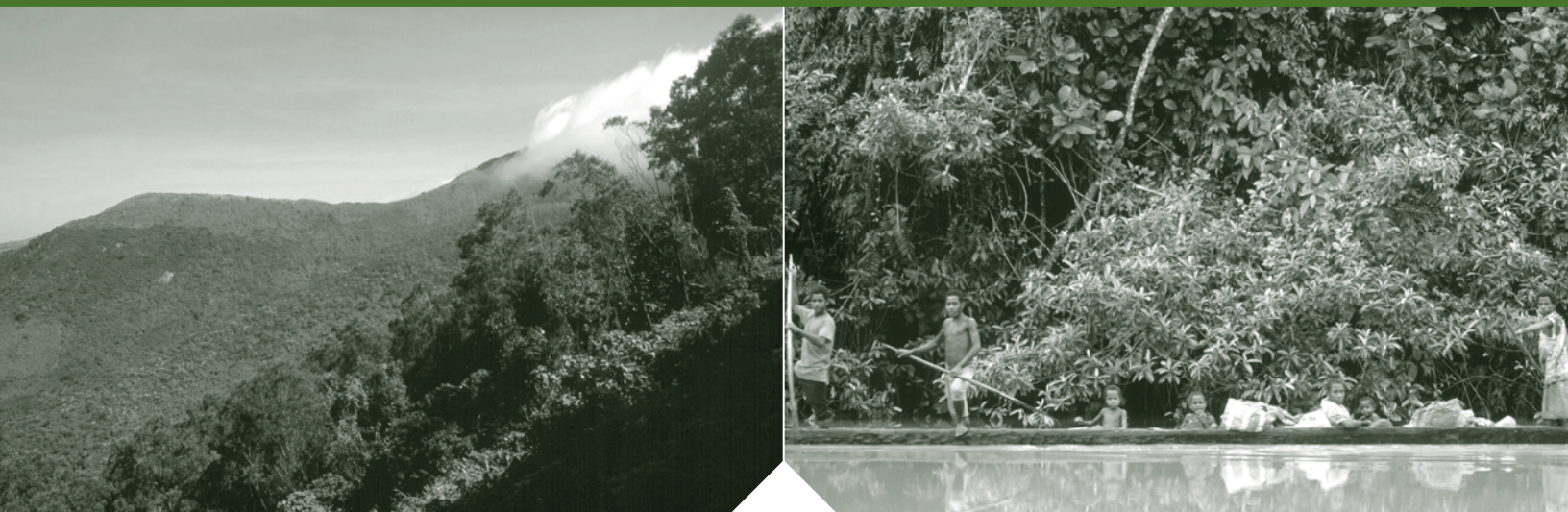


James Mayers | Stephen Bass | Duncan Macqueen | 2002



# The Pyramid

A DIAGNOSTIC AND PLANNING TOOL FOR GOOD FOREST GOVERNANCE



The World Bank



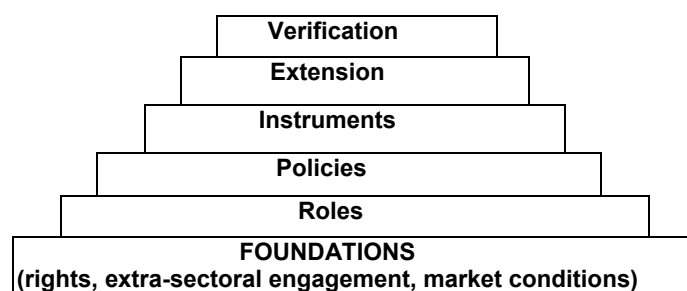
PREPARED FOR THE WORLD BANK WWF ALLIANCE FOR FOREST CONSERVATION & SUSTAINABLE USE

## EXECUTIVE SUMMARY

The objective of *'The Pyramid': a diagnostic and planning tool for good forest governance* is to offer a framework to stimulate participatory assessment and target-setting in forest governance at country level. Wielded by well-facilitated multi-stakeholder processes, the tool can help fill the 'forest governance gap' between assessing and accelerating field level progress in sustainable forest management (SFM), and international policy, assessment and reporting. By filling this gap, stakeholders' capabilities to deliver national governance that supports local forest governance – and potentially improves international forest governance – can be improved.

Governance is complex, covering global-local links, sector-sector links, and differing values, but it is increasingly recognised that governance problems underlie many forest problems. In recent years some progress has been made in developing better enabling conditions for forest governance in many countries. Great progress has also been made in forest-level assessment and planning, but it has limitations. Meanwhile, international assessment and reporting on the forest sector has failed to improve forest performance significantly.

We propose that it is possible to identify some of the elements of good forest governance that are common to a wide range of different nations. In an attempt to manage complexity, we further propose that these elements can be grouped in several 'tiers' in a simple 'pyramid' diagram:



An elaborated form of this diagram provides the conceptual basis for a more detailed approach to diagnosis and planning. A multi-stakeholder process to carry this out would include a build-up period of stakeholder communication followed by a stakeholder forum. Three questions are asked of each of about fifty elements of good forest governance: What's working? What's missing? What needs to be done? A simple 'score' assessment of each element is also generated. The information thus generated is recorded in a set of tables – one for each tier of the pyramid as follows:

Element of good forest governance	What's working? (output, quality, impact)	What's missing? (gaps, problems)	Score (red, amber, green)	What needs to be done? (next steps)

The tool is designed for creative, rather than prescriptive use; to stimulate ideas not to lay down the law. A case study using the tool in Brazil has been carried out. The objective was to provide a preliminary assessment of the applicability of the tool to assess the status of forest governance in Brazil, and specifically the national forest programme. The Brazil case study shows that the use of the tool is highly subjective, and its legitimacy depends on who does it, and how. An effective *multi-stakeholder process is essential*. Furthermore, only if this tool becomes further developed and used by credible teams in a range of countries and contexts will it become possible to 'calibrate' its use to compare findings from one place to another.

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## PART 1: INTRODUCTION TO FOREST GOVERNANCE AND THE PYRAMID IDEA

This part of the report outlines the problems and opportunities in the governance of forestry, and introduces the pyramid tool as a means to understand them and to plan improvements.

### ***1.1 Filling the ‘forest governance’ gap – an essential complement to assessing and accelerating field-level progress in SFM***

*Governance problems underlie many forest problems.* The attainment of sustainable forest management (SFM) depends critically upon matters far from the forest itself. It depends on the extent and quality of *enabling* policy, legal and institutional conditions – on good forest governance. Together, these conditions influence how a society organises itself to develop and manage forest wealth, to produce forest goods and services, and to consume them. It is increasingly clear that the underlying causes of bad forest management are invariably *disabling* policy, legal and institutional conditions, and these causes often work through the market. Weak forestry institutions cannot enforce legislation. Weakened social norms mean that forest abuse is unpunished by other stakeholders. It is these weaknesses of governance that tend to underlie the dramatic problems at forest level – clearance of primary forests, afforestation that does not respect local peoples’ rights and needs, forest management that extinguishes biodiversity, etc.

*Recent years have seen some progress in developing the enabling conditions for forest governance*<sup>1</sup>. Policy debate and implementation tends now to involve multiple stakeholders and partnerships, and not merely government and some elites. Policy objectives in many countries have opened up, from overriding concerns with forests as timber resources or land banks for development, to a concern for a wider range of forest goods and services and stakeholder needs. Forest-dependent communities in some countries are beginning to have rights recognised, to enable them to be effective forest managers. A number of international programmes aim to improve governance of the sector. All of these initiatives provide building blocks, but there is a long way to go. It is time to assess these building blocks.

*Forest-level assessment and planning have made particular progress, but have limitations.* Over the past decade, an increasing number of initiatives have developed to help assess and plan SFM at the level of the forest enterprise, forest estate, or forest stand. Several criteria and indicators initiatives have attempted to define the dimensions of good forest management<sup>2</sup>. Environmental/ quality management systems have helped to build and assess management capability to work towards SFM. Certification schemes have emerged to audit performance in either forest management, or management systems, or both. All of these essentially field- or enterprise-based approaches have had a significant impact on our understanding of what *should* be happening at this local level, and of the actual *outcomes* in terms of forest conditions. They have also helped to confirm or to build the capacity of forest managers. However, their impact so far could be summed up as ‘making good managers even better’. Poor managers (or indeed forest asset-strippers) have been little affected<sup>3</sup>. Thus there are *limits* to what these field-level standards and certification schemes can achieve:

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<sup>1</sup> A multi-country analysis of ‘what works’ (and what fails) in forest policy and institutional has been developed by Mayers and Bass (1999).

<sup>2</sup> The most well-developed guidance to date at forest-level has been produced in tool-kit form by the Center for International Forestry Research (CIFOR, 1999). A useful compendium of criteria and indicators for SFM has been produced by FAO (2001).

<sup>3</sup> A review of certification’s impacts on forests, stakeholders and supply chains is presented by Bass, *et al* (2001).

- They do little to assess or improve decisions about how forests should be used, who is involved, and whose interests are met <sup>4</sup>
- They deal only with acknowledged forest managers (especially the good ones), and do not hold other local-level forest users or abusers to account
- They do not address the extent and dynamics of the underlying causes of forest problems, or its converse, the quality of enabling conditions for SFM – thus not holding authorities and powers to account <sup>5</sup>

*International assessment and reporting on the forest sector has failed to significantly improve forest performance.* International reporting frameworks, e.g. for the United Nations bodies, also tend to focus on what is happening in the forest. Yet national authorities know that sustainability is far from being achieved in many countries, and so they are reluctant to report real forest-level progress. However, whereas such outcomes are not yet evident in the forest, there is progress in certain governance processes which might be *expected* to lead to SFM. Some international reporting protocols include provision to report on the critical dimensions of forest governance, notably: reports on progress towards ITTO's Objective 2000 of achieving SFM; national reports to the UN Commission on Sustainable Development on implementing forestry-related aspects of Agenda 21; and reports to FAO's Committee on Forestry. So far, these have rarely been the product of multi-stakeholder assessment; they include very little systematic diagnosis of the underlying priority issues that matter; there is little real feedback into national policy and institutional change processes; and again there is little incentive to conduct them. Consequently, the real sticky issues may be left unassessed and unresolved.

*The critical gap left open by both field-level assessments and international reporting needs to be filled.* A diagnostic and planning tool is needed to complement the ongoing international reporting frameworks and, especially, field- or enterprise-level assessments (notably standards and certification)<sup>6</sup>. Moreover, because such field/enterprise-level assessments are themselves having some impact on governance, a diagnostic and planning tool is needed to draw on such assessments and put them in context. Table 1 summarises different assessment/reporting schemes and what they can tell us about the state of both forest governance and forest

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<sup>4</sup> Indeed, certification has been accused of aiding retrogressive decisions, notably: opening the doors to wood production in highly-biodiverse forests that should instead be retained as protected areas; or encouraging plantation on land that should be used for food production for the poor

<sup>5</sup> Certification assesses whether forest enterprises comply with legislation, but where there is apparent conflict between SFM and current legislation, it is up to the certifier to determine whether the enterprise has taken the right course of action; this has only an indirect effect on governance, at best

<sup>6</sup> Two recent approaches for making step-wise progress at site level are of particular note here: a system for modular verification of progress towards SFM at enterprise level (Cozannet and Nussbaum, 2001); and a framework for assessing the management of protected areas (Equilibrium , 2002).

management. The national forest programme provides an ideal framework to bring them together.

One of the key lessons of all such assessment/reporting schemes is that – if they are to make any real difference to SFM and governance towards it – they need to be integral to the policy review process and address issues that are topical to policy debate. Other incentives may also be needed to drive their accurate and purposeful use. Otherwise assessment/reporting schemes are marginal at best, of interest only to information enthusiasts and policy wonks.<sup>7</sup>

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<sup>7</sup> For example, *Forest Resource Accounting* was developed as a scheme for ITTO member countries to keep track of changing forest assets, pressures and institutional responses (IIED and WCMC 1996). It was comprehensive and relevant in the dimensions it included. But it did not take off because, in spite of intentions to become linked to key policy/governance processes that could have used it, governance issues were inadequately covered and such processes did not demand it. (Today, national forest programmes may generate such demand). Instead, Forest Resource Accounting concentrated on site-level information, and was superseded in this sense by certification, which took off as it is linked to perceived market incentives.

