



JANUARY 2011

Investing in locally controlled forestry

Investing in locally controlled forestry could pave the road to sustainable forest management that reduces deforestation to mitigate climate change while also improving local livelihoods. The idea was born out of a common agenda emerging from dialogue between three key groups of forest right-holders — family forest farmers, forest communities and indigenous peoples. It is backed by solid evidence that local management and political control over forests is good for both forests and people. But making it a reality requires action. In particular, there is a need to build a new agile, international, independently monitored non-sovereign fund, controlled by forest right-holders, that is channelled towards: securing local commercial forest rights; strengthening local forest organisations; and building local entrepreneurial capacity for culturally, environmentally, socially and economically sustainable businesses.

Policy pointers

- **Reducing emissions from** deforestation and forest degradation (REDD) must reinforce local development goals to avoid climate change without sacrificing the poor.
- **REDD must therefore** strike a balance between meeting rural and urban development demands for food, energy, fibre and water and protecting their supply from forested landscapes.
- **Evidence suggests that** locally controlled forestry is more effective at achieving this balance than large-scale agribusiness and logging.
- **Investing in locally** controlled forestry requires new funding that is controlled and directed by those best placed to bring it about — local forest rights holders.

Local control matters

Forests play a critical role in sustaining the global environment — sequestering carbon, maintaining vital hydrological cycles and housing most terrestrial biodiversity. Yet they are being lost at a rate of 7.3 million hectares per year. This loss is driven by rising populations, consuming more and more goods, which plays out in increasing forest conversion for food, energy and fibre crops.

Such conversion poses a challenge to both climate and development. On the one hand, it is a major contributor to global greenhouse gas emissions — the Intergovernmental Panel on Climate Change estimates that forestry and land-use change contribute 17 per cent of global emissions. At the same time, forest conversion directly affects the livelihoods of more than 1.4 billion forest-dependent people, or 'forest right-holders' — forest farmers, forest frontier communities and indigenous forest dwellers. These people rely on forests for their culturally specific construction materials, energy, food, animal fodder, medicinal plants, resins and dyes for

local use or sale. They also rely on forests to preserve soil fertility, clean water, natural pollinators and the ecological balance needed to keep agricultural pests and diseases in check. For these forest rights holders, forest conversion is not only a threat to global climate but, more importantly, a threat to their local cultures, environment and development.

Yet climate and development goals can be reconciled, and achieved, in both North and South — if local forest rights holders are put in charge of the architecture of avoided deforestation, forest restoration and agricultural intensification (both in subsistence and cash-crop settings). Their proximity to forests makes them the best-placed people to control forest abuses and plan management and restoration that can work on the ground.

Investing in such locally controlled forestry could increase and diversify agricultural-forest productivity in culturally appropriate ways to help meet the estimated need for 70 per cent more food by 2050. If practiced on a large enough scale, it could help hundreds of millions of people lift themselves out of



It takes money to fight for radical reforms of tenure, rights and policy

poverty, while also helping to limit the temperature rises that would hit poor people hardest. Some affluent societies might also have to tighten their belts a little as local rights holders throw off the ecological

footprint of ex-patriot agribusiness and logging that furnish spiralling global consumer demand.

There is no shortage of cash — more than US\$20 billion has been pledged to forest climate funds alone. But with a few

commendable exceptions, most of

these are channelled to governments, not forest rights holders. And the institutional and financial plumbing to get funds from government coffers to forest rights holders is scarce, either in plans or reality.

Instead, developed countries continue to place more demands on developing country environments (the so-called 'ecological footprint') and developing country governments continue to allocate land to large agribusiness and logging companies. For example, between 1995 and 2007 the agricultural land area in developed countries, including pasture, decreased by more than 412 million hectares (down 34 per cent) while developing countries saw an increase of nearly 400 million hectares (up 17 per cent) over the same period. As large agribusiness and logging expand in developing countries, traditional forest rights holders are either abandoned to insecure low-intensity agriculture or dispossessed of their land altogether — neither of which option reduces their much more valid claims on the natural environment, which are simply displaced into adjacent forest areas.

