



# Governance Brief

## Forest Governance in Countries with Federal Systems of Government Lessons for Decentralization

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### 1. Decentralization and Forest Governance

Worldwide, interest is increasing in decentralized governance and management of forest resources. More than three quarters of developing countries and nations in transition are in the midst of experimenting with decentralization of their governments. Decentralized governance in general and in the forestry sector in particular is thought to lead to better forest management outcomes and therefore to an enhanced contribution of forests to sustainable and equitable livelihoods to a nation's citizens.

A large amount of research and discussion has addressed decentralization of the forest sector, mainly focused on countries that still have or had centralized systems of government and on ways in which decentralization can help establish more effective forest administration and governance. This literature and these discussions have not adequately been informed by the fact that 70 to 80 percent of the world's forests are located in countries that have federal systems of government – systems that by definition are decentralized. There has been little effort devoted to understanding the ways in which federal governments organize their decentralized forest governance, the differences between countries and the implications of this experience for others considering alternative decentralization paths.

Federal systems of government deal with forest governance in different ways than do centralized systems. In federal governments, decentralization tends to be more pronounced because most federal systems were formed by independent states coming together and signing a constitution that created a federation with a central or federal government and independent state governments. The states conferred specific responsibilities and authorities to the central government, rather than the other way around, and in the process retained all those responsibilities and powers not specifically given to the federal government. States commonly have their own legislative, judiciary, and executive institutions and are legally autonomous entities. Most importantly, because federations are created by a constitution, significant changes in the balance of powers and responsibilities between states and the federal government require a constitutional amendment. In contrast, in non-federal systems, central government may assign responsibilities and authority

to sub-national levels of government, but it may also at any time take back authority and responsibility granted to these levels. As a result, in non-federal countries, sub national levels of government tend to be just subsidiary units of the central government.

Recent experience of governments attempting to decentralize forest governance is mixed at best with many cases where the potential governance gains from decentralization have failed to materialize. Common problems include the difficulty in: (1) making an actual redistribution of effective and real power from central government to lower levels, and (2) establishing effective relationships between governments and non government entities. The broader decentralized governmental structure and political process that enable successful redistribution of power and the operation of other governance factors external to the forestry sector – particularly effective mechanisms for voice and downward accountability - often have been absent. These aspects, having key influence in securing success in decentralization come more “naturally” to federal structures of government.

This study examines the experience of federal countries in managing their decentralized systems of forest governance as well as the lessons for governments implementing processes to decentralize their forest governance. The study is based on the experiences of the federal countries of Australia, Brazil, Canada, India, Malaysia, Nigeria, Russia, Switzerland and the United States and on the associated literature available on decentralization in these countries. Further, Bolivia, Indonesia and Nepal have undertaken major decentralization programs and are also included for comparative purposes, even though they are not federal countries. These twelve countries contain over 60 percent of the world's forests.

## 2. Patterns of governance in federal countries: the context

The federal countries studied vary greatly. Some of them are the most highly developed countries in the world; others are far down the list of developing countries. Some of the countries,

such as Switzerland, have long traditions of federalism, while others, for example Nigeria and Russia, have become federated relatively recently. The countries vary widely in terms of other dimensions of governance including distribution and strength of ownership of forests, capacity of forest agencies and non governmental input. Yet, they also share some common characteristics and some common experiences from which to draw lessons.

The patterns of forest ownership and governance in the survey countries are as follows:

- A large proportion, generally more than half, of forest lands is in public ownership. In Russia, almost 100% of forest is publicly owned. Federal ownership is substantial in some of the countries while sub national government ownership is common in others. Even in the United States, where the majority of ownership is in private, municipal, and state hands, still some 35 percent of the forest estate is under federal control. However, in many other countries it is the state and provincial levels that own or control the majority of forest lands. In Canada, for example, some 98% of the forest is owned by provinces and in Switzerland, the communes – the third level of government – own two-thirds of the forest lands while the federal government ownership is less than one percent.
- The recognition and respect of traditional ownership rights, as well as rights to use and trade forest resources, is mixed. India, for example does not officially accept legal rights related to traditional ownership of forest lands. Other countries recognize property rights, but not rights to manage or use the forests. These limits on communal and private rights and their role in setting forest policy have profound implications for the quality of sector governance. In most of the survey countries this situation is evolving, with stronger interaction with traditional groups and recognition of rights in some cases.
- The distribution of power and responsibilities to different levels of government varies tremendously. In some countries including

