

Governance of forests and integration of the economics of forest ecosystems into planning processes, strategies and policies

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Summary:

In the rapidly changing societies of the Southern and Eastern Mediterranean region, forestry faces many great challenges. This area was among the first where man started to practice agriculture and to actively use and pressure natural forest resources. This long-lasting and intense use of forests for timber, firewood and grazing, together with the harsh and unpredictable climate, the current difficult socio-economic conditions, and the absence of adequate forest management and policy measures has led to an increasing problem of deforestation, degradation and over-exploitation of forests.

On the other hand, forests are an important element of the environment. They offer life-supporting functions (e.g. pollination, soil formation) and also provide a multitude of goods and services (e.g. wood, recreation possibilities, carbon sequestration). People, directly or indirectly, benefit from these goods and services (MEA 2005), thus these services are considered as being of great importance for the wellbeing of the society. Even though these services are acknowledged to contribute to the well-being of people, they do not have an assigned value, and are mainly considered as public goods, meaning that they are available for public use free of charge. The absence of price signals can lead to their over-consumption or under-provision, calling for public intervention to guarantee their sustainable provision and consumption, and considering the interests of all stakeholder groups.

Therefore, it can be suggested that the development and provision of non-market forest goods and services is strongly related to some of the key governance principles, such as stakeholder participation, cooperation, inter-sectoral coordination and institutional arrangements. The role of governance is to establish and promote the guiding standards (e.g. participation, ethics), but also the crucial institutional framework in development of non-market forest goods and services and financing mechanisms for their provision. These guiding standards are necessary for managing the different and conflicting interests in an equitable, participatory and transparent manner. In addition, setting up transparent and effective institutional framework that would enable to translate the objectives in practice is also a matter of good governance.

The idea of modern governance in forestry and forest policy originates from the perceived failure of traditionally applied hierarchical (top-down) policy making to manage the resources in an effective and equitable manner. Forest governance is about handling of forest resources and related issues in a way that enables flexibility, cooperation and participation of different actors at different levels. Consequently, there are four main governance principles that should be applied to improve the management and provision of forest goods and services:

- Stakeholder participation;
- Cooperation and knowledge generation;
- Cross-sectoral policy coordination;
- Institutional arrangements.

The first common key governance principle – stakeholder participation - directly refers to multi-stakeholder dialogue, conflict resolution and negotiation. The majority of the recent national and international forest policy processes emphasise the importance of multiple actors' participation in the identification of policy issues and implementation of policy goals. Also the provision of forest goods and services involves different, often conflicting, interests

and policy issues and requires stakeholder involvement and participation. For example, currently limited application of new financing mechanisms that should guarantee the provision of certain forest goods and services is partly due to the lack of general knowledge about the benefits provided by forests to the general public, lack of social acceptance and uncertainties concerning the new financing mechanisms. Stakeholder participation can address all of these issues. Participation may: (i) increase public awareness of forests and forestry among the public; (ii) maximize the total benefits of forests, improve multiple-use of forest products and services, and jointly define how costs and benefits of forests may be equitably shared; (iii) enhance the social acceptance of sustainable forest management through better informed and more widely accepted forest management outcomes.

The second difficulty concerns the *lack of knowledge and information but also weak exchange of existing knowledge and information*. The knowledge gap is observed in a number of issues: economic values of non-market forest goods and services; preferences and roles of different stakeholder groups; trade and financing of non-market forest goods and services. The first possible solution is a better cooperation and exchange of existing knowledge and experiences across national borders. Second suggestion is to promote research in the mentioned issues. For example, economic valuation studies and databases on the application of existing financing mechanisms should be developed. One alternative is to use an integrative and cooperative approach, which builds on collective learning and incorporates the wider interests of stakeholders. Thus, cooperation can be used as a strategy for learning among participants, bringing up new issues and resolve the existing challenges. However, as Smith et al. (2006) show cooperation might be difficult if information is hidden from the stakeholders. There may not be enough evidence to convince all parties that it is worth taking part and sharing the knowledge and experience, if there is still too much uncertainty about some key issues (e.g. information on the costs for provisions, estimated values and social preferences about goods and services). Therefore obtaining and sharing the right information and knowledge among the actors is crucial (Smith et al. 2006).

A third principle relates to the *lack of cross-sectoral coordination*. The importance of coordination between different sectors in the forest policy is well established. Policies in other sectors may directly or indirectly, intentionally or unintentionally influence decisions on forests, sometimes more than forest-sector policies themselves (Schmithüsen 2003). Many actions taken within the forestry issues occur as a result of policies elsewhere in the economy (Glück and Rayner 2009). Coordination among different sectors, policy areas and expertise (e.g. economic, trade, market, legal and social expertise) is essential in development of policies that should ensure the provision of non-market forest goods and services. The role of coordination is to prevent ambiguity and conflicts concerning obligations and expectations from different sectors, levels of government and public stakeholders. Besides the coordination at the policy level, coordination at the enterprise level is equally important. The latter implies a stronger alliance of forest industry sector with other sectors from which new demands are expected (e.g. energy production, tourism, environmental protection and nature conservation).

The final governance principle is that of *unsupportive institutional structures*. The institutional framework directly link to all previously mentioned recommendations. Institutions are a wide concept, broadly defined as the 'rules of the game'. Even though institutional framework is not standing as a governance principle, as such, the discourse on the new governance is closely linked to institutions (e.g. institutional change). The rationale is that new emerging policy issues require reflexive, flexible and transparent institutions able to ensure transparent and effective implementation of financing mechanisms in changing circumstances. Institutions should provide the answers of practical implementation. In the context of non-market forest goods and services, the role of institutional support is most prominent in defining and enforcing property rights, provision of information, fair transactions and effective and fair managing of externalities.

Key recommendations:

- Because the public good characteristics of some forest goods and services can lead to their over-consumption or under-provision, public intervention to may be needed to guarantee the sustainable provision and consumption of forest goods and services, which should take into account interests of all stakeholder groups..
- Such intervention should consider stakeholder participation, cooperation and knowledge generation, policy coordination, and institutional framework have an important role in management and provision of forest goods and services
- Nevertheless, further knowledge is needed to assess the relations between different governance principles and their roles in development of non-market forest goods and services in the MENA region.

Key words: forest goods and services, public goods, public intervention, principles of governance