Because of this, the three largest (but not the only) representative groups for forest rights holders — the

Global Alliance of Community Forestry (GACF), the International Family Forest Alliance (IFFA) and the International Alliance of Indigenous and Tribal Peoples of Tropical Forests (IAITPTF), known collectively as the G3 — have begun to develop a shared agenda defined by the idea of 'locally controlled forestry' (see What is locally controlled forestry?). And it is upon the success or failure of this agenda that the fate of forests most probably rests.

Rights and responsibilities

Critical to achieving locally controlled forestry is granting forest rights holders the right to:

- local decision making on forest management and broader land use, including freedom of association;
- secure land tenure; and
- commercial use of forest resources and access markets and technology.

Equally important, is the need to allow forest rights holders to assume responsibility for:

- long-term forestry resulting in improved livelihoods and sustainable forest management, including protection of biodiversity;
- the provision of multiple forest products and services, through local enterprise, to benefit society; and
- respect for communities, families and peoples and their customary use and traditional and local knowledge.

The G3 argue that where rights are afforded, responsibilities follow. It is a bold claim — and one to which local exceptions can readily be found. But does the generally beneficial impact of locally

What is locally controlled forestry?

Locally controlled forestry, as defined by the G3, means "the local right for forest owner families and communities to make decisions on commercial forest management and land use, with secure tenure rights, freedom of association and access to markets and technology".¹

For this group, "local" means near and in the forest. Local is where you can literally "hear and see" what goes on in the forest. It is different from "central and regional" in the sense that central and regional decision makers cannot keep "hear and see" control of forest activities.

The word "control" is connected to rights and responsibilities, with an emphasis on the idea that local management and political control is good for the people and good for the forest.

Finally, "forestry" means more than timber production. Without excluding the importance of wood production, the term includes many other forest uses and services — from sacred and recreational uses to environmental services such as the protection of soil and water quality, biodiversity and carbon emissions — that are interlinked. Forestry means business for local people, and any definition of forestry must be based both on the needs of local people and on the considerate use of forest resources, including protecting biodiversity.



controlled forestry hold true, and to the extent that it might provide something of an answer to ongoing forest loss?

Evidence seems to rest in favour of the G3 and locally controlled forestry, not the sceptics. Where fundamental rights have been clearly granted or claimed locally, entire regions have evolved towards stable, long-term forest/agriculture landscapes, in which local enterprise supplies multiple forest products and services to the benefit not only of local society, but also the global public good. The case is clearest among family forest members of the IFFA, in which many small-scale family forest owners in countries such as Sweden have fought for, and won, clearly prescribed and fairly enforced rights over the past 100 or more years.² For example, family forest owners now not only preside over sustainable multifunctional forest landscapes but also control major forest industries including pulp and paper mills.

That locally controlled forestry benefits forests and livelihoods is also clear among indigenous peoples within the IAITPF. Satellite imagery of indigenous lands in Brazil show that these people have almost completely prevented forest loss, despite high rates of deforestation along their boundaries — even after centuries of contact with the national society, and uncorrelated with indigenous population density.³ Indigenous lands make up a fifth of the legal Amazon and remain 98.3 per cent preserved. Similar findings from other Indigenous Conservation Areas are widely documented.⁴

In the much more diverse world of community forestry within the GACF, the strength of local rights has been much more variable, as have the impacts of community forestry. But here too, where clear rights have been granted in countries such as Mexico⁵ or Nepal,⁶ the impact on both forest protection and local livelihoods is generally positive. A global review found that, compared with their private-sector equivalents, community forest enterprises tend to invest more in the local economy, foster greater social cohesion and longer-term equity, and are also positive forces for biodiversity conservation through, for example, investments that lead to significantly fewer forest fires.⁷

Investing in the future

To a banking audience, the word 'investing' might simply mean 'putting money in'. But within the six dialogues involving the G3 (and run by The Forest Dialogue) on investing in locally controlled forestry, the term has had a much broader meaning. It includes all the elements that might create resilient local economies that can both sustain and make returns from forest resources, including:



Locally controlled forestry in action: simple licence holders extract valuable timber species in Mozambique.