Russia and Nigeria, governance of the forest sector remains *de facto* quite centralized. In others, the second and the third tiers of government have a much greater role and degree of autonomy. In Australia, Canada, India, and Malaysia comparatively strong meso-level, -- and in the case of Switzerland, third level -- government forest agencies, dominate the picture. The case of Switzerland is however rather unique. Most countries have given much more attention to accountability processes to upper levels of government and have found it difficult to decentralize powers and responsibilities to local levels of government in ways that would ensure local participation and accountability of government to local constituencies. In the United States, there is definite balance between state and federal agencies, with state and county agencies dominating on matters pertaining to state, local and private forests and the federal agencies dominating and being entrusted with substantial powers and responsibilities related to implementation of environmental laws affecting forests, trade and, of course, management of federal forests. Despite these differences, when it comes to the regulation of forest practices in private lands, in most countries state (rather than federal) level governments have the main responsibility and power.

- Policies and the ways in which government structures interact with the private sector and the civil society also vary widely from country to country. In the United States, federal as well as state governments have established programs to encourage and regulate private enterprises, although the main responsibilities lie with the state governments. On the other extreme of the spectrum, India denies private corporations access to public forests and instead induces corporations to secure their industrial wood need by establishing partnerships with small landowners. Some countries support the access of non-governmental institutions to the government decision-making process while others discourage it.
- In all countries structures of decentralized forest governance are extremely complex, involving many institutions in the public and private sector. In the United States, for

example, there are more than 30 federal agencies that interact directly with the US Forest Service in planning and managing federal forest lands and administering support programs for states. Many others are involved at the state level of government. Management and coordination of government activities taking place in various agencies and in strongly linked sectors, e.g. agriculture, water, transportation, is also highly variable. Strong roles of other agencies and planning, financial and operational linkages to other sectors appear to create the “checks and balances” that enable a measure of accountability to society and help to integrate concerns of diverse stakeholders – particularly beyond those directly involved in the forestry sector. Further, in most cases, the power of the forest administration agencies, at the federal and state/provincial level, vis-à-vis other agencies of government, is relatively minor. Thus, the health of forest governance depends greatly on the health of other agencies and public bodies.

- Finally, in most, if not all countries studied, forest governance is undergoing substantial transitions – in all of the dimensions considered above. For example, Russia’s new Forest Code transfers substantial management authority of public lands to the regional level, and allows a degree of privatisation of portions of its public domain. In the US, the Forest Service is increasing the role of local communities in administering portions of the federal forests. Brazil recently passed a forest law that sets a framework for allocating the public forest domain to different levels of government, sets up a new federal forest administration, a national forest development fund and allows adaptation to national policy directives to the decentralized regulatory authority of the states. India has approved a new tribal right and forest dependent peoples’ bill that affects the public forest lands.

In short, the countries studied show wide diversity in the ways they structure forest governance – and many are in the midst of reconsidering these structures. There is no uniform pattern of decentralization as countries have followed many different avenues to

### What is “good” forest governance?

In this study “forest governance” is defined as *the set of rules and institutions that control and determine what happens to a nation’s forests and who gains and who gets hurt as a consequence*. To be more specific, forest governance is associated with the government agencies where official authority and power is located, including ministries of forestry, agriculture, environment and other regulatory agencies. It associated with the laws, regulations and policies that govern the activities of those agencies. It also is affected by how these agencies engage with other institutions of the civil society, the private sector and private individuals. “Good” forest governance, in turn, is governance that best meets, in a transparent, equitable and sustainable way, the forest related needs and goals of the population of the country and its constituent parts. Forest governance is about who in government holds power, who is responsible and how accountable decision makers are to citizens and to each other.

World Resources Institute, 2003. World Resources 2002-2004: Decisions for the Earth: Balance, Voice, and Power. Washington, D.C.: World Resources Institute

reach decentralized governance. Functions that are decentralized are variable as is the extent and intensity of decentralization. Interactions between agencies of government are generally complex and diverse at all levels of government as are the interactions with private sector and the civil society. In some cases co-management exists, either between levels of government, or between government and non-governmental local community groups and private sector entities. Some decentralized governments are according a greater recognition to traditional rights of rural communities and thus creating a new sphere of government administration of forest lands, while others continue to subdue or deny these traditional rights, thus imposing forest management decisions that often are intensely resisted by traditional communities and often not in their best interest.

