



# **Public Forests And Public Forest Agencies in Transition:**

## **Global Trends**

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# Outline

- Public forest property in transition
  1. Legal recognition of ethnic/community ownership
  2. Privatizing public forest – plantations, households
  3. Devolution of management/benefit to communities
  4. Reforming concession/harvesting policies
- Public forest agencies in transition
  1. Reforming state-owned enterprises
  2. Rethinking structures and roles
- Looking ahead: Key challenges to public forest agencies

# Primary Sources

1. “Who Owns the World’s Forests: Public Forests in Transition” Forest Trends, Center for International Environmental Law (2002)
2. “Forest Governance in Federal Systems: An Overview of Experiences and Implications for Decentralization”, CIFOR and UNFF, : H. Gregersen, A. Contreras, A. White (2004)

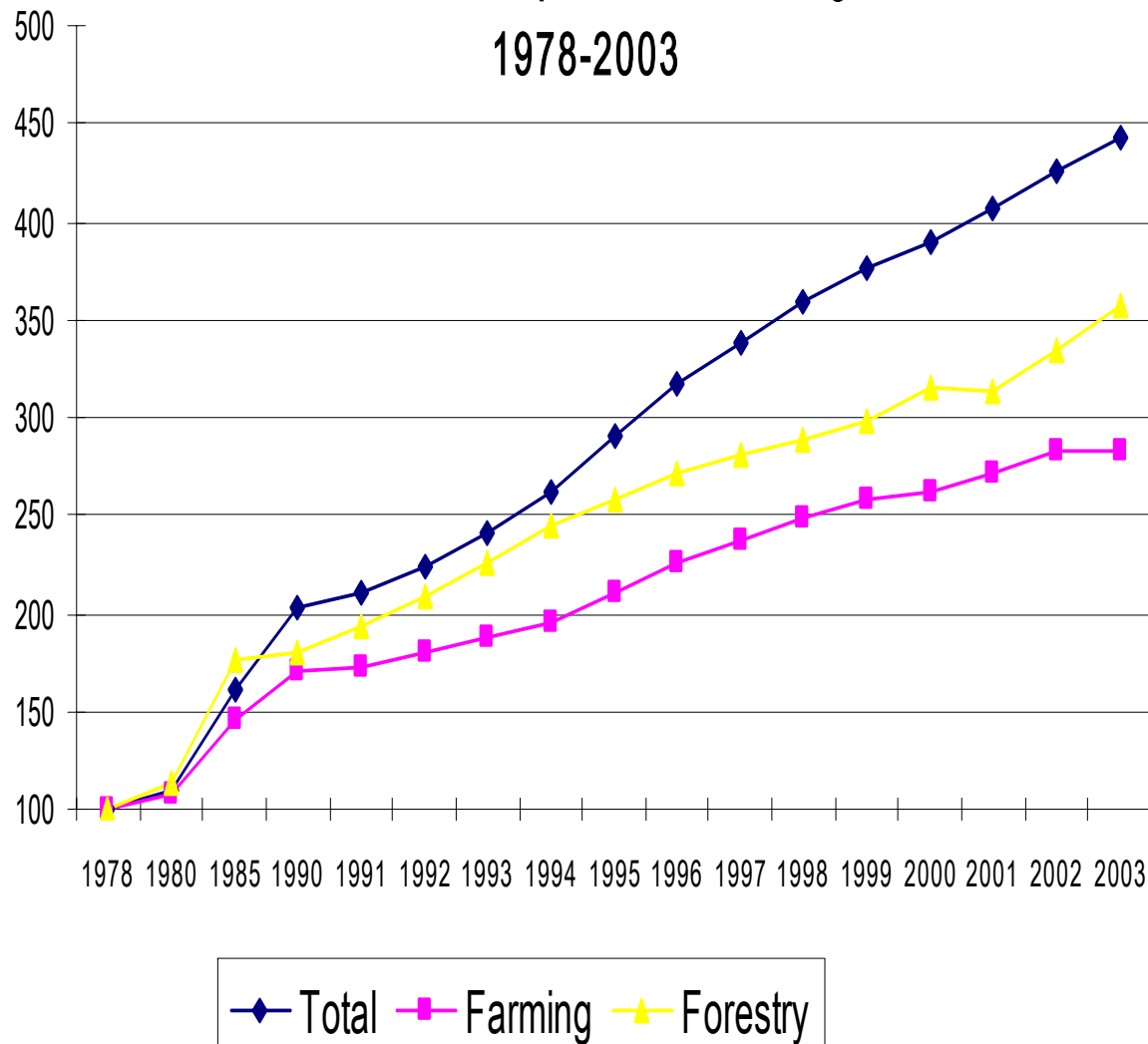
Australia	Malaysia
Brazil	Nigeria
Canada	Russia
India	USA
<i>Bolivia</i>	<i>Indonesia</i>
<i>Nepal</i>	Mexico

