

# Governance and management of small forest tenures in British Columbia

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## Abstract

The growing number of small tenures in British Columbia creates new demands on local organizations to manage public forest lands. To deal with these demands, small tenure holders must develop governance practices that address both accountability and participation. Local participation is especially important for Community Forest Agreement (CFA) holders to ensure that community members are actively involved in decision-making processes. Both CFAs and Woodlot licensees have upward accountability to the B.C. Ministry of Forests and Range. Holders of CFAs also have downward accountability to members of the local community. Community forests in the province have adopted various legal structures. Private corporations owned by local government are popular vehicles to hold CFAs and have commercial advantages, but their structure is less accountable than others. Although it is important to separate the political decisions of community forest governance from the technical decisions of management, both are needed. Experience with small tenures in other countries suggests that scope exists for sustainable, commercial forest management based on a substantial degree of local autonomy, if accompanied by technical support and oversight from governments, as well as training, extension, and services from voluntary associations of local tenure holders. Further study of options and experience with local forest governance and management will be helpful for small tenures in British Columbia.

**KEYWORDS:** *accountability, British Columbia, community forestry, forest management, governance, public participation, woodlots.*

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## Introduction

The government of British Columbia is seeking new ways to strengthen local involvement in forest management by expanding the number of Woodlot Licences and Community Forest Agreements (CFAs) (B.C. Ministry of Forests and Range 2003). The growing number of small tenures creates new demands on local organizations to make decisions about the use and management of public forest lands. Whether these organizations are small, family-based businesses, municipal governments, First Nations Bands, or locally owned corporations, all must cope with the following challenges.

- Making decisions that are consistent with local values and priorities for forest management.
- Responding to policy objectives and regulatory requirements of the provincial government.
- Implementing decisions to ensure effective and efficient outcomes.

The first two can be described as challenges of governance. These will occupy most of our attention in this extension note. The third challenge is one of management.

Governance is a special challenge for CFAs because of the high expectations of many different interests about what a community forest can accomplish (Ambus *et al.* 2007). These issues do not arise for the province's industrial forest tenure holders in that corporate shareholders typically expect management to maximize their financial returns. The objectives of different individuals and interest groups involved with community forests can be diverse and contradictory. Unless tenure holders understand their governance responsibilities, this may lead to conflict and management frustrations.

This extension note is one in a series of five that deals with different aspects of small tenures in British Columbia. The objective of this note is to clarify issues related to small tenure governance and management. We describe the different governance structures adopted by small tenures, and highlight some of the governance challenges faced by the province's community forests. With three international examples, we also explore how these issues are dealt with in other countries and highlight possible lessons for British Columbia. Because the CFA is a relatively new form of tenure, limited information is available on the actual performance of CFAs in relation to some of these governance issues. We conclude with recommendations for research in this area.

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## Principles of Governance and Management

The term “governance” broadly refers to the process of making decisions. Governance is both formal, through constitutions, bylaws, policies, and conventions, and informal, through traditions, accepted norms, or unwritten codes of conduct. Governance is a universal requirement of running any kind of organization; it is not synonymous with government (Graham *et al.* 2003). Governance issues that arise for a small tenure include:

- deciding who is involved in decision making and how;
- defining organizational structure and responsibilities;
- reporting to the public;
- developing land use and planning priorities;
- developing Forest Stewardship Plans; and
- setting business and financial strategies.

Management, by comparison, means day-to-day operational decision making. For a small tenure, this includes: staffing; contracting; preparing and implementing operational plans; monitoring and evaluating progress; and marketing products. This is the level at which governance decisions, which set overall priorities and strategy, are implemented. Management decisions, of course, must also be accountable to governance bodies.

Two central concerns in governance are accountability and participation, sometimes described as representation or legitimacy (Graham *et al.* 2003). “Accountability” means that those who have a legitimate interest in the outcomes can know what decisions were made and who was responsible for making them, and that those responsible can be held to account. Accountability includes the mechanisms by which

decisions made by organizations are held up to legal, ethical, financial, and technical standards. In addition, the decisions made by public-sector organizations must also be accountable to political standards. "Participation" means that those individuals and groups most affected by decisions have a meaningful voice when decisions are made. Participation means that decision-makers ensure diverse views within any community are fairly considered and represented in their deliberations, and that those affected by the decisions recognize that their opinions have been taken into account.