### 3. Lessons From Decentralized Forest Governance in Countries with Federal Systems of Government

The diverse decentralized governance structures and background contexts of the countries considered in this assessment lead to marked differences in outcomes. Nevertheless, these countries also share some fundamental similarities.

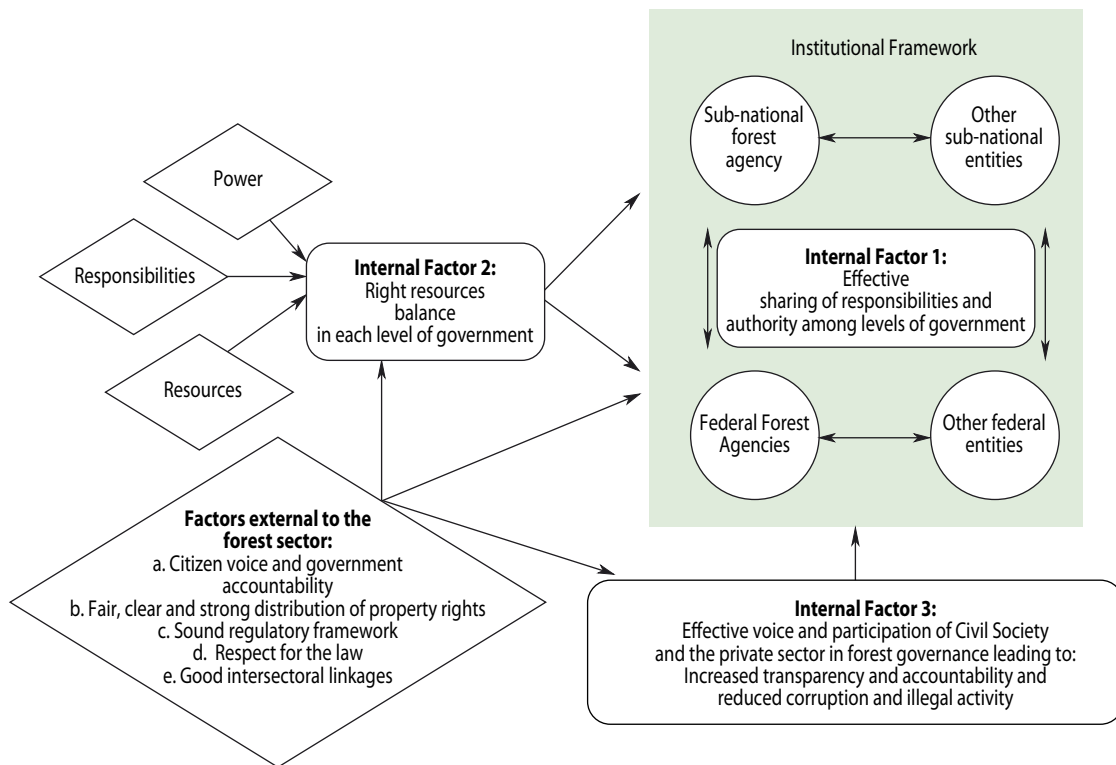
This review suggests that the quality of decentralized forest governance is strongly dependent on the institutional and political conditions of the government in general. Thus, our review indicates that there are five broad governance factors that strongly influence the quality of governance in the forest sector (see box above for the meaning of good or quality governance). In addition to the external factors, the review suggests that there are at least three broad factors internal to the sector that appear to set the sufficient conditions for effective decentralized forest governance. Some of these internal factors are the replication of general ones but attending to the peculiarities of governance in the forest sector. The Figure provides an overview of the external and internal factors and their interactions. The remainder of the discussion focuses on these factors.

#### 3.1 Key Governance Factors External to the Forest Sector

Forest decentralization does not happen in a vacuum. The quality of decentralized governance in the forest sector in all the case study countries is strongly associated with, and dependent on, the quality of governance in general. Adapting from Kaufmann et al<sup>1</sup>, the

<sup>1</sup> Kaufmann, D., A Kraay and M. Mastruzzi, 2005. Governance Matters IV: Governance indicators for 1996-2004. Washington, D.C.: The World Bank (<http://www.worldbank.org/wbi/governance/pdf/GovMatters%20IV%20main.pdf>)

**THE ELEMENTS OF GOOD DECENTRALIZED FOREST GOVERNANCE  
IN THE CASE STUDY COUNTRIES**



factors of general governance that have a key influence include the following:

**3.1.1. Those decentralization processes that involve significant transfers of powers and responsibilities to democratically elected and accountable lower levels of government tend to increase the quality of forest governance.** As decentralization processes redistribute power between levels of government and governments and institutions of the civil society and the private sector, they have a very significant political content. Those decentralization processes that, because of supportive political conditions, involve significant transfers of power powers and responsibilities to lower levels of government that are democratically elected and accountable to local populations increase the quality of governance.

