

Forests in Sustainable Development – A Quick Report Card on Progress Since Rio

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Initiatives that treat forestry as a 'sector' seem to be increasingly prone to failure. Forests are resources that other sectors use, in many different and often competing ways, to produce both public and private goods and services. The results of this use can vary widely in their contribution to sustainable development, from forest asset liquidation (land clearance for agriculture and infrastructure), to direct productive uses (plantation and natural forest management), to protective uses (wildlife conservation and water supply).

The actual uses of the forest have tended to reflect the economic and political powers of particular forest stakeholders, and their support from government agencies and policies. They have also tended to reflect beliefs, policies and political intentions that express how society wants to organise itself, divide its wealth, consume the products of wealth, and embark on what it believes are the best paths for development. Thus forests are also symbols of people's relations with nature. Today, there is often no clear or shared vision of this. Typically, unchanged forest policies reflect the desires of previous (possibly colonial) governments, and clash with the values of more impetuous stakeholders.

Clashes tend not to be about forests as such, or about the various goods and services. Rather, they tend to be about what comes in between: *forest management*. It is the forest management regime that defines the boundary between the public functions of forests (notably environmental services) and private benefits (notably timber). This is why

forest management is so contentious and why managers are often viewed with suspicion. There have been attempts in the 1990s to define sustainable forestry. However, many 'top-down' policy interventions (and especially the international initiatives that emerged before and after the 1992 Rio Earth Summit) have been discredited: it is now clear that, by and large, local specificities disallow global solutions.

If the forest problem is one of entrenched policy and institutional inequities – which many recent well-meaning initiatives have not really been able to tackle – where can we point to real progress since Rio? What pressures are building up that need to be dealt with? And what ideas are emerging for the future? The following brief 'report card' reflects key findings from IIED's collaborative research with government institutions, NGOs and private sector groups in many countries, especially through its two recent programmes '*Policy that works for forests and people*' and '*Instruments for sustainable private sector forestry*'.

KEY CHALLENGES:

- Think and act beyond the forest sector – to make better progress on the underlying causes of forest problems and to realise potentials
- Focus on criteria of 'good forestry governance' to complement the last decade's progress on 'sustainable forest management' criteria – especially for local governance
- Ensure that the current rapid development of markets for environmental services really works for the poor and for the security of other forest goods and services
- Start to define 'responsible forest business' from Southern and smaller enterprise perspectives, and not just in terms of what big Northern companies can do
- Close the glaring information gap on how forest assets are actually being used, to reduce the risk that progress in 'pro-people' and multi-benefit forest strategies merely ends up democratising forest degradation



A. TEN YEARS AND FIVE (TENTATIVE) TRANSITIONS

Sustainable development is a journey. We have not arrived. But we can look back to Rio and see how we have been doing:

1. Routine expectations of multi-stakeholder involvement

We have progressed beyond an earlier assumption (or faith) that leadership by (inter)governmental bodies would bring about sustainability. The experiences of collaborative forest management, 'parks for people', and the increasing albeit faltering participation through the Intergovernmental Panel/Forum on Forests, etc, are establishing the expectation of multi-stakeholder involvement as a norm. 'Prior informed consent', a novelty in 1992, is becoming routine. We acknowledge that initiatives can and should be 'with people' rather than 'for' people, although we are struggling with the mechanics, costs and politics of 'full' participation.

2. Evolution of pragmatic national systems for continuous improvement

We no longer rely on neat, 'supply-driven', international precepts that are manifest in master plans/dreams such as the TFAP, or the idea of a global forests convention. Instead, in the last decade, many countries have assembled a number of elements of good forest sector governance: legally-recognised Permanent Forest Estate with designated use categories for multiple goods and services; updated management plans; more fora for multi-stakeholder debate (such as the national certification working groups); and partnerships (including an extraordinary growth in company-community partnerships). The new understanding of national forest programmes (NFPs) is much more about systems of continuous improvement for understanding and coping with change, than of 'master' plans which grow ever more out of date. And, indeed, that NFPs can be quite eclectic and 'messy'.

3. Growing consensus on sustainable forest management (SFM)

We have progressed from routine confusion and argument amongst stakeholders (leading to imposed, stalled and parallel initiatives), to a somewhat clearer and more widely shared vision. The decade has seen the emergence of a range of initiatives to define principles, criteria and indicators (PC&I) of SFM – which have both allowed a *lingua franca* to evolve and resulted in a 'distillation' of knowledge which can be interpreted in local policy and plans whilst remaining globally recognisable. We have also seen the emergence of SFM fora internationally, building on the unique role of the International Tropical Timber Organisation in the 1980s. The Forest Stewardship Council is a great example, being structured around sustainable development principles.

