

Public-Private Partnerships (PPP) in Forestry: Implementing Strategy

Faisal Haq Shaheen and Shaheen Rafi Khan

Project Report Series # 12
May 2008

All rights reserved. No part of this paper may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording or information storage and retrieval system, without prior written permission of the publisher.

A publication of the Sustainable Development Policy Institute (SDPI).

The opinions expressed in the papers are solely those of the authors, and publishing them does not in any way constitute an endorsement of the opinion by the SDPI.

Sustainable Development Policy Institute is an independent, non-profit research institute on sustainable development.

© 2008 by the Sustainable Development Policy Institute

First Edition May 2008

Mailing Address: PO Box 2342, Islamabad, Pakistan.
Telephone + (92-51) 278134, 278136, 277146, 270674-76
Fax + (92-51) 278135, URL: www.sdpi.org

Table of Contents

Acronyms.....	i
1. Overview of Pakistan’s Forest Sector	1
Table 1 Summary of forest use in Pakistan.....	1
Table 2 Major Causes of Forest Degradation.....	3
1.1 Governance dimension of deforestation	3
2. Public Private Partnerships (PPP) in Forestry	4
2.1 Approaches to Forestry PPPs.....	5
2.1.1 Ownership.....	5
2.1.2 Forest Use	5
2.1.3 Forest Management.....	5
2.1.4 Company – Community Participation	6
2.2 Proximate PPPs	6
2.2.1 Corporate Social Responsibility (CSR).....	6
2.2.2 Joint Forest Management (JFM)	6
2.2.3 Communities as partners	7
3. The current institutional and policy framework for PPPs in Pakistan.....	8
3.1 Need for Public Private Partnerships (PPP) in Forestry	8
Table 3 International experiences	9
3.2 Legislative provisions.....	9
3.3 Policy facilitation	11
4. Elements of a PPP strategy for Pakistan	11
4.1 Goal and objectives	11
Figure 1 Overlapping Objectives	11
4.2 The approach	12
4.3 Proposed Legislation and the Policy Framework	13
4.3.1 Policy Framework Elements.....	13
Table 4 Prerequisites for PPPs	13
4.3.2 Implementation Modalities.....	13
Table 5 Management Issues and Imperatives.....	14
4.3.3 Incentive regimes for the private sector	15
4.4 Potential Benefits.....	15
4.5 Possible Risks	15
Table 6 SWOT Analysis.....	17
5. The Scope for Demonstration Activities (pilot forests)	18
6. Strategic Plan.....	18
6.1 Key Stakeholders	19
6.1.1 Private Sector	19
6.1.2 Public Sector.....	19
6.1.3 Civil Society	19
6.1.4 The Enabling Environment	19

6.2	Short term.....	20
6.2.1	Enabling Policy	20
6.2.2	Market Potentia	21
6.2.3	Pilot Projects	21
6.3	Medium term.....	22
6.3.1	Enabling Policy	22
6.3.2	Market Potential	22
6.3.3	Pilot Projects	22
6.4	Long term	23
6.4.1	Enabling Policy	23
6.4.2	Market Potential	23
6.4.3	Pilot Project.....	23
Table 7	Sample Project Timeline for Project PPP	24
References		26
Appendices		
Appendix 1:	Example of initiatives perceived as PPPs in Pakistan	28
Appendix 2:	Avenues for PPPs in forest sector.....	29
Appendix 3:	Avenues of PPP in Pakistan’s Forestry Sector and Implementation Modalities.....	20
Appendix 4:	Participatory Projects in NWFP39	31

Acronyms

C & I	Criteria and Indicators
CSR	Corporate Social Responsibility
FD	Forestry Department
FDC	Forestry Development Corporation
FSMP	Forest Sector Management Plan
ICBP	International Council for Bird Preservation
INGO	International Non Government Organization
IUCN	World Conservation Union
JFM	Joint Forest Management
MDG	Millennium Development Goals
M HA	Million hectares (m ha)
MOE	Ministry of Environment
MSFP	Malakand Social Forestry Project
NCS	National Conservation Strategy
NEAP	National Environment Action Plan
NGO	Non Government Organization
NTFP	Non Timber Forest Products
NWFP	North West Frontier Province
PPP	Public Private Partnership
PRSP	Poverty Reduction Strategy Paper
SCS	Sarhad Conservation Strategy
SFM	Social Forestry Management
WB	World Bank

Public-Private Partnerships (PPP) in Forestry: Implementing Strategy

Faisal Haq Shaheen and Shaheen Rafi Khan

1. Overview of Pakistan's Forest Sector

Globally, inept state management of forests has inclined governments to consider increased private sector participation in forest management and governance. The Millennium Development Goals (MDGs) and the World Summit on Sustainable Development (WSSD) supported the notion of public-private partnerships (PPPs) for the conservation of the environment and sustainable ecosystem management. Both organizations claim that such PPPs can, through business promotion, employment generation and poverty reduction, help achieve the Summit's desired goals and outcomes. The challenge for governments is how to go about balancing two distinctive management styles (public and private) in order to support favorable and sustainable outcomes in forestry resource management¹.

Pakistan's forestry sector is made up of a rich diversity of ecosystems that generate direct and indirect socioeconomic, ecological and environmental benefits for the biomes and ecologies that they are situated within.