**Table 1: Means for assessing/planning progress in SFM**

<i>Elements of progress to SFM:</i>	<b>Forest management certification (e.g. FSC)</b>	<b>Criteria and Indicators and their international reporting (e.g. ITTO)</b>	<b>Intergovernmental policy norms and reporting (e.g. IPF/IFF Proposals for Action and UNFF reporting)</b>
<b>Governance progress:</b> <ul style="list-style-type: none"> <li>• <i>Extra-sectoral foundations</i></li> <li>• <i>SFM roles and institutions</i></li> <li>• <i>SFM policies and standards</i></li> <li>• <i>SFM instruments</i></li> <li>• <i>SFM education/awareness</i></li> </ul>	<ul style="list-style-type: none"> <li>- Helps enforcement: requires proven compliance with laws and admin requirements e.g. management plans and legal norms for silviculture and harvesting, and protection from illegal activity.</li> <li>- Highlights conflicts: between C&amp;I and law, dealt with case-by-case</li> <li>- Encourages stakeholder interaction: national working group (NWG)</li> <li>- Discusses policy: NWG airs governance implications, but no link to policy</li> <li>- Defines SFM and sets standards through participation: which aim to improve sustainability and credibility</li> <li>- But focus on FMU, and (for FSC) perceived external influences and no government participation, limit direct governance influence</li> </ul>	<ul style="list-style-type: none"> <li>- ITTO (2000a) asks for an 89-part questionnaire to be filled in to report progress towards Objective 2000</li> <li>- This covers ITTO's C&amp;I and asks for descriptive national 'highlights' on <i>changes</i>, gaps and proposals in: <ul style="list-style-type: none"> <li>• policies, legislation, admin</li> <li>• investment or re-investment</li> <li>• the balance of land use</li> <li>• area and security of permanent forest estate (noting damage)</li> <li>• knowledge, inventories, research</li> <li>• ownership, tenure, management</li> <li>• trade</li> <li>• stakeholder involvement</li> <li>• major difficulties faced</li> </ul> </li> <li>- This is comprehensive, but does not fully cover macro and extra-sectoral links or the broad governance framework (freedoms, transparency, accountability)</li> <li>- The first report will set the baseline, but reporting is not yet routine</li> <li>- Little incentive for governments to address the problematic issues in ITTO reporting, e.g. corruption and illegality</li> </ul>	<ul style="list-style-type: none"> <li>- The 270 PfA list many areas of forest governance, but give very few details</li> <li>- Call for systematic national assessment of PfA, to determine priorities</li> <li>- Thereafter stress a holistic <i>national forest programme</i>. Particular emphasis on: <ul style="list-style-type: none"> <li>• multi-stakeholder involvement in forest decision making</li> <li>• means for cooperation, coordination and partnership</li> <li>• secure access and use rights</li> <li>• research and traditional knowledge</li> <li>• forest information systems</li> <li>• study and policies on underlying causes of deforestation/degradation</li> <li>• integrating conservation and sustainable use, with provisions for environmentally sensitive forests, and for addressing low forest cover</li> <li>• codes of conduct for private sector</li> <li>• monitoring, evaluating, reporting nfps</li> </ul> </li> <li>- Calls for international reporting on both the assessment and implementation of PfA (UNFF considering this – but has not happened yet)</li> </ul>

<b>SFM progress in forest:</b> <ul style="list-style-type: none"> <li>• <i>Economic viability of SFM</i></li> <li>• <i>Environmental well-being</i></li> <li>• <i>Social well-being and development</i></li> </ul>	<ul style="list-style-type: none"> <li>- Broad ranging standards on most SFM dimensions in most forest types</li> <li>- Proving difficult to assess sustainability in complex/mixed land use, small producers, and biodiversity and social C&amp;I in all forests</li> <li>- Generally good picture, but at considerable cost, of individual cases of SFM</li> <li>- Voluntary, and info made public only when certified, so only covers good forestry</li> <li>- As yet no central database to build time series or show cumulative impacts of many certificates</li> </ul>	<ul style="list-style-type: none"> <li>- ITTO's C&amp;I for natural and plantation forests and their management systems, covering a broad range of SFM dimensions (used in some countries for certification), but are weaker on economic and social aspects</li> <li>- ITTO (2000b) asks for an 89-part questionnaire to be filled in for each FMU to report progress towards Objective 2000. This covers all ITTO's C&amp;I. It is unlikely that this will be done extensively (except perhaps for some state forests, or sample forests) as there is little incentive</li> </ul>	<ul style="list-style-type: none"> <li>- General call to 'improve the collection of quantitative data on values of all forest goods and services and environmental and social impacts'</li> </ul>
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*Certification has impact on governance in some contexts, but is irrelevant in others.* Given its rapid development in recent years, it is timely to assess how certification itself is having an impact on governance. For example:

- Certification standards offer at least a multi-stakeholder *lingua franca* for good forestry, and often also a 'soft law', requiring and proscribing specific actions in a way which is credible to many stakeholders
- Certification has often improved recognition of the rights and potentials of local forest groups – although it has also favoured groups with higher capacities and influence
- National certification working groups offer a multi-stakeholder means of policy dialogue about good forestry, how to assess it, and who should be responsible<sup>8</sup>.

However, certification schemes are rarely embedded in the 'set' of regulatory and policy instruments for sustainable development, which is partly because government bodies have barely been involved. Looked at another way, there are governance constraints that can make the introduction of certification difficult or even meaningless. Assessment of the interactions, both positive and negative, of individual instruments such as certification with governance can help to produce a more mature picture of the forest sector and identify the particular roles that such instruments really should play.

*National forest programmes and other multi-stakeholder, strategic initiatives need an effective governance diagnostic and planning tool.* Because progress towards good forest governance derives from many sources, the diagnostic and planning tool (described below) is designed to bring together knowledge of progress in all of them. It can unite assessments of the contributions made by various interventions from within the forest sector (such as certification and forest policy changes) and from outside the forest sector (such as decentralisation processes and export policies). It offers a comprehensive guide to the 'fitness' of the forest regime, helping stakeholders to identify gaps and plan to fill them. As such, it is intended for use by broad strategic processes and fora. Ideally, these are multi-stakeholder processes, such as national forest programmes, and multi-sector processes, such as national sustainable development strategies and sustainable development commissions. Use of the diagnostic and planning tool makes for better debate and mutual understanding of the diversity of conditions, needs and contributions. By identifying the most substantial progress in governance and the most critical gaps, it can take the pressure off stakeholders (or countries) meeting specific but not necessarily relevant targets. It can offer a bridge to real action, based on 'what works'.

## **1.2 The diversity of forest governance conditions**

*Governance is complex, covering global-local links, sector-sector links, and differing values.* Governance is guided by policy, enforced by laws and executed through institutions<sup>9</sup>. All of these aspects of governance span the 'hierarchy' of levels from local to global, and cover a breadth of multi-stakeholder and multi-sector interactions. They are also deeply concerned with issues of values and structure.

*Forest governance spans local to global levels.* The policy, legal and institutional conditions affecting forests derive from the local level (e.g. community rules and social norms regarding

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<sup>8</sup> Bass *et al.* (2001) *op.cit.*

<sup>9</sup> Woodhouse (1997) defines governance in environmental management as "the structures and processes of power and authority, cooperation and conflict, that govern decision-making and dispute resolution concerning resource allocation and use, through the interaction of organisations and social institutions (government and non-government, formal and non-formal)".

forest use), the national level (e.g. legal rights to forest land and resources, and policies affecting the relative profitability of different forest uses), and the global level (e.g. multilateral environmental agreements affecting forests, trade rules, and the policies of multinational companies and investors). There is an increasing trend for global corporations to exert influence on local levels. In many countries, the trend for decentralisation is strong, but in others forest-dependent people are being disenfranchised. The role of national authorities is, therefore, increasingly being driven to one of 'broker' of local and international forces, albeit their capacities may not be up to the task.

*This is further complicated by the breadth of multi-stakeholder and multi-sector interactions.* Forests and forestry are not described by a simple, self-contained 'sector' (although many forest authorities continue to treat them this way, with the result that their forestry-based solutions to extra-sectoral problems tend to fail). Instead, forests are resources that other sectors and groups use in different ways, for specific goods and services, or for liquidation into other forms of capital (e.g. cash and deforested land for farming or urban use). Decisions affecting the relative profitability of different forms of forest use and liquidation are, therefore, significant determinants of whether SFM will be attained, and whether forests contribute to sustainable development. Again, at the national level there are pressures to develop 'brokerage' capacities to determine the 'horizontal' balance of forest uses. There are trends for multi-stakeholder consultation, committees or fora, and often much of this has been decentralised. Where balanced decisions are being implemented effectively, partnerships are increasingly significant.

*Paradigms of governance are fundamentally about values, structures and other contextual matters.* It is axiomatic that decisions on forests are influenced by the values of those who make these decisions. But these values can vary widely, and explain fundamentally different policies. Where there is multi-stakeholder involvement, the (emerging) sets of universal values tend to be more prevalent, such as human rights, and values that have recently evolved through environmental and developmental debate (precautionary principle, polluter-pays principle, intra-inter-generational equity). The structure of government will also affect how 'vertical' and 'horizontal' issues are balanced. For example, federal systems tend to operate differently from centralised systems. Finally, other aspects of history, ecological endowment, economic conditions, etc, will also influence governance.

In practice, values, structure and other contextual matters tend to work together to create prevailing paradigms of governance. Table 2 illustrates this.

**Table 2. Basic governance typology**

Prevailing governance paradigm	Main discourse – key entry points for governance debate/change
1. Command and control	<ul style="list-style-type: none"> <li>• Role, powers and accountability of authorities</li> <li>• Legislation development</li> <li>• Extension and enforcement</li> </ul>
2. Privatisation to corporate or civil society interests	<ul style="list-style-type: none"> <li>• Deregulation</li> <li>• Standards and certification</li> <li>• Market reforms, royalties and rents</li> <li>• Ombudsmen</li> <li>• Monitoring</li> </ul>
3. Nationalisation of enterprises and services	<ul style="list-style-type: none"> <li>• Major institutional and legal changes</li> <li>• User rights</li> <li>• Compensation mechanisms</li> </ul>
4. Devolution of power to local authorities	<ul style="list-style-type: none"> <li>• Empowerment</li> </ul>

and/or civil society groups	<ul style="list-style-type: none"> <li>• Costs/ transition problems of divestment</li> <li>• Capacity development</li> </ul>
5. Other approaches to decentralisation	<ul style="list-style-type: none"> <li>• Empowerment</li> <li>• Rights assurance</li> <li>• Capacity development</li> <li>• Negotiation</li> </ul>
6. Cross-sectoral consensus and partnerships	<ul style="list-style-type: none"> <li>• Participation/representation mechanisms and resources</li> <li>• Availability of information</li> <li>• Capacities of civil society groups</li> </ul>

These paradigms tend to define their own governance processes, their own arenas of conflict or negotiation, and their relative emphasis on instruments of implementation. This means they also tend to have particular entry points for discussing governance, and for changing governance, as Table 2 suggests. For example:

- The prevalent paradigm of *privatisation and economic liberalisation* (evident in most countries at present) is currently preoccupied with standards and certification. These are topical and timely entry points for discussion of governance (certification debates are highlighting much of what is right and wrong with institutional roles), and also for improving governance (as we are seeing in the various kinds of privatisation and partnership processes that build in certification).
- In countries where *decentralisation* is occurring, the important issues are frequently role-building, and associated empowerment, rights assurance and capacity development. As such, negotiation and capacity-building processes are proving to be the more effective entry points for discussing and improving governance. Both of these examples are also highly political. Governance changes can rarely be made through forest sector actors alone, they will generally have to involve the macro-political arena.

*Certain elements of good<sup>10</sup> governance can be identified that are common to many governance contexts or 'paradigms'.* To be useful, a diagnostic and planning tool must be able to *accommodate* a diversity of contexts ('paradigms') of forest governance. But it should not be *defined* by the complete set, or it will be unwieldy. In this document, therefore, we propose critical elements of good forest governance that can be recognised as relevant for many contexts, and that can be interpreted and developed in more detail for specific circumstances. At this stage, we hesitate to elevate the status of these elements to 'criteria and indicators of good forest governance'. This is because:

- 'good' governance is very specific to context – for all the reasons described above, and whilst critical elements of governance may be looked for in any context, their actual expression will be similarly specific
- consequently, we cannot be certain as yet which governance elements have universal validity<sup>11</sup>
- there is a danger of the diagnostic and planning tool being used to operate premature comparisons *between* nations operating in different contexts, e.g. a form of 'national-level certification' of forest governance would currently be invalid.

<sup>10</sup> 'Good' governance is aspirational, concerned with the distribution of power and authority in a society in ways that best serve the widest cross-section of people (Ribot, 1999).

<sup>11</sup> However, over time, active use of the diagnostic and consequent target-setting and monitoring in several countries may reveal – from a diversity of bottom-up perspectives in different contexts – certain 'universal' criteria and indicators of good forest governance.

The emphasis of the tool described below is thus on being creative rather than prescriptive – a checklist to stimulate thinking and inclusion rather than a set of requirements which suppress imagination and exclude all but the chosen few.

### ***1.3 Introducing the ‘pyramid’ of key elements of good forest governance***

This diagnostic and planning tool introduces a simple means for stakeholders to work together in assessing, and in planning, the key enabling conditions for good forest governance.

