

VI ROLES OF THE PUBLIC AND PRIVATE SECTORS AND PARTICIPATORY MECHANISMS

1. Approaches to forest sector development

1.1 The shaping of different roles within the public and private sectors is basically a political issue. However, there are certain concepts in how the forest sector is analysed and organised, which are favourable regarding their influence on the efficiency in broad based development. Three such areas of special central relevance are the issue of **decentralisation**, the importance of **holistic** cross-sectoral approaches and the development of **reliable systems for land use rights**.

1.2 **Decentralisation** is a crucial element for increased public sector efficiency. State forest services are often both geographically and socially too distant from local people, causing decisions with an inadequate knowledge of problems on the ground. Through decentralisation individual creativity is better supported which is a prerequisite for a successful nation-wide development. Decentralisation also creates benefits through a more cost-effective steering and controlling by the authorities. At the same time, negative effects may occur in situations of too quick restructuring pace or too high degree of decentralisation in inappropriate areas. The optimal level of decentralisation is always related to the development stage at a certain point of time and situation. A heavily decentralised system requires many structural features in a society which often are not abundant in developing countries.

1.3 A decentralised system is based upon **liability laws, property rights** and **moral suasion**. The core of a developed decentralised system is the property rights. The property rights have to be specified by a legal framework, accepted among people, enforceable and transferable. Through the owing of property, people have possibility to seek solutions on their own. Decisions are made closer to the real circumstances by the persons who have the best knowledge of the situation. The legal system has to be well developed in order to give clear directives concerning the rights and responsibilities of property users, and be able to judge in often complicated conflicts. The controlling is to a large extent done by interacting parts, instead of the state solely. On the contrary, a centralised system is based on **standards** which are decided by a central authority. This requires a huge institutional organisation to be able to command and control the standards. More planning and decisions are concentrated to the state, and less space is given to individuals and private sector, which decreases developmental innovations.

1.4 Quite often the view of decentralisation has been simplified as being the solution of all structural inefficiency. However, the optimal balance between central steering and local autonomy has to be frequently analysed. When power is transferred to local levels, it does not necessarily imply that farmers' situation changes. The benefits from decentralisation easily concentrates to local governments or local leaders instead of being evenly distributed. The success of decentralisation will, therefore, ultimately depend on the quality of organisation of society. Decentralisation is based on the idea that individuals are able to take care of and defend their own interests. This is only possible when society gives individuals access to markets, information, knowledge, legal justice and decision-making. That kind of organisation takes long time to develop. Therefore a decentralisation has to be well balanced and timed.

1.5 An efficient use of the natural capital of forests will also be determined by the ability of authorities to adapt an **holistic** approach to sectoral development. In the centre of inefficient and degrading forest use, issues are often the livelihood security of the users and

their vulnerability. All forestry development measures have to focus on the task of decreasing this vulnerability through improving people's control of their lives. A holistic approach acknowledges that most rural households depend on a complex web of support, where the forest is just one of many important income sources. It also pinpoints the importance of participation as a means of developing people's livelihood strategies and reducing their vulnerability to changes. DFID (1998) has developed a holistic framework to map important factors that affect people's vulnerability, which also is useful as focal points for general forestry development:

- a lack of basic **capital assets**
- ineffective **structures and processes** in the political, social, economic and institutional environment
- a deficit in their **human capital** (the skills and knowledge that people need to improve their situation)
- erosion of **social capital** (an elusive concept encompassing a loss in trust, norms and networks, which cause increased costs and difficulties in managing pooled resources)

1.6 Closely associated to decentralisation and livelihood security is the issue of **reliable systems for land use rights**. No major development is possible in the forestry sector if there is not a common inter-sectoral framework organising the land use rights. How this framework is constructed is not the central issue, but rather that there is a system which is specified, enforceable and generally accepted. It is for instance insignificant if the system is based on tenure rights or property rights as long as there is no commercial transfer of land in the area. In short, reliable land use rights support security, creativity and sustainable land use management. Individuals adjust not only to each other but also to the conditions of nature, which favour development and avoid overuse of natural resources. Whatever type of land use rights system that is developed, the following issues have to be addressed (Sinha, 1998):

- a fair access for people to resources
- the behaviour of users to resources
- the behaviour of users with other users/non-users
- behaviour of users to state and markets

1.7 At governmental level it is important that a comprehensive land use rights policy with an associated legislation exists. Preferably the land use rights are organised in terms of property rights ranging from open access (no properties at all) to private property. Normally they are divided into **state property**, **common property** and **private property**. Each one of them have its weakness, and consequently their efficiency differs according to circumstances.