3. “Forest Institutions in Transition: Experiences and Lessons from Eastern Europe”, World Bank, (2004)

***Albania, Armenia, Bosnia and Herzegovina, Bulgaria, Croatia, Georgia, Kazakhstan, Latvia, Poland, Romania, Russian Federation, Turkey, Ukraine***

# Impacts of Reforms in China's Agricultural Sector

Indices of Gross Output in Chinese Agriculture  
1978-2003



Professor Zhong Funing, Dean Nanjing Agricultural University

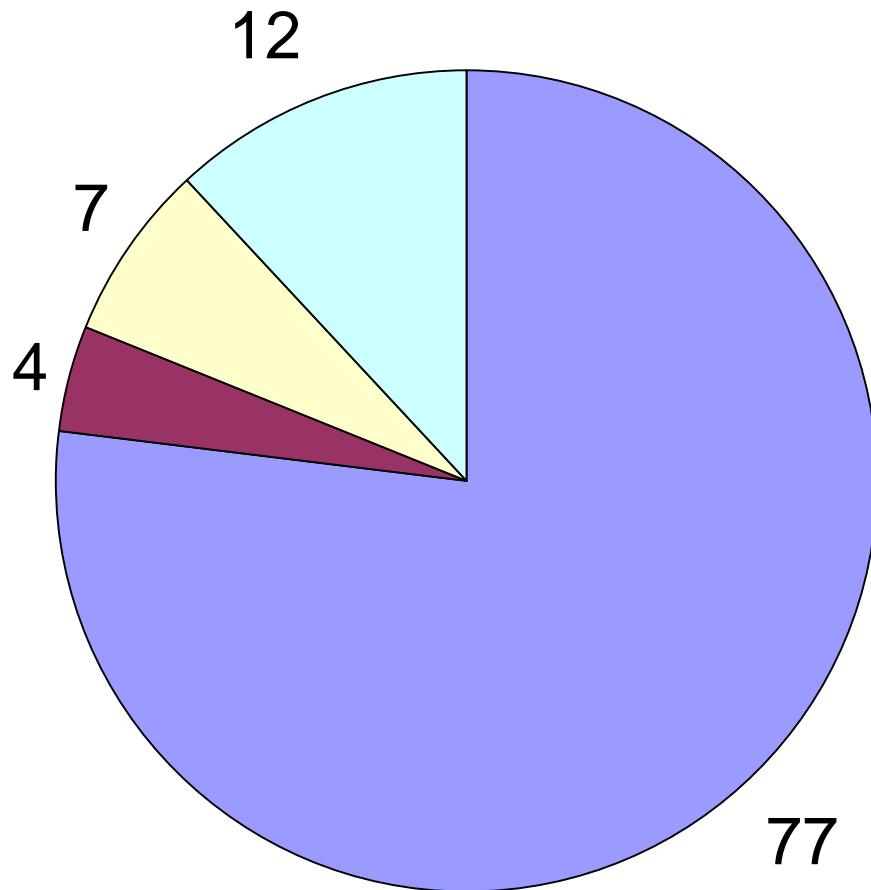
Between '78 and '84 – “windfall” gains from policy reforms:

- Total grain production: 305 – 407 MMT
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# What Drove Dramatic Increases: '78-'84?