Table 1: Summary of forest use in Pakistan

Area	Usage
Natural High Hill Forests - 1.913 million ha 85% state owned 15% communal, guzara and privately owned ¼ is productive	<ul style="list-style-type: none"> ▪ Industry - Timber, resin (for export), herbs, mushrooms. ▪ Household – construction, fuel, fodder, wild fruit/vegetables and some sale ▪ Watershed Values ▪ Recreational Value ▪ Conservation Value ▪ Mining Value
Scrub Forests – 1.191 million ha (Northern Area, NWFP, Punjab, Balochistan)	<ul style="list-style-type: none"> ▪ Grazing, firewood for local use, rights holders and non rights holders ▪ Punjab – sheep and goat over wintering sites for nomadic Bakarwal Graziers ▪ Honey bee keepers ▪ Watershed and Conservation Value
Mangrove Forests 0.345 million ha	<ul style="list-style-type: none"> ▪ Fish Breeding ▪ Conservation ▪ Local needs of firewood, fodder etc
Rangelands 2.85 million ha (FSMP, 1992)	<ul style="list-style-type: none"> ▪ Grazing for almost half of 130 million livestock population of Pakistan (GOP, ▪ MOE land tenure study 2005) ▪ Watershed and conservation value
Riverine Forests -0.173 million ha (Punjab and	<ul style="list-style-type: none"> ▪ Industry – timber for construction, mining and furniture ▪ Fodder for goats and camels

¹ The National Forestry Program will address this, in the wake of successful model pilots at the local level

Sindh)	<ul style="list-style-type: none"> ▪ Mangroves are over 0.345 million ha which are protected for fish and cattle grazing ▪ Important for riparian ecosystem
Irrigation plantations – 0.103 million ha (Punjab and Sindh), Farmland Plantations 0.466 million ha Linear Plantations 0.016 Million ha	<ul style="list-style-type: none"> ▪ Source of wood for furniture, households and sports industries ▪ Large scale plantations have been raised in NWFP and AK on private land for watershed conservation (Such plantation in high hill and scrub forests is not part of irrigated plantations) ▪ People use for small timber and firewood ▪ Linear along highways for wood and local furniture ▪ Farm forestry across Punjab, Sindh and NWFP provide wood for furniture, ▪ sports and match as well as chipboard industries

Source: FSM, 1992

The forest cover densities are fast degrading. A recent land tenure and ownership study researched by the Ministry of Environment indicated that 12.5% of all forests were fully stocked, 47% have less than 25% density and 40% have sparse tree cover with only 25-50% density. 13% of high hill conifer forests with watershed value have a full density of 50-100%, 4.5% of scrub forests also with watershed and grazing values have full density of 50-100% and hardly any tracts of riverine forests have full density. The mangrove ecosystem has fewer than 30% of its area with full density of 50-100%. Only 25% of rangelands have satisfactory carrying capacity of one hectare per animal unit.

In 1992, at the start of the forest reform process in the country, forests covered 4.2 million ha, i.e. 4.8% of the total land area of Pakistan. Since the implementation of the 1992 Forest Sector Management Plan (FSMP), forest stands have decreased significantly in terms of tree cover, even though the area under forest cover has increased from 4.8% in 1990-91 to 5.02% in 2005-2006 (Economic Survey of Pakistan 2006-07, CRPRID-Pakistan MDG Report 2007). From 1990 to 2005, Pakistan lost 625,000 hectares, which constitutes 25% of its full density forest cover. The mature forest areas constitute only 400,000 hectares, which is less than 0.5% of the total land area of the country (GOP/WWF 2000). The statistic strongly suggest that forest sector reforms have failed to achieve their desired objectives, a key objective being to arrest deforestation and increase forest canopy densities.

Natural and anthropogenic factors contribute in equal measure to deforestation in Pakistan. At the outset, Pakistan's natural geography, geomorphology and climate is not conducive to extensive natural forest cover. More actively, within this natural context, climate change has stressed the limited forest stock (Sidiqui 2005). Reduced precipitation has affected regeneration and brought the onset of disease. Reduced water flows in rivers have led to a decrease in the inundation and replenishment of riparian ecosystems. Human stresses among others (see Table 2) include logging (both legal and illegal) for construction and industry, local subsistence use and widespread land use changes. The combination of both factors has led to woody biomass disappearing at a rate of 4-6% per annum, which is the second highest in the world. At this rate, the forecast is that the country's entire woody biomass will be consumed by 2020 (GOP / IUCN-BAP, 1999).

Table 2: Major Causes of Forest Degradation

1	Natural Imperatives (Harsh and Dry Climate)
2	Long gestation of forestry sector resources
3	Population pressure (Human 170 m, Livestock 130 m)
4	Developmental pressures (Roads, Buildings / expanding inhabitations and other infrastructure)
5	Lack of sound and dynamic forestry sector policies and indifferent implementation regimes
6	Low priorities and lack of political awareness and commitment
7	Management failures and low funding
8	Ban on felling and suspension of management plans
9	Indifference towards legitimate rights of dependent local communities; lack of participation

1.1 Governance dimension of deforestation

Forest governance is characterized by a disjuncture between the legislative, policy and regulatory mandate and its implementation. Two particular aspects give rise to poor governance. First, the colonial forestry acts, reincarnated in new versions, (such as the NWFP Forest Ordinance, 2002), ostracize communities and are characterized by an enforcement and extraction bias. Second, the colonial mindset of forest department staff is at odds with the participatory elements in the new forest laws and policies, which undermines their efficacy. These factors coupled with lack of political commitment and adequate funding for the long term resource management initiative; has accelerated the already rapid pace of deforestation and the overall deterioration of forestry sector resources in recent decades.

The growing gap between the enforcement mandate of forest laws, policies and regulations and its actual implementation primarily reflects what we refer to as a '*complex of perverse incentives*'. This is a composite of rising timber and fuel wood prices, selective punishments where transgressions and penalties are mismatched, development compulsions and declining real salaries of FD officials. The resulting collusion between FD staff, timber contractors (mafia), community elders and developers has resulted in extensive deforestation.