1.8 **State properties** have an important role in the forestry sector in protecting long-term values in the ecosystems. The protection of forests for reasons of bio-diversity, carbon sequestration or water conservation is preferably accomplished through state property rights. However, only areas which need special protection, through sanction or control of entry, should be put under governmental ownership. Any other use than protection will be better attained under common property or private property regimes.

1.9 A central issue concerning property rights in many developing countries is the choice between **private and common property**. Private property regimes are in general regarded as being the most efficient system, due to their positive effects on development and environment. When all the surrounding processes in society are synchronised with the perception of private property, it will have a tremendous potential for private forestry

development. A common property regime requires a more complicated organisation in order to co-ordinate the land use, and in that way there is a bigger risk for bureaucracy and thus inefficiency. On the other hand if the local community has an internal organisation which successfully addresses the internal use rights, then the efficiency would finally be the same as in a private property system. Therefore the optimal choice between private and common property in each situation, is ultimately decided by the quality of the existing structure in the local society, in other words the social capital.

1.10 The social capital in local societies often contains sophisticated systems for justice and co-ordination of behaviour. Systems which have been developed and improved during hundreds or even thousands of years. If the property rights system is flexible enough, efficiency benefits are easily available if they take advantage of this inherent social capital. To be able to evaluate the social capital of a community the following seven criteria have been suggested by Ostrom (1990), as a prerequisite for a common property:

1. Clearly defined boundaries
2. Balance between appropriation/provision rules and local conditions
3. Collective choice arrangement
4. Monitoring
5. Sanctioning
6. Conflict resolution mechanisms
7. Minimal recognition of the right to organise

1.11 If these criteria are met, then the prospects are good for a viable common property. However, the most important criterion for the formation of common property institutions is the relation between the state and the commoners. This is not in the control of the users themselves, therefore a supportive and active state is needed. Creating common property institutions require that the community re-negotiate its position vis-à-vis the state.

1.12 If a common property regime is not applicable for an entire community, a compromise with a mix of private and common property areas is a natural solution. In that case common property is most suitable on areas which have too high management costs for a separate owner, but still is valuable for the community as a whole. One example is a community forest for fire-wood. Such land with low intensity management has several advantages as common property.

2. Roles of the public sector

2.1 The general task of the public sector in the forestry area is to secure a sustainable development through recognising, steering and supporting all the multiple roles of forests in the country. In this, governance, co-ordination and planning are natural roles at all levels while practical implementation is mainly a local level role. The key characteristics of good governance are accountability, transparency and representation (DFID, 1998). If these principles are adhered to in the public framework, it is probable that more efficient forest management can be achieved.

2.2 In accordance to the general sustainable development objective, two separate tasks describe the responsibilities of public forest sectors, namely the support of **socio-economic development** of forest use, and **protection** of valuable forest resources. The area of socio-economic development is a complex issue, which considerably diversifies the expected duties of the public authorities. Another two separate roles in this area can be identified, the role as a **steering/controlling authority** and the role as a **delivering/facilitating authority**. In order to create an effective institutional framework,

these roles or tasks have to be clearly defined according to what duties and services are associated with each role, and to the level of the framework that will be responsible for its implementation. In general the protection tasks should be implemented by regional authorities, while socio-economic measures are best implemented by local levels of the public sector.

2.3 When the objective of **sustainable forest management** is discussed it is necessary to recognise the relation between development and deforestation. Conventional wisdom says that development initially means unavoidable costs on the natural capital. This is necessary to make development possible. As long as these costs are short term (species are not being extinct, soil fertility is not lost etc.) and the long term benefits out-weigh the costs, then a certain limited deforestation could be acceptable.