- the recognition and establishment of decision making, tenure and commercial rights;
- a justly enforced policy framework;
- the creation or strengthening of local organisations;
- entrepreneurial capacity building;
- accessible finance; and
- moderated consumption (to reduce unsustainable demands on finite land resources).

Yet while the types of investment needed to bring about locally controlled forestry may be broad, many of them ultimately require finance. It takes money to fight for radical reforms of tenure, rights and policy. It takes money to build organisation and entrepreneurial capacity. And establishing the institutional plumbing to ensure that financial investments actually reach forest rights holders in a way that is fit for purpose is a challenge.

Logic would suggest that the best people to ensure finance reaches the right places are the people living in those right places — the forest rights holders themselves. But with so much forest and climate funding sloshing around, it is an open question whether international institutions can be brave enough to step back from the (lucrative) role of controlling how funds are dispersed. Still, it is a question that must now be asked — and asked strongly.

Our vision is for something new — an agile, international, independently monitored non-sovereign fund. This fund must be controlled by forest rights



holders and channelled through national coordinating mechanisms (again made up of forest rights holders) that elicit and screen proposals for locally controlled investments to ensure that they:

- secure local commercial forest rights;
- strengthen local organisations; and
- build entrepreneurial capacity for culturally, environmentally, socially, and economically sustainable businesses controlled by local rights holders.

Civil society groups convened by the Open Society Foundation and Global Witness have begun exploring the possibility for such a fund. The World Bank Forest Investment Programme (FIP) is also showing support in this area. The programme's 'design

document' calls for a dedicated grant mechanism to be established under the FIP to provide grants to indigenous peoples and local communities in pilot projects to support their participation in the development of FIP investment strategies, programmes and projects.

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The views expressed in this publication are the authors' own, and do not necessarily reflect GFP policy, although they have been formed through the authors' work and experience with GFP partners across the developing world.

Notes

- ¹ Räsänen, L., Legallais-Korsbakken, I. 2010. G3 Rome Report. International Family Forest Alliance, Oslo, Norway.
- ² Ackzell, L. 2009. 100 Years of Swedish Forest Owner Associations: Challenges ahead. Presentation to the international conference "Taking stock of smallholder and community forestry: Where do we go from here?" Montpellier, France, 24–26 March 2010
- ³ Nepstad, D. *et al.* 2006. Inhibition of Amazon deforestation and fire by parks and indigenous lands. *Conservation biology*. 20(1) 65–73.
- ⁴ CEESP. 2008. *Recognising and Supporting Indigenous & Community Conservation: Ideas & experiences from the grassroots*. CEESP briefing note 9. See www.rightsandresources.org/documents/files/doc_1049.pdf
- ⁵ Bray, D. *et al.* 2003. Mexico's community managed forests as a global model for sustainable forestry. *Conservation biology*. 17(3) 672–677.
- ⁶ Ojha, H. R. *et al.* 2009. Investing in community managed forestry for poverty reduction in Nepal: A scoping of investment opportunities. Paper presented at the second international dialogue on Investing in Locally Controlled Forestry, Kathmandu, Nepal 21–24 September 2009. See http://environment.yale.edu/tfd/uploads/TFD_ILCF_Nepal_BackgroundPresentations_Ojha.pdf
- ⁷ Molnar, A. *et al.* 2007. *Community Based Forest Enterprises: Their status and potential in tropical countries*. Technical Series No. 28. International Tropical Timber Organisation, Yokohama, Japan.

Growing Forest Partnerships (GFP) is an initiative that helps develop and support networks of people and organisations at local, national and international levels towards the equitable and sustainable management of forestry resources. The GFP initiative is funded by the World Bank and currently involves the International Union for the Conservation of Nature (IUCN), the International Institute for Environment and Development (IIED), the Food and Agriculture Organization (FAO) and a series of local partners in Ghana, Guatemala, Liberia, Mozambique and Nepal.

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