Forest dependent communities, traditionally, have enjoyed subsistence rights to forest resources. As their numbers grow, their needs have burgeoned. However, extant forest laws and policies deny these needs by subsuming customary entitlements under statutory provisions and converting rights into discretionary concessions. Having been denied their resource rights, communities are turning hostile and degrading the resource base which sustains them. The legal and regulatory framework discourages land owners and tenants/lessees from investing in forest products or assets for fear that they may be expropriated by the government.

While recently enacted legislation and policies bear a donor imprint, these have been seemingly consultative processes, excluding forest dependent communities, which undermines their credibility. Not surprisingly, initiatives in joint forest management (JFM) have either not made headway, or been subverted into timber extraction arrangements. Critics of the new NWFP legislation have observed that the new laws do not address community participation and inclusion (Hamid, 2002) – rather, they simply consolidate forestry department responsibilities and authorities. FD staff is unwilling to relinquish its inherited privileges. In short, linear approaches to forest management, rent seeking behavior, the lack of new strategic initiatives and

a reluctance to internalize openness and transparency continue to undermine efforts to conserve forest resources, or harvest them sustainably.

2. Public Private Partnerships (PPP) in Forestry

Public-private partnership (PPP) is broadly defined as a government service or private business venture which is funded and operated through a partnership between government and one or more private sector companies. These schemes are sometimes referred to as PPP or P3, depending on the sectoral dynamics which they are found within. In some types of PPPs, the government uses tax revenue to provide capital for investment, with operations run jointly with the private sector or under contract. In other types (notably the Private Finance Initiative), capital investment is made by the private sector on the strength of a contract with the government to provide agreed services. Government contributions to a PPP may also be in kind (notably the transfer of existing assets).

‘PPP arrangements’ are defined as contracts between a private sector entity and the government that call for the private partner to deliver a desired service and assume the associated risks. In return for agreeing to provide the service, the private partner receives payment (in the form of a fee, tariff or user charge) based on pre determined standards of service and other criteria, as specified in the contract. While the government is relieved of the financial and administrative responsibilities of service provision, it retains and focuses on the role of regulating and monitoring the performance of the private partner(s). The 2000 NGO and UN launched Global Compact² is used in Pakistan, as the overarching framework for PPPs. Private sector organizations are encouraged to improve their corporate social and environmental behavior in accordance with nine fundamental principles, articulated in the UN’s Millennium Development Goals (MDGs). These principles address three themes -- human rights, labor standards, and the environment. The central theme is that modern private organizations have a stake and interest in being seen to be socially and environmentally responsible, both from a human and business development perspective. Hence, while the public sector employs the framework to govern its relationships with vendors, private sector actors benefit from its use by improving their image in the eyes of consumers, establishing better relations with stakeholders, improving their market position and motivating employees.

Examples of forestry PPPs from around the world demonstrate that the resource can be managed sustainably, with assured livelihoods for forest dependent communities. Countries including Ghana, Nepal, Bolivia and Ethiopia have successfully implemented PPPs in carbon sequestering, ecologically sustainable cropping, marketing of non-timber forest products and wild coffee³ production. While Pakistan falls short in concept and practice, a number of forestry PPPs and Corporate Social Responsibility (CSR) initiatives which constitute important precedents in alternative forms of forest management are already in place (Khan and Pracha, 2007).

2 The UN Global Compact is an initiative designed to engage the private sector by encouraging them to sign on, in good faith (without binding agreements or requirements it should be noted), to labor, environmental and social development initiatives.

3 Wild coffee production refers to less intensive development of coffee beans and other crops.

Pakistan's history of forestry sector PPPs, as applied in the strict sense of the word, is limited to one single partnership involving the global oil giant, Shell, the FD, an environmental NGO and local communities. Proximate efforts include joint forest management (JFM) initiatives. Private companies (national and multinational), such as the National Fertilizer Company (NFC), Pakistan Tobacco Company (PTC) and Sui Southern Gas Limited (SSGL) also implement afforestation programs as part of their respective corporate social responsibility (CSR) mandates. Such companies also qualify as contingent PPPs in the sense that the potential for environmentally synergistic partnerships between these companies and the government does exist. Cross country experiences reveal the need for incorporating communities as integral components of the PPP development process, in order to ensure equitable distribution of benefits. This is especially critical in the case of forests and rangelands, which relative to other ecosystems, are intimately linked with community rights and privileges. This is both a social and environmental imperative; an inclusive rather than exclusive approach is critical for sustainable forest management.

2.1 Approaches to Forestry PPPs

Countries around the world have employed several approaches to forestry PPP's. We divide them into four broad categories.

2.1.1 Ownership

Outright privatization is the least common approach and has not gathered any sizable momentum. A much more common approach has been the incorporation of a private sector role in afforestation on private and state land as part of a planting or reforestation drive

2.1.2 Forest Use

Private companies within the forestry industry extract timber/forest products from state forests in one of three broad ways⁴. *Concessions* or *lease arrangements* entail the firm acquiring land without affecting the land title. During the lease period, private operators act as owners and are bound by the conditions of the lease agreement. In *volume permits* or *standing timber sales* the state sells standing timber in a specifically marked area, which is then logged by the timber company. Finally, in *contractual arrangements*, the forest authority awards a contract to a professional logging company and out sources logging activity to that entity, while it retains the marketing and retail functions.

