



KNOWLEDGE NOTE

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Fostering forests' contribution to poverty reduction, sustainable development and environmental services

KEY LESSONS FOR POLICY REFORM

- ✓ Reform takes time and requires flexibility
- ✓ There is no reform without reformers
- ✓ Reforms are only sustainable when they have the support of a broad range of stakeholders

Cameroon's Context

In the past, Cameroon's ability to place forests at the service of its people, its economy, and the environment was hampered by the legacy of colonial administrations and their extractive policies. After independence, these obstacles were further entrenched through a system of political patronage and influence. Deeply entangled commercial and political interests have only recently—and somewhat reluctantly—began to unravel.

In 1994, the Government adopted a new Forest Law that entailed an array of policy reforms, both regulatory and market-based. These reforms were intended to replace chaotic and opaque arrangements for accessing forest resources that benefited an elite few, with a more organized, transparent, and sustainable system that would benefit greater numbers of people and the environment.

POLICY REFORM LESSONS: AN EXAMPLE FROM THE FORESTRY SECTOR IN CAMEROON



Metchum Falls, Mount Oku, Cameroon, photo from localsurfer.co.uk

Over the last fifteen years the World Bank has assisted the Government of Cameroon in reforming the country's forest sector through a series of policy lending instruments and a debt relief initiative. In the late 1990s, the World Bank and the Government broadened dialogue to include the donor community and national and international civil society organizations. The engagement led to increased support for the reform process, and to focused discussion on issues such as sequencing and which measures to assign priority.

The experience is chronicled in greater detail in **The Rainforests of Cameroon: Experience and Evidence from a Decade of Reform**. This Knowledge Note analyzes the forest reform process in Cameroon, by describing how the reforms were built and implemented, and points to a number of insights that may be useful in other countries as well as in other sectors where reforms are being planned.

Building the reform agenda

Cameroon's Forest Law, ratified in 1994, provided the framework within which the Bank could anchor a series of interventions to support forest sector reform. In 1998 World Bank support was identified for specific forest reform measures, designed to strengthen the Forest Law in six strategic areas: forest zoning, community forestry, the title allocation system, sustainable forest management, and forest taxation.

Since that time, these six areas have remained focal points in the Government of Cameroon's collaboration with the World Bank and other institutions in the international development community. The links between the Forest Law and the World Bank-supported reform conditions are presented in table 1.

Table 1: Forest reform measures and linkages with the Forest Law

Area of reform	1994 Forest Law	Bank-supported measures
Forest zoning	Classification of the forest estate into permanent production forests, protected areas, and rural areas.	Adoption of a national strategy for forest concession planning, taking into account requirements for sustainable forest management.
Community forestry	Establishment of rights for local communities to manage community or local council forests through a contractual relationship with the administration.	Adoption of a right for the local communities to preempt neighboring forests from being earmarked as <i>ventes de coupe</i> (where logging is permitted on a maximum of 2,500 hectares for a maximum of three years)
Title allocation system	Allocation of short- and long-term forest harvesting rights through a public auction in which technical and financial criteria are considered.	Adoption of new, detailed regulation for awarding harvesting rights, including revised selection criteria and an external validation mechanism involving an independent observer.
Sustainable forest management	Introduction of forest management plans implemented by private firms in permanent production forests and monitored by the Forest Administration.	Adoption of procedures to prepare, approve, and monitor forest management plans. Selection of international nongovernmental organizations to monitor and assess the implementation of forest management plans on the ground. Implementation of a guarantee system to ensure compliance with forest management plans.
Forest taxation	Mention of a system to redistribute a portion of the area tax to local councils and communities.	Adoption of reforms in forest taxation, including the creation of a program to enhance forest tax revenue (through better monitoring and recovery of forest taxes) and a system for redistributing annual area revenues (the state to receive 50 percent, local councils 40 percent, and local communities 10 percent).
Adaptation of the institutional framework	Reorganization of public institutions to focus on governance (regulation and control). Transfer of productive activities to the private sector, local communities, and local councils.	Revision of the institutional status of the National Forestry Development Agency (ONADEF) to clarify its mandate and sources of financing.

These conditions were specifically intended to generate and test political commitment to the Forest Law – commitment that had been slow to materialize until then. The reforms can usefully be classified between those relating to the establishment of a sound regulatory framework, and those relating to the roles of forest institutions, which required a kind of reorientation to concentrate on their public mandates and to disengage from

the roles they had previously played in production.