These governance issues are addressed in part by:

- the design of organizational structures to ensure accountability and representation of different interests; and
- the design and implementation of processes of reporting, accountability, communication, and participation.

International assessment of different governance processes suggests that, to be effective, the following general criteria should be met (see United Nations Development Programme 1997):

- **Fairness and equity** – Decisions should be perceived as fair and impartial, without systematic bias towards the personal interests of any individual or defined group. Efforts are made to be inclusive of all interests, and the views of minorities are taken into consideration. This criterion, based on human rights, is the strongest and most universally applied.
- **Transparency** – Decision making should take place openly, and important documents should be publicly available so that anybody can follow the process. When procedures must be confidential to protect individual privacy or privileged information, clear reasons are needed.
- **Adherence to legal precepts (rule of law)** – Decision making should be bound by prevailing statutory and customary legal precedents.
- **Responsiveness** – Organizations should respond to concerns of relevant stakeholders, which can include community groups or the public.

The challenge of applying these central principles of governance is always in the details. It is impossible to establish universal rules or structures because context and intention are relevant (Graham *et al.* 2003).

One inevitable aspect of governance is dealing with conflicts over goals, objectives, and priorities.

Because different groups and individuals have different interests and preferences, disagreement is normal, which can be a positive force for innovative solutions. However, dealing with conflict requires skill in needs assessment, communications, interpretation of technical information, dispute resolution, and consensus-building (Tyler 1999; Means *et al.* 2002). Small tenure holders must become familiar with these skills as engaging diverse public values and preferences in decisions about forest use is increasingly recognized as an essential element of sustainable forest management (Hammersley-Chambers and Beckley 2003; Sayer and Campbell 2004; Beckley *et al.* 2006).

Sometimes conflicts are dismissed as "too political." Politics plays a crucial role in the governance of any public organization, and political decisions are essential for public accountability. Politics, however, should be separate from the role of management, which is to implement governance decisions. If the governance function is working well, management of small tenures should face few issues of conflict.

Governance for small tenures in British Columbia includes the processes by which they interact with the provincial government, as well as the ways in which they engage with local people. In this regard, small tenures are accountable in two directions (Ribot 2002). The first direction is "upward" accountability to the Province, as the owner of the resource, through the terms of the tenure agreement and provincial regulations. The second is "downward" accountability to members, forest users, residents, or voters in the local area.

The governance difficulties facing CFAs and those facing woodlot licensees are easily distinguished. Although both forms of small tenure face similar kinds of forest management issues, different kinds of accountability are required. Both have upward accountability to the Province, but woodlot licensees have no downward accountability. Woodlot licensees do not act on behalf of a community or public organization (with a very small number of exceptions; see Table 1). They are essentially private actors who can make and benefit from their own decisions within the constraints of their licence and other provincial regulations. This is not the case with CFAs, where the licence holder acts on behalf of a group or community and is expected to involve community members in decision making through the structures and processes of governance. For these reasons, much of this extension note emphasizes the special governance challenges facing CFAs.

**TABLE 1.** Governance structures of woodlot licences

Type	Total number	% of total
Individual or Family	528	64
Corporation (small business)	226	27
First Nation	52	6
Society	11	1
Educational Institution	6	< 1
<b>TOTAL</b>	<b>826</b>	

### Upward Accountability

In practical terms, upward accountability occurs mostly through B.C. Ministry of Forests and Range forest districts. Holders of CFAs, or closely related organizations, may also be involved in managing other resources through various licensing agreements (e.g., grazing, water extraction, fisheries, recreation, etc.) and therefore be accountable to other provincial (or federal) government agencies.

Upward accountability of tenure holders is largely defined by the terms of their tenure agreement (Ambus *et al.* 2007). All small tenures are required to undertake specific forest planning and management responsibilities to the satisfaction of the District Forester. Operational responsibilities include:

- Developing Forest Stewardship Plans that address how the licensee will achieve the objectives specified by the *Forest and Range Practices Act (FRPA)* regulations.
- Developing operational plans that describe how the Forest Stewardship Plans will be implemented at the site level.
- Carrying out activities described in operational plans; however, before road-building or harvesting activities, licensees must first apply for and obtain permits.