1. Reformed regulatory system, removed production quotas, price controls, government monopoly on markets
  2. Reformed administrative system, separating communal from political systems and government from enterprises
  3. Reformed property rights: household responsibility system
- These have continued and deepened, explaining continued economic growth of sector (e.g. Rural Land Contracting Law)

# Public Forest Property, Official Distribution in 2002



- Public: Administered by Government
- Public: Administered by Communities
- Private: Community / Indigenous
- Private: Individual / Firm

# Forest Ownership, Globally, Official Figures - 2002

Country (by descending area of forest cover as identified by FAO 2001)	Area in million hectares (Percentage of country total)			
	Public		Private	
	Administered by Government	Reserved for Community and Indigenous Groups	Community/ Indigenous	Individual/ Firm
Russian Federation	886.5 (100)	0 (0)	0 (0)	0 (0)
Brazil	423.7 (77.0)	74.5 (13.0)	0 (0)	57.3 (10)
Canada	388.9 (93.2)	1.4 (0.3)	0 (0)	27.2 (6.5)
United States	110.0 (37.8)	17.1 (5.9)	0 (0)	164.1 (56.3)
China	58.2 (45.0)	0 (0)	70.3 (55.0)	0 (0)
Australia	109.2 (70.9)	0 (0)	14 (9.3)	31.2 (19.8)
Congo (DRC)	109.2 (100)	0 (0)	0 (0)	0 (0)
Indonesia	104.0 (99.4)	0.6 (0.6)	0 (0)	0 (0)
Peru	n.d.	8.4 (1.2)	22.5 (33.0)	n.d.
India	53.6 (76.1)	11.6 (16.5)	0 (0)	5.2 (7.4)

# Public Forest Property in Transition: Key Trends

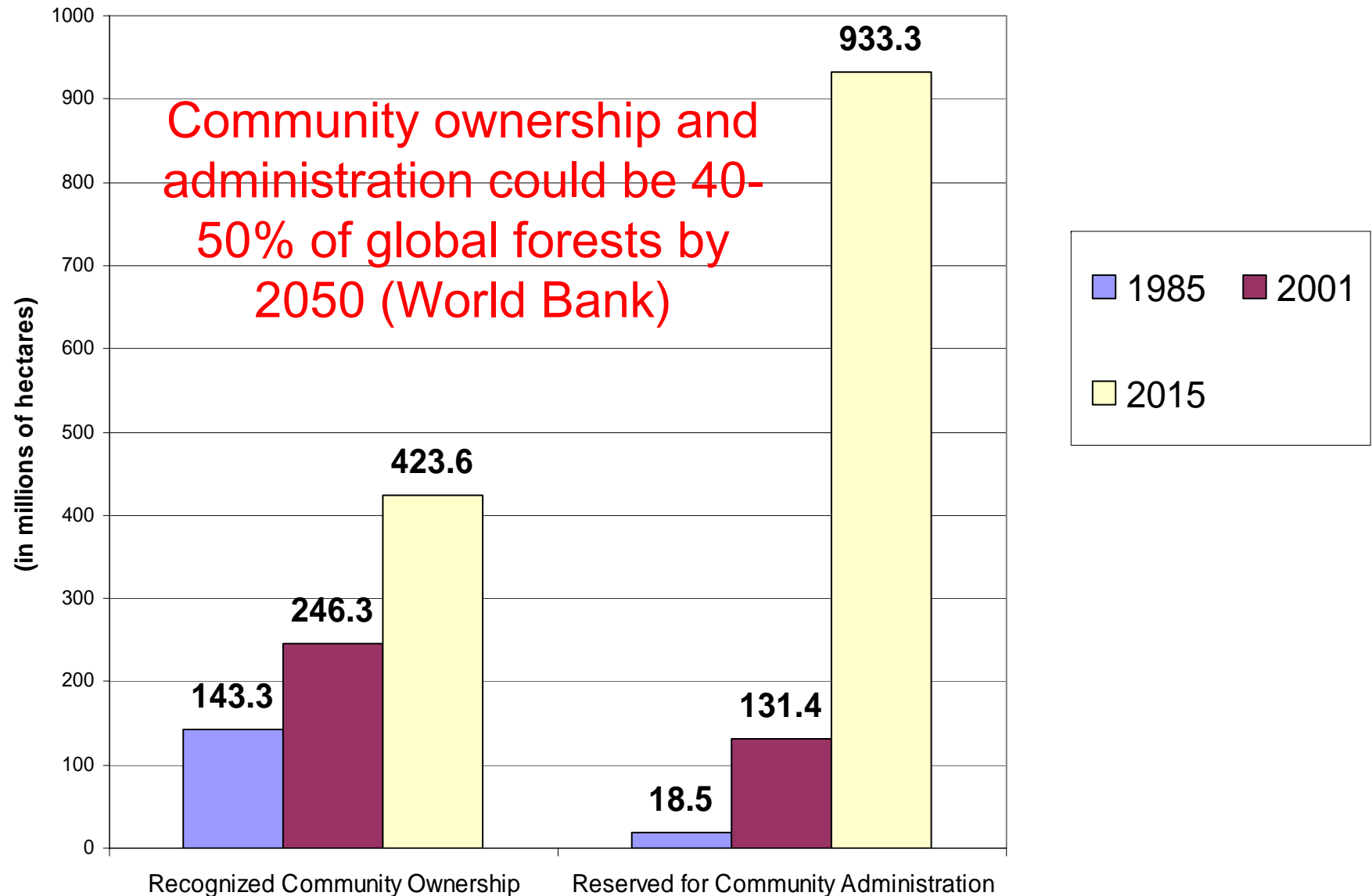
1. Legal recognition of ethnic/community ownership
2. Privatizing public forest – plantations, households
3. Devolution of management/benefit to communities (long-term)
4. Reforming concession/harvesting policies