We propose that:

- it is possible to identify some of the elements of good forest governance that are common to a wide range of different nations

We can further suggest that:

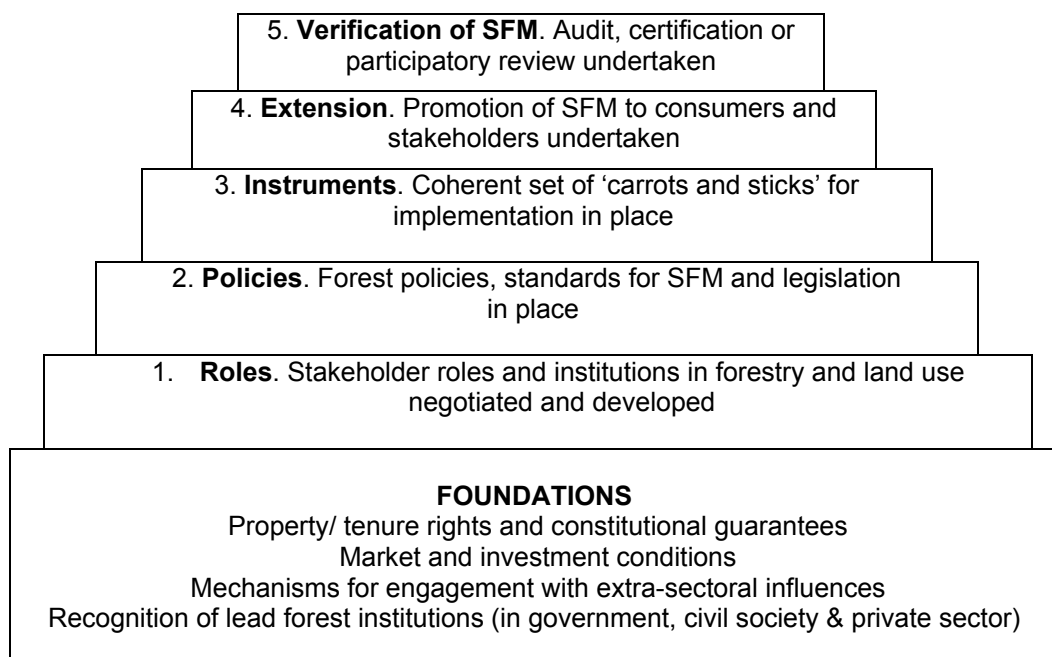
- weighting of the elements will be necessary – some of the elements will be more fundamental than others
- both the grouping and sequence of the elements is important – some elements will depend upon others being present as prerequisites
- some elements are directly under the control of forest stakeholders, but others (indeed, many of the fundamental ones) are not
- depending on the governance ‘paradigm’, stakeholders will be far more interested in some elements than others; whilst this is a good starting point, it does not also mean that all other elements are unimportant

Again in an attempt to manage complexity, we propose to combine these five observations in a simple ‘pyramid’ diagram.<sup>12</sup> This is illustrated in Figure 1, which forms the conceptual basis for the diagnostic and planning tool, the proposed use of which is described in Part 2.

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<sup>12</sup> This ‘pyramid’ concept was introduced, at the November 1999 Forest Certification/Verification Workshop of the World Bank/WWF Alliance, purely to illustrate that certification should be seen in the wider context of various efforts towards SFM, and particularly to stress its interaction with, and dependence on, the various critical policy and institutional elements required for SFM. A basic set of elements of good forestry was introduced, arranged in a series of ‘steps’. (Bass and Simula, 1999). This was further developed in 2000 with accompanying checklists of good practice (Mayers and Bass, 2000).

**Figure 1: The ‘pyramid’ of good forest governance**



Notes on the pyramid diagram:

- The pyramid describes those good governance elements which are significantly under the control of forest stakeholders
- The pyramid’s ‘foundations’ are less directly controlled by forest stakeholders – but it is crucial that forest stakeholders understand the constraints and opportunities emanating from beyond the forest sector to enable them to argue their case and influence those with the power to improve the foundations
- Each tier represents a group of elements. Their vertical arrangement suggests a generic sequence. But the ‘entry point’ tier, and the precise sequence in which tiers and elements are addressed, should depend on country context and the concerns and timing of in-country discourse.
- However, elements in the tiers towards the bottom of the pyramid tend to be more basic matters – there are more of them, and they tend to be more fundamental to progress in many contexts.

*A closer look at the ‘tiers’ in the ‘pyramid’.* Each ‘tier’ describes an element of forest governance. But the ‘tier’ itself does not explain the processes needed to generate each element. To take the building analogy further, the ‘wiring and plumbing’ – or the ‘shafts and crypts’ of a pyramid – are as significant as the more obvious ‘stone tiers’ through which they run. Each tier involves ‘putting in place’ elements of good forest governance, which are progressively achieved through important systems of ‘wiring and plumbing’. We have identified five such *basic systems* which can contribute to good forest governance if they include certain good governance attributes (bracketed):

- 1) *Information* (access, coverage, quality, transparency)
- 2) *Participatory mechanisms* (representation, equal opportunity, access)
- 3) *Finances* (internalising externalities, cost-efficiency)
- 4) *Skills* (equity and efficiency in building social and human capital)
- 5) *Planning and process management* (priority-setting, decision-making, coordination and accountability)

If the systems are well developed within one tier, they may 'fast track' development of other tiers – especially if that tier is the one where prevailing discourse about governance is taking place. For example, participatory fora involved in certification provide participatory 'wiring', which has been shown to influence the development of the other tiers. The more developed each of these systems are, the better the overall forest governance. Over time, it is this broader sense of progress which interests us, rather than e.g. how far certification has got.

In summary, there are some strengths and weaknesses of the pyramid-building analogy which are worth highlighting:

<b>Strengths of pyramid-building analogy</b>	<b>Weaknesses of pyramid-building analogy</b>
<ul style="list-style-type: none"> <li>• Lower tiers in the pyramid take more building – are more important – than upper tiers</li> <li>• Foundations are important, too, but are largely hidden and do not depend on the forest 'pyramid-builders' alone</li> </ul>	<ul style="list-style-type: none"> <li>• There is no rigid and universal sequence between tiers</li> <li>• Some 'gravity-defying' progress can in reality be made on upper tiers even when lower tiers are not complete</li> </ul>

## PART 2: THE PURPOSE AND USE OF THIS DIAGNOSTIC AND PLANNING TOOL

This part of the report outlines the proposed objective and uses of the pyramid diagnostic and planning tool for good forest governance. It goes on to describe who might be involved, and how the tool might be used. Finally, a set of blank diagnostic tables is provided – to stimulate use of the tool.

### 2.1 *The purpose of the tool*

The 'pyramid' concept (see 1.3) offers a framework for the forest governance diagnostic and planning tool. The *objective* is to stimulate participatory assessment and target-setting in forest governance at country-level. Unpacking this further, we see three main *uses*:

- (1) *Participatory assessment and dialogue* on the whole forest sector, identifying what foundations for forest conservation and management exist at national level; and then isolating gaps, problems and disparities amongst these foundations.
- (2) *Planning improvements - setting objectives and targets*, identifying critical actions and entry points for stakeholders, including external agencies, their relationship and sequencing to improve synergies, and thus a kind of 'road map' for planning.
- (3) *Continued monitoring and reporting*, providing a simple, transparent framework of elements that matter for inclusive reporting of overall progress towards SFM at national level.

Underpinning all three of these uses is the need to *maintain a holistic view and encourage integration*. This includes:

- *Helping single initiatives by building synergy with others and getting the prerequisites right.* The pyramid approach can avoid forcing the pace of single initiatives ('solutions') by identifying the range of other possible solutions with more immediate efficacy, possible synergies, and prerequisites to more ambitious approaches; and by setting milestones. It focuses on the range of actions needed to develop the policies, institutions and capacities for enabling and sustaining achievement of initiatives such as the specific protected area and certification targets of the World Bank and WWF Forest Alliance.
- *Engaging with developments way beyond the forest sector.* The diagnostic and planning approach invites those engaged in elements of governance in other sectors (often the 'foundations') to examine and optimise the ways in which they affect, or are affected, by developments in the forest sector.
- *Encouraging integration and complementarity with other comprehensive initiatives.* Notably integration of the country's national forestry programme with the Biodiversity Strategy, Comprehensive Development Framework, etc.

Whilst there are strengths to this approach, there are also some key limitations. These are summarised below:

This approach CAN	This approach CANNOT
<ul style="list-style-type: none"> <li>• Offer a comprehensive agenda for thinking through the main elements of forest governance – policy, law, roles, capacities and instruments</li> <li>• Be carried out with different degrees of information and participation [ref to section on 'how to use this approach']</li> <li>• Provide the basis for a country-specific process towards better forest governance</li> </ul>	<ul style="list-style-type: none"> <li>• Provide completely objective results – no matter how it is carried out it will always represent opinion not 'truth'</li> <li>• Assess the condition of forests or their management in a country</li> <li>• Deliver criteria and indicators sufficiently specific for 'judging' forest governance in any one country (without much more country-based field-testing)</li> </ul>

## 2.2 Who should use the diagnostic and planning tool

**A range of stakeholders in a facilitated process.** The approach proposed here is a simple means for stakeholders to work together in assessing, and in planning, the key conditions for good forest governance. Ideally, these multi-stakeholder processes would be part of national forest programmes, or multi-sector processes, such as national sustainable development strategies and sustainable development commissions. In the absence of such broad strategic processes a specific initiative in forest governance diagnosis and planning will be needed - but this should only be attempted if there is sufficient rationale and stakeholder demand.

Some of the proposed elements of good governance to be assessed require access to some very busy people or very remote stakeholder groups – and this alone is a practical reason why a multi-stakeholder process is required. Furthermore, as the 'foundations' tier implies, it is vital that the process engages with those beyond the forest sector – and specific participation mechanisms will be needed to make this cross-sectoral engagement a reality. Significant *time* and *resources* for such a participatory process are needed (see 2.2).

The diagnostic and planning tool could also be used by single stakeholder groups, such as forest authorities or campaigning groups, particularly to assess their own roles in forest governance and the roles of others. Where a single group makes the assessment, the diagnostic and guidelines offer a framework to ensure rigour and transparency

**Facilitators.** An individual to coordinate the process is essential. Such a person may call on the help of others and, whether an individual or a group is involved, the facilitation and coordination function needs to be knowledgeable, well-connected, respected, confident to take action, and able to solicit contributions and decision-making from others.

Developing the shared understanding of the notions involved, the best ways to use the toll, and the appropriate facilitatory and coordinating capabilities of facilitators is the key next step for the World Bank – WWF Forest Alliance and others involved in developing this tool. Workshops involving those who may lead exercises to 'test' the tool in a range of countries are needed.

**Reviewers.** The results of testing and using the tool need widespread dissemination and review by those involved in the process, or potentially affected by its findings. A lead reviewer or analyst will be useful to coordinate such a review process and to integrate reactions. IIED stands ready to engage with the above-mentioned effort to support the capability of facilitators, and to review the results of country-level testing in further developing this tool.



## 2.3 How to use the diagnostic and planning tool

The exact nature of the multi-stakeholder process described above – and various combinations of distance communication, and face-to-face exchanges should be considered – is likely to be different in every case. In general terms the aim will be to shape a process that is concerted enough to generate and maintain adequate stakeholder engagement and buy-in but short and focused enough so that it does not wear out everybody's energy and enthusiasm. A good start on governance assessment and identification of ways forward could be made with **a minimum of two to three days and a group of four to eight key stakeholders**. Greater accuracy, credibility and 'buy-in' would be achieved with wider and longer levels of involvement. It should be clear that initial use of the tool is not a 'rapid' exercise – although future checks might be more focused and therefore less resource-intensive.

A **'lead-in' period** should be factored in. Stakeholders need to be 'brought on board' – to be familiar with the objectives, needs and approach of the tool - which takes time, much explanation and dialogue. It can rarely be assumed that there is a ready-made group of stakeholders prepared to 'play', let alone use the findings. The following sections present further guidance on use of the diagnostic and planning tables for each of the tiers in the pyramid analogy.

**Order of 'tiers' of good forest governance.** To facilitate the participation of the more 'forest sectoral', the diagnostic begins with the 'above-ground' tiers – those that are more or less within the control of actors in the forest sector. The initial focus might be laid on the tier which is currently preoccupying forest stakeholders. The 'foundations' are left until last. This enables a better picture of the vital preconditions and extra-sectoral actions (which can be influenced in some way – and to varying extents - by those within the forest sector) to develop. But the obvious point should be stressed – last is by no means least – after all, you cannot build a pyramid without foundations.

**Elements of good forest governance.** Each tier is made up of a number of elements – these are listed in a set of blank tables in section 2.4 below. The elements are generally desirable elements of good practice derived from a variety of sources and experiences. These elements should be regarded as a checklist to stimulate thinking, not to confine or limit responses. It will be noted that there tend to be more elements in the lower tiers than the higher ones, suggesting greater overall weight of importance of these lower tiers. It will also be noted that in each tier there tends to be one or more elements related to the basic 'wiring and plumbing' systems (see 1.3) – information, participation, finances, skills and management – since it is commonly found that these systems really are crucial to make progress with roles, policies and instruments.