The parameters within which small tenure holders can make forest management decisions are largely set by this regulatory framework, along with the specific terms negotiated in each tenure agreement. For CFAs, important negotiable elements are the tenure area and the specific harvest volume. The ability of small local organizations to negotiate with the provincial government on these matters partially depends on local understanding of forest management, as well as local political support and technical capacity. Once fixed in the tenure agreement with the Ministry, these

parameters have a crucial influence on local forest management decision making.

Another aspect of upward accountability to the Province is actually related to the tenure holder’s downward accountability; that is, the provincial government evaluates applications for CFAs and assesses their performance partly in terms of community involvement in decision making. These community involvement processes, therefore, become an important part of the tenure holder’s accountability to the Province.

### Downward Accountability and Governance Structure

The governance criteria described earlier include both structural and procedural features. A review of available research in British Columbia shows little empirical evidence relating to governance procedures adopted by small tenures. However, it is possible to describe and compare the different governance structures currently in use.

Downward accountability for woodlot licensees has not been a concern because they do not act on behalf of a community or public organization. The *Forest Act* (Section 44 [4]) allows the award of Woodlot Licences to any Canadian resident (at least 19 years old), to First Nations, or small locally owned corporations. Societies were also eligible for a woodlot at one time, but this short-lived provision was repealed in the early 1990s (B. McNaughton, Federation of B.C. Woodlot Associations, pers. comm., December 2006). Today, individuals or families hold the majority of Woodlot Licences (see Table 1). A handful of small companies and First Nations also manage woodlots, as well as a few societies, clubs, and educational institutions.

For CFAs, a broad range of governance structures was planned as part of the original Community Forest Pilot Project (Community Forestry Advisory Committee 1998). When designing the experimental tenure, the government wanted to give communities maximum flexibility in how they chose to define themselves, but required that the tenure be awarded to a legal entity. In 1998, *Forest Act* amendments added provisions for the new community forest tenure. The legislation lists various legal entities that can acquire a CFA, including a First Nation, municipality, or regional district (Section 43.2), and others (e.g., society, co-operative, corporation, or partnership) if prescribed requirements are met (Section 43.2[3][c]). Table 2 outlines the different governance structures of the 17 CFAs signed to date.

**GOVERNANCE AND MANAGEMENT OF SMALL FOREST TENURES IN BRITISH COLUMBIA**

**TABLE 2.** Governance structures of Community Forest Agreements

Structure	Examples	Year signed
Co-operative	Harrop-Procter Community Co-operative	2000
Society	Bamfield Huu-ay-aht Community Forest Society	2001
	Bella Coola Resource Society	2007
First Nation	Esketem’c First Nation	2001
	Cheslatta Carrier First Nation	2002
	Westbank First Nation	2004
	Cowichan First Nation	2004
	Nuxalk First Nation	2007
Local government	City of Prince George	2006
	District of Fort St James	2001
Corporation	Burns Lake Community Forest Corporation	2000
	McBride Community Forest Corporation	2002
	Likely Xats’ull Community Forest Ltd.	2003
	Ktunaxa Kinbasket Development Corporation	2004
	Sechelt Community Projects Inc.	2006
	Powell River Community Forest Corporation	2006
	Wells Gray Community Forest Corporation	2006

Holders of CFAs fall into the following five types of administrative authority, which are accountable to members, to the local electorate, and (or) to shareholders.

**Co-operative** – Collectively owned and democratically controlled by its members, the co-operative is a legally incorporated business that can enter into contracts under its corporate name. Liability for individual co-operative members is limited to the extent of the value of shares held. Co-operatives are characterized by their service orientation, concern for community, and commitment to values such as self-help, self-responsibility, equity, and democracy (Gunter 2004).

**Society** – A society is a not-for-profit organization that holds all of the powers of a legal individual, but that remains separate and distinct from its members. Societies are incorporated according to the provisions of the *Societies Act*. Each society requires a constitution and bylaws, a list of directors, and notice of address.

