

# Forest tenure and policy reform and enterprise: Issues and Challenges going forward



Augusta Molnar  
co-chair, CSAG  
45th ITTC Session  
Yokohama, November 2009

# What is CSAG?

- Informal advisory group to the ITT Council – since 2002
- Included in ITTA 2006
- Governance structure:
  - Co-Chairs:
    - Hin Keong Chen – Producer Countries
    - Augusta Molnar – Consumer Countries
  - Regional focal points:
    - Asia (Yati Bun (PNG); Christine Wulandari (Indonesia))
    - Africa (Cecile Ndjebet (Cameroon); Francis Colee (Liberia))
    - Latin America (Alberto Chinchilla)

# What does CSAG do?

1. Advise at each Council (ITTC) Session
2. Links ITTO to Civil Society/Community Producer voices
3. Organize panels at ITTC Sessions:
  - Producer countries (feature CS contributions, issues, agendas; Brazzaville '05; Merida '06; Port Moresby '07)
  - Yokohama (introduce new issues to ITTC: certification; illegal logging; SMEs; forest tenure.)
4. Ad hoc activities:
  - Advised civil-private sector partnership fund (now exhausted)
  - CSAG/TAG workshop on illegal logging (Interlaken, 2004)
  - CFE study and conference (originated in Interlaken)