Following the elements of good forest governance, the tables present a set of columns to be filled in by those carrying out the assessment:

- ❑ **What's working?** In this column summary assessments should be provided of the state of play in the country of each element. Three aspects of this should be considered: what's in place? – the 'observable' **outputs** of actions; what is the **quality** – the 'strength, breadth and depth' of these outputs; and what **impacts** do they have in terms of achieving SFM?
- ❑ **What's missing?** In this column, summary assessments should be provided for each element of the evident **gaps** and **problems** in terms of presence of outputs, their quality or their impacts.

- ❑ **Score.** In this column a simple assessment of the state of progress and development of each element should be given by choosing one of three options: **red** – for no actions taken, or halted actions, or what's working being outweighed by what's missing; **amber** – for some readiness and action being taken to make progress, or what's missing more or less being balanced by what's working; **green** – for steady progress being made with what's missing being outweighed by what's working.
- ❑ **What needs to be done?** In this column an assessment of the practical next step for each element (if there is one) should be given.

For each tier – the above is compiled in a table with the following form:

Element of good forest governance	What's working? (output, quality, impact)	What's missing? (gaps, problems)	Score (red, amber, green)	What needs to be done? (next steps)

In cases where the diagnostic is used in processes aiming for step-wise progress towards good forest governance, further specificity on actions will be needed. These could be captured in additional columns on the right of the tables in the following order:

- ❑ **Lead actor** (who will take the lead – to make the next move?)
- ❑ **Priority** (how important is this? – medium, high, very high - how urgent is this? – now, soon, later - and what would trigger it becoming a priority if it is not so now, e.g. some event might occur like a price collapse, a national government change or a natural disaster which changes priorities considerably)
- ❑ **Target/indicator** (what is the specific target or indicator for this action?)
- ❑ **Monitoring** (how will the target/indicator or – where relevant – the trigger, be monitored?)

The above-described assessment and scoring is highly subjective, and its legitimacy in the eyes of others will depend on who does it, and how. Furthermore, only if these diagnostic tables become used by credible teams in a good range of countries and contexts will it become possible to 'calibrate' them and compare 'scores' from one place to another. To improve on such indicative assessment and scoring, more rigorous criteria for assessing types and levels of impacts on each of the component elements could also be developed.

**Visioning.** To recap on the purposes of the tool, we argue that good forest governance at national level is vital for SFM to establish itself, and to spread. We would also argue that SFM encompasses two broad notions which often need stressing in any group addressing forest governance: firstly, local livelihoods - we have an explicit bias towards forestry for local livelihoods and poverty reduction; and secondly, landscapes – forests and trees take their place in broad landscapes which may include single land uses or mixtures of uses. Whether these notions are accepted or not by a group of stakeholders – an element of 'visioning' is likely to be needed in the process where planning future steps in forest governance is involved.

## ***2.4 Elements of good forest governance***

Elements of good forest governance for each tier of the pyramid are listed in the following set of six tables. The blank columns stand ready to be filled in with the findings of multi-stakeholder processes at country level.

**Tier 1. ROLES: Stakeholder roles and institutions negotiated and developed**

<b>Element of good forest governance</b>	<b>What's working?</b> (output, quality, impact)	<b>What's missing?</b> (gaps, problems)	<b>Score</b> (red, amber, green)	<b>What needs to be done?</b> (next steps)
1.1 Recognition amongst current sectoral policy-holders that there are <i>multiple valid perspectives and stakeholders</i> in the sector				
1.2 Capable <i>representatives</i> of different stakeholder groups (not necessarily all stakeholders to start with) ready to negotiate				
1.3 Organised <i>participation system</i> comprising a mix of fora at national and local levels for analysis, consultation and decision-making				
1.4 <i>Information</i> generated and accessible on an equitable basis by stakeholders - on forest assets, demands and uses				
1.5 A <i>vision</i> of the role of forests in land use and livelihoods is developed and shared				
1.6 Stakeholder <i>roles</i> in forestry and land use - comprising rights, responsibilities, returns and relationships - negotiated and clear to all				
1.7 Basic forest <i>institutional architecture</i> (structures) and decision-making rights and powers agreed and in place				
1.8 Capability of <i>lead agencies</i> to drive and support human resource development amongst stakeholders developed				
1.9 Mechanisms for <i>development of skills</i> , motivation and interactions of all stakeholders in place				
1.10 Domestic and foreign sources of <i>finance</i> for the sector - commercial, NGO and public – identified, assessed and engaged with at national level				
1.11 <i>Collaborations and partnerships</i> for forest				

management arranged and pursued with active attention to lesson-learning and adaptation				
1.12 <i>International agencies</i> and NGOs involved and supportive of nationally-agreed priorities for forest governance				

## **Tier 2. POLICIES: Forest policies, standards for SFM and legislation in place**

<b>Element of good forest governance</b>	<b>What's working?</b> (output, quality, impact)	<b>What's missing?</b> (gaps, problems)	<b>Score</b> (red, amber, green)	<b>What needs to be done?</b> (next steps)
2.1 Agreed <i>vision, roles and basic institutional architecture</i> (structures) of the forest sector recognised in central forest policies and laws				
2.2 National forest sector <i>priority-setting</i> methods/criteria agreed and adopted				
2.3 National ('permanent') <i>forest estate</i> designated, under various kinds of ownership, based on shared vision (see 2.1) and on land capability: covering protection forest, 'livelihood' mixed use forest, and commercial production forest as needed				

2.4 Clear, equitable and legally defensible <i>rights</i> in place: rights to manage the forest resource (based on free and informed consent of others with legal and customary rights); rights to extract resources from public forests given in return for full economic compensation, including externalities				
2.5 <i>Stakeholders aware</i> of their rights; local and marginalized communities' legal and customary rights recognised and respected				
2.6 <i>Procedures to optimise benefits</i> from the forests in place, so that: - forest management is economically viable, incorporating environmental and social externalities; - multiple benefits of forests are safeguarded during operations; - efficient local processing is encouraged - equitable livelihoods are supported				
2.7 Formalisation of systems to define, implement, monitor and improve forest <i>policy and standards</i> , and ensure their <i>coherence</i> with other policies				

<p>2.8 <i>Process for defining national standards</i> (PCI&amp;S) for SFM in place, which is based on:</p> <ul style="list-style-type: none"> <li>- an agreed and well-communicated purpose of standards within the broader vision for the forest sector;</li> <li>- an agreed basis for introduction of standards (voluntary and/or mandatory);</li> <li>- local consultation and research;</li> <li>- good forestry practice as recognised by the majority of stakeholders</li> <li>- international obligations</li> <li>- international C&amp;I for SFM schemes where relevant, to ensure recognition***</li> </ul>				
<p>2.9 <i>Forest legislation</i> in place, which balances controlling and enabling functions to support the above; with adequately delegated powers</p>				

\*\*\*Where a country is not clearly a signatory to a set of international C&I, this diagnostic and planning tool could be supplemented by a harmonised international set of C&I (to be developed for the purpose, in the absence of a current set). This would enable national groups to develop their own more detailed diagnostic and planning tools more effectively – and would show that existing C&I have been ‘placed’ within this pyramid approach more obviously. The harmonised set could be that used in the third draft pyramid (Mayers and Bass, 2000) infused with: ATO, Bhopal, CILSS, SADC, Lepaterique, Montreal, Helsinki, Tarapoto, Near East and CIFOR.

### Tier 3. INSTRUMENTS: Coherent set of 'carrots and sticks' for implementation in place

Element of good forest governance	What's working? (output, quality, impact)	What's missing? (gaps, problems)	Score (red, amber, green)	What needs to be done? (next steps)
3.1 <i>Knowledge</i> created amongst stakeholders of the availability, purpose, degree of choice, implications, and capacity necessary for use of instruments employed in the forest sector				
3.2 <i>Coherent mix/set of instruments</i> – with net effect promoting both a demand for SFM and a supply of SFM (within framework of roles and policies) – strived for at national level				
3.3 <i>Regulatory instruments</i> – clear, practical/affordable and equitable (proportionate) rules and sanctions in place for the forest sector, including: <ul style="list-style-type: none"> <li>- Forest tenure rights and allocation systems, and their defence (recourse)</li> <li>- Protection of public and intergenerational interests in forests</li> <li>- Forest management and investment conditions and controls</li> <li>- Market access for stakeholders</li> <li>- Anti-corruption provisions</li> <li>- Revenue system (based on equivalence of domestic/export forest product prices)</li> </ul>				
3.4 <i>Market instruments</i> – achieving equitable distribution of costs and benefits, and incorporation of full social and environmental externalities including: <ul style="list-style-type: none"> <li>- Property rights based approaches (concessions, licences, permits, etc) to improve supply</li> <li>- Demand-side incentives for increasing types, volumes and sources of sustainably produced</li> </ul>				



<p>forest goods and environmental services</p> <ul style="list-style-type: none"> <li>- Market enabling measures such as information disclosure requirements</li> <li>- Strategy for financing the forest sector</li> </ul>				
<p>3.5 <i>Informational instruments</i> – systems in place for information coordination and flow to develop knowledge and motivation amongst stakeholders (Tier 4)</p>				
<p>3.6 <i>Institutional/contractual instruments</i> - structures and capabilities developed around agreed roles, including:</p> <ul style="list-style-type: none"> <li>- Formal commitments to agreed role and policy changes e.g. associations/codes</li> <li>- Strategies, job descriptions and human resource capabilities in line with agreed roles and changes</li> <li>- Support for poor and marginalized stakeholders' power to make decisions, claim rights, and enter partnerships</li> <li>- Clear management guidelines/rules (not necessarily comprehensive management plans)</li> <li>- Negotiation and conflict management systems</li> <li>- Codes of conduct, joint financing and sector-wide approaches for funding/ supporting the forest sector</li> <li>- Ongoing brokering, bargaining power-building and learning in partnerships, alliances and collaborations for forest management</li> </ul>				
<p>3.7 <i>Capacities</i> to plan, coordinate, implement and monitor the above</p>				

**Tier 4. EXTENSION: Promotion of SFM to stakeholders undertaken**

<b>Element of good forest governance</b>	<b>What's working?</b> (output, quality, impact)	<b>What's missing?</b> (gaps, problems)	<b>Score</b> (red, amber, green)	<b>What needs to be done?</b> (next steps)
4.1 <i>Forest producers</i> are equitably involved in mechanisms to receive and share information: on SFM practice and its rewards/costs/risks; on associated legislation, instruments, incentives, markets; and on resources required for SFM				
4.2 <i>Consumers</i> of forest products (domestic and export) have access to information both on the multiple public benefits of SFM and on specific SFM products				
4.3 Forest producers, investors, processors, middlemen, retailers and consumers have <i>access to mechanisms for passing 'sustainability' information</i> both up and down the supply chain				
4.4 The <i>general public</i> enjoys good communication with forestry, education and media institutions on the multiple benefits of SFM (goods, services and other values)				
4.5 <i>Forest authorities</i> have access to accurate, recent information on all relevant SFM practices and their extent, and have capacities and resources to communicate it				
4.6 Forest authorities regularly conduct <i>stakeholder needs assessment</i> for the above, and adopt responses targeted to specific groups				

### Tier 5. VERIFICATION of SFM: Audit, certification, participatory review etc undertaken

Element of good forest governance	What's working? (output, quality, impact)	What's missing? (gaps, problems)	Score (red, amber, green)	What needs to be done? (next steps)
5.1 <i>Feasibility of certification or other audit scheme</i> has been assessed, covering: sustainable purpose and drivers; preconditions necessary; and equity, efficiency and credibility concerns				
5.2 Forest producers and consumers have <i>access to a certification or other audit scheme</i> , which is internationally recognised where appropriate, notably for export markets <sup>13</sup>				
5.3 <i>Multi-stakeholder national/local group</i> exists to ensure the scheme's standards and procedures are suitable for local forest types and forest producer types, and are consistent with national vision, policy and standards [Tier 2]				
5.4 <i>Local auditor/assessor capability</i> exists to carry out certification/other audit <sup>1</sup> at competitive cost				
5.5 <i>Information</i> is generated on progress in certification/audit and its impacts on forests, trade, stakeholder capacities and practices, and governance				

<sup>13</sup> Criteria could include e.g.:

- The Alliance criteria for credible forest certification schemes (a) institutionally and politically adapted to local conditions, (b) goal-oriented and effective in reaching objectives, (c) acceptable to all involved parties, (d) based on performance standards defined at the national level that are compatible with generally accepted principles of SFM, (e) based on objective and measurable criteria, (f) based on reliable and independent assessment, (g) credible to major stakeholder groups, (h) certification decisions free from conflicts of interest from parties with vested interests, (i) cost-effective, (j) transparent, and (k) equitable access to all countries (WWF/WB 1999)
- The 9 criteria developed by Kanowski *et al* (2000), which draw on these Alliance criteria and others. These are summarised as: accordance, access, participation, accreditation, transparency, independence, consistency, continuous improvement, and chain of custody/product label provision.