**First Nation** – A First Nations Band is a legal administrative entity for a group defined by the federal government under the *Indian Act*. A Band is governed by an elected Chief and Council and generally exists at a level equivalent to a municipal government or regional district, although it has a unique relationship to the Crown. Two or more bands may join together to form a tribal council. Dialogue continues between First Nations and federal and provincial governments

about the formal recognition and codification of First Nations self-governance.

**Local Government** – Local government is the smallest administrative unit to have a democratically elected leadership. Commonly referred to as a city, town, or village, or as a small grouping of them, it is an administrative entity composed of a clearly defined territory and its population. In British Columbia, local government also refers to a municipality or regional district. The elected structure of local government typically includes a mayor and council.

**Private Corporation** – A corporation is a legal entity separate from its owners or shareholders, although it is formed under terms identified by the members or shareholders in the corporation’s charter. A corporation has shareholders who own the company and receive dividends from profitable operations, officers who function as senior staff and oversee operations, and directors who are accountable to the shareholders overseeing the officers. It can borrow money, own assets, and perform business functions without directly involving the shareholders. Individual shareholders cannot be held personally liable for debts, obligations, or acts of the corporation, but under some circumstances directors and officers can.

The corporate structure has proven popular with recently awarded CFAs (see Table 2). Private

corporations<sup>1</sup> have limited downward accountability—it makes little difference that one or more of the corporation’s shareholders is a public entity (i.e., a local government body). Therefore, reporting requirements and oversight by the public are not required to the same degree as for other governance structures.

A corporate tenure-holding structure has practical commercial advantages. For example, it is easier to set up business arrangements with other locally owned businesses or large forest companies who can offer forest management expertise or markets. Private corporations also tend to have streamlined decision making by a small Board of Directors and simple reporting requirements to shareholders.

Conversely, local governments, or organizations with a broad community membership, which hold tenures have explicit legal requirements for direct local accountability tied to the constitutional structures of membership, reporting, and elected representation. Co-operatives and societies are accountable to their members. To the degree that membership is broadly based in the community, they represent diverse community interests. Their financial statements are also publicly filed, and so are available for broad scrutiny. Local government structures and First Nations Bands are inherently accountable through requirements for direct elections and open meetings.

Downward accountability of CFAs is therefore influenced by their legal structure. However, regardless of the structure adopted, governance is also a matter of process. Any governance structure can strengthen its downward accountability through the adoption of stronger processes of community participation.

These factors were highlighted in a recent review of the CFA program (Meyers Penny and Norris and Enfor Consultants 2006). The consultants who conducted the review concluded that, while corporate CFA structures are probably less accountable, it is the processes of community involvement, rather than legal structure, which should be most important to governance. The consultant’s report also recommended that the B.C. Ministry of Forests and Range continue to “carefully scrutinize” governance of CFAs and “test whether or not they offer clear accountability to the community, have active and regular involvement from a broad range of stakeholders and can be held legally liable

for meeting all conditions of the tenure and laws that govern it” (Meyers Penny and Norris and Enfor Consultants 2006:45).

## Community Participation

The guidelines and criteria for awarding CFAs in British Columbia require tenure holders to provide opportunities for community participation through their governance mechanisms. Throughout Canada, public participation in forest decision making is increasingly recognized as an important element in fulfilling the trust involved in managing public forest lands and demonstrating sustainable forest management (Beckley *et al.* 2006). Alongside accountability, participation is crucially important for effective governance. If community-based organizations that hold CFAs make decisions about the use of public resources (i.e., forests) without taking into account the views of the community, then they will likely provoke challenges and political conflict. To meet recognized criteria for good governance processes, participation mechanisms should be fair, open, and responsive. Forest decision-makers must be willing to use the information received through participation and act on it. Treating participation as an exercise in public relations will likely exacerbate conflicts, making management more difficult.

Effective community participation is a two-way process based on communication of both facts and values, or social preferences. Social, economic, and political conditions change, as do people’s preferences. Participation improves decision making in forest governance because it:

- provides decision-makers with access to new information;
- builds a shared awareness of problems and a commitment to implementation; and
- encourages respect for diverse perspectives (Hamersley-Chambers and Beckley 2003; Parkins and Ross 2005).