## Key Trends (1, 2) Recognition of Community Rights 1985 - 2002

Country	Recognized Community Ownership (in millions of hectares)	Reserved for Community Administration (in millions of hectares)
Australia	53.5	
Bolivia	2.8	16.6
Brazil		74.5
Colombia	24.5	
India		11.6
Indonesia		0.6
Peru	22.5	8.4
Sudan		0.8
Tanzania		0.4
<b>TOTAL</b>	<b>103.3</b>	<b>112.9</b>

# A Doubling of Community Tenure in the Last 15 Years: What Will Happen in the Next?



# Key Trend (1): Recognition of Community Ownership: Examples

- **Bolivia, Colombia, Peru:**

Impacts:

- reduced social conflict, confusion over ownership,
- new community enterprises, management plans, certification – community engagement in timber markets

Issues: (1) limited community capacity to manage

(2) continued regulatory constraints, limited support

- **Australia:**

Impacts:

- reduced social conflict, “empowerment” of ethnic minority
- communities “leasing” back key national parks to government

## Key Trend (2) : Privatization, Examples

### E. Europe

“Restitution”: returning lands to previous private owners

- Estonia, Bulgaria, Slovenia – all forest returned to prior private owners (households)
- Romania, Slovakia, Hungary, Czech – return of some land – not all – to prior owners, state ownership dominates

### S. Africa

Privatizing public plantations to private corporations – national and international

## Key Trend (3): Devolution of Administration/Management: Examples

- **India:**

Before: degradation, limited contribution to incomes and investment

Joint Forest Mgt: (17 million has) benefit sharing to communities

After: reforestation, increased incomes

Issues: (1) communities want full rights to own, use and trade

(2) overregulation diminishes income, incentive

- **Brazil:**

Before: public land, threats (illegal logging, mining, etc)

After: (80 million has), improved protection, reduced illegal logging

Issues: regulations and “bans” diminish incentive to manage, communities want fuller rights to use, manage and trade

## **Key Trend (4) : Reforming Concession Policy: Towards Community Management**

### **U.S. (Forest Service):**

- “Stewardship Contracting”, ~ 200 cases, ~ 200,000 ha, 5-10 year contracts, ~5-10,000 ha, focus on restoration, communities keep benefits from harvesting

### **Guatemala:**

- “Community Concessions Pilot, began 10 yrs ago: 4 concessions 7,000 – 55,000 hectares
- Net profits annually, reduced illegal logging, all certified
- illegal logging and wild fires continue in national protected areas

### **Canada, British Columbia:**

- “Community Forest Leasing” 20% of total annual harvest

### **Peru, Laos, beginning in Africa (Cameroon)**

# Public Forest Property in Transition: Some Drivers

1. Recognizing human rights – some 350 million indigenous, tribal forest dwellers, addressing historic abuse of rights
2. Growing recognition that communities, households often as good, or better, managers than governments
3. Limited capacity of many public forest agencies
  - ~\$15 billion/year illegal logging, failure of state-owned enterprises
4. Desire (by governments) to advance community stability and rural development

# Public Forest Property in Transition: Summary Findings

A historic shift underway – towards community and private, individual property

- A complex, political undertaking, no “blueprints”, removing uncertainty and conflict

General effects:

- Short-term: increased investment, production, conservation, incomes
- Longer-term: establishing institutional conditions for economic growth

Preliminary lessons:

Rights to “own” or “administer” insufficient, success requires:

- Rights to “use”, “trade products and services” and “benefit” from
- Reform regulations, policies and programs to reflect private rights, otherwise inefficiency, ineffective, inequity
- Adequate judicial systems, local voice in policy design and legal redress





# Public Forest Agencies in Transition

## Key Trends:

- Reforming state-owned enterprises
- Rethinking structures and roles



# Changing Context for Public Forest Agencies

- Forest agencies: varied histories, most recent designed in 40's - 50's, most from colonial era or early 1900's.
  - Declining budgets, credibility, trust
  - Many agencies overharvested forests since WWII, corruption, illegal logging common
- Timber increasingly produced on private and community lands
- Increased role/voice of civil society, demand for independent verification
- Increased social demand for tourism, ecosystem services
- Reduced cost of information: generation and dissemination, expectation of transparency
- Growing importance of global trade – challenge of keeping rural industry competitive



# Key Trend (1) Reforming State-Owned Enterprises: Context

- An issue in E. Europe, Africa, Asia
- All have major social obligations (schools, health, local employment)
- General experience:
  - Poor records in forest management – overharvesting, illegal logging
  - rarely economic, increasingly difficult to justify government finance



# Key Trend (1) Reforming SOE's – Experiences from E. Europe

## Estonia, Hungary, Latvia, Lithuania, Poland, Romania

- Separated SOE from forest management and policy functions since early '90's
- Effects:
  - Very positive:
    - Estonia: doubled turnover, tripled investment in 5 years
    - Latvia: turnover up 40% 2<sup>nd</sup> year, profits tripled
    - Lithuania: fully privatized, very successful
  - Mixed:
    - Poland, Romania, Hungary (mixed public ownership, trouble attracting new financing)



# Key Trend (1) Reforming SOE's – Experiences from E. Europe, Russia

## Russia:

- some privatization, implementation mixed across country, social hardship

## Bulgaria:

- '90's began to privatize all SOE and all land, stopped by new government, now maintaining SOE's and looking for international investment – limited progress

## Ukraine:

- maintain SOE's, struggling to find finance, new forest code proposes privatization, but no plan underway, illegal logging continues



# Key Trend (1) Reforming SOE's – Summary Findings

- SOE's can't survive economically in today's market
- Privatization has huge social costs: Most important challenge - dealing with social obligations
- No single model, or “blueprint” for reform
- Need to plan, take sequential steps, protect the poorest
- Success requires commitment and participation of other sector Ministries: planning, finance, health, education, etc. ---- Not just a “forestry” issue
- Very difficult to change traditional thinking of public forest agencies (“forestry one of last sectors to reform”)



## Key Trend (2) Rethinking Structures and Roles

*Great diversity in structure of public agencies: centralized to decentralized, between levels of governments (identifying “trends” more art than science)*

1. Widespread “decentralization” of responsibility and authority to lower levels of government
2. Widespread “devolution” of responsibilities to civil and private sector
  - Example, independent certification of public forests to ensure compliance with standards (“devolving regulatory authority”)
    - Estonia – all public forests certified
    - Latvia – 60 % (2004)
    - Poland – 66% (2004)
    - Romania – plans to certify 100%
    - Ukraine - certification underway



## Key Trend (2) Rethinking Structures and Roles: Examples

1. Agencies as “facilitators”: from “doing it” to “getting it done” – focus on “outcomes”
  - Mexico, USA, Australia - New South Wales: payments for ecosystem services
2. Agencies as “service providers” – new focus on advancing SFM on private lands
  - Mexico and community forestry
  - EU and “extension forestry”
3. Focus on ecosystem protection and “restoration”
  - US, UK, China,
4. New attention to international trade, subsidies, WTO, etc. (threats to the local from the global)
  - Canada, Sweden, USA



# Key Challenges for Public Forest Agencies

1. Rethinking role of agencies in poverty alleviation and rural economic growth
  - the “chronic” extreme poor – 1 – 1.5 billion are in the forests, and many will stay there
  - “industrial development” approach since '40's – failed
  - New, global attention to poverty alleviation (Millenium Development Goals) – no involvement or recognition of forest agencies
  - Shift to “community/small-scale” production and enterprises underway in some countries (US, Europe)
  - A challenge to reconceive role of agencies: communicating benefits of forestry to economic development to internal and external audiences