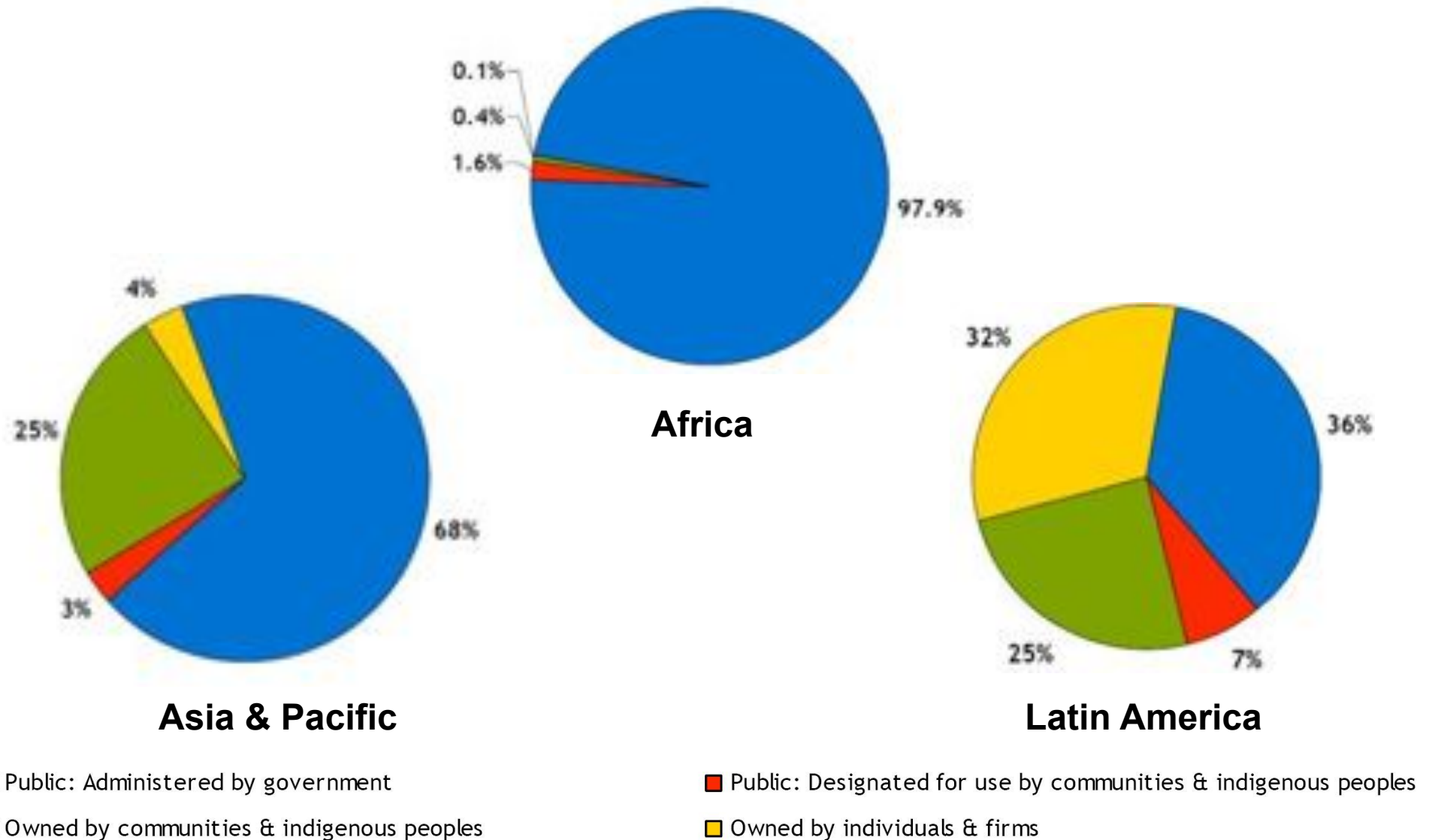
# Forest Tenure Transition Continues

FOREST TENURE DISTRIBUTION BY TENURE CATEGORY IN 25 OF THE 30 MOST-FORRESTED COUNTRIES, 2002-2008



Source: Sunderlin, W., J.Hatcher and M. Liddle. 2008. *From Exclusion to Ownership?: Challenges and Opportunities in Advancing Forest Tenure Reform*. Washington D.C.: Rights and Resources Initiative.

# Regions are uneven: progress just starting in Africa



# Tenure: Global Challenges, and Reality

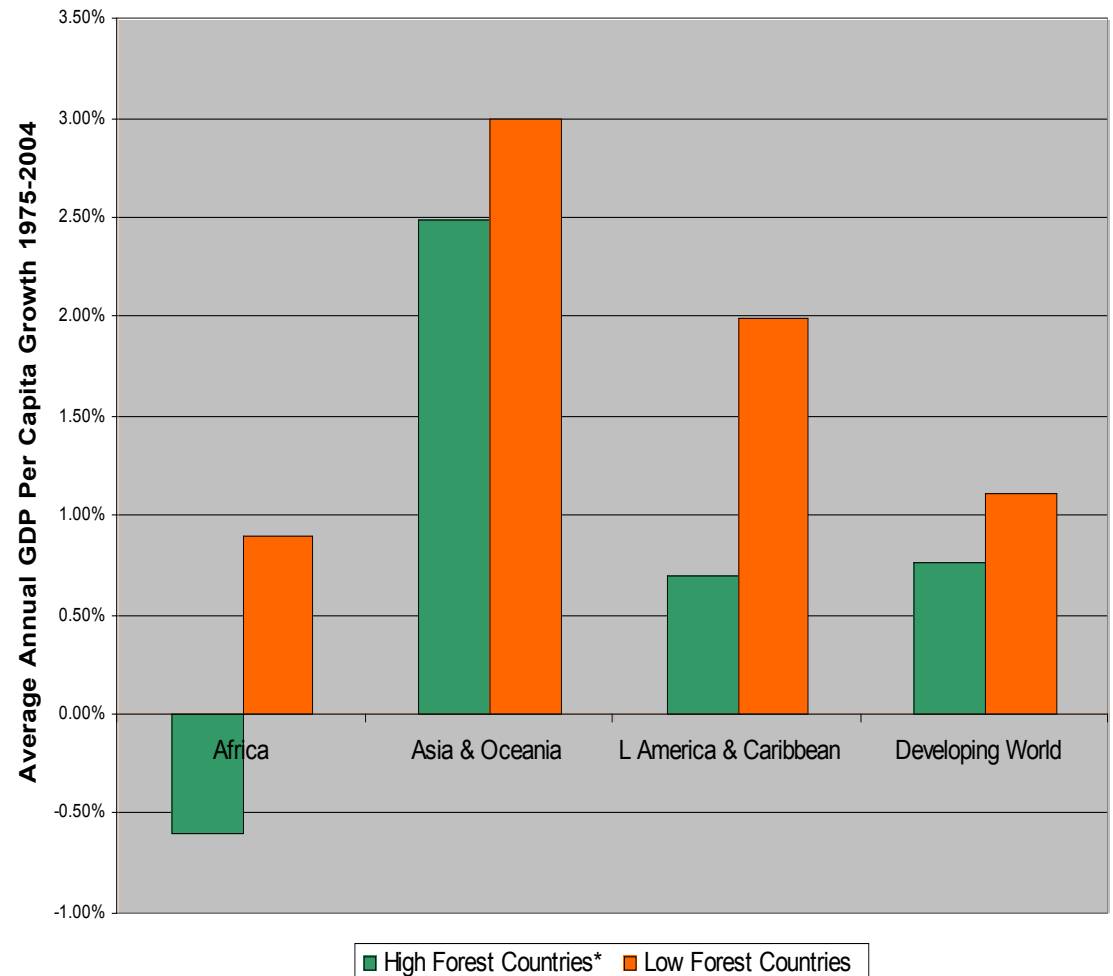
- Economic Crisis
- Climate Crisis
- Industry in transition
- Convergence
- Extensive poverty and no economic growth
- Governance and Human Rights
- Violent Conflicts
- Land grabs