A further benefit is adaptability to change—review and redirection are more easily accomplished if important interest groups are already well informed of the issues.

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<sup>1</sup> We distinguish between closely held private corporations, whose shareholders are a small number of public or private entities, and widely held public corporations that have more stringent public accountability requirements to protect shareholder interests.



Participation allows a local airing of different (and sometimes contradictory) interests about the use of forest resources. However, building consensus on the overall vision and objectives of community forestry is a challenge for CFAs. Involving different interest groups is required to develop shared expectations. In the absence of shared information, debates about forest decision making will likely lead to conflict. Therefore, the creation of a neutral and respectful forum for information-sharing and frank exchange of views is an important element of a participatory process.

Many approaches to participation exist. The choice of approach will depend on:

- the types of groups that require involvement;
- the group's level of interest, knowledge, and capacity to get involved with community decision making; and
- the range of diverse or contradictory value positions expressed on important decision issues.

In general, the views of all members of the public should be considered, but different tools will be needed to engage different groups. Preliminary surveys may reveal that certain issues are only important to a small number of interest groups; further engagement can then be focussed on working with them. When knowledge is widely shared and similar views held, the required participation processes may be relatively simple. However, participation may require considerable time and resources when fundamental public disagreement or conflict exists. Participation in forest resource governance is never a one-time exercise—it is a continuous approach that is applied throughout the entire forest planning and operating cycle and that requires different kinds of tools and methods depending on the circumstances (Beckley *et al.* 2006).

Many guidelines and toolkits are available for community participation in forest governance (see, for example, Davis-Case 1990; Donaldson 1994; Beckley *et al.* 2006; Evans *et al.* 2006). Most importantly, however, participation offers many practical advantages to CFAs, such as providing new information, helping to forestall conflicts, and strengthening accountability as described above. The provincial government also considers participation as fundamental to community forestry. Clearly, community participation should be a central aspect of the governance of all CFAs in the province.

## Strengthening Governance and Management of Community Forests

Community forest managers implement governance priorities. These managers are usually forestry professionals or companies hired for the purpose of implementation. Through their accountability to the community, either in the form of contracts, corporate shareholding, or other kinds of agreements, forest managers are charged with meeting the policy objectives set by government in the terms of the tenure, as well as those set by the local community through the organization that holds the tenure.

Organizations that manage small tenures always face the challenge of implementing decisions with limited resources. An appropriate balance of both effectiveness (achieving the desired results) and efficiency (doing so while minimizing costs) is required, as is making the best use of knowledge and expertise available, while demonstrating financial prudence.

Sometimes, however, community forest tenure holders will neglect to separate governance (accountability and representing diverse public interests) from the technical tasks of management in an attempt to be more efficient. Decisions about priorities and objectives are essentially political, and should be subject to public debate, but once policy decisions are made, management should be free of political influence. For CFA governance structures, this means clarifying the boundaries and mandates for the tenure holder (e.g., local government) and the forest manager (e.g., a contractor or a municipal department). Establishing a corporate structure does not eliminate this problem. Political decisions still need to be made, but if the tenure holder is a private corporation, these policy decisions may not be subject to open public scrutiny.

As communities gain more experience with community forests, and as organizations that hold CFAs develop better governance skills through training, extension services, shared experience, and networking, expectations will probably shift and divergences narrow. With the number of CFAs in the province increasing rapidly, each new tenure holder will face a similar set of issues within different local contexts. Because experience is relatively limited, CFA holders require more resources for training, sharing lessons, and building the capacity to deal with the demands of governance and forest management (see sidebar, page 75, Figure 1). Community forests in British Columbia can also benefit from the experience of other countries.

## Voluntary Associations Complement Local Governance Structures

Various associations have formed to help small tenure holders respond to shared governance and management challenges. Around the province, many local Woodlot Licence associations exist, 27 of which joined to form the Federation of British Columbia Woodlot Associations (<http://www.woodlot.bc.ca>). This group successfully lobbied to increase the area and volume available for Woodlot Licences. Formed in 2002, the British Columbia Community Forest Association (BCCFA) provides technical and administrative support to all CFA holders and represents their interests to the government (<http://www.bccfa.ca>). One of their recent issues is the long-term resolution of stumpage rates for CFAs. These associations also provide their members with opportunities for training and skills development (see Figure 1).