2.1.3 Forest Management

In some situations where public sector actors are incapable of managing the forest resource, the responsibility is devolved to private entities. Resource management tasks such as silviculture, inventories, planning, reforestation and monitoring are all carried out by the private sector actor.

4 While these broad areas may not immediately apply to the situation in Pakistan, the objective of this strategy paper is to adapt and adjust aspects of these tactics to manage a framework for pilot projects from which PPPs may emerge.

2.1.4 Company – Community Participation

This approach empowers local communities and if accompanied by a positive incentive regime, it can act as a means to disseminate benefits of local forestry development projects equitably to local livelihoods and communities. Public sector encouragement is not always necessary to prompt participation between the two, as private sector organizations have been found to enter into direct agreements with local landowners for supply of forest produce. Diverse arrangements range from out-grower schemes, joint ventures and service payment arrangements. In the case of public sector pastures and rangelands with rights of local communities, PPP model can be designed for efficient resource management.

2.2 Approaches to Proximate PPPs

There are many practical applications that have a proximate likeness to PPP's in that they also may entail public-private partnerships.

2.2.1 Corporate Social Responsibility (CSR)

A CSR initiative may be internally generated, or it may reflect a response to public pressure – the latter category being more authentic. The 'good practice' may manifest itself as an arrangement with the forest department (FD) to afforest an exposed hill tract, or to raise a nursery with formal FD oversight (see Khan et al, 2006).

2.2.2 Joint Forest Management (JFM)

The idea of Joint Forest Management, operationalized in state forests (Siran, Agror Tanawal and Mansehra) is nested in a democratic process where local community involvement through a JFMC (Joint Forest Management Committee) is made possible through legal provisions and established frameworks. The idea of 'entitlements' in trees and products was created in state forests to entrust people with resource management (conservation and development) responsibilities through formal arrangements.

Forestry as a resource has been mandated through the government to ensure the growth of forests for the future, increase vegetative cover in watersheds (to ensure a steady supply of water) and develop and manage range lands (to sustain livestock and wildlife). Other imperatives include increasing tree cover for farm lands. The over arching mandate by the forestry departments is to increase tree cover from 5% to 8% of the country by 2025 – with the necessary water, resources, funding and land as part of the resource.

The Forestry Sector Program moved forward with an integrated natural resource management program (INRP) which incorporated technical guidelines, rules and opportunities for various stakeholders. The rural community (landless poor, women) was brought into the planning and implementation phase and the model is now encouraged across all property regimes with specific roles and responsibilities for forestry departments, community groups as well as wildlife and

fisheries sector stakeholders. An innovative public-private partnership exists in the trophy hunting program launched by the Forest and Wildlife Departments of NWFP in Swat, Chitral and Northern Areas under Mountain Area Conservancy Project (MACP). In this PPP, communities engage in wildlife protection and utilize the earned fees for local development. In fact, several participatory experiences can be pointed out in Pakistan (see Appendix 1), which build upon preceding experiences of empowering people under changing tenurial status. There is also room to bring more willing partners from the NGO and private sector into the PPP fold, provided that the legal and institutional arrangements are equitable, robust and favorable.

2.2.3 Communities as partners

Recent literature on participatory management regimes indicates that resource dependent communities are key stakeholders within the PPP context. Modern literature converges on the idea of ‘participatory management’ where maximum rights and autonomy are given to local communities. While PPPs are not designed to be driven by participatory management, empirical evidence suggests that PPPs can optimize results when operating within a participatory environment⁵. Consultations have revealed a number of avenues that are open and which merit replication (see Appendix 2).

Community involvement needs to be underpinned by clearly established ownership rights, supportive legislation and benefit sharing, as evidenced from native reservations in corporate US forestry (Warnock 2003). Studies from Nepal (Smith et. al 2003; Acharya 2005) as well as Mexico (Antinori and Rosseler 2006) indicate that community based forestry and their groups under the broader purview of sustainable forest management (SFM) are most effectively facilitated when laws, rights and entitlements are supportive. Researchers from Bangladesh point to the success of social forestry, where communities work in partnership with the forestry department to attain sustainable development objectives (Salam and Noguchi 2004). Studies from NWFP in Pakistan recognize the need to focus on traditional sustainable forestry, making the community the center of development (Khan et. al. 2006). Empowering and including communities must be complete, for if not, the shifting from core to periphery may result in animosity towards the central government and a lack of trust between communities and government. This has shown itself in overly command oriented forestry departments that have neglected incorporating community participation in the true sense – such as the case of social forestry in Bangladesh (Castro 1997), as well as simply not relinquishing power – as in the case of joint forestry in India (Enters et al. 2000). In general, the evidence concludes that the success of community forestry rests on tenure security, clear ownership, congruence between biophysical and socioeconomic boundaries of the resources, effective enforcement of rules and regulations, monitoring, sanctioning, strong leadership with capable local organizations, expectation of benefits, common interests among community members, and local authority.

5 Consultative workshops had also suggested jump starting the process through those areas which already had some form of private sector involvement. Community livelihoods should not be impacted through private sector involvement. Strong company – community partnerships could be mutually beneficial, with a strong governance and legislative framework required to ensure a favor

5 The Guzara forests of Punjab are a prime example of opportunities that need to be explored and managed. A robust framework is key to ensure avoidance of over exploitation.