Reforms greatly improved the disclosure of public information on how user rights are determined, and as a result went far in undermining the earlier system of patronage in which forestry ministry officials could allocate forest areas according to their own discretion.

Civil society organizations in particular came to play a proactive

role in scrutinizing this information and conveying its significance to stakeholder communities. Despite setbacks the operating culture has started changing– corruption and rent seeking have become a risky business in the forest sector in Cameroon as a result of the reforms. A number of lessons emerge from the experience and warrant description if only because they are likely to apply to reform processes in other settings and sectors, and arguably to reform in general.

Developing the regulatory framework

Making the reforms laid out by the 1994 Forest Law an operational reality would depend on establishing a suitable regulatory framework within which the Law could be effectively enforced, and within which corruption was discouraged throughout the sector by improved transparency and governance. Civil society organizations in particular came to play a proactive role in scrutinizing this information and conveying its significance to stakeholder communities.

The value of simplicity. Forest sector reform got off to a number of false starts in Cameroon during the 1990s, and by 1998 the experience had implicated overly complex regulations as a contributing factor to the persistence of corrupt practices. In hindsight, much of this complexity was the result of reformers striving for sophisticated solutions to the challenges at hand – technically sound but oftentimes impossible for local stakeholders to understand. Technically perfect measures that are too complicated to understand are almost guaranteed to be impractical, and are very likely to be ignored altogether, or worse. The uncertainty and confusion they create can lead to opportunities for corruption. The capacity of agents to carry out or comply with new rules is a particularly important consideration when new rules are being developed. In Cameroon the premium placed on simplicity and clarity from 1998 onwards paid off. The most important regulatory instruments introduced during the reform process were generally succinct and readily comprehensible. When technical discussion was required in negotiating the terms and obligations of the respective stakeholders, ensuring that all parties involved understood what was being

negotiated was a constant priority. Simplicity also served realism, and a resolution to set priorities based on what was both urgent and practically enforceable, omitting for the time being those issues certain measures that were less essential or less practical regulations. Practicality trumped optimality, even though regulations aimed at optimal outcomes are moved back on the agenda a great many strides can be taken to satisfy preconditions that make possible their eventual realization.

Persistence and pragmatism. The elaboration of a policy matrix that detailed the responsibilities of various ministries and the intended outcomes of the reform agenda contributed to shared expectations and a clearer understanding of the purposes of the various reform measures by concerned stakeholders. The matrix provided a point of reference that effectively simplified a reform package that otherwise could easily have been perceived as too ambitious or too complicated. It also cultivated commitment and a sense of ownership among the various stakeholders that enabled reformers to remain focused on the same reform measures over time. While this persistence was essential to the success of the reform process, changes continuously affecting the forest sector made it necessary to monitor the appropriateness of measures over time as well, to verify that they continued to fit the changing context. When necessary in the face of emerging constraints, adjustments had to be crafted in such a way as to not jeopardize the consistency of the reform package.

Identify and engage all concerned stakeholders. Defining the new rules to govern the forest sector in accordance with the 1994 Law was

not an easy task. Some new regulations encountered considerable resistance from different groups. For instance, rules defining the auctioning system of forest titles were strongly criticized by the private sector and some individuals within the Administration. It took some time before these actors perceived the benefits of this new allocation system. Today the auctioning system is strongly supported by private sector actors who find it more transparent and compatible with their business models.

The ongoing dialogue and consultation with stakeholders fosters ownership of the reforms and trust between the respective groups involved. This warrants priority, particularly during periods of contention when the parties may exchange criticism. The World Bank team working on the reforms in Cameroon weathered heated criticism from a number of groups at various times, but remaining engaged and working out the issues at hand paid off. Inclusiveness works in spite of its challenges. No actors who are important to the reform process can be left out or feel that their voices have fallen on deaf ears.



Photo from localsurfer.co.uk

Revisiting institutional arrangements

The 1994 Forest Law required a clarification of the role and responsibilities of both state and non-state actors. Obliging public forest institutions to withdraw from production and from related commercial activities was an early priority allowing the Ministry of Forests to enter into collaborative agreements to obtain services provided by the private sector, communes, local communities, and NGOs.¹

Removing “inefficient” institutions.