**FIGURE 1.** Community forest practitioners from around British Columbia visit the Burns Lake Community Forest to exchange information and share best practices.

### Experience From Other Countries

Several other countries with small, locally based tenures have addressed the governance issues in different ways. For example, in Sweden, where forest land is largely privately owned, woodlot owners are not upwardly accountable for harvest volumes, yet government has been able to assure timber supply by working with voluntary associations of small tenure holders. In Mexico, where communities own and manage most forest land, international certification standards for sustainable forest management have been met with a reliance on familiar local governance processes. In Nepal, devolution of forest management authority to local communities led to accountability failures and mismanagement. However, instead of recentralizing, the government turned over forest management to specially constituted committees of forest users to strengthen community participation. These examples from Sweden, Mexico, and Nepal demonstrate alternative ways to address the fundamental issues of governance and forest management. Although these approaches cannot be replicated in British Columbia, this experience suggests that it is possible to consider a broad range of mechanisms and policies.

### Sweden: Private Woodlot Owners' Associations Help Assure Timber Supply

In Sweden, family enterprises own about one-half of all productive forest land. Approximately 350 000 enterprises operate with an average holding of 47 ha; most are passed on from one generation to the next (Skogsstyrelsen 2007). One important issue for the government and industry is ensuring that sufficient timber is harvested to maintain a viable forestry sector. Although woodlot owners' interests and forest practices are diverse, they tend to favour conservation (or limited management) rather than active harvesting of forest lands. Government and industry would have liked more trees made available for manufacturing; however, they could not increase raw log prices and still remain competitive in international product markets. Instead, woodlot owners have been provided with training and technical services through various voluntary associations and co-operatives to encourage them to better assess their woodlot's potential.

Owners of small woodlots established forestry co-operatives during the 1930s to give their members a stronger negotiating position in product markets. Some 90 000 family enterprises belong to forestry



co-operatives today. In addition to the marketing and sales service provided for members, co-operatives offer logging and technical advisory services, and represent the interests of family enterprise forestry in consultations on forest and industrial policy. Through their membership in the co-operatives, family woodlot enterprises also own shares of co-operative pulp mills and sawmills, and therefore have a stake in their productivity.

The forest (woodlot) owners' associations began by offering services to members such as felling, silviculture, transport and marketing of wood, as well as conservation, forest planning, information, training, and technical advice. The six forest owners' associations in Sweden collaborate through the Swedish Federation of Forest Owners, and play a national and international role in promoting the economic interests of their woodlot owner members. Some associations have evolved into commercial corporations and own sawmills or pulp mills. The associations are currently introducing European Union environmental management systems and offer their members certification support, adapted to family-based forestry ([http://www.borealforest.org/world/world\\_sweden.htm](http://www.borealforest.org/world/world_sweden.htm)).

Forest management plans and annual harvest volumes have been voluntary, but through co-operatives and associations, government has helped forest owners with training in areas such as mapping, stand identification, and site indexing. The co-operatives and associations have strongly influenced the values and practices of small tenure holders, complementing state forest policies when these could not directly regulate the management of private land. By getting involved in downstream manufacturing, the co-operatives and associations provide their members greater incentive for production. By establishing consensus-based forest management guidelines, training, and certification processes, the associations and co-operatives have demonstrated how privately governed wood-harvesting operations can support government policy objectives for both fibre supply and long-term sustainability (Hysing and Olsson 2005).

### **Mexico: Community Forest Enterprises Build on Traditional Governance Systems**

Approximately 70–80% of Mexico's forest lands are collectively owned and managed by local and Indigenous communities through two types of property holdings: *ejidos* and *comunidades*. These common property arrangements resulted from a long history of

rural activism, which dates back to Mexico's Revolution of 1910–1917 (Bray and Merino-Perez 2002).