3. The current institutional and policy framework for PPPs in Pakistan

While the extant policy and legislative documents mention the need for ownership and conservation and assigning public forests to communities as “village forests” in the Forest Act (XVI) 1927, there is no clear legislative direction specifically focusing on PPPs. The NWFP Ordinance 2002, permits the leasing out of reserved and protected forests, as well as wastelands for plantations, agro-forestry, social forestry, breeding of wildlife and conservation of biodiversity. However, provincial workshops have indicated the averseness of the public sector, as well as the lack of information to the private sector, on how to carry the discourse forward. The perception is that the term PPPs is used inter-changeably with lease arrangements and -- to a lesser degree – privatization. FD fears, that the land mafias would prevent any return of public land back from the private sector ownership, are a constraint in establishing the groundwork for a viable and equitable partnership. Nevertheless, the predominant types of PPPs in forestry globally are not fully understood in Pakistan and their potential benefits tend to be dismissed without discussion².

3.1 Need for Public Private Partnerships (PPP) in Forestry

As we have indicated above, enforcement oriented forest laws and policies, and failures in forest governance have made the forest department amenable to alternative collaborative management possibilities. PPPs are becoming one possible option with globally demonstrated successes. They forge partnerships and pool land, manpower, financial resources, benefits and profits in a way that does not undermine sustainability concerns. Hence, the public and private working together with all interests on the table is considered better than each agency acting alone. Together, the framework does not allow short term profit motives to override the long term sustainable forest management imperative. Public administrators, instead of rigidly following established procedures without regard to situational context, are assigned the responsibility to help citizens ‘look beyond self interest to the larger public interest’ and develop ‘a sense of belonging’ (Janet and Robert Denhardt 2000).

Internationally, a number of models have been applied by several countries to better manage forestry resources.

Table 3: International experiences

Model	Nations Employing
Ownership Model – owner ship rights are given to the private actor	UK, Chile, Former Soviet Blocks, South Africa
Restitution	South Africa, Eastern Europe
Permits and Licenses – a permit or license to log is provided to the private actor	Cameroon, US, Ghana, US
Transfer of Property Rights – rights are transferred to the private actor for a period of time.	South Africa, New Zealand, Europe and Africa
Formal Management Plans – the private sector manages the resource on behalf of the public sector	Latin America, Honduras, China (while forested land and degraded lands have been turned over to individual small farmers and collective enterprises, accessibility to once common resources may be at risk, David Kaimowitz)
Company – Community Participation	Indonesia, Ghana, Canada, Papua New Guinea, India
Funding – Forest Trust Fund - land owners, forestry industry pays 8 to 25% tax to secure long term investments	Norway, India
Match industry takes private lands on rent/ lease from private owners for fixed term and agreed annual payments as rent	Pakistan
Agro-forestry leases in the Irrigated Plantations of the Punjab (this is a real lease of a private party on land owned and managed by the FD	Pakistan

3.2 Legislative provisions

Pakistan has achieved little by way of forest conservation and development through partnerships. The forestry legislation (Forest Act 1927) is almost 80 years old and focuses primarily on enforcement, with little attention paid to integrating social and economic variables in forest conservation. The few enabling caveats tend to be ignored which discourage private stakeholders from taking an active role in forest/wasteland management. For instance, Clause 80(1) of the Act states:

80(1). Management of forests, the joint property of government and other persons

(1) If the Government and any person be interested in any forest or waste-land, or in the whole or any part of the produce thereof, the Provincial Government may either-

(a) Undertake the management of such forest, waste land or produce, accounting to such person for his interest in the same; or

(b) Issue such regulations for the management of the forest, waste-land or produce by the person as jointly interested as it deems necessary for the management thereof and the interests of all parties therein.

(2) When the Provincial Government undertakes under clause (a) of sub-section (1) the management of any forest, waste-land or produce, it may, by notification in the official Gazette, declare that any of the provisions contained in Chapter II and IV shall apply to such forest, waste-land or produce, and thereupon such provisions shall apply accordingly.

There is no record of this clause being invoked for participation of government and the private persons or communities. Similarly the provision of Chapter V clause 28 has never been invoked. The provision is reproduced below:

28. Formation of village forests

(1) The provincial government may assign to any village-community, the rights of government to or over any land, which has been constituted a reserved forest, and may cancel such assignment. All forests so assigned shall be called village forests.

(2) The provincial government may make rules for regulating the management of village forests, prescribing the conditions under which the community, to which any such assignment is made, may be provided with timber or other forest produce or pasture and their duties for the protection and improvement of such forest.

(3) All the provisions of this act relating to reserved forests shall (so far as they are not inconsistent with rules so made) apply to village forests.

Under clause 2 (Interpretation Clause) reproduced below in sub section (2) the government could appoint any person including member of local communities to act as forest officer. This provision of law was never invoked to involve the communities and protection and management of forests.

2. Interpretation Clause

In this Act, unless there is any thing repugnant in the subject or context: -

(1) "Cattle" includes ungulates, camels, buffaloes, horses, mares, geldings, ponies, colts, fillies, mules, asses, pigs, rams, sheep, lambs, goats and kids.

(2) "Forest officer" means any person whom the Provincial Government or any officer empowered by the Provincial Government in this behalf, may appoint to carry out all or any of the purposes of this Act or to do anything required by this Act or any rule made there under to be done by a Forest Officer.

The NWFP Forest Ordinance (2002) provides scope for participatory management, emphasizing the participation of local communities and other stakeholders in management. It also makes provision for leasing forests and wasteland. Similarly, agro-forestry, breeding of wildlife and conservation are all part of the ordinance. The NWFP forest policy (1999) recommends a hierarchy of institutions in the form of JFM committees, village development committees, forestry round tables and commissions that are supported by legal provisions. However, not only

do these provisions make no allowance for PPPs but, inherently, there has been little progress in carrying the various cited initiatives forward.