Downward accountability of government actions appears to be more important than exclusive accountability to higher levels of the government. Thus, for instance, accountability of local government officers is more likely to respond to local concerns if the system of salaries and promotions of local government agents does not depend exclusively on decisions of higher levels of government, but also on decisions

by locally elected government executives. In Bolivia deepening of local participation after the push for decentralization initiated in 1994 created new links between government and local constituencies that contributed to a greater degree of local accountability. While voice and participation often are not sufficient conditions for ensuring good governance, they appear to be necessary features of successful decentralization processes.

**3.1.2. Existence of fair and clear, enforced property rights.** Good governance is impossible if property rights are not well established and effectively enforced by government. The existence of strong, fair and well enforced property rights is key to engaging in long term investments by reducing uncertainty and allowing the use of assets such as land for capitalization. In a country where property rights are not clear, “owners” need to spend considerable time and effort in defending their assets from others that challenge their rights. Also, if rights are not clear and uncertainty about them exists, the owners are not likely to use them with long term, sustainable production as a goal. Rather, short term gain is a logical response to uncertainty.

The existence of strong property rights generally influences governance in the forest sector through related effects and spillovers from other sectors. For example, weak or non-existent land rights in the agricultural sector may both create numbers of displaced landless that have few options but to invade other lands for their livelihoods. As we will argue later, the property rights situation in the forest sector in particular has features of its own in most countries, with governments owning a large proportion of the world's forests but in many cases only on paper, since enforcement of public rights typically is difficult in the remote and inaccessible forest regions.

**3.1.3. Existence of an appropriate regulatory framework.** Adequate decentralization is unlikely to take place unless the regulatory framework is clear, not too complex, and perceived as fair. Governance structures that are not perceived as fair, as the lack of official recognition of traditional rights, will likely be ineffective. However, in addition to the issue of fairness, regulatory frameworks that govern decentralization process need to be clear, with little room for arbitrary interpretation; avoid the proliferation of rules that lead to regulatory conflict and inconsistency; and handle intersectoral linkages in an appropriate manner. In particular, as the case of Indonesia shows, the regulatory framework must unambiguously specify the powers and responsibilities of the different tiers of government or the uncertainty and frictions created by less than precise regulations favour ineffectiveness, and even government capture by local elites and other interests.

**3.1.4. Respect of the law, by governments, the private sector and civil society.** No matter how sound the regulatory framework may be, the quality of sector governance will not be satisfactory unless laws and regulations are respected by all and the government has the political willingness and the institutional capacity to enforce them.

The quality of governance depends not only on actions by communities and private sector alone, but also by government and individuals within the government. Ideally the law should be equal for all and government officials should be held responsible as individual citizens for acts made in their personal capacity that

exceed their lawful authority. In this respect, an important related component of quality governance is the effectiveness of government in controlling corruption. Corruption can take many forms, in all cases weakening the capacity of the public administration to enforce the law, thus leading to poor governance. It is evident that control of corruption depends on many factors, including the existence of clear regulations and limits on discretionary powers of government officials to make arbitrary and obscure decisions. Quality forest governance is more likely to materialize when there are mechanisms aimed specifically at controlling corrupt practices at all levels of government.

**3.1.5. Effective linkages between institutions of government, the private sector and the civil society.** Tiers of government and government agencies responsible for the management of forest resources do not operate in a vacuum, but in the context of a large government apparatus that may include many hundreds of different agencies and organizations, as in the case of the United States. For example, the forest administration normally relies on the police and the judiciary to ensure law compliance. The effectiveness of the entities involved directly in forest governance will therefore depend on the effectiveness and quality of the relationships with other sectors of government as well as with the private sector and civil society. Because of these numerous inter sector linkages, decentralization of the administration of the forest sector alone is likely to face problems, if effective decentralization of other related sectors does not proceed in a harmonic way.

If all of these external factors exist, they are likely to result in a degree of political stability that is necessary to shape effective decentralized forest governance. Stability does not mean rigidity, however. The normal shifts in politics in a country with freely elected governments can in fact be healthy and contribute to setting up necessary checks and balances on misuse of government power and authority. In fact, the study countries show that the decentralization process itself is bound to take place in an environment of constant institutional adjustment, and because of the long periods required, probably under governments controlled successively by different political parties.