5.6 Mechanisms <i>link</i> such information on certification progress and impacts to <i>policy-making</i>				
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**FOUNDATIONS: Pre-requisites of good forest governance which are under the influence, but not the control, of those within the forest sector**

Element of good forest governance	What's working? (output, quality, impact)	What's missing? (gaps, problems)	Score (red, amber, green)	What needs to be done? (next steps)
F.1 <i>Basic democratic systems, human rights and rule of law</i> accepted by society and enforced				
F.2 The <i>need for a forest sector</i> , and the role and authority of one or more lead forest institutions, is generally recognised in society				
F.3 <i>Historical reasons</i> for current roles, policies and power structures in the forest sector are understood by stakeholders in forest governance**				
F.4 <i>Factors which shape the nature of forest assets</i> and the ecological influences on them (and caused by them) are understood by stakeholders				
F.5 <i>Economic and financial conditions</i> within which the forest sector operates understood by stakeholders				
F.6 <i>Social-cultural interactions</i> with forests are understood by stakeholders				
F.7 <i>Land and property tenure</i> is secure, clear, documented and non-discriminatory against forestry				
F.8 Full range of <i>international obligations/conventions</i> , targets and principles which affect the forest sector understood and engaged*** with by relevant stakeholders				
F.9 <i>Market, investment and trade</i> conditions and flows understood and engaged with by stakeholders				
F.10 <i>System of constitutional guarantees and</i>				

<i>rights</i> engaged with (may be able to influence e.g. citizen environmental rights and appeal, development rights, etc)				
F.11 <i>Government macro-economic policies</i> engaged with e.g. national and regional plans, structural adjustment, budget allocation, taxation, pricing and exchange rates				
F.12 <i>Labour</i> and employment, and health and safety, policies and institutions engaged with				
F.13 <i>Agricultural</i> extension and subsidy systems, and other direct land use policies/sectors (e.g. wildlife, tourism, mining, resettlement, watershed) engaged with and distortions tackled				
F.14 <i>Transport and infrastructure</i> policies and developments engaged with				
F.15 <i>Energy</i> policies and developments engaged with and price controls tackled				
F.16 <i>Local government</i> and decentralisation policies and developments engaged with				
F.17 <i>Education and training</i> policies and developments engaged with				
F.18 <i>Water</i> allocation and service policies and developments engaged with				
F.19 Effective mechanisms in place for <i>inter-sectoral coordination</i> , learning and action on land use and land management: <ul style="list-style-type: none"> <li>• Consultation and participation systems</li> <li>• Information and analysis systems</li> <li>• Cost-benefit-risk assessment</li> <li>• SD principles enshrined in policy/law e.g. precautionary, polluter-pays, equity,,,</li> <li>• Priority-setting mechanisms using above</li> <li>• Cross-sectoral visions, policies and strategies based on above</li> </ul>				

\*\* When the term 'stakeholders' is used in the above table – the meaning is 'stakeholders in forest governance'

\*\*\* 'Understood and engaged', or simply 'engaged' here means that stakeholders are knowledgeable about the issue and are taking active measures to influence aspects of it.

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## **ANNEX 1: BRAZIL CASE STUDY**

### **A RAPID, TRIAL USE OF THE DRAFT FOREST GOVERNANCE DIAGNOSTIC AND PLANNING TOOL, FOCUSING ON THE NATIONAL FOREST PROGRAMME <sup>14</sup>**

#### **A.1 INTRODUCTION**

This case study was formulated in response to Terms of Reference numbers 2-4 as specified by the World Bank / WWF Alliance (26 October 2001). Brazil was **selected** due to the significance of its tropical rainforests and plantation development, and the recent development and publication of the Brazilian National Forest Programme (MMA, 2001). IIED was well placed to conduct this case study owing to its participation on the advisory group for strategic policy studies within Component 1 of Promanejo, itself embedded within the Brazilian National Forest Programme.

The case study **objective** was to provide a preliminary assessment of the applicability of the pyramid diagnostic as a tool to assess the status of forest governance in Brazil, and specifically the NFP. The basis of this test was the diagnostic in the form presented in Parts 1 and 2 of this document. It is important to bear in mind that:

- The case study **IS NOT** intended itself to produce an assessment of Brazilian forest governance. Hence the tables produced should be seen as test results, not a governance assessment. Any such assessment would require a considerable investment of time, the inclusion of many different stakeholder perspectives and preferably the use of multi-stakeholder fora, and a mandate from (and leadership of) the relevant authorities in Brazil. In addition, it would need to take into consideration the many suggestions derived from this preliminary assessment.
- Instead, this case study **IS** intended to explore: what strategy might be appropriate for the use of the pyramid diagnostic; how the diagnostic might be improved to best suit that strategy; whether the diagnostic could be further modified to suit alternative governance and management issues such as improved watershed management; and whether it can be used to produce specific targets and indicators – and thus be relevant for assessment of progress rather than a one-off diagnostic.

The case study involved two days of interviews with a few staff from within the Secretariat of Biodiversity and Forests (SBF) of the Ministry of the Environment (MMA, i.e. the home of the PNF) and with staff from the federal forest research agency – the Brazilian Centre for Agricultural Research (EMBRAPA). Names can be supplied on request.

#### **A.2 THE APPLICABILITY OF A PYRAMID-DIAGNOSTIC FOR MONITORING FOREST GOVERNANCE BY THE WB /WWF ALLIANCE**

##### **A.2.1 Observations on the use of the diagnostic:**

*a. Ownership of this process by the host government is fundamental.* The pyramid diagnostic could potentially provide a very useful means to identify, prioritise and address any weaknesses in current governance. It can only do this, however, if the government accepts the need for such a diagnostic and commits itself to action based on the findings. Failure to do so will lead to inevitable frustration on the part of participants in the process. It may also lead to a deterioration

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<sup>14</sup> Brief case study conducted by IIED in association with a few officers of Embrapa Amazonia Oriental, Belem and the Brazilian Ministry of the Environment, Brasilia

in relationships between those using the diagnostic and the government in question, since unwanted reviews of governance may legitimately be taken to be hostile and potentially destabilising for existing power structures (see point c).

*b. The state level appears to be a more appropriate starting place than the federal level.* The authors of this case study found that the pyramid diagnostic – as a means of analysing the whole of Brazilian forest governance – felt like trying to bag an elephant with a tea strainer. It is simply too big and complex at all levels to be able to capture the complexity of constraints and opportunities in one single analysis. The Annex to Part 3 gives some pointers to this complexity. In contrast, the diagnostic was felt to be amenable to state-level analysis, although there was not the time and resources to do this as a follow-up trial. Indeed, (in Brazil) it is at the state level where the major real decisions that affect forest management are made. It is acknowledged that the State governments are the most influential “stakeholders of the PNF”. A useful idea seems to be multiple State-level analyses drawn together into a larger federal analysis of overall governance of the forest sector. In this way, the diversity of regional situations can help to refine prescriptions at the Federal level such that any resultant change will deal equitably with the regions. For similar reasons, it was felt that the tool might work well for a much smaller country in which the actors and institutions were much more clearly defined.

*c. The choice of lead agency is an important consideration.* Use of this governance diagnostic by local stakeholders can be empowering, by surfacing information about governance assets and gaps, but use by (or for) outsiders can be threatening. Both the MMA and EMBRAPA expressed serious doubts or reservations about the intention of the WB / WWF Alliance to use any tool to *monitor* governance. Conditionalities on loans already undermine democratic processes.<sup>15</sup> Above all, any attention to “governance” should enhance and build upon the legitimate democratic structures in the target country. It would not be legitimate for this diagnostic to be used by a third party to monitor the strengths and failings of another nation state. However, wider presentation of the diagnostic, with further opportunity to comment on and modify it, might allow the Brazilian government itself to better assess the merits of governance review and stimulate ownership of the diagnostic itself.

*d. A multi-stakeholder process is essential.* Many of the elements in this diagnostic will require considerable unpacking and explaining if the complexities of the Brazilian context are to be accurately highlighted and appropriate solutions designed. Knowledge pertaining to some of these elements may require access to some very busy people or very remote stakeholder groups. Such is the heterogeneity of contexts that many of the answers are near impossible to make without a much broader forum. This suggests the diagnostic should only be used if there are available time and resources to fund a major participative effort among multiple stakeholder groups. Failure to do this would result in the tool being misused to apply the preconceptions of one stakeholder group on others. Thus initial use of the diagnostic is in no sense a ‘rapid’ exercise – although future checks might be more focused and therefore less resource-intensive.

*e. The pyramid diagnostic elicited useful discussion about whether it is possible to identify some of the elements of good forest governance that are common to different nations (or states).* The historical traditions and current mechanisms of governance in Brazil were felt to be all important, both the positive elements of the PNF and the negative elements of extra-democratic process or corruption, and the multiple inseparable tiers at federal, state and municipal level.

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<sup>15</sup> It was felt that the WB group were responsible for some failings of the PNF.

*f. Not all aspects of governance are fully visible – especially to forest sector stakeholders.* Many of the questions require an in depth knowledge of multiple ministries and policies, which is unlikely to be found in the forestry sector alone. In short, a governance assessment of this sort would need sanction by extremely powerful bodies in the Brazilian government and would need to bring together multiple Ministerial representatives to ensure that forest sector bias was avoided. Moreover, many aspects are covert: visible paper policies and transparent processes exist, but only the most senior figures would understand the dynamics of real power and influence that infuse much of Brazilian politics. An analysis of these grey areas would also need extremely high sanction.

*g. Some very fundamental problems are surfaced by the diagnostic, but there are no obvious links to change agents.* Many of the changes that might be indicated by the pyramid-diagnostic strike at the very architecture of Brazilian governance itself. Rapid solutions are not likely to present themselves where issues of constitutional change are indicated!

### **A.2.2 Observations regarding the structure and content of the diagnostic:**

*a. There is a strong logical flow between the tiers of the pyramid.* It was generally found that the answers to the section “What needs to be done?” refer to the next line of the diagnostic. So for example in Table 1, in order to improve recognition of multiple valid perspectives in forestry and land use (row 1), there is a need to have capable representatives of stakeholder groups (row 2). And in order to have capable representatives, there is a need to formalise and develop participation systems (row 3). And in order to have develop participation systems there is a need for adequate information flow (row 4).

*b. The inclusion of ‘system’ questions in each tier leads to some repetition.* It was noted in earlier work on the pyramid (Mayers and Bass 2001) that each ‘tier’ is, in fact, built through the effective functioning of five systems:

- Information: Systems for information generation, flows and use
- Participatory mechanisms: Systems for participation, consensus-building, conflict management, empowerment and devolution amongst stakeholders
- Finances: Systems for generating, allocating and controlling finances for SFM
- Skills: Human resource development systems.
- Planning and process management: leadership and coordination so that the sector continuously improves through country-led vision, based on clear evidence, a future orientation, building on existing plans, focused on added requirements for sustainability, with a strong priority-setting process.

A decision had been taken to include questions on these systems in each tier – rather than establish separate ‘tiers’ for them. This led to some repetition, particularly in the areas of financing, capacity building / training, information / awareness, strategic planning and certification. Many of the solutions in the last column repeat for this reason, and this confuses any attempts to rank or prioritise “What needs to be done”

*c. The diagnostic should address in more detail the international elements of forest governance.* Some of the solutions to Brazilian governance also lie outside of Brazil in the inadequacies and inequities of international processes. Recognition of this and “buy in” by the major agencies would be a necessary element. The tool should focus on this broader context and indicate the major governance changes which are needed in international finance, trade negotiations, conventions etc. It is here that WB/WWF may have more to offer than is currently being considered. Once again this points towards an exercise of some considerable magnitude.

### **A.3 AN EXAMPLE OF THE TYPES OF SOLUTIONS THAT MIGHT BE REVEALED BY THE FOREST GOVERNANCE DIAGNOSTIC**

Clearly, the use of a pyramid diagnostic implies some form inherent prioritisation. Basal tiers of the hierarchy underpin upper tiers. Not surprisingly, some of the solutions to problems in basal tiers of this hierarchy require fairly fundamental shifts in the Brazilian constitution, institutional structures and even international law. It is worth highlighting five of the key solutions that begun to emerge from the trial use of the diagnostic, not to suggest that these are in fact priorities for Brazil (since this analysis has by no means been comprehensive) but rather to indicate the scale of change that might be required:

- Priority 1. The development of an entirely new land use plan for Brazil and a complete overhaul of the land titling system.
- Priority 2. An end to neo-colonialism and an end to attempts to influence a national democracies agenda (by IMF, WB, WTO etc) through conditional finance, biased international negotiations, ill-informed NGO pressure groups etc.
- Priority 3. A democratisation of the prioritisation and development of new forest legislation (including a reduction in the use of presidential provisional measures) housed within a newly established participatory framework integral to the PNF, cross-checked in inter-ministerial working groups.
- Priority 4. The establishment of a new forest extension service
- Priority 5. Major institutional strengthening, particularly at the State and Municipal levels and a clarification of roles and responsibilities of these institutions vis a vis the federal institutions.