Beginning in the early 1970s, government policies granted communities rights to manage forests on their *ejido* lands, and establish local logging businesses. These rights had previously been claimed by government monopolies despite community land ownership. Community forest enterprises (CFEs) evolved over the next three decades, as policy shifted to provide greater or lesser degrees of support. By 1992, before Mexico entered into free trade agreements, as much as 40% of Mexico's commercial timber production came from CFEs (Klooster 1999). In 2003, the new Forest Law was passed making community forestry a major focus of Mexican forest policy (Bray and Merino-Perez 2002). Today, more than 2400 communities manage their forests for commercial use and timber production. Many *ejidos* and *comunidades* have formed regional "unions" such as the Union de Comunidades Zapoteco – Chinantecas in Sierra Norte.

The governance structures of Mexico's community forests are generally based on traditional *ejido* systems. These involve territory-based local government organizations administered by large "General Assemblies" of community members. The General Assembly is collectively responsible for high-level decisions regarding land-use designations and the distribution of forestry revenues. This governance mechanism ensures downward accountability. To ensure fair representation, all members of the General Assembly elect an Executive Committee that is responsible for decisions, such as harvest volumes, road construction, and reforestation (Klooster 1999). This committee also establishes rules for activities (e.g., collecting firewood and grazing livestock) and for business decisions regarding the CFE and manufacture of wood products (Bray *et al.* 2005). A staff manages operations, such as logging and finances, under the committee's guidance.

Although the threat of local conflict and corruption remains a possibility, Bray *et al.* (2005) indicated that the majority of communities have well-developed accountability systems based on their traditional governance models that are capable of dealing with most problems. Community ownership and management of forest lands in Mexico has resulted in "demonstrable enhancements" leading some to conclude that "greater community control enables better forest management" (Klooster 1999:378). The effectiveness of community management is also demonstrated by the fact that 25 communities controlling over 500 000 ha have received Forest Stewardship Council certification.

### **Nepal: Local User Groups Manage Government-owned Forests**

Forests in Nepal were traditionally managed under a feudal land-holding system, in which local elites controlled most of the forest lands but provided access to small farmers on restricted terms. In the 1950s, with political independence and modernization, the government nationalized all uncultivated land and built up a centralized, technically trained bureaucracy to manage the forests. All cutting required permits issued by the Department of Forestry. Although this removed forests from the control of local elites, farmers and forest users were also no longer bound by the traditional feudal constraints and social obligations that had previously regulated forest use. During the transition, many individuals sought control of these lands by clearing the forests for cultivation. The weak central authorities could not enforce forest management in the densely populated countryside, and so in practice nobody had effective responsibility for forest management. In the 1960s and 1970s, these factors led to widespread deforestation and land degradation, and an increasing recognition that community involvement was essential for effective forest management.

In 1978, local governments were handed management responsibilities for degraded forests, but no provisions were made to involve forest users in decision making. Local government officials tended to treat public forests as sources of private wealth. Although labelled “community forestry,” this system was prone to corruption and generated little improvement in forest management. With the advent of democracy in 1993, the government promised to increase the accountability of forest management to local communities. The *Forests Act* of 1993 and the *Forest Rules* of 1995 legally enabled community forest user groups (CFUGs), which are set up locally and democratically, with explicit guidelines to include women and different social elements. Each group prepares its own constitution defining membership and forest access rights, which is reviewed and approved by the District Forestry Officer. Through a participatory planning process, a community forest Operational Plan is prepared for endorsement by the entire CFUG membership and then submitted to the district officer for approval (Pokharel 2002). The CFUG undertakes all management activities and makes independent decisions on land and forest use. It has authority to levy and collect fines for violations; it can also charge

fees for access and cutting, or market products directly to fund collective development projects, such as local infrastructure or revolving credit systems. A percentage of its proceeds are remitted to the national government (reduced in 2003 from 40% to 15%).

As a result, the forestry sector has been transformed and democratic processes in local governance enriched. Over 14 000 CFUGs now exist in the country’s 74 forest districts, with membership totalling almost 35% of the national population. Management rights cover about 25% of the country’s total forested area. District forest officers now train, facilitate, and provide technical support to CFUGs, rather than plan, initiate, and regulate all forest management activity. A blossoming NGO community and small-scale professional contractors undertake technical services, such as capacity-building, planning, inventory, and analysis. The Federation of Community Forest Users, Nepal (FECOFUN) was formed to help local user groups share information and experience on forest management and product marketing, as well as to advocate for policy interests. The FECOFUN is the certificate holder for Forest Stewardship Council group certification, and trains and certifies interested CFUGs (Kanel 2006).