3.3 Policy facilitation

Various strategy and policy documents recognize the importance of multi-stakeholder participation in sustainable forest management. However, such participation is limited to local communities and does not extend to the corporate sector. The National Conservation Strategy (NCS) adopted in 1992, stipulates participation in actual resource conservation and development as one of its operating principles. The Sarhad Conservation Strategy (SCS) adopted in 1996, emphasizes the role of NGOs and communities in the preparation and implementation of management plans. The draft National Forest Policy, 2001 places emphasis on the sustainable rehabilitation of natural resources with local community participation. The Draft National Environmental Policy (2005-2015), on the other hand, is more explicit in calling for partnerships with private sector and civil society for effective environmental management. The NWFP Forest Policy (1999) emphasizes including all stakeholders in forest management, including the corporate sector. The Punjab Forestry Sector Policy, 1999, (approved on 16.12.1999) also provided for participation of stakeholders but no action has been taken so far despite a PPP workshop organized by the Punjab Forest Department in April 2004.

4. Elements of a PPP strategy for Pakistan

4.1 Goal and objectives

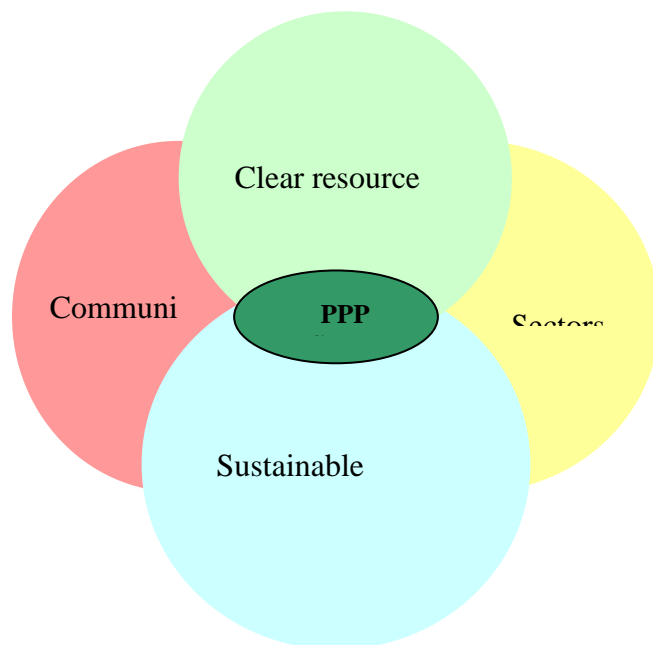
The over riding goal of forestry management is to ensure sustainable development and management of scarce forestry sector resources in the country. The specific goal that emerges from this is to establish a comprehensive PPP strategy for Pakistan. The framework that emerges from this strategy should be dynamic and fluid enough to be transferable from one forest tract to another, or from one forest ecosystem to another.

Four key objectives underpin the strategy. Firstly, communities need to be involved in what companies are engaged in. In the NWFP, host to most of Pakistan's forests, almost 93% are either community owned or private 'guzara' forests. The state only has title to 7% of the land. De facto control, however, resides with the FD. Hence, the majority of PPP arrangements should involve both the FD and their communities⁶ Secondly; the focus should be on forest tracts where community resource rights and entitlements are clearly defined. Such clear rights delineation will ensure sustainability of activities and a closer attention to their CSR mandate by private companies and communities. Thirdly, sectors of engagement need to be clearly indicated. In other words, the potential for partnerships should be properly investigated i.e. timber, NTFPs, etc. Finally, the partnerships should conform to the three sustainable development imperatives, namely, economic benefits, social (equitable distribution of benefits) and environmental sustainability.

6 The Guzara forests of Punjab are a prime example of opportunities that need to be explored and managed.

The objectives are presented graphically in the following Venn diagram; the desirable PPP strategy should reflect the overlap of these objectives.

Figure 1: Overlapping Objectives



4.2 The approach

Natural resource management involves long gestation periods, which exceed the considerably shorter private sector time horizons. The short to medium term approach is to establish robust and replicable pilot PPPs. The lack of current private sector involvement suggests the need for setting up pilot initiatives that lay the groundwork for future participation by private sector entities as well as other stakeholders. Replication strategies will need to be worked out carefully – starting with initiatives that require little institutional restructuring and encompass resource opportunities where the private sector would be interested within the current context and potential for profit. Additionally those components of forestry sector resources should be selected for PPP initiatives, which have short gestation periods, such as raising nurseries.

Stakeholders will need to be identified and engaged and their roles and linkages established. These stakeholders include representatives from the public sector - forestry department, environment, wildlife and natural resources; private sector - corporate sector, logging, timber, furniture, small manufacturers; communities – particularly from mountain systems where the resource base is the foundation of existence for poorer segments of societies; donors and funding agencies and; monitoring bodies such as civil society, non government organizations

Furthermore, discrimination between state owned, communal and private forest land needs to be made. Also, commercial vs. environmental forestry should be defined up front.

4.3 Proposed Legislation and the Policy Framework

Prior to effective legislation being framed, a number of variables that are critical to the framework need to be put into context. All of these variables will have to be part of a strategy that examines and establishes the legislative support mechanisms, binding agreements between communities, public and private sector actors as well as the review mechanisms that ensure equitable sharing of returns among all stakeholders as well as the environment. As the previous section has outlined, there are a number critical components that are required to establish a PPP policy framework. The following elements are discussed below.