A quick glance at this list of priorities should be sufficient to convince or dissuade the government of Brazil from using this tool to monitor governance.

### **A.4 POTENTIAL MODIFICATION OF THIS TOOL BY STAKEHOLDERS**

This diagnostic tool has arisen through a coincidence of events at the international level. It has drawn on the experience of policy analysts. Nevertheless, it is quite conceivable that other areas have a greater impact on forest governance than the issues identified here. In order to assess whether this is the case this tool will need to be field-tested. With an open exploratory process of participatory action and learning, it will be possible to identify other areas that are essential (and maybe context dependent) for good forest governance. Adding such areas may be as simple as adding an extra row (s) to these tables, but may also require the additional inclusion of a completely new tier within the diagnostic pyramid.

The tool is appropriate for use where any desired end point has a series of hierarchical elements (i.e. a number of logical steps) necessary to attain it in a variety of contexts. To modify this tool for other monitoring tasks would simply require that someone with a good knowledge of the desired end point and how to get there develop a similar pyramid. The quality of the

resulting diagnostic will be as good as the logic and comprehensiveness of the steps which are put into it, and the degree to which those steps can be extrapolated across different environments.



## A.5 FOREST GOVERNANCE DIAGNOSTIC AND PLANNING TABLES: BRAZIL

### 1. ROLES. Stakeholder roles and institutions negotiated and developed (The material in these tables is indicative only and does NOT comprise a definitive statement on Brazilian forest governance)

Element of good forest governance	What's working? (output, quality, impact)	What's missing? (gaps, problems)	Score (red, amber, green)	What needs to be done?
1.1 Recognition amongst current sectoral policy-holders that there are <i>multiple valid perspectives and stakeholders</i> in the sector	Inter-ministerial working groups discussed the PNF which was published in 2001, alongside 600 consultations with other stakeholder groups. Resulting thematic lines acknowledge a wide range of stakeholder objectives with some funding.	Further attention needed towards processes to resolve conflicts between different objectives (e.g. Soya expansion anticipated in Avanço Brasil vs expanded National Forests) although IMAZON is working on GIS systems to overcome mapping shortfalls.	Amber	Periodic review of developments under PNF thematic lines and agreed conflict resolution procedures at inter-ministerial level to resolve issues, particularly relating to land use. Capacity building among representatives of key groups.
1.2 Capable <i>representatives</i> of different stakeholder groups (not necessarily all stakeholders to start with) ready to negotiate	Capable representatives exist for all except poorest groups, but their are NGOs and cooperatives which could and have been drawn upon	PNF and legislative developments involve consultation, but little "negotiation" and many decisions occur outside participatory channels	Red	Increased transparency in the development of forestry legislation (e.g. more consultation in the development of Medidas Provisórias ) with new processes embedded within PNF participative fora.
1.3 Organised <i>participation system</i> comprising a mix of fora at national and local levels for analysis, consultation and decision-making	Varies hugely by state and often irrelevant to the real channels of power and influence.	Once-off consultation processes used but no formal participative "system" at federal level. Infrequent further inter-ministerial working groups operating.	Amber	Depends largely on the State, but their needs to be a clearer participation "system" at the federal level.

1.4 <i>Information</i> generated and accessible on an equitable basis by stakeholders - on forest assets, demands and uses	This overlaps with the question above. Some general information available on the internet at sites such as INPE, IPAM, IMAZON, but no participative "system" in place.	Land titling is confused, non-transparent or unavailable - INCRA is regularising but under-resourced. Information on market demand largely unavailable to most forest producers.	Amber	Complete inter-ministerial overhaul and simplification of land titling and land use planning system. Need for a co-ordinated timber marketing board?
1.5 A <i>vision</i> of the role of forests in land use and livelihoods is developed and shared	Vision developed within the PNF.	Questionable whether major stakeholder groups are aware of or have access to PNF or to resources implied by it.	Green	Wider distribution of PNF to all forestry stakeholders (including those without internet access) and opportunity for comment and debate.
1.6 Stakeholder <i>roles</i> in forestry and land use - comprising rights, responsibilities, returns and relationships - negotiated and clear to all	Varies hugely by State	Forest governance outside the PNF process non-transparent. Major conflicts over the roles of Federal and State institutions, government and non-government organisations.	Green	Gradual clarification of institutional roles and decision-making processes
1.7 Basic forest <i>institutional architecture</i> (structures) and decision-making rights and powers agreed and in place	See 6		Green	
1.8 Capability of <i>lead agencies</i> to drive and support human resource development amongst stakeholders developed	Some central financing of three key PNF thematic lines (afforestation, protection and management) for limited number of States and some appropriated donor funds for other lines and States	Funding is sought from various sources and disbursement sporadic and often reduced due to international financial pressures	Green	Complete overhaul of international financial instruments including the prohibition of lending to governments, and replacement by lending to specific private funding centres
1.9 Mechanisms for <i>development of skills</i> , motivation and interactions of all stakeholders in place	FFT, EMBRAPA, SEBRAE, private research centres and major universities allow some training of forest managers.	Extreme shortage of professional forest managers in the industry	Amber	Work with NGOs such as FFT to improve the quality and availability of graduate and in-service forest management training

1.10 Domestic and foreign sources of <i>finance</i> for	See 8		Amber	
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the sector - commercial, NGO and public – identified, assessed and engaged with at national level				
1.11 <i>Collaborations and partnerships</i> for forest management arranged and pursued with active attention to lesson-learning and adaptation	*Some well publicised government and NGO partnerships but varies hugely by State	Many collaborations and partnership initiatives occur in informal networks or as a result of personal favours. Little transparency	Green	A commitment to transparent procedures in the development of partnerships
1.12 <i>International agencies</i> and NGOs involved and supportive of nationally-agreed priorities for forest governance	International donors increasingly tying aid to the objectives explicitly agreed within the PNF (itself linked to international commitments)	International agencies continually undermine democratic decision making with conditional finance. WTO apply trade liberalisation indiscriminately without adequate consideration of the forest sector.	Red	Less neo-colonialism from international financing agencies and a commitment to multilateralism with international agendas agreed through the UN, and a more thorough and appropriate consideration of forestry system taken by international governance institutions (e.g. the WTO)

**2. POLICIES. Forest policies, standards for SFM and legislation in place (The material in these tables is indicative only, and does NOT comprise a definitive statement on Brazilian forest governance)**

<b>Element of good forest governance</b>	<b>What's working?</b> (output, quality, impact)	<b>What's missing?</b> (gaps, problems)	<b>Score</b> (red, amber, green)	<b>What needs to be done?</b>
2.1 Agreed <i>vision, roles and basic institutional architecture</i> (structures) of the forest sector recognised in central forest policies and laws	Policies and laws do largely reflect the agreed vision of the PNF	Some major conflicts between inter-ministerial incentives, confusion between federal and State regulations and enforcement widely absent	Green	Clear land use planning with inter-ministerial resolution of inappropriate incentives

2.2 National forest sector <i>priority-setting</i> methods/criteria agreed and adopted	Very little	Priority setting does occur at all levels but the process is not standardised and often not transparent	Red	Published code of conduct on transparent priority setting.
2.3 National ('permanent') <i>forest estate</i> designated, under various kinds of ownership, based on shared vision (see 2.1) and on land capability: covering protection forest, 'livelihood' mixed use forest, and commercial production forest as needed	Some progress with National Forests. Ecological zoning taking place in at least three States.	Much confusion over land titling and almost no understanding of the longer term desired land use structure of the Amazon region.	Amber	Complete inter-ministerial overhaul and simplification of land-titling and land use planning system
2.4 Clear, equitable and legally defensible <i>rights</i> in place: rights to manage the forest resource (based on free and informed consent of others with legal and customary rights); rights to extract resources from public forests given in return for full economic compensation, including externalities	Use rights in place or under development (e.g. slow and laborious process of official recognition of Amerindian titles land).	Rights often abused, prior informed consent rare in practice, and access to legal services patchy. Some specific agencies such as FUNAI can give support in certain cases. Externalities usually not considered	Green	Develop forest extension agency.
2.5 <i>Stakeholders aware</i> of their rights; local and marginalized communities' legal and customary rights recognised and respected	Not possible to assess meaningfully.	This will vary greatly on the history, commercial size and location of stakeholders	Amber	Need for accessible local guides to Forestry Code of Conduct at State level with relevant contacts
2.6 <i>Procedures to optimise benefits</i> from the forests in place, so that: <ul style="list-style-type: none"> <li>- forest management is economically viable, incorporating environmental and social externalities;</li> <li>- multiple benefits of forests are safeguarded during operations;</li> <li>- efficient local processing is encouraged</li> <li>- equitable livelihoods are supported</li> </ul>	Some efforts to introduce lines of credit (e.g. BASA and BNDS) for forest management. Some tax incentives for export (but limited in practice to certified wood) and for higher processing in some States (such as Mato Grosso).	Patchy availability of credit and incentives for SFM (often defined by State law). Widespread illegality, although this is decreasing. Gradual improvements in attempts to value or preserve multiple benefits of forests, but still much to be done. Little in support of small or medium sized producers.	Amber	Stop illegality, develop markets for environmental services, build capacity for effective enforcement, stimulate investment in processing in more states through a judicious use of incentives and capacity building, and improve social auditing.

2.7 Formalisation of systems to define, implement, monitor and improve forest <i>policy and standards</i> , and ensure their <i>coherence</i> with other policies	Central government and some inter-ministerial working groups.	Varies by state	Amber	
2.8 <i>Process for defining national standards</i> (PCI&S) for SFM in place, which is based on: <ul style="list-style-type: none"> <li>- an agreed and well-communicated purpose of standards within the broader vision for the forest sector;</li> <li>- an agreed basis for introduction of standards (voluntary and/or mandatory);</li> <li>- local consultation and research;</li> <li>- good forestry practice as recognised by the majority of stakeholders</li> <li>- international obligations</li> <li>- international C&amp;I for SFM schemes where relevant, to ensure recognition***</li> </ul>	Standards under development, certification schemes operating (although national Brazilian standards not developed).	There is widespread confusion about which standards count. Enforcement largely absent. Knowledge of SFM or nay management often absent in the field.	Green	
2.9 <i>Forest legislation</i> in place, which balances controlling and enabling functions to support the above; with adequately delegated powers	Forest legislation at federal level now exists and tailors requirements for different types of forest management. State legislation varying in quality.	Powers delegated, but much confusion about institutional roles and insufficient resources to allow enforcement of legislation.	Amber	Clarification of the roles of federal and State institutions and a programme of capacity building.

\*\*\*Where a country is not clearly a signatory to a set of international C&I, this diagnostic and planning tool could be supplemented by a harmonised international set of C&I (to be developed for the purpose, in the absence of a current set). This would enable national groups to develop their own more detailed diagnostic and planning tools more effectively – and would show that existing C&I have been ‘placed’ within this pyramid approach more obviously. The harmonised set could be that used in the third draft pyramid (Mayers and Bass, 2000) infused with: ATO, Bhopal, CILSS, SADC, Lepaterique, Montreal, Helsinki, Tarapoto, Near East and CIFOR.

**3. INSTRUMENTS. Coherent set of ‘carrots and sticks’ for implementation in place (The material in these tables is indicative only, and does NOT comprise a definitive statement on Brazilian forest governance)**

Element of good forest governance	What’s working? (output, quality, impact)	What’s missing? (gaps, problems)	Score (red, amber, green)	What needs to be done?
3.1 <i>Knowledge</i> created amongst stakeholders of the availability, purpose, degree of choice, implications, and capacity necessary for use of instruments employed in the forest sector	Pilot phase information about RIL and SFM. Some awareness of accreditation bodies and standards. Some awareness of financing options of BNDS and BASA	Little technical knowledge of purpose and necessary capacities for SFM and implications of growth and yield for management (economic social and financial)	Amber	Create forest extension agency
3.2 <i>Coherent mix/set of instruments</i> – with net effect promoting both a demand for SFM and a supply of SFM (within framework of roles and policies) – strived for at national level	Buyers groups for certified products developing. Financing and export incentives linked to certification.	Few training options for those wishing to adopt SFM. IBAMA does not accept non-titled land holders into SFM initiatives	Green	Bursaries for training those moving towards SFM. Special programmes for non-titled land users.
3.3 <i>Regulatory instruments</i> – clear, practical/affordable and equitable (proportionate) rules and sanctions in place for the forest sector, including: <ul style="list-style-type: none"> <li>- Forest tenure rights and allocation systems, and their defence (recourse)</li> <li>- Protection of public and intergenerational interests in forests</li> <li>- Forest management and investment conditions and controls</li> <li>- Market access for stakeholders</li> <li>- Anti-corruption provisions</li> <li>- Revenue system (based on equivalence of domestic/export forest product prices)</li> </ul>	Concession policy in National Forests being developed. National Forest areas being expanded under PNF. Various types of conservation forest established under SNUC. Investment conditions improved by longer timeframes and better conditions for loans through BASA and BNDS. Illegality monitored by FoE. Deforestation monitored by INPE and AMAZON / IPAM.	Land titling is confusing, non-transparent or unavailable - INCRA is regularising but under-resourced. Revenue systems ineffective, poorly linked to enforcement activities and forest values and under-developed for concessions. International market penetration poor and revenues 30% less than Asian equivalents. Corruption and illegality prevalent and complex with international drivers	Amber	Complete overhaul of land titling. Development of integrated concession allocation and revenue collection institutions at State level. Assess and overcome barriers to export markets. Engage with multilateral and bilateral mechanisms to combat the various drivers of illegality and corruption, including constitutional and institutional reforms at national and international level.