4. The emergence of 'consumer' discrimination between production processes

Ten years ago, most consumers literally did not know what they were buying. Such 'wood-origin-blindness' certainly contributed to rampant asset-stripping. Where government action had failed, consumer action is achieving results. It is now possible to know where a piece of wood or paper has been grown, and even how it has been grown. Certification has developed rapidly as a consumer-led approach to judicious buying (more properly this was retailer-led – the branding possibilities are good). Whilst this has had the immediate effect of benefiting existing good producers, rather than stopping asset stripping or helping weak but willing producers – it is all helping to increase transparency.

5. A significant environmental clean-up

We have progressed from environmental damage as a routine part of forest management (deforestation, waste, erosion and pollution), to routine environmental management – at least in some big companies. In one decade, many companies moved from defensive attitudes, to promoting vanity projects and 'greenwash', to genuine business objectives for sustainability (spurred on by some market forces, cost-savings, emerging legislation, and aided by tools such as EMS which were rapidly taken up). By 1995, IIED was able to reveal figures showing how a majority of international companies now adopt most of the environmental practices studied. For such companies, most environmental problems are largely a thing of the past (although their 'first-mover advantage' is partly also in defining 'good' environmental practice in ways that suit them). The challenge is now integrating social externalities.

If some of these areas of progress are still more evident in forest stakeholders' thoughts and words than in the forest, and if there is still a confusing 'policy inflation' resulting from piecemeal approaches to sustainability, we can at least recognise some strong trends. Yet most forests, particularly in the tropics, are in worse shape than in 1992. So also are many forest-dependent poor people, hundreds of whom are murdered every year trying to protect their forests. And crime pervades the tropical timber trade, a significant proportion of which is from illegal sources.

B. FIVE BIG TRENDS THAT WON'T GO AWAY

Five trends accelerated in the 1990s, but were not really handled at Rio or by its immediate successors:

1. Globalising economic power

The majority of traded forest products derive from fewer and fewer countries and companies. Almost half the annual wood harvest is processed by the top 50 forest products companies. Most products also derive from

simpler forests that have ‘weeded out’ diversity through the technologies and scale economies of larger corporations. Corporate mergers and buyouts are on the increase. With all this comes increasing (foreign) consumer/retailer powers to set the local standards for forest management. This includes environmental and social standards, operating through today’s discriminating markets. The question is whether, in the drive to ensure ‘nice’ globalisation, we are making the mistake of assuming that ‘nice’ corporations alone can meet all livelihood and forest needs...

2. Globalising advocacy and knowledge production for SFM

Intergovernmental discussions in the 1990s highlighted the need for shared obligations and called for action on ‘all forests’ and not just tropical forests. Whereas groups such as WWF and the World Bank used to fight their own corner, they are now forming powerful alliances – indeed, there is a World Bank/WWF Alliance with bold targets for both production and protection forests. Such influential players and their values and targets can easily come to dominate research and policy agendas and the definition of ‘correct’ knowledge. As with other forms of globalisation, some groups will be marginalised. The question is whether such developments can help – and not threaten – local voices and knowledge systems.

3. Privatising forest land, resources, management and services

It is significant that every one of the 23 countries recently studied by IIED showed this trend – and none was nationalising. Hence the growing concern for the public benefits of forests. The dilemma is whether this privatisation is ‘giving away’ government or improving its effectiveness and efficiency. At present, there are still many *a priori* objections amongst forest stakeholders to market-based solutions: how much is this due to ignorance or mistrust of the new policies and institutions required to control the market?

4. Localising decision-making and resource control

It is remarkable how many countries are in the midst of decentralisation processes, some in order to ‘downsize’ governments, but others (as in parts of the Sahel) in response to new understanding of the potential of making local people effective forest managers. In addition, there is increasing advocacy for rights-based development, and the expectation is now of a balance between ‘top-down’ and ‘bottom-up’. The question is: how much can localised control achieve in the face of entrenched inequities and the other trends above?

5. No stable financial basis for SFM

Not so much a trend as an enduring constraint to turning SFM dreams into realities, markets for SFM are immature, price discovery for sustainable ‘commodities’ is difficult, and in any case externalities are rarely included in prices. The financial basis for actual cases of SFM ranges from ‘no profit’ to windfalls. Meanwhile, the terms of trade for primary products appear to decline and big business investment leads to boom-bust price cycles. Whereas many call for ‘new and additional finance’ for SFM from outside the forestry system, recognising its public benefits, we might ask what we really know about finance flows within the forestry system, and where might the leverage points for SFM be?