Reorganizing the National Office of Forests Development (*Office National de Développement des Forêts* - ONADEF) was a clear priority. ONADEF had been established before the adoption of the 1994 Forest Law, and was a parastatal responsible for industrial reforestation and promoting timber use. Beyond this mandate, ONADEF created a “monopoly” on forest inventories and management plans when sustainable forest management plans became a legal requirement for forest concessions. Its monopoly status undermined the development of consulting services within the private sector and went far in fostering the impression that its workings were characteristically corrupt and given to clientelism. In 2002, ONADEF was succeeded by the National Support Agency for Forest Development (*Agence Nationale d'Appui au Développement Forestier* - ANAFOR), whose mandate is to promote financially and environmentally viable plantations established, owned, and financed by individual farmers, communities, and the private sector.²

Supporting promising partnerships.

Supporting two forms of partnerships –those between ministries, and those between the government and non-

governmental groups—had a positive influence on the institutional arrangements. Until the late 1990s, the forestry-tax collection system, managed by the Ministry of Forests, was largely under-performing, with very low recovery rates. The Ministry of Finance meanwhile saw the forestry sector as one of the most promising niches for public resources. It therefore pushed for the creation of a joint program in which it would share responsibilities for forest revenues with the Ministry of Forests. The Forestry Revenue Enhancement Program (*Programme de Sécurisation des Recettes Forestières* - PSRF) was established in 1999 under the twin supervision of both Ministries. The Program achieved major increases in the recovery of forest-related taxes. In so doing, the Program proved to be instrumental in capturing substantial fiscal revenues despite declining volumes of production and a drastic reduction of log exports. The Program also ensured revenue was fairly and systematically collected and channeled to the Treasury, local governing bodies, and communities. As a result, the Ministry of Forests has largely disengaged from a lucrative but politically sensitive area.

Innovative partnerships were also built between the Government and respected non-governmental organizations that are internationally renowned for their activities in support of forest conservation and transparency in forest management. The reforms were facilitated through these partnerships would have been far more difficult had the Administration attempted to enact them itself, given the likelihood that vested interests within the Administration would have opposed establishing transparent “rules of the game.” Some external partners can be engaged temporarily in order to

demonstrate results that will draw further support for the reform process within public forest institutions. In Cameroon, these public-NGO partnerships have proven to be very effective in improving forest sector governance. The progress achieved is particularly striking considering that in 1998 Cameroon ranked last among 85 countries in the Corruption Perception Index issued by Transparency International. Partnerships with Global Witness and subsequently with Resources Extracting Monitoring have been instrumental in building capacity to control forest area uses. A partnership with World Resources Institute has led to the systematic use of remote sensing tools to monitor forest cover.

Aligning budget allocations with policy goals. Until the mid-2000s, national budget allocations to the Forest Administration were limited and did not reflect its changed functions. ONADEF, despite its clear irrelevance in the context of the reforms, absorbed half of forest sector funds until its demise (in 2002). Funding for the core functions of planning, control, and law enforcement remained largely limited to wages. Any major innovations were funded either from extra-budgetary, *ad hoc* resources provided by the Ministry of Finance or by donors. Eventually however, major efforts were brought to bear to align the budget to forest policy. Since the mid-2000s, and backed by the implementation of the FESP with the support from the international community, budgetary planning better reflects the objectives specified in the 2005 Forest and Environment Sector Policy Letter.³ While financial resources are now better aligned with policy objectives, it remains challenging to ensure policies are applied on the ground.

¹ A review of forest institutions in 2002 helped to identify the parts of the existing institutional framework that were opaque and to pave the way for institutional changes that would make them more transparent.

² There was considerable resistance to the establishment of ANAFOR, which lacked staff and operating funds until fairly recently but now plays a major part in a government plantation program.

³ The 2005 Forest and Environment Sector Policy Letter was a joint letter from the Minister in charge of Forests and in charge of Environment and mainly acknowledged the strategic areas highlighted by the 1994 Forest Law and provided clear indication on Government's strategy to implement the necessary reforms. This letter was also a fundamental document for the FESP implementation.

Innovative Partnerships with international NGOs

The interest of NGOs in pursuing transparency and forest conservation objectives, as well as in the government's institutional weakness and need to shore up its international credibility, helped create specific niches for well-respected NGOs to support forest reform. Collaboration with World Resources Institute (WRI), Global Witness (GW), and Resource Extraction Monitoring (REM) enabled the government and other partners to detect suspicious activity in concessions and parks and made inaction hard to justify. Independent observers reported on and were associated with the quality of auctions and forest control operations, and they helped to create a public register of forest and wildlife infractions.