### 3.2. Conditions Internal to the Sector Leading to Good Decentralized Forest Governance

The above factors external to the forest sector are important for good decentralized forest governance. However, they are outside the influence and control of the forest sector. They are part of the basic fabric and workings of a nation, its citizens and its government. In addition to these factors, the case studies and review of the literature led to the identification of three broad sets of factors internal to the sector that create the sufficient conditions for good *decentralized* forest governance in federal systems. Given the five external and internal factors, the three factors are as follows:

**3.2.1. Effective and balanced distribution of forest related responsibilities and authority among levels of government.** Certain forest management decisions are better made at the subnational, or even local levels of government, while others may best be retained at a central level. Responsibilities at the central level include those that are needed to provide a coherent management of the resource and to handle management issues, such as pest and fire control, that may have effects that exceed the political and geographic boundaries of second and third tier governments. On the other hand decisions affecting many other factors may best be left to local governments. Lessons learned from the case study countries are as follows:

*Need for strong central government guidance and overall leadership.* While there is no formula to decide what degree of decentralization is best to ensure good forest governance, there are certain functions that clearly are best left at the central level and others that best can be carried out locally. Decentralized forest management does not mean less need for a strong central government. For example, the central government is better placed to design the regulatory architecture for all those functions that transcend sub national government boundaries. In our survey cases, these commonly include governance matters related to interstate and international trade in forest products, certain environmental responsibilities and support in the area of fire, insect and disease management (where there are opportunities for externalities that flow

across state or provincial boundaries), and some functions related to incentives for private activity as well as international activities. In addition, in a number of countries, federal governments actually “own” and manage large areas of forest land that extend over more than one state or that should be managed as single units, e.g., national reserves of various kinds dedicated to meeting national needs as opposed to local needs.

*Subsidiarity in public administration: appropriate responsibilities and power for each level of government.* How should tiers of government divide powers and responsibilities? What criterion should be followed to decide the distribution of administrative authority and functions to ensure superior outcomes? The case countries with effective forest governance have implicitly or explicitly applied the subsidiarity principle. The application of this principle should however be made in a framework of standards; and powers should be matched by sufficient technical support and financial as well as human resources at each tier of government. The lesson of the case studies is that upper levels of government are usually reluctant to cede authority to lower levels of government and continue to micromanage forest management decisions. This reluctance is particularly strong when autonomy needs to be granted to local levels of government. Therefore, decentralization exercises must contemplate decisive actions to overcome this resistance and ensure that responsibilities and authority are in fact in the hands of local governments when the subsidiary principle dictates that these functions should be at this level.

*Clear rules and boundaries of forest related responsibility between layers of government.* This latter point relates to the fact that, independently from how much or how little authority and responsibility is given to the second or third tiers of governments, it is essential that it is a clear and transparent allocation of responsibilities and authority to each level. Ambiguous rules and overlapping responsibilities can only lead to confusion about who is responsible for what; and this can create opportunities for corruption and illegal activity, if the room for discretionary decisions increases. When government does not operate as an entity with clear division

of responsibilities and authority, power groups outside the government have a greater incentive and opportunity to fill the vacuum and establish claims, legitimate or not, over the most valuable forest resources. The lesson here is that responsibilities need to be clearly and transparently established, understood by all, and enforced by government agencies with unchallenged authority to do so.

### 3.2.2. Adequate resources and institutional effectiveness at each level of government.

Forest related agencies at all levels need to have sufficient financial, technical and social resources and capacity; i.e., authorities at all levels must know what to do and then how to do it, and they must have the resources to do it. The lessons learned from the case studies include the following:

- **Balance between authority and responsibilities.** To function effectively and efficiently, each level of government and corresponding agencies should have powers or authority that is commensurate with the responsibilities that level of government must discharge. This is a fundamental principle of institutional effectiveness. Experience in a number of the case study countries shows clearly the importance of not assigning responsibility for forest governance without the commensurate power and vice versa. For example the lack of correlation between the authority to incur debt and spend has produced strong inducements to fiscal irresponsibility in some states.
- **Sharing resources.** Power and responsibility are empty concepts unless each level of government and each agency can count on adequate financial and human resources to carry out its responsibilities and impose its authority. Transfers of financial resources for forest management from higher to lower levels of government are a common occurrence. Such transfers are a necessary reality in terms of providing incentives and ability to carry out forest management activities at different government levels. At the same time, a close watch has to be kept on transfers to make sure that they are effectively and efficiently administered and used or waste and deviations from desired policy and action outcomes will result. The bottleneck often is not financial capacity,

but rather the managerial and technical capacity to use financial resources wisely.