		(such as global timber prices).		
<p>3.4 <i>Market instruments</i> – achieving equitable distribution of costs and benefits, and incorporation of full social and environmental externalities including:</p> <ul style="list-style-type: none"> <li>- Property rights based approaches (concessions, licences, permits, etc) to improve supply</li> <li>- Demand-side incentives for increasing types, volumes and sources of sustainably produced forest goods and environmental services</li> <li>- Market enabling measures such as information disclosure requirements</li> <li>- Strategy for financing the forest sector</li> </ul>	<p>Concession allocation procedures under development. Brazilian buyers group for certified products under development. Studies of markets undertaken by IMAZON and IPAM. Discussions with national banks about financing the forest sector. Some State tax incentive programmes to encourage investment.</p>	<p>A long way to go on land titling and concession allocation. International exports of marginal importance so demand for certified products within Brazil critical. Little accurate information about supply and demand (although good compilations for exports by AIMEX). Financing for small and medium scale enterprises problematic. Financing of markets for environmental services still under-developed</p>	Amber	<p>Clearer policies and incentives to improve access to export markets, increase processing and added value, and incentivise SFM. Publication of a widely distributed annual market statement for Brazil with trend analysis. Develop credit lines for small and medium scale initiatives.</p>
<p>3.5 <i>Informational instruments</i> – systems in place for information coordination and flow to develop knowledge and motivation amongst stakeholders (Tier 4)</p>	<p>Some good reports produced by major timber associations (e.g. AIMEX reports and the timber sector journal “Referência”. Timely NGO reports on the state of the timber industry. Some good guidelines on SFM management (e.g. by FFT).</p>	<p>Lack of information about the process, costs and advantages of moving towards SFM. Little upwards flow of information about the problems of the timber industry in a systematic fashion.</p>	Green	<p>Publication of a widely distributed annual market statement for Brazil with trends. Formation of a system for identifying and resolving the issues identified by the forest industry and other stakeholder groups.</p>

<p>3.6 <i>Institutional/contractual instruments</i> - structures and capabilities developed around agreed roles, including:</p> <ul style="list-style-type: none"> <li>- Formal commitments to agreed role and policy changes e.g. associations/codes</li> <li>- Strategies, job descriptions and human resource capabilities in line with agreed roles and changes</li> <li>- Support for poor and marginalized stakeholders' power to make decisions, claim rights, and enter partnerships</li> <li>- Clear management guidelines/rules (not necessarily comprehensive management plans)</li> <li>- Negotiation and conflict management systems</li> <li>- Codes of conduct, joint financing and sector-wide approaches for funding/ supporting the forest sector</li> <li>- Ongoing brokering, bargaining power-building and learning in partnerships, alliances and collaborations for forest management</li> </ul>	<p>Some useful codes for quality standards in certain product categories (e.g. plywood) Good published management guidelines (but their availability unknown). Forestry code under development (but as yet unpublished in accessible and widely distributed format).</p>	<p>Little support (financial otherwise) for associations, and especially contract labour, although is working towards guidelines for contractors. Strategies usually not back appropriate personnel or sourcing. Support to poor marginalized stakeholders usually on an unsustainable project basis (less pilot projects). Few negotiation and conflict resolution procedures (e.g. communities in National Forests). Codes of conduct and social auditing in forest sector rare and little coordination between donors / financing bodies. Policy still seen as a static once-off not an ongoing process.</p>	<p>Amber</p>	<p>Special provisions needed for small and medium or community enterprises (including financing, institutional support and conflict resolution procedures). Policy making must become an ongoing process.</p>
<p>3.7 <i>Capacities</i> to plan, coordinate, implement and monitor the above</p>	<p>Units within the MMA strengthened to plan and coordinate federal interventions, but less capacity and local and State level (although this varies hugely State by State).</p>	<p>Municipal and State level institutions relatively under-resourced and insufficient capacity to implement and monitor the above.</p>	<p>Green</p>	<p>Strategies for Municipal and State financing developed and training programme developed.</p>

**4. EXTENSION. Promotion of SFM to stakeholders undertaken (The material in these tables is indicative only, and does NOT comprise a definitive statement on Brazilian forest governance)**

Element of good forest governance	What's working? (output, quality, impact)	What's missing? (gaps, problems)	Score (red, amber, green)	What needs to be done?
4.1 Forest producers are equitably involved in mechanisms to receive and share information: on SFM practice and its rewards/costs/risks; on associated legislation, instruments, incentives, markets; and on resources required for SFM	Considerable information out there (e.g. 1.9 and 3.5), but accessibility limited and participative development often not contemplated.	Forest producers are usually the last to know about information pertaining to SFM and new legislation except for limited numbers who are directly consulted or take place in pilot research.	Green	Much more attention to broadest possible consultation under the assumption that not everyone has access to the internet.
4.2 Consumers of forest products (domestic and export) have access to information both on the multiple public benefits of SFM and on specific SFM products	Under development - the MMA under Promanejo Component 1 is planning to develop an information site for public information	Information for consumers is sparse (and this extends even to the use of many species). Public education systems do not include information on SFM.	Green	Already under development
4.3 Forest producers, investors, processors, middlemen, retailers and consumers have access to mechanisms for passing 'sustainability' information both up and down the supply chain	There are chains of custody certification schemes already (using FSC certification).	Information on sustainability usually only held by big companies with adequate human resources.	Green	Establish programmes for small and medium sized enterprises.
4.4 The general public enjoys good communication with forestry, education and media institutions on the multiple benefits of SFM (goods, services and other values)	There is wide coverage of sustainability issues (of a general nature) in the press.	There is less information which details the positive benefits and costs of SFM.	Green	Include elementary training about SFM in national curriculum.
4.5 Forest authorities have access to accurate, recent information on all relevant SFM practices and their extent, and have capacities and resources to communicate it	Yes - the forest authorities are in the loop and often the recipients of substantial donor support to this end.	Forest authorities in Brazil tend to have very high levels of staff training, but be limited by small numbers of staff and lack of finance.	Green	Expand financial resources for Municipal and State authorities.

4.6 Forest authorities regularly conduct stakeholder needs assessment for the above, and adopt responses targeted to specific groups	Forest authorities attend many conferences and meetings on the above	Forest authorities generally reluctant to spend time in the field collecting primary data (this role is played by some NGOs).	Amber	More formal monitoring process for keeping up to date with SFM innovations in the field.
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**5. Certification / verification of SFM undertaken (The material in these tables is indicative only, and does NOT comprise a definitive statement on Brazilian forest governance)**

Element of good forest governance	What's working? (output, quality, impact)	What's missing? (gaps, problems)	Score (red, amber, green)	What needs to be done?
5.1 Feasibility of certification has been assessed, covering: sustainable purpose and drivers; preconditions necessary; and equity, efficiency and credibility concerns	Certification schemes (FSC) in place with accreditation bodies (e.g. IMAFLORA) a new buyers group and increasing numbers of companies certified (e.g. Gethal, Cikel, Mil Madereiras etc).	Big companies and plantation companies are finding it easier. There is no credible alternative to FSC yet but the MMA is co-ordinating a working group with 20 main stakeholders to develop a Brazilian standard.	Green	Further incentives and support needed for small and medium sized enterprises.
5.2 Forest producers and consumers have access to a certification scheme, which is internationally recognised where appropriate, notably for export markets <sup>16</sup>	Yes - FSC	Nothing missing	Green	No further action required except further promotion and development of Brazilian buyers group.
5.3 Multi-stakeholder national/local group exists to ensure the scheme's standards and procedures are suitable for local forest types and forest producer types, and are consistent with national vision, policy and standards [Tier 2]	Yes - there is a national working group doing exactly this with 20 principal stakeholder groups.	Nothing missing	Green	

<sup>16</sup> Criteria could include e.g.:

- The Alliance criteria for credible forest certification schemes (a) institutionally and politically adapted to local conditions, (b) goal-oriented and effective in reaching objectives, (c) acceptable to all involved parties, (d) based on performance standards defined at the national level that are compatible with generally accepted principles of SFM, (e) based on objective and measurable criteria, (f) based on reliable and independent assessment, (g) credible to major stakeholder groups, (h) certification decisions free from conflicts of interest from parties with vested interests, (i) cost-effective, (j) transparent, and (k) equitable access to all countries (WWF/WB 1999)
- The 9 criteria developed by Kanowski *et al* (2000), which draw on these Alliance criteria and others. These are summarised as: accordance, access, participation, accreditation, transparency, independence, consistency, continuous improvement, and chain of custody/product label provision.



5.4 Local auditor/assessor capability exists to carry out certification at competitive cost	Yes - FSC has local accreditation bodies such as IMAFLORA	Nothing missing	Green	
5.5 Information is generated on progress in certification and its impacts on forests, trade, stakeholder capacities and practices, and governance	There has been a lot of recent attention to this in the National press and at various large congresses.	There is less information available on the impacts of certification.	Green	It might be worth publishing a periodic review of certification in Brazil backed by studies of the impact on the forest and stakeholder groups.
5.6 Mechanisms link such information on certification progress and impacts to policy-making	Yes - the National working group has access to relevant information.	Nothing missing.	Green	

**FOUNDATIONS: Pre-requisites of good forest governance which are under the influence, but not the control, of those within the forest sector (The material in these tables is indicative only, and does NOT comprise a definitive statement on Brazilian forest governance)**

Element of good forest governance	What's working? (output, quality, impact)	What's missing? (gaps, problems)	Score (red, amber, green)	What needs to be done?
F.1 <i>Basic democratic systems, human rights and rule of law accepted by society and enforced</i>	Comments off the record		-	
F.2 The <i>need for a forest sector</i> , and the role and authority of one or more lead forest institutions, is generally recognised in society	In a recent press survey of urban Brazilians, concern over deforestation was the foremost concern.	Nothing missing	Green	
F.3 <i>Historical reasons</i> for current roles, policies and power structures in the forest sector are understood by stakeholders in forest governance**	There is a broad understanding of the history and development of forest governance and the process of devolution, but lack of understanding about long term intentions for land use and the relative powers of different ministries.	While the need for and role of the MMA and IBAMA in Brazil is well known, there is little understanding of the evolving situation at the State or Municipal level through devolution and few people understand all the behind-the-scenes power arrangements at the federal level.	Amber	A clear national land use plan and a process diagram for resolving conflicts of interest between the different sectors.
F.4 <i>Factors which shape the nature of forest assets</i> and the ecological influences on them (and caused by them) are understood by stakeholders	Varies by stakeholder group. There is considerable ongoing research (including of the genetic impacts of forest harvesting at EMBRAPA), but this does not often reach forest users.	Few understand fully how Neotropical forest ecology works at the genetic level and what the impact of different management is. Many species undescribed (although considerable progress made by the Flora Ducke Team).	Green	Continuing major investments in rainforest ecology, taxonomy genetics, growth and yield modelling will be necessary if we are ever to really understand the impacts of forest use.
F.5 <i>Economic and financial conditions</i> within which the forest sector operates understood by stakeholders	There are some studies which compare conventional	There are few studies which explicitly treat the economic viability of	Amber	Further research and clear guidelines about the economic viability of different types of forest

	management with reduced impact logging and several which treat economic elements of SFM.	SFM forest operations or competition with predatory logging.		management (including guidance on scales of operation and appropriate investment) - i.e. background information for business planning.
F.6 <i>Social-cultural interactions</i> with forests are understood by stakeholders	This varies, in part because of the many different social and cultural interactions	Indigenous rights and the role of communities in National Forests and other conservation areas are unclear and poorly enforced.	Amber	Clear guidelines for ownership and use rights in the different categories of forest land use are needed.
F.7 <i>Land and property tenure</i> is secure, clear, documented and non-discriminatory against forestry	Some successful delineation of National Forests, but little private engagement with them and only at a pilot level (e.g. in the Tapajos FLONA).	Land titling is confusing, non-transparent or unavailable - INCRA is regularising but under-resourced. Indigenous tribal lands being recognised very slowly.	Red	Complete overhaul of land titling system.
F.8 Full range of <i>international obligations/conventions</i> , targets and principles which affect the forest sector understood and engaged*** with by relevant stakeholders	Some good local Agenda 21 initiatives, and wide awareness of CBD and CITES.	Little cross-referenced synthesis of the implications of the various conventions for the forest sector.	Green	A published cross-referencing guide to the conventions
F.9 <i>Market, investment and trade</i> conditions and flows understood and engaged with by stakeholders	Much entrepreneurial development as indicated by Brazil's production and trade figures. Increasing numbers of trade delegations to improve sectoral knowledge	The barriers to export trade poorly understood. Design requirements an obvious stumbling block. Distribution channels poor.	Green	Further analysis of demand-side perceptions of the Brazilian industry needed and a review of distribution channels.