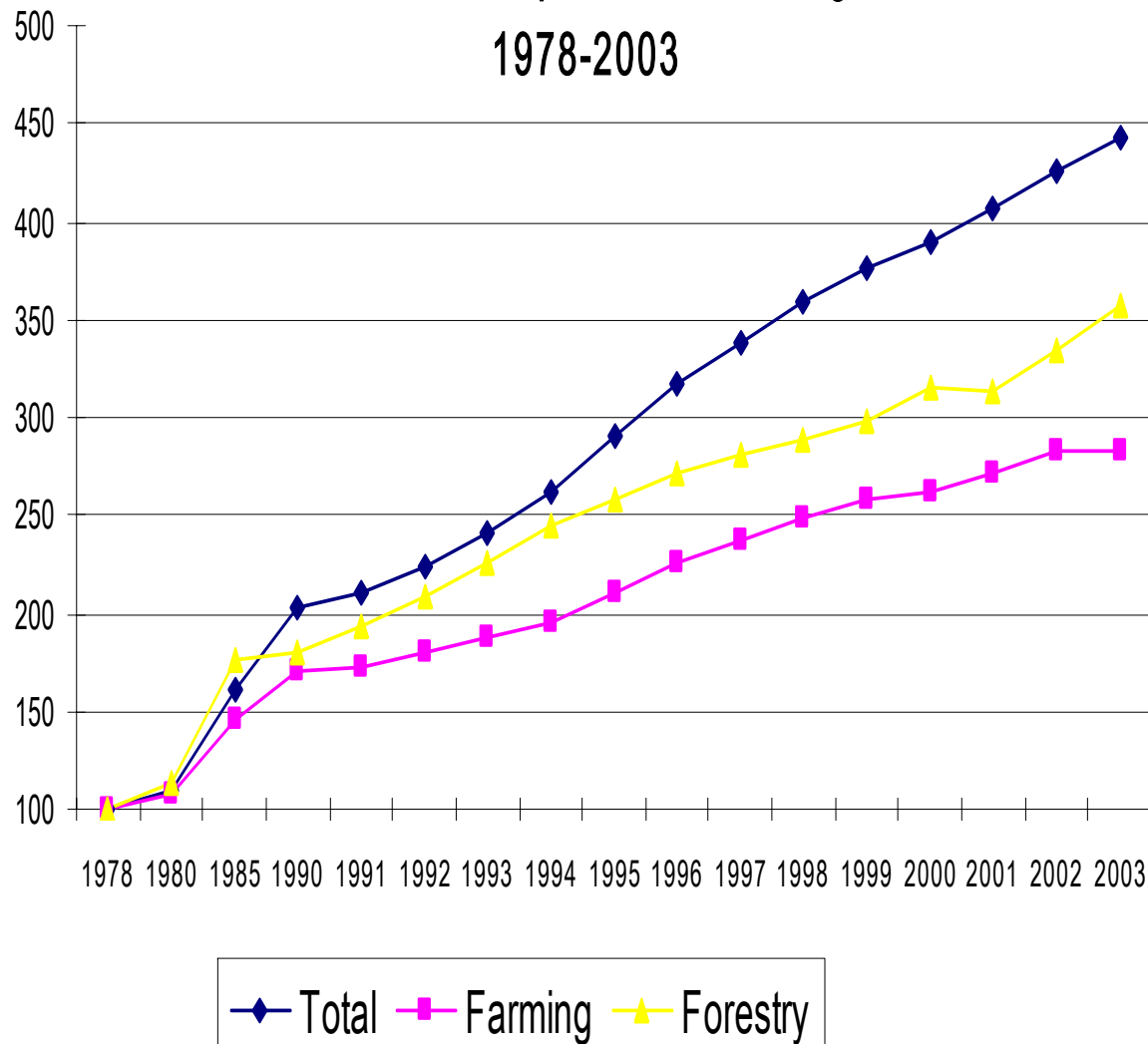
# Key Challenges for Public Forest Agencies

## 2. Rethinking regulations of community and private forest use

- Current approaches (usually) don't work
  - Strict regulations to produce, transport disincentive to investment, penalize the poor
  - “management plans” a failure: make sense only where resource is extremely valuable and large scale
- From the State as “almighty”, “command and control” approaches to encouraging civil society and focus on “outcomes”:
  - minimum standards – keeping costs low (e.g. Montana, USA), require notification, voluntary best management practices
  - Civil society involved in monitoring (e.g. Europe)

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**Thank You**

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