- **Raising revenues and revenue independence at lower levels of government.** This assessment of country experiences strongly points towards the need for all levels of government to have a certain degree of independent authority to raise and retain financial resources. The reason is that there is no real autonomy if other levels of government have exclusive control of financial resources. In the countries where states joined to form federations, this is not a problem. They all retained such authority and mechanisms when they created the federal government. However, in other countries, the capacity of local governments to collect taxes and fees is generally limited. The lesson here is that the level of government that controls finances, controls decisions of other entities of government related to forests; and this may or may not coincide with national or local priorities. Mechanisms are needed to ease the severe pressures and restrictions that are often present when local levels try to raise their own revenues. At the same time the cases studied also show that revenue independence should be exercised in an environment of transparency and checks and balances to avoid misuse of forest resources for short-term local financial and political gain.
- **Mechanisms to encourage communication and flexibility.** Ensuring an adequate balance of forest responsibilities, authority and resources in each of the tiers of government is a very complex undertaking because policy processes and institutional conditions tend to be in constant flux, and because so many different actors are involved. Adequate functioning of the entire forest governance system requires mechanisms to constantly adapt to these changes and to variations between functions and powers at different levels. In some cases, these mechanisms are institutionalised, such as when organized debates and decisions are collegially made by, for instance, groups of state forest directors or officially appointed coordinators. In some cases informal contacts, such as periodic meetings, also help ensure a degree of organic coordination



between levels of government. One of the benefits of a properly balanced decentralized system of governance, with mechanisms to adjust flexibly according to changing circumstances and demands, is that it tends to create the opportunity for moderate, healthy and controlled tensions to develop between the forest related agencies at different levels of government, as fluctuations in the balance between responsibilities, authority and/or resources take place. The cases illustrate that such tensions can contribute to more responsive agencies at all levels. Accountability improves and efficiency may increase.

- ***Adequate technical capacity.*** Finally, and most important in many situations, forest agencies and agents at all levels must have the technical capacity to manage forests appropriately and on a sustainable basis. This may sound obvious and straightforward. However, in a number of cases studied, this lack of technical and managerial capacity at the local level has proven to be a major bottleneck. Several things have happened with lack of such capacity. First, the forests have been more easily captured by well-organized private interests, often from outside the state or province owning or responsible for the forest resources. Second, with lack of understanding of good forest management principles, local officials have managed the forest resource in a highly unsustainable fashion without perhaps intending to do so. Third, even in cases where adequate authority existed on paper, lack of managerial capacity has resulted in major corruption and illegal activity, because, for example, lack of trained and technically capable manpower to guard and supervise use of the forest estate.

**3.2.3. Sufficient participation of civil society and the private sector at all levels of forest governance.** This condition parallels the general one related to external conditions discussed in section 2 above. But here we are talking specifically about stakeholder participation in *forest* governance through forest related civil society organizations, and through the private sector, mainly at the sub-national level, but also at the national level. It is only through participation that the effective

and efficient mechanisms for transparency, accountability and knowledge of local needs emerge. Participation contributes to more transparent decisions, to a better integration of public inputs and public oversight. Active participation of citizens is key in combating corruption and illegal forest activities, which drag down the sector in a number of countries and lead to poor forest governance by any standards. Such participation also provides a means for increasing government efficiency and responsiveness. Evidence also shows that the existence of vocal coalitions that understand government decisions and have the technical knowledge as well as the political clout to influence such decisions is an important condition for quality decentralized forest governance.

As mentioned in the discussion of external factors, the existence of secure property rights is a key factor in good governance in general and mostly these rights are assigned by law outside the sector. This factor is particularly important in getting good private and communal participation in forest management and governance, since secure long term rights in forests and lands provides a main incentive for forest management that mainly has long term benefits. In some countries, traditional rights are firmly denied by governments that claim exclusive control and ownership of all forest lands. In many cases, country governments tend to focus first on the regularization of rights, tenure and ownership of agricultural lands, leaving forest lands as a matter of second priority. In these cases, all non-allocated lands tend to remain in the hands of government, while traditional rights of communities that may have occupied and used those lands for centuries remain ignored by the legal system. Getting rid of these conditions and securing private rights can be a major factor in achieving private and civil society involvement in good forest governance and management.