F.10 <i>System of constitutional guarantees and rights</i> engaged with (may be able to influence e.g. citizen environmental rights and appeal, development rights, etc)	Good laws exist and are increasingly enforced.	Overstretched judicial system reduces the quantity of fines collected. Enforcement of the law sporadic. Small and medium producers often suffer most from predatory practices, particularly at the forest frontier.	Amber	Investment in the judicial system especially in marginal areas.
F.11 <i>Government macro-economic policies</i> engaged with e.g. national and regional plans, structural adjustment, budget allocation, taxation, pricing and exchange rates	Outside the experience of informants.	Debt repayments cripple the economy on many levels	Red	Complete overhaul of international financial instruments including the prohibition of lending to governments, and replacement by lending to specific private funding centres
F.12 <i>Labour</i> and employment, and health and safety, policies and institutions engaged with	Strong labour institutions and health and safety services in wealthier areas	Social auditing in marginal areas almost non-existent	Amber	Improved social auditing
F.13 <i>Agricultural</i> extension and subsidy systems, and other direct land use policies/sectors (e.g. wildlife, tourism, mining, resettlement, watershed) engaged with and distortions tackled	Inter-ministerial working groups discuss conflicts of interest	No mechanisms to resolve conflicts and tackle distortions although NGOs such as IPAM highlight the issues	Red	Strengthening of inter-ministerial working groups and development of conflict resolution procedures.
F.14 <i>Transport and infrastructure</i> policies and developments engaged with	Little engagement despite good IPAM data on the links between infrastructure development and changing land use.	Infrastructure programmes poorly integrated with forest sector authorities	Amber	A clear national land use plan and a process diagram for resolving conflicts of interest between the different sectors.
F.15 <i>Energy</i> policies and developments engaged with and price controls tackled	Current energy crisis, but little direct use of fuel wood except in marginal areas	Outside experience of informants	-	

F.16 <i>Local government</i> and decentralisation policies and developments engaged with	Varies by State	Some real confusion over roles and responsibilities at all levels (e.g. the right of Municipal authorities to control what goes on in National Forests that occur in Municipalities).	Amber	Gradual evolution of roles and responsibilities.
F.17 <i>Education and training</i> policies and developments engaged with	Some local environmental education programmes, but little concrete forestry in national curriculum	Lack of professional training and broad general information in national curriculum	Amber	Support initiatives such as that of FFT for professional training and include SFM in national curriculum
F.18 <i>Water</i> allocation and service policies and developments engaged with	Great interest in the development of markets for environmental services	Lack of synthesis of experiences to date and various degrees of success in different States.	Amber	Commission pilot project on markets for watershed services.
F.19 Effective mechanisms in place for <i>inter-sectoral coordination</i> , learning and action on land use and land management: <ul style="list-style-type: none"> <li>• Consultation and participation systems</li> <li>• Information and analysis systems</li> <li>• Cost-benefit-risk assessment</li> <li>• SD principles enshrined in policy/law e.g. precautionary, polluter-pays, equity,,,</li> <li>• Priority-setting mechanisms using above</li> <li>• Cross-sectoral visions, policies and strategies based on above</li> </ul>	No	These very important deficiencies have been highlighted numerous times above.	Red	

\*\* When the term 'stakeholders' is used in the above table – the meaning is 'stakeholders in forest governance'

\*\*\* 'Understood and engaged', or simply 'engaged' here means that stakeholders are knowledgeable about the issue and are taking active measures to influence aspects of it.

## APPENDIX: A NOTE ON THE ACTORS AND ARCHITECTURE OF FOREST GOVERNANCE IN BRAZIL

1. *Complexity of Forest governance in Brazil.* This involves a hierarchy of Municipal, State and Federal actors and architecture. The PNF is only one component of forest governance within Brazil, albeit the central and perhaps most broadly legitimate expression of federal political will. In order to frame this analysis, therefore, it is important to introduce the broader actors, or architecture, of Brazilian forest governance, within which the PNF sits.
2. *Ministerial responsibilities.* Like any other government, the Brazilian government consists of a series of Ministries with overlapping spheres of influence. Perhaps most powerful of these Ministries is the Ministry of Planning, Budgets and Management (MPOG), which distributes federal finances. Other key players for the forest sector include the Ministry of the Environment (MMA), the Ministry of Agrarian Development (MDA), the Ministry of Development, Industry and Export Trade (MDIC), the Ministry of National Integration (MIN), the Ministry of External Relations (MRE), the Ministry of Sport and Tourism (MET) and the Ministry of Food Supply, Science and Technology (MCT). All of these ministries have participated in inter-ministerial working groups during the development of the PNF.
3. *The multi-year development plan.* The PNF is supported by the Government's multi-year plan (PPA2000-2003) which includes three budget lines for: (1) Afforestation - the expansion of the planted and managed forest base; (2) Sustainable forestry; and (3) Protection - the prevention of deforestation and forest fires. Since these budget lines only encompass three of the PNF's ten thematic lines, external sources of funding are being directed at the major gaps.
4. *The national forest plan.* The PNF is a product of the Ministry of the Environment (MMA). Appointments within the MMA (and the subsumed executive and operational institution, IBAMA) are largely political and reflect the predilections of the more powerful supporters of the incumbent federal president. Changes in civil servant appointments shadow changes in government. The PNF was written by civil servants belonging to the Secretariat of Biodiversity and Forests (SBF) and is therefore essentially a framework which defines the ambitions of the current Brazilian government for its forest sector. The enduring legitimacy of the PNF rests in the process of quite extensive consultation with all elements of the forest sector which preceded its publication. The published document with its ten thematic lines forms an important framework for the continuing development of Brazilian legislation on forests. Each thematic line has a stated objective, a specific technical aim or aims and a strategy for action. Some of these strategies for action involve the development of legislation both by the Ministry of the Environment and in other Ministries.
5. *Ministerial powers and 'Provisional Measures'.* Perhaps the most important groups of actors in Brazilian Forest governance are the Brazilian Ministers, and especially the person and advisors of the President. At the federal level, what may or may not happen in the forest is frequently altered by presidential decree through what are

known as Medidas Provisórias (MP) or “Provisional Measures”. The authors of MPs vary, but for Forest Law usually involve (but are not restricted to) IBAMA or other members of the MMA. NGOs may also be called on to draft MPs. Irrespective of authorship, or the degree of consultation that went into their formulation, they carry the weight of the Presidential office. Their frequency of use is largely a function of the speed at which they can be produced in reaction to evolving situations of concern. So for example in February 2001 in response to intellectual property rights concerns, MP 2052 decreed that all transport of Brazilian vegetative material (e.g. botanical specimens) be prohibited. Following strong national reaction, this was subsequently made considerably more flexible by for example MP 2186 of August 2001. In 1996, MP 1511 increased the legal forest reserve on all Amazonian land holdings from 50% to 80%, which has subsequently become a major bone of contention with many rural groups. Each MP, despite its “provisional” status is legally binding and supersedes what went before in all its elements.

6. *Decrees.* In order to legitimise or normalise these relatively *ad hoc* provisional measures, MPs are subsequently endorsed by Decretos da Lei (Decrees) which involve parliamentary discussion and validation. So MP2052 on the transport of vegetative material was endorsed by Decreto 3945. Similarly, earlier MPs on Mahogany were validated in 1996 by the Decreto 1963 which suspended all harvesting of Mahogany for two years (which was subsequently banned again by an MP last year). Such validation refers to specific articles within an MP and endorses or modifies those deemed necessary. Any articles within an MP not covered by the Decreto are nevertheless binding. The process of validation is contingent on the scheduling of appropriate discussions within a complex democracy and may be delayed for a considerable period, during which time the ruling of the MP stands. The PNF itself was established by Decreto 3420.
7. *Operational instructions.* The rulings within an MP or Decreto may be stated in a relatively broad form. It is therefore customary for Decretos to be translated into technically specific operational procedures by an Instrução Normativa (IN) or “Normative Instruction”. So for example, in 1996, the Decreto 4771 (which defined a Forest Code) introduced the idea that exploitation of the Amazon forests should only occur under management plans. Subsequently, in 1991, a group of forest experts from all the major stakeholder groups met to define IN 80 exactly what these management plans should contain (i.e. the intensity and extent of forest inventory, measures to encourage natural regeneration of the forest, required silvicultural treatments and perhaps most importantly plans for a defined cutting cycle).
8. These technical requirements were incorporated within further legislation such as the 1994 Decreto 1282 which specified for the first time that management plans must aim at sustainable forest management. Then in 1998, Decreto 2788 altered Decreto 1282 by introducing a disaggregated framework for forest management which included separate prescriptions for smallholders (simplified forest management requirements) and for communities. The exact nature of these new requirements was developed by IN 4 (community forests), IN 5 (simplified forest management for smallholders) and IN 6 (large scale industrial forestry). The authorship of normative instructions will involve many stakeholder consultations, but be led by highly trained technical personnel within IBAMA or the MMA.

9. *Federal role of IBAMA.* Historically, the federal institution of IBAMA was also responsible for overseeing the implementation and enforcement of forest legislation, a fact which introduced an important feedback loop. Problems with existing legislation could be remedied quickly by recourse to the procedures defined above.
10. *Significance of decentralisation.* More recently, Brazil has undertaken a process of decentralisation whereby State-level institutions are now responsible for the implementation and enforcement of legislation. Federal legislation may be further interpreted by State legislation which may endorse or strengthen further the federal legislation, but never contradict or loosen it. The relationship between state level institutions and the traditional federal institutions such as IBAMA is uneasy and poorly defined. States vary widely in environment and the capacity of their local institutions and politicians. Inevitably, federal legislation will be more applicable in some States than in others. The capacity of States to ensure a federal legislation which suits their conditions in competition with other States is largely defined by the political power and influence of their representatives at the Ministerial level.
11. *Municipal powers.* In an attempt perhaps to curb the power or inefficiencies of State governments, the Federal government began last year a process of passing financial resources directly to Municipal governments. Municipal governance may also endorse or tighten State legislation, but not contradict or loosen it. While dogged with teething troubles, the intention of the federal government to support Municipalities directly may in the future strengthen local control over forest resources in comparison with State authorities, but this will not necessarily change the way in which legislation and enforcement evolves.
12. *Weak governance links between the centralised PNF and state/municipal powers.* Three things become immediately apparent from the preceding paragraphs. First, the position of the PNF within Brazilian forest governance is relatively weak. Development of forest legislation through “provisional measures” is responsive to opportunities and threats perceived at the presidential level, not necessarily at the level of the MMA who oversee the National Forest Programme (PNF). In other words, the MMA may play a decisive role in the initiation of new legislation, but there are other important and powerful actors and there is no obligatory co-ordination of new legislation with the PNF. In addition, the enactment and enforcement of new legislation is no longer primarily controlled by federal agencies. It is State governments who implement policy on the ground and are closest to the problems which any new legislation introduces. Furthermore, the PNF is only partially backed by central funding. What results is some (but not total) dislocation between written statements in the PNF and the real exertion of power.

Second, there is considerable heterogeneity within Brazil as to how forest governance actually occurs in practice, particularly at the State level. This extends not only to ways in which federal and state legislation is implemented and enforced on the ground, but also to the relative power and influence of federal and state institutions and the power of States to influence the development of legislation in the first place.

Third, the process of legislative development and forest governance is potentially hostage to powerful lobbies among the many stakeholder groups of the national forest sector, international groups, such as environmental NGOs, or State politicians.



There is clearly the potential outside the democratic process to influence both the legislation, and for State politicians, the appointment of civil servants who will draft it. The extent to which pressure is applied illegitimately is unclear and is certainly not transparent. This poses a virtually insuperable problem for the collection of accurate data on what is driving Brazilian forest governance.

If forests are to be managed sustainably, effective systems of forest governance must be put in place at the national level. The pyramid described in this publication is a simple diagnostic and planning tool aimed at helping practitioners take steps towards good forest governance. The pyramid is a work in progress currently being evaluated in the field and in workshops in diverse regions of the world.

#### **WORLD BANK WWF ALLIANCE FOR FOREST CONSERVATION & SUSTAINABLE USE**

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