2.4 One of the areas of responsibility of the public sector is the **protection** of long term environmental benefits in the forests. The state should be responsible for selecting enough environmentally important areas to secure biological diversity, national responsibility of carbon sequestration and local ecological functions. Sometimes there will also be a need for continuous management to maintain ecological succession. Protection of ecosystems is best achieved through the creation of reserves as state property, where regional forestry authorities are responsible for the practical implementation.

2.5 **Socio-economic development** within the forestry sector needs a flexible and inter-sectoral institutional organisation at all levels. The role of state authority has by tradition mostly been that of the sole executor, but the development of society slowly switches the requirements towards emphasising the role of the facilitator. In other words, state forestry authorities have to deliver services which enhance local structures, processes and capital assets to support socio-economic development. Accordingly, state delivery tasks should concentrate on services rather than on production of goods. Institutional and individual flexibility is essential for delivering appropriate services to the shifting requirements of stakeholders. The rural farmer needs specific support or incentives to be able to manage a forest in a sustainable way, while a large enterprise probably asks for a totally different kind of service. However, the steering/controlling tasks are also necessary for socio-economic development. To secure accountability, laws and directives have to be well known to people, and violation has to be disciplined.

2.6 Roles of the public forest sector also need to be discussed according to institutional level. Exactly how institutional systems should be organised depend on traditions, structures and philosophies of each country. Some general ideas can be expressed through the division of the institutional framework into three levels; **governmental**, **regional** and **local** level. At governmental level, tasks should mainly concentrate on national and international co-ordination of directives, and organising the development of legislation and policies.

2.7 At **regional** level, it is desirable to have a highly specialised competence, compared to the more trans-sectoral needs at the local level. Each region should have a forest authority which is able to manage in depth the specific forestry questions of their region. Such competence is not cost-effective to have at the local level. Regional authorities should make sure that governmental decisions and directives are followed and passed on to local public institutions. They should also communicate local forestry problems in the other direction towards the national level. The ideal regional office has the role of administrator for government directives and forest policy, and is a source of information for the government as well as for the local public authority. Decisions on local land use should be left to local and inter-sectoral authorities, and the main task of the regional authority in such

matters is to control that governmental directives are followed. The focus of regional tasks should be put on:

- being an information link between government and local authorities
- observe the forest situation in the region
- administrate forestry issues in the region
- being responsible for forest protection implementation and management
- giving expert consultation to local and governmental levels on forestry matters

2.8 Facilitating and steering tasks of forestry policy implementation should mainly be left to the **local** level. This is a massive task due to the complexity of social systems and land use requirements. In order to create an accountable system for forest use, it will be necessary to closely co-operate with other land use departments. Inter-sectoral co-operation between agriculture and forestry should be a minimum standard at all local offices. In that way cross-sectoral problems of land use will share a platform crucial for fair and efficient solutions. If local co-operation is possible, it will result in a socio-economic problem solving capacity, which will favour development in the forestry sector as well as development in general. Main responsibilities of a local inter-sectoral land use authority would be:

- being an information link between central authorities and local communities
- co-ordinate separate sectoral directives with local requirements
- providing co-ordinated land use extension service
- developing fair steering structures of local common properties
- secure the accountability of land use rights

2.9 **Education and research** institutions will also have an indirect importance to the forestry sector. It is, for instance, possible to give a forestry research institution the responsibility for monitoring the success of forestry development. Particularly important is to have a regular forest survey system to monitor the situation of all the forests in the country (if this is not done by regional public authorities). A research institution could also have the responsibility to monitor and evaluate the work of the local public forest service.

3. **Roles of the private sector**

3.1 The importance of the private sector grows according to the degree of commoditised land. When land is commoditised and public sector decentralised, the self-induced forces of development will come from the private sector. The role of the private sector, from the national point of view, is therefore mainly to be an catalyst in the national development. If public sector structures are able to enhance knowledge and creativity in the private sector, hidden resources will be available for development processes. The largest potentials in the forest private sector are generally found in individual farmers and rural industries. If they are encouraged to contribute with products at local markets, it will have a tremendous effect on the national economy, mostly because of the large number of people involved.

3.2 Commercial companies in the forestry sector play important roles as contributors of employment and foreign capital to the nation. State support to promising companies can often pay back well in the long term perspective. It is necessary though, that the private sector gets an economic growth based on technical improvements and value-added advancements rather than through expanded use of forest resources. Companies also have to realise that they have an important role to play with respect to their employees.