C. FIVE CHALLENGES FOR THE FUTURE

1. Think and act ‘extra-sectoral’

Ghettoised ‘forestry’ solutions to ‘forest’ problems often fail because they deal with only the proximate cause of the problem, and not the underlying cause which may be extra-sectoral (and often international) policy, such as for trade, finance, and land use. ‘Forestry’ is an open system, not a closed one, and needs to be treated as such.

- There is a huge need to engage with international processes in the WTO, with Finance for Development, as well as to support those national and local processes that are set up for cross-sectoral integration of environmental and social concerns (national strategies for sustainable development and Local Agenda 21) – and not to do so only through the World Bank, as so often at present. A poverty focus can help both to address these structural issues and to keep forestry’s profile high.

2. Consider ‘governance PC&I’ to complement ‘SFM PC&I’

The main bridge to be built between the neat SFM words and thoughts of the 1990s, and real-world action, must surely be one of improved forest governance – stakeholders jointly forming the SFM ‘meta-institution’. It is increasingly clear that there are limits to continued (inter)governmental action without local involvement.

- At *global* level, we must review the UN bodies involved in forestry, rationalise them and improve their accountability. At *national* level, nfps have promise for integrating all the ‘magic bullets’ such as certification and forest fora into a system for continuous improvement. Since the ‘magic bullets’ have tended to make the good forest players better, and left the bad alone, a focus on stopping illegal activities may be desirable. But the principal need is to improve *local* governance for ‘forest goods & services’ – which itself is often the best tactic to forge demand for SFM and for integration ‘at the top’.

3. Ensure markets for environmental services really work

'MES' will become increasingly sophisticated – the political and commercial drivers are ensuring this. The challenge must be to ensure they work not just for those with the scarcest commodity (currently information and contacts, which favours the 'brokers'), but for forest-dependent people, and especially the poor.

- The various environmental conventions require better coherence to do this, so that e.g. the Kyoto Protocol is better informed about forest biodiversity and does not just favour large tracts of plantations. There is also a need to clarify rights to the 'commodities', reduce the transaction costs for poorer groups, and ways of achieving accountability.

4. 'Responsible forest business' from a Southern perspective

The past decade has accumulated codes of practice and standards for 'good forestry' that are inevitably based on what big, well-resourced Northern companies practice. Good practice by small groups, in their own environments, has been much less visible.

- There is now a need to focus on small/medium enterprises – and especially their role in creating jobs. Opening IIED's 30th Anniversary Conference, Ashok Khosla noted the huge challenge for India in creating 15 million new jobs each year. Given that small-scale forestry plays complex roles in people's livelihood systems, and in environmental services, there is a need to encourage local visions and standards for forestry (that will also tackle the 'social standards' dilemma still being faced by bigger companies). The retailer incentives that dominated success in 'greening business' in the 1990s may need complementing by different forms of incentives, e.g. access to land and resources such as (micro) finance, and insurance. There is also a need for a strong information drive, so that other countries understand what is right for Southern conditions. Model (partnership) forests may be a useful vehicle.

5. Information on how forest assets are really being used

The 1990s saw a sea change towards 'people-first' approaches to forestry. But these have often outstripped capacities for avoiding the risk that we are merely democratising forest degradation. Although there is awareness of a multitude of stakeholders, goods and services in the SFM equation, we are still usually in the dark about who uses what forests, and how well they are managed. A business that managed its assets (and stakeholder relations) in that way would be in trouble. True, we are collecting more and more data – indeed, a forest manager can hardly get started without being required to do so today – but we are not really making good use of this data, especially in making decisions on social and environmental aspects. Such information will become increasingly important in a world of considerable uncertainty in economic, climatic and social systems.

- It is surely time to broaden national assessment capacities and to make active use of them in policy and planning. This will require better links amongst existing sources of information (for example, all that detailed information from certified forests currently does nothing to build up a good national picture) and encouraging participatory monitoring to keep track of the values that really matter locally. Simple indicators of SFM progress – and publicity for that progress – will enable a more sure-footed approach along the path to SFM in the next decade. Resilience will elude us without it.

Finally, although we have made some useful transitions towards SFM, there is still a long way to go within the forestry profession. Some would say there is still a crisis amongst foresters. The above challenges need to be addressed as much through the education of foresters – and those who use forests – as through policy change and field programmes. ●