- GW, building on brief U.K.-sponsored missions in 2001, became the first independent observer for forest law enforcement, supported by the World Bank, the United Kingdom's Department for International Development (DFID), and the European Union (in fact, this independent monitoring enabled Cameroon to become eligible for HIPC debt relief). GW was succeeded in 2005 by REM, which works with MINFOF law enforcement agents to conduct field investigations and specific studies of governance issues facing MINFOF and the private sector. The independent observer relies on good field investigation techniques and information from local informants, follows up on legal cases that are detected, and report findings to an internal reading committee and directly to the minister. Results of GW and REM field missions have been published on the Internet.
- The Global Forest Watch (GFW) program of WRI supports Cameroon's forest monitoring efforts through the use of remote sensing and geographic information systems and maintains an online cartographic and statistical database for users and managers of forest resources as well as other constituencies interested in Cameroon's forests. The World Bank brokered a formal relationship between the government of Cameroon and GFW under SAC III, the third structural adjustment program.

How forest reform in Cameroon can inform reform in other settings

Crisis and opportunity. Crises, such as the economic crisis experienced by Cameroon in the early 1990s, may offer a window of opportunity for reform, by making it clear that continuing with business as usual is not a practical alternative, and by increasing leverage of national constituencies and development partners. In Cameroon, this context gave rise to an opportunity to introduce and support far-reaching forest reforms that would undermine the patronage system and enable the sector to fulfill more of its potential role as a source of economic growth. While the reforms were laid out in the 1994 Forest Law, it was not until later in the decade that the need to implement them became sufficiently urgent to empower reformers whose calls for change gained increasing traction, and the sector's potential to mitigate the economic crisis became more widely recognized and accepted.

Expanding ownership to stakeholders outside the responsible public institution. During the late 1980s and

1990s, the Forest Administration had come to control all forest-related information. It was largely perceived as a gatekeeper on behalf of its own interests and the interests of higher authorities and their clients. It soon became clear that this institution would be unable to reform from the inside. As the forest sector was increasingly drawn into the wider reform agenda, reform-minded government officials expanded the number of institutions at the table when forest-related decisions were made and widened their roles in activities that were once the exclusive domain of the Forest Administration. The Ministry of Finance has become a key actor in forest reform

There is no reform without reformers. In many developing countries such as Cameroon, where political interests often take precedence over the public interest, the importance of "champions" who are committed to changing the status quo cannot be overstated.

Their commitment is the true engine of reform. Reformers take on substantial political risk, and are subject to powerful resistance and opposition from many of their peers. Providing them with support and reassurance is important to maintain their commitment and to increase their leverage in policy dialogue. While the support they receive must be sustained over time, it does not last indefinitely. If the necessary reforms are not firmly established in the institutions concerned by the time this support tapers off, there is a serious risk that the reforms will be weakened and perhaps be reversed altogether.

Reforms take time and require flexibility. It is important to be realistic about the time needed to build ownership for the reform agenda. There is always a risk involved in introducing reforms. Sometimes reforms have no precedent elsewhere and more generally their mechanics are poorly known and understood. So time is needed for Government, public

opinion, and the private sector to learn about, assimilate, and ultimately validate reform. Moreover, there is a huge need for the reform agenda to be largely publicized and put at the center of discussions with government and other actors.

Defining a reform agenda is always a challenging exercise, building compromise between needs and priorities. It is impossible to cover all aspects and implement appropriate reforms on all fronts. Priorities have to be decided upfront and be stuck to. However, flexibility in implementing the reforms is highly recommended and being very attentive and responsive to potential changes is critical.

Reforms embody change that occurs in the midst of change. In combination, reforms can have unexpected and undesirable effects. They can erode over time. Their effects can be altered significantly by sometimes subtle changes in the local and international contexts. It is essential to pay attention to the signals that problems are developing and deal with them before they can jeopardize the outputs of the reforms. Creating the capacity to detect and act upon such signals is challenging at the beginning of a reform process. It requires determination among reformers and significant external support.

Cultivating support outside public institutions. While reform-minded

public officials play a central role in bringing changes to policy, other actors and stakeholders play vital and necessary roles in implementing and sustaining reforms.