Transitions on everyone's mind

What are the less visible challenges

# Where is Extensive Poverty and Slow or No Economic Growth?

- Extensive, chronic, poverty in forest areas (highest “rates”, across the world)
- “Growth” located in urban, coastal areas
- “Forest rich” countries, and forest regions doing significantly worse
  - “falling apart and falling behind” (Collier '07).
- ITTO producer countries doing even worse (poverty too is a function of privileged business model)



# Governance – Reality and REDD

		Transparency International rating <sup>1</sup>	Freedom House index <sup>2</sup>	Current conflicts <sup>3</sup>	World Bank "Doing Business" ranking <sup>4</sup>
<i>n</i>		<i>1-10; top score: Denmark, 9.3.</i>	<i>1 = Free, 7 = Not free.</i>	<i>Tenure-related / total conflicts.</i>	<i>Ease of doing business ranking, of 181 total.</i>
9	<b>UNREDD</b>	2.6 of 10	3.5 of 7	3 / 3	119
37	<b>FCPF</b>	2.9	3.6	9 / 13	115
38	<b>Both</b>	2.9	3.6	12 / 16	116

Sources:

1 Transparency International. 2008. Corruption Perceptions Index. [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi](http://www.transparency.org/policy_research/surveys_indices/cpi)

2 Freedom House. 2008. Freedom in the World. Combined Average Ratings, <http://www.freedomhouse.org/template.cfm?page=410&year=2008>