Some of the lessons learned from the case study countries about this factor are as follows:

***Recognition of the roles and contributions of civil and private sectors in forest governance.***

There is no absolute case for government carrying out a wide range of activities in the forest sector. While much depends on the degree of sophistication and capacity of

governments and the comparative capacity of other actors, often there are governance roles that more effectively and efficiently can be carried out by the private sector, or by civil society groups, as is dramatically illustrated in the case of Australia. For example, some countries have been able to increase the quality of forest governance without increasing costs by entrusting private entities with some key functions such as monitoring compliance with forest management regulations. Private, voluntary forest certification schemes are proliferating in most of the countries studied in this survey and are contributing to better forest management without substantial action from the government. Participation of private sector entities can take many forms from simply outsourcing certain functions, such as establishment and management of plantations in Australia, through transferring temporary rights for the use of land or resources, as in India and outright privatisation of government assets such as Russia has done with its previously state-owned industrial enterprises. In the case of transfers of power to institutions of the civil society, also various mechanisms have been employed, including towards legally established organizations such as the rubber tappers' organizations in Brazil, and the forest dependent peoples in India. Of course, appropriate checks and balances must be in place, just as in the case of public sector forest governance mechanisms. Regulations cannot be thrown out with increased responsibility going to the private or civil society institutions.

Increased civil society and private sector participation can lead to various benefits. An increase in functions taken on by the private and the NGO sectors means more time and effort available for government to focus on fewer, more critical, functions for government. Comparative advantages of various groups in managing resources will be exploited much more effectively. A second benefit is the increase in government accountability that can occur when civil society and the private sector have greater involvement in governance. The case studies, including cases in Brazil, Bolivia and Canada, indicate that watchdog organizations can be very effective in monitoring forest resources and their modalities of use and can pressure governments into action. Essentially, the argument is parallel to that made earlier

regarding the positive benefits that can derive from the healthy intensification of checks and balances and tensions created between levels of government and between government, the civil society and the private sector institutions. A third potential governance benefit is derived from the greater probability that government action will not unfairly disregard traditional and other rights that, although sometimes not formally established by law, some groups perceive as inherently theirs. Thus, for example, legal recognition of traditional community and indigenous rights to forest resources and lands can lead to improved management of local forests, while at the same time liberating government resources and contributing to reduced social conflict.

*Participation and the control of corruption.*

Enhanced participation and its potential for greater knowledge of government actions and for increasing transparency of government operations can contribute to combating corruption. However, this is not an automatic result of greater participation in government decisions about forests. The context in countries is very different and generalizations are hard to support. In some cases, greater participation has not led to reduced corruption but rather to a transfer of corrupt activities to different actors. Local government officials can act in connivance with local groups under the guise of increased participation and manipulate government actions to benefit partners rather than the general public. The cases show that this is facilitated when local officials are appointed rather than elected. Thus participation is not enough, but it can contribute to a multi dimensional attack on corrupt acts that also must include, *inter alia*, initiatives to achieve a greater harmony and soundness of the regulatory framework, mandates to secure transparency, procedures leading to a reduction of the discretionary power of government officials, and improved and intensified enforcement activities.

*Governance mechanisms to increase voice and participation.*

Various processes can be put in place to ensure greater civil society and private sector participation in forest governance. Effective participation requires good communication channels between institutions of government and between them and stakeholders of the civil society and the

private sector. Participation mechanisms work better when government purposely promotes interaction with other sectors of society, which in turn requires a political inclination to do so. Participation mechanisms are also likely to work better when government institutions and the bureaucracy are exposed to incentives that reward effective public participation; and this often means accountability to local institutions and populations rather than exclusively to higher levels of government. The best way to achieve this in the forest sector is if the government has undertaken democratic decentralization, with lower levels of government that are elected and accountable to local constituencies. Federal governments, particularly those that were created by independent states (as from those unitary governments adopting federal systems of government) are particularly well positioned to implement democratic decentralization. In other countries this type of structure requires statutory or even constitutional reforms securing the creation of local representative bodies that have autonomous powers over the management of forest resources. Other complementary mechanisms include joint projects (e.g., co-management schemes), voice through planning advisory groups, monitored self-regulation of forest-related activities (particularly relevant for the private commercial sector), educational programs to ensure better understanding of good forest management, citizen appeals processes for government decisions, forest fora involving government and civil society, mandatory disclosure of forest administration records, etc. As mentioned, private certification schemes have been used in various countries as a means to ensure compliance with sustainable forest management regulations.