In Cameroon, cultivating support among these actors by raising awareness and mobilizing elements of civil society proved to be instrumental in helping reformers, who did not always manage to gain strong buy-in from within the Administration. Ensuring regular disclosure and dissemination of public information¹ was instrumental in this process and introduced much-needed elements of transparency, democracy and equity into the forest sector and heightened the political and financial risk associated with the old influence and clientele system.

Broad public support also provided much needed leverage for introducing the most contentious reforms, such as cancelling forest permits because of unpaid taxes.

Civil society participation in the reform process also served to raise expectations, and to generate demand for quality services by the responsible public institutions.

In Cameroon's legislature, reformers worked hard at engaging other members of Parliament. By 2004 they were prompting parliamentary debates and engaging the Ministers of Finance and Forests on issues such

as corruption, law enforcement, and national budgetary allocations for forest sector development.

Cameroonian legislators were also active at the sub-regional level, and formed the core of a the Central African Network of Parliamentarians for Forest Ecosystem Management, whose objective is to catalyze debates on forestry issues at the Congo Basin level and promote harmonization of forestry policies.

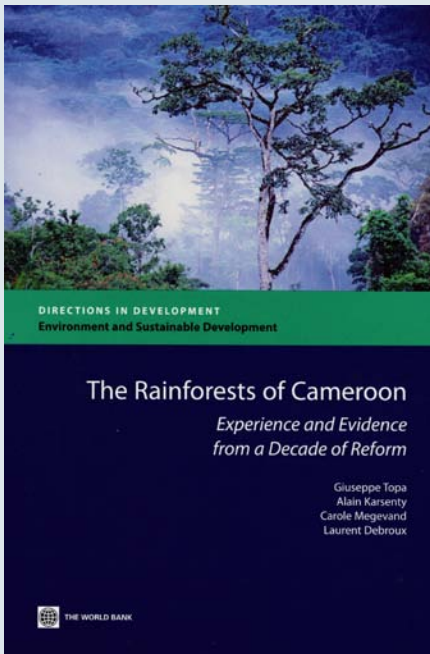
Tracking progress. Reform processes often go through "ups" and "downs," and maintaining their forward momentum can sometimes be difficult even among reformers themselves. Although forest reform in Cameroon had no action plan per se, the policy matrix came to be a vital reference point for monitoring progress and identifying bottlenecks and setbacks. The matrix was used by both the World Bank and the IMF during supervision missions of the third structural adjustment credit and the HIPC completion point. The regularity of supervision by the Bank team also created a "protocol" that helped to place the forestry reforms on the radar screen of the different ministries. Though largely undervalued by the majority of the reformers early on, the information and the data system would over time become more widely acknowledged as a useful source of critical indicators. International NGOs became indispensable partners.

The Unfinished Agenda

While much has been learned and indisputably much has been achieved during the last ten years of reform, there are some issues remain to be tackled. These include:

- Addressing the needs of indigenous peoples
- Better understanding the impacts of policy on local markets, small firms and employment
- Paying greater attention to non-timber forest products
- Attracting eco-investors to further sustain conservation efforts
- Reshaping community forestry
- Adapting reform instruments to emerging forests management and industry needs

Going forward, as new policy achievements and failures emerge, and as the context continues to change, the agenda will need to adapt to the changing realities.



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THE RAINFORESTS OF CAMEROON

Experience and Evidence from a Decade of Reform

By Giuseppe Topa, Alain Karsenty, Carole Megevand, and
Laurent Debroux

Starting in 1994, Cameroon introduced legislative and market-based reforms to regulate the rights to use and benefit from the country's rich rainforests. These reforms sought to balance public and private interest and integrate wider economic, cultural, and environmental perspectives. Today, more than 60 percent of Cameroon's rainforest are under management systems that emphasize sustainability. Biodiversity is better protected, illegal logging in managed areas has declined sharply, and the forest industry has restructured and adopted internally recognized forest management practices.

Based on historical data, original research, and counterfactual analyses, *The Rainforest of Cameroon: Experience and Evidence from a Decade of Reform* describes how these reforms played out. The book identifies which policies worked, which did not, and what can be improved. Although the reforms originated and evolved in a country-specific context, lessons from Cameroon may prove useful to other countries facing similar circumstances. This should be of great interest to policy experts and development practitioners as well as to the government, people and development partners of forest-rich tropical countries in Africa and other regions of the world.

For any questions or additional information on this note or the publication it is based on, please contact Carole Megevand at the World Bank at cmegevand@worldbank.org

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