur only when functions of government in other sectors, such as taxation policy, law enforcement and political participation, are also subject to decentralization.
- Simultaneous and balanced fiscal, administrative and political decentralization – involving not only forest administration but also related sectors – is extremely difficult to achieve. Problems arise if a balance is not achieved.
- The degree and extent of decentralization varied during different periods in given countries. As mentioned above, the process is dynamic and depends upon political philosophies and government-wide adjustments