Forest conditions (i.e., the density and age of managed stands) have markedly improved in most regions of the country. The adoption of a strong participatory governance model has been crucial to the growing political and economic engagement of local people. Government, NGOs, and the FECOFUN have fostered practices of shared learning, capacity-building, and sustainable forest management (Kanel 2006).

### **Conclusions and Issues for Further Study**

British Columbia’s growing number of CFAs means that more local governments and community organizations will grapple with governance and management issues. Governance issues involve the structure and processes of decision making that ensure accountability and participation in setting priorities and long-term objectives. Management deals with the technical and business decisions of day-to-day operation. To manage forests effectively, governance systems should be accountable and representative of diverse interests. This requires attention to both governance structures and participation processes, and requires skills in communications and consensus-

building. Effective governance makes management easier and reduces conflicts.

Several different governance structures have emerged for British Columbia's CFAs. These structures are accountable to defined memberships, to local electorates, or to shareholders but, most importantly, they should represent different interests. Although any structure must rely on processes of participation to achieve effective results, models in which publicly elected bodies make crucial forest governance decisions have a stronger built-in degree of accountability than do purely corporate models.

Other countries with small-scale tenure systems have faced similar issues. The Mexican experience illustrates that strong governance systems can be built on traditions of egalitarian local decision making. In Nepal, however, the creation of new participatory local institutions was required. In both cases, effective governance required strong participation of forest users and local resolution of conflicting interests, with government facilitation and support. The Swedish case shows that government helped assure timber supply even without strong upward accountability among small tenures, and that producers realized it is often in their best interest to collaborate in marketing and manufacturing. The case studies demonstrate that small forest tenure holders and governments benefit from well-organized and active voluntary associations. These associations provide a wide range of information, as well as technical and marketing services, and link forest tenure holders in networks of shared learning.

Because small tenures are a recent phenomenon in British Columbia, little applied or comparative research on their experience is available. To go beyond a basic inventory of existing governance structures, we believe that comparative studies are required on the performance of different structures and processes, research that has not yet been undertaken in the province.<sup>2</sup> We recommend further analysis to provide local individuals and communities with information about the available options and alternative ways of ensuring both upward and downward accountability. Additional study is required on the role and nature of public participation in forest governance, the terms of CFA licences, and the scope for expanding local management responsibilities (i.e., non-timber forest resources).

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*To manage forests effectively, governance systems should be accountable and representative of diverse interests.*

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<sup>2</sup> The models and experiences of other community-managed tenures should also be considered, including: the Tree Farm Licences managed by Mission, Revelstoke, and the Tla'zten First Nation; the Forest Licences managed by Creston and Kaslo; and the Cowichan municipal lands.

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## Test Your Knowledge . . .

### *Governance and management of small forest tenures in British Columbia*

How well can you recall some of the main messages in the preceding Extension Note?  
Test your knowledge by answering the following questions. Answers are at the bottom of the page.

1. What are the two principles of forest governance explored in this extension note?
2. An independent review of the CFA program concluded that the best governance model for community forests is:
  - A) Local government
  - B) First Nations Band
  - C) Co-operative
  - D) Society
  - E) Corporation
  - F) All of the above
3. How many of the following lessons from the international experiences reported here could be applied to small tenures in British Columbia?
  - A) Community-managed forests can meet international certification standards
  - B) Small tenure holders benefit from collaboration and shared learning through voluntary associations
  - C) Forest governance requires strong central authority to ensure enforcement of environmental protection
  - D) To ensure adequate timber supply and sustainability, government needs to control harvest volumes
  - E) Local forest users can organize themselves to manage forests sustainably.

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### ANSWERS

1. *Accountability and Participation*
2. *It's a trick question! The reviewers noted that any model can work effectively if the principles of local participation and downwards accountability are respected.*
3. *A, B, E*