3 Wily, Liz A. 2008. Current conflicts around the world. Unpublished.

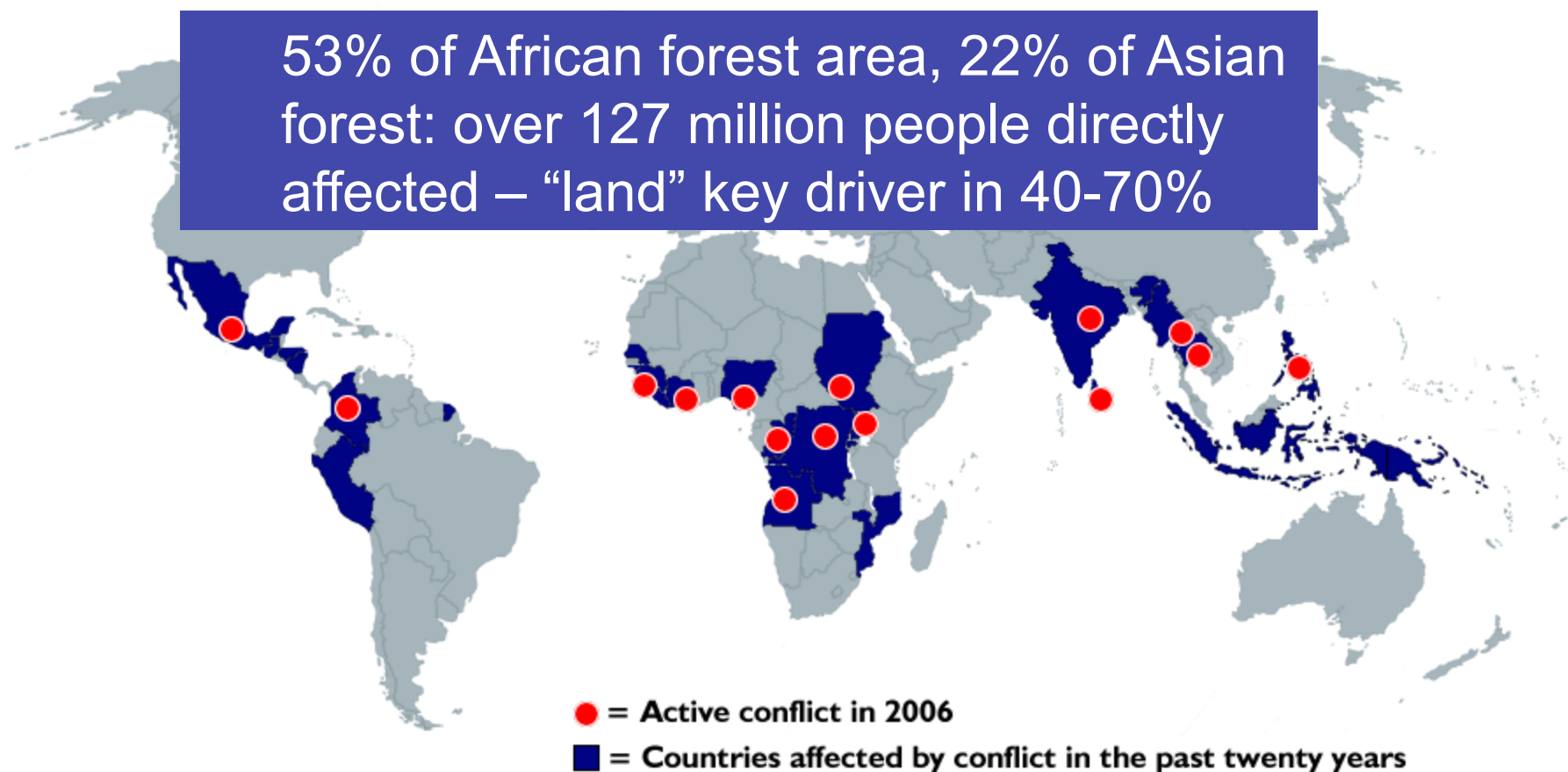
4 Doing Business 2009. <http://www.doingbusiness.org/economyrankings/?direction=Desc&sort=1>



# Where is Conflict Taking Place?

In the past twenty years 30 countries in the tropical regions of the world have experienced significant conflict between armed groups in forest areas.

53% of African forest area, 22% of Asian forest: over 127 million people directly affected – “land” key driver in 40-70%



# Where is land becoming a scarce place?



Source: Guardian (22 Nov)