4.3.1 Policy Framework Elements

First, Pakistan's federal and provincial governments will need to generate clearly defined legislation governing PPPs, to meet their respective mandates for sustaining the resource and expanding tree cover. The following table outlines some of the key prerequisites to creating an enabling environment for PPPs. Within the legislation, a balanced framework will need to be delineated, stating terms and conditions within various categories of arrangements, and how each one ties into the broader development mandate associated with the forestry sector. More specifically, the regulations should spell out the nature and magnitude of contributions (land, finance, labor from all stakeholders); ensure transparency in terms of partnership and ex ante information sharing with communities; clearly define tenure, property and resource rights. On the governance side, there must be coherent institutional arrangements allowing for complimentary roles for the public and private sector, communities as well as third parties such as NGOs with a clear demarcation of each sides rights and responsibilities. In the event that parties disagree, conflict resolution mechanisms and a robust, unbiased review process will have to be laid out and agreed upon. With regard to market realities and state revenue, an arrangement will have to be articulated that delivers profits for the private sector, revenues for the public sector, and economic incentives or direct income for the local communities. Furthermore, embedded within the partnerships must be sustainable forest management practices to ensure conservation benefits in terms of: a) the sustainability of the total environmental assets that exist within the forested area and; b) integrity of the ecosystems and species that make their home within the forested areas (includes migratory species as well as those that reside within the forest ecosystem all year round). There is a conservation/land use balance that also needs to be established as per the MDGs.

Table 4: Prerequisites for PPPs

1	Enabling forest policy / empowering legal framework
2	Transparency and governance
3	Selection and assignment criteria
4	Feasibility for financial and technical capacity for long term
5	Well defined terms of participation
6	Documentation and agreement
7	Conflict resolution and arbitration
8	Procedure for termination of partnership
9	Monitoring by independent monitors; third party audit
10	Testing the system on pilot level
11	Start with industries such as sports, pulp / paper, livestock

4.3.2 Implementation Modalities

In addition to the policy framework elements, implementation modalities need to be addressed. In essence, an overall strong governance context must be elaborated to ensure that policy provisions take concrete shape. The state must also ensure the availability of resources and capacity in the public and private sectors. Communications about legislative or policy changes must be facilitated through information dissemination and marketing. At the micro level, where company-community partnerships are forged directly, extension and technical support as a regular rather than one-off service should be established. Systems of accountability for each stakeholder involved must be established; as this is especially necessary for the private sector which, at the end of the day, is accountable to its share holders and not the general public. As with the policy, there must be clearly stipulated and well defined procedures for conflict resolution. Finally, there must be the assurance that any conflict resolution procedures are not administered by any party which a stakeholder might deem as biased (private sector may not be comfortable with *jirga* ruling for example and communities must not be bullied by forestry staff who favor development interests)

Table 5: Management Issues and Imperatives

1	Natural factors (harsh climate; <50° c, low rainfall; arid and hyperarid conditions)
2	Long gestation of forestry sector resources (rotation of 20-160 years for main tree species)
3	Population explosion; human and livestock (human 170 m and livestock 130 m) would double by 2050
4	Low priority, indifferent political commitment (forests 5.3% + 32% rangelands) budget <1%
5	Erroneous computation of gdp; 0.3% (inter sectoral and intangible contribution not counted)
6	Very low / inadequate, erratic and inconsistent funding
7	Inadequate irrigation supply for irrigated plantation; much less than due share
8	Water regime upset by large dams; no inundation for riverain forests

4.3.3 Incentive regimes for the private sector

The above policy and implementation regimes assume that a positive incentive regime exists for all actors. In terms of the private sector, negative incentives (penalties, fines) must be current with the market realities and must present a threat that is credible enough to act as a potent deterrent against transgressions. Positive incentives should include tax holidays, research and development subsidies, feasibility studies on locations and environmental impacts, forest certification and equitable benefit sharing. Also, positive incentives must be underpinned by monetary payments. Such incentives must be constituted to make sustainable forest management viable; this could be done through reforms of forest revenue systems, introduction of explicit financial incentives, changes in the conditions attached to forest concessions, trade liberalization, promotion of markets for non-timber forest benefits, forest certification, and direct payments for forest conservation

On the community side, there must be economic incentives for communities to conserve forests rather than degrade them, out of exclusion and marginalization of resources, avoiding the poverty – environment nexus (Khan and Naqvi 1999). Community participation must be equitable and avoid elite capture through formal buffers built into the system. Clearly defined resource rights are an integral part of these incentives and buffers as, then, benefits accrue to the targeted entities. Communities must also maintain mechanisms to apply collective pressure from below if their rights are violated, or sustainability concerns are not being met. Community boards on organizations could be most effective in protecting their interests within a partnership agreement.

4.4 Potential Benefits

There is a tremendous potential for spill over in terms of successful PPP legislation, implementation practices, and incentive structures to be applied to other sectors, such as new avenues for eco-tourism, carbon storage and bio-prospecting. PPPs may even act as a catalyst to rid the system of anomalies such as poor legislative control and weak governance. PPPs can step into the management lacunae, caused by thinly spread capacity; this is in addition to the direct revenue gains to the governments due to PPPs. Companies can fulfill their CSR mandates courtesy of their involvement in the forest sector. Firms could also gain profits, cut costs, share risks or gain access to resources through engagement with the public sector and local groups; better returns to capital, labor or land are often a desirable outcome. Companies could provide skills, technologies, resources and access to markets that the communities would otherwise be unable to obtain. The resulting activity may produce the long awaited development of infrastructure for communities, especially via corporate responsibility agreements.

4.5 Possible Risks

Much of the above discussion becomes theoretical when applied to Pakistan's current governance context. Participants of the consultative workshops were candid about the many risks and challenges the current PPP regime in Pakistan faces and the potential negativities attached to PPPs. Benchmarking the discussion in this section with the positive elements described above

would help highlight the key issues that need to be further deliberated upon before the implementation of a holistic PPP framework can become realistic.