Participation of employees in company management issues is equally important for the progress of the company, as stakeholder participation is for forest sector development.

3.3 Finally, it should be stressed that civil society groups, interest organisations and NGO:s, sometimes referred to as the third sector, also have significant roles to play in forestry development. Their ability to channel grassroots knowledge and demand is valuable for democratic and participatory processes at all levels.

4. Participation in forest policy implementation

4.1 People's participation (PP) is a relevant issue to all forms of forest management at all levels of decision-making. It supports extensive perceptions and is thus a means of achieving good governance. It also addresses individual vulnerability through increased possibilities for people to affect their own life, which has a positive effect on changes towards more sustainable livelihoods. Consequently, regular mechanisms for participation, support both effective development and sustainable use of natural resources at the same time. However, the concept of people's participation includes a broad spectrum of processes and situations. Two questions are always relevant in order to evaluate the efficiency and fairness of PP. How is the **representation of people's interests** organised, and in what **area/aspect** are they participating ?

4.2 The first question is relevant since it highlights the share of influence of different stakeholder groups in the participation process. The aim should always be a fair representation of all relevant groups and interests. Different interest groups should get mandates according to the relevance of their priorities in the participation issue. This might, however, be a complicated problem since stakeholder groups always to some extent consist of subordinated interests. Apart from certain practical issues, there might also be different priorities based on gender, religion, ethnicity or social class. Consequently, a fair representation encompasses both interest group formation, and influence balance between interest groups. Solutions to these problems should never be static, due to the changing priorities of people over time.

4.3 The second question is relevant since a fair participation requires representation all the way from the initial planning phases to final operations. Participation which is restricted only to the operations will be rather fruitless. Birgegård (1990), has suggested six different areas which should be included in all kinds of forestry participation:

1. Ranking of needs/problems
2. Analysis of problems and design of activities
3. Implementation
4. Operation and maintenance
5. Control and management of funds
6. Resource mobilisation

4.4 When using the term people's participation (PP) in the context of public forest sector, the main issue is how to increase the influence of PP. It is then important that all above mentioned areas/aspects of participation are considered in order to achieve good results. The most effective degree of PP will differ from case to case and level of institution. There are also some fundamental problems, which to a certain degree affect PP in public sectors. It is the problems of **compartmentalisation**, **central steering** and **external forces** (Birgegård, 1990).

4.5 Public institutions in each sector tends to over emphasise their own priorities, which causes the problem of **compartmentalisation**. Thus the area/aspect of "ranking of needs and problems" becomes neglected from the participatory point of view. At the local level of the public sector, the problem of compartmentalisation might be partly solved through the creation of cross-sectoral institutions. PP and **central steering** have opposite and repelling characteristics, but both are necessary ingredients of the governance of a country. It will be a persistent dilemma in the public forest sector how to find the right balance between central and local autonomy. Whereas compartmentalisation tends to reduce PP in the ranking of needs/problems, central steering tends to limit PP in all areas/aspects of an activity. It is also important to remind of the different **external forces** which might influence PP in public sector services. Forces like donors, consultants, contractors, suppliers, kinsmen and politicians may all influence the scope and forms for PP. Local powerful interests often tend to limit the PP. Donors may or may not increase the scope of PP. Public forest institutions should strive to be as consistent as possible in relation to these forces.

4.6 At the local level co-operation and participation strategies between communities/land owners and the public institutions may differ a lot according to the circumstances. If existing structures are functioning adequately (i.e. due to the criteria of Ostrom), then a more community centred approach is advisable. However, when there are communities with problems, a more government centred co-operation might be needed. Common problems with community structures are **parallel authorities** and **stratified societies**. Parallel authorities might cause unclear situations concerning who decides about management on community land and immigration rights to land (Laurent and Mathieu, 1992). Implications of stratified societies are more far-reaching for the structure of a PP influenced governance. An uncontrolled PP approach in a stratified society means that those with power in the local community are likely to use their position to manipulate the selection, design and implementation of activities in their own favour to the extent the public institution permits. Useful concepts for solutions in these cases are support for fair representation in community steering committees, and a move from common property systems towards private property systems.