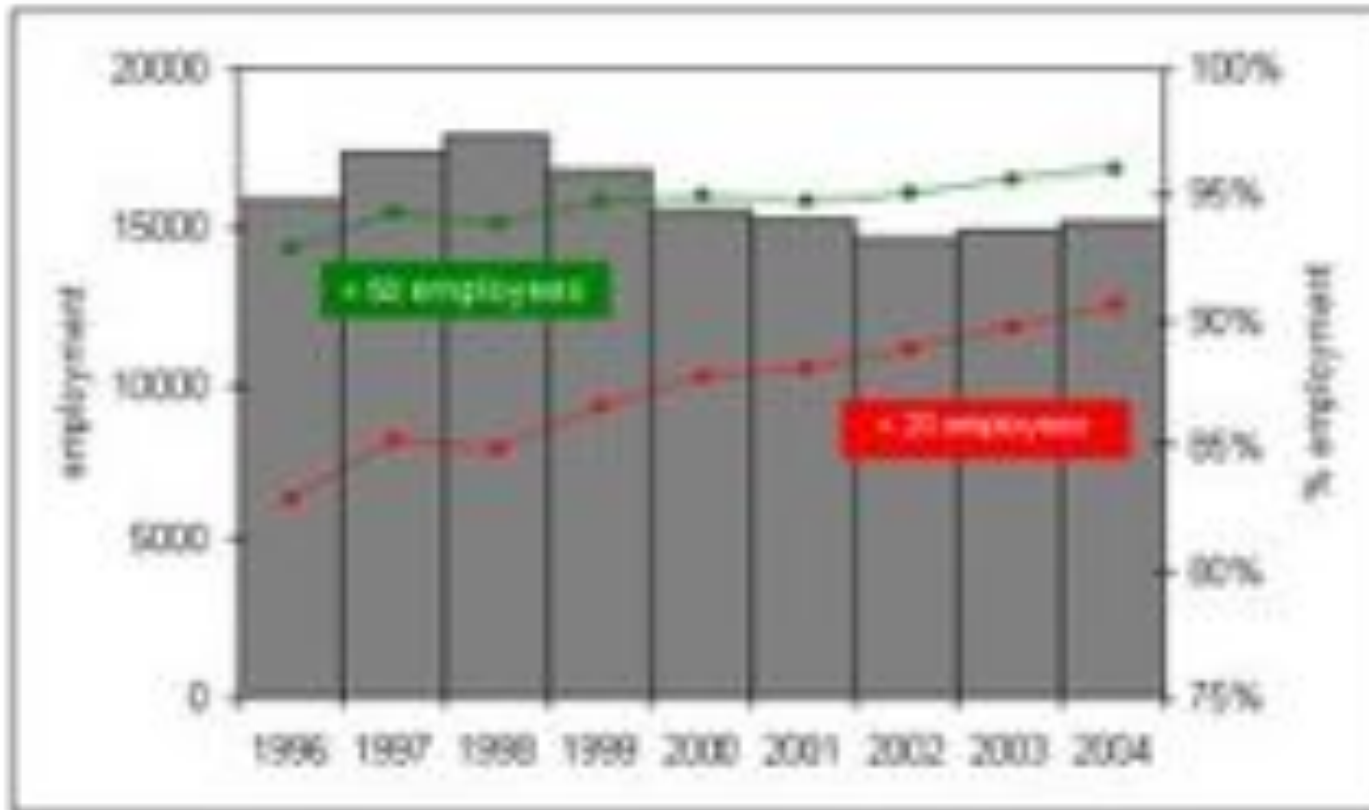
Food, fuel and water, declining amount of land, declining security, riots, conflicts.

# Huge Opportunities: Where's the Hope?

1. People and their organizations
  - “global political awakening”
  - Increasingly holding us all accountable
2. Tenure and institutional reform
  - rationalizing the “public domain”
  - rethinking and reorganizing government agencies
3. Local enterprises & markets
  - new opportunities for the poor
  - resilience in downturn, source of growth and governance
4. Empowering technologies
  - facilitating transparency, monitoring & accountability of organizations and enterprises



# Small is Big in the in the “North” (1)



## Swedish sawmilling sector

Total employment and proportion of employment attributed to firms with fewer than 20 and 50 employees

90% of forest enterprises in European Union are SMEs

Source: Kozak 2007. Data from Eurostat, 2007.

# Small is Big: Experience in the Developing World

Source: Macqueen and Mayers, forthcoming.

	Brazil	China	Guyana	India	South Africa	Uganda
Number of SMFEs as a proportion of total forest enterprises	98.2-98.9%	87.0%	93.0%	87.0-98.0%	33.0-95.0%	–
Number of SMFE employees as a proportion of total forestry employment	49.5-70.4%	50.0%	75.0%	97.1%	25.0%	60.0%
SMFE revenues as a proportion of total forestry revenues	75.0%	43.0%	50.0%	82.0%	3.0%	60.0%

- 50% or more of forestry-related employment related to SMFEs
- employment to approximately 20 million people
- 8 million directly employed from forestry and wood-processing alone

**Yet, these numbers are hard to track and many countries don't even bother – a large number of SMFE's are "informal" or "illegal" components of developing economies**



# **Community based enterprises are different**

- **CFEs generate goods and services not provided by private entrepreneurs or industry.**
- **It involves a whole range of actors including women who are not participating on the conventional forest industry.**

## Next Steps for ITTO?

1. Regular update of the status of tenure transition in ITTO producer countries and implications --FAO has developed a more robust methodology going forward
3. Asia conference in 2011 on sharing lessons and experience on Tenure, Governance and Policy Reforms
4. Tracking of statistics on small and medium, including community based enterprise production from timber and non-timber building on FAO work on NTFPs, piloting for one region by 2011
5. Supporting dialogue of government/customary right holders through participatory rights and governance mapping
6. Direct investment in community forest enterprises and capacity building, including horizontal learning, learning from countries with experience of reform, productive projects