The overall lesson that emerges from the review of the various country situations is that balancing of responsibilities, authority and resources between levels of government, and between government, the private sector and civil society groups, is one of the most contentious and problematic areas as decentralization progresses, yet it also is necessary for the establishment of effective and efficient decentralized forest governance. Few countries moving down the path of increased decentralization get the balance right immediately. Generally, shifts in responsibilities precede abilities to carry

them out and precede shifts in resources or the authority for sub national levels of government to generate adequate resources locally. Federal systems formed by independent states have in general been more fortunate in terms of getting the balance right, mainly because they could do it when they decided what powers, responsibilities and resources the newly formed central government should have. Thus, they had better opportunity to get the balance right from the beginning. Unitary governments are reluctant to assign the rights to, and control over resources to sub national governments.

In the final analysis, each country needs to answer in the positive the question of whether the costs associated with initial imbalances created by decentralization processes have been or will be justified by additional governance benefits that have been realized or may become visible in the future. As indicated by the cases, each country has to develop and follow its own plan of action to establish the balance. The alternative is tokenism and decentralization that appears to exist on paper, but is not true decentralized forest *governance*.

#### 4. Concluding Comments

Decentralization can create the conditions for more effective forest sector governance. However, forest decentralization is a complex undertaking and the case studies show mixed results. In most countries with unitary systems of government, it has not been implemented fully or in a balanced manner. In many cases this has resulted in expected outcomes not being fulfilled. The case studies highlighted here have led to a systematic set of observations that contribute empirically and in detail to a reaffirmation of past conventional wisdom, and what some would say is obvious: good forest governance in a country depends on whether the overall governance in a nation is fair, effective and efficient, which means that there is recognition of local rights, citizen participation in governance, good communication, a sound legal framework and respect for such, and effective working relationships among the units of government and across sectors. However, while the general principles may seem obvious, the ways in which different countries apply them and adjust to temporary shortcomings are not obvious and

provide the basis for the detailed discussion of country examples illustrated in more detail in the full paper.

The case studies clearly illustrate that to have effective *decentralized* forest governance, there must be an effective real sharing of responsibilities and authority among levels of government, a balance at each level between responsibilities and the power and resources to implement such responsibilities, and participation of stakeholders at each political level in deciding on forest related needs and sharing of benefits from forest conservation and use. The cases also illustrate that decentralization reaching the local level of government has been in most cases difficult to achieve. Thus, the question of whether federal governments are better positioned to operate structures that are better able to increase the quality of governance in the forest sector has to be answered in a roundabout way.

The cases show that federalism does not guarantee better forest governance. For example, the study cases show that federal countries are not immune to forest corruption, poor legislative and regulatory frameworks as well as disregard of traditional and other property and use rights and other conditions of “good” governance. However, federal countries, and particularly those that were created by independent states agreeing to form a federal community, with the states keeping a great deal of autonomous power and responsibilities, offer an advantageous environment for democratic decentralization, with sub national governments being elected by, and accountable to, local electorates and not exclusively to higher

levels of government. This type of government structure offers the opportunity for a real and effective sharing of rights and authority across levels of government which, in turn, offers a greater promise of being closer to the people and therefore understanding local conditions better and of being exposed to scrutiny by their constituencies, facing replacement through the electoral process if their performance is judged inadequate or tainted by corruption. Other countries, including unitary countries adopting federal schemes of governance, have struggled, often with little success, to transfer powers and responsibilities to sub national levels of government. In these cases, the creation of locally accountable government structures may even need constitutional or statutory amendments. Invariably, they face considerable bureaucratic resistance to the effective redistribution of government rights and authority away from the center and towards other levels of government, the private sector or institutions of the civil society. From this perspective, federal countries do offer a better opportunity to fulfill the conditions of “good” forest governance.

The full paper from which this policy brief was derived discusses how the case study assessments led to identification of these eight necessary and sufficient conditions for good decentralized forest governance. While the evidence is based primarily on the experiences of countries with federal systems of government, we strongly believe that the factors identified can apply across the board to countries on the road to more effective decentralization of forest governance, whether the countries have federal or unitary systems of government.



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Photos by Michaela Haug



CIFOR's Forests and Governance Programme examines how decisions about forests and forest-dependent people are made and implemented in order to promote the participation and empowerment of disadvantaged groups; the accountability and transparency of decision-makers and more powerful groups; and democratic, inclusive processes that support fair representation and decision making among all groups.