On the public sector side, the threats are many – mainly emanating from the status quo. The public sector simply may continue to lack the capacity to overhaul the environment to make it PPP friendly, and more importantly create a balance between decentralization and monitoring of private sector activities. Gradually, the FDs lack of capacity may result in weak ownership of the system. A weak legislative framework and opaquely defined rules and regulations for PPPs will undermine the sustainability of partnerships, thereby undermining private sector confidence. Weak management of a PPP venture would enhance corruption and lack of effective monitoring and accountability protocols could result in the private sector paying lip service to their CSR mandate; they could end up conniving with other actors to overexploit resources. If this happens, indigenous species may also be replaced by more commercially attractive, exotic ones that are ecologically damaging.

The weak governance context could produce disparate results on the private sector side. On the one hand, large private sector entities could use their clout to create partnerships whose benefits are heavily skewed in their favor; there is especially a concern that concessions or leases may lead to land grabbing. Conversely, with small private companies or individuals, the public sector could dictate terms and gain disproportionately, driving such enterprises into heavy losses. The resultant system would become naturally favorable to ‘corporatization’ of the sector.

Transparency in the bidding, selection and finalization of the private sector entities entering the ‘forest market’ is a major concern. Its absence may allow the ‘influential’ and politically connected companies to enter and remain unaccountable to communities and civil society stakeholders. A lack of transparency or an outright clout for the private sector vying for profit may result in substantial land use changes leading to additional deforestation. As a result, there is a need to scale down project sizes to more manageable and monitor able levels. There is a possibility of urbanization and rapid fragmentation in forests (e.g proposed project of ‘New Murree’). Given the historical trend of policy reversals in Pakistan, the private sector is only likely to be attracted if it is provided explicit guarantees or exceptionally lucrative terms. This may result in losses for the public sector. On the other hand, a policy reversal in the future may undermine the entire framework. The following table summarizes in a management framework, the various strengths, weaknesses, opportunities and threats of such a framework.

Table 6: SWOT Analysis

Strengths	Weaknesses
Economic Value addition Setting up forest based small & medium Enterprise Development Spillover to other sectors System change may yield change of approach Government revenue stream CSR implemented Efficiency of Management Effective Conservation Improvement in community income Skills and technology	Weak system ownership – elite capture Weak government framework Opaque bidding and contract awarding - private entities Weak legislative framework Weak management venture Lack of policy continuum Vision - capability disconnect Lack of public capacity to manage Private sector is \$ not SFM driven Resources for incentives not available Adverse impacts on communities Socio economic spin offs unlikely.
Opportunities	Threats
Non Timber Forest Products (NTFP) Ecotourism Benefiting from Carbon Financing (CDM) Raw Material Plantation Bases (Energy, Pulp Paper) Industry Plantation Bases (Sports goods) Livestock ranching Infrastructure Development PPP Opportunities / Potential Black water for urban forestry irrigation Plantations for gene/ forest seed banks Reclamation of saline and water logged soils Sand dune stabilization Preparation of natural fertilizer Setting up forest based SME Preparation of natural fertilizer	Lack of understanding and awareness of concept Limited nature of forestry resource Constraints of experimenting with new approaches. Enabling Environment Credibility of the public sector Reservation and apprehensions of forest functionaries Right Balance in terms and conditions Cumbersome Procedures Ineffective implementation of agreements by partners Weak enforcement of law Long term risk prone investment Vulnerable to climate sequestration production Uncertain market conditions Long Term investment Cooperation & support of forest officers in plantation

The private sector may well not reap the kind of benefits it envisions a fact that may result in inaction or indifference at later stage. The result of the two sectors being at odds may leave local communities caught in the middle, as has often been the case. Furthermore, local communities may be displaced; access and customary rights may be denied. A lack of collective action options would leave the communities helpless. There is also a possibility of a benefits shifting from local communities to private entrepreneurs, such as benefits from medicinal plants and mushrooms. There is a possibility for elite capture whereby the rich and influential within local communities gain disproportionately at the expense of the poor; severe fissures could even develop within communities as individual actors or sub-groups attempt to maximize gains for themselves; this is most likely if the area has ethnic or tribal fault lines. Poverty reduction for communities is often a promised, but not always realized goal; conditions of employment could end up being just as bad as under a public sector run system.

5. The Scope for Demonstration Activities (pilot forests)

In order to address the previous issues and concerns, this strategy paper suggests that the success that has been experienced in the case of the NWFP be piloted throughout all regions – with the local forestry dynamics taken into account, and discussed in a lessons learned study later on in the project's strategy. Prior to the ban on logging, commercial forestry was practiced to produce marketable timber to generate state revenue and for forest operators. Timber was also supplied to wood-based industries. Timber extraction boosted economic activities; forest owners earned revenues while timber extraction generated direct and indirect employment. When commercial harvesting was banned in '92, loggers lost jobs and ancillary activities were closed down.

Participatory Forestry in the NWFP offers rich experiences over the past 30 years. Many projects started from consultations with communities and led to diversified projects through formal participation. For instance, the Kalam Integrated Development project in Kalam in the 80s, had impacts on rigid patriarchal tribal communities by transferring technology of production for the marketing of off season vegetables, mechanized harvesting and transportation of timber, and reforestation. The Malakand social forestry project (MSFP) introduced the concept of village land use planning (VLUP) on hillside and marginal lands with community participation.

There is a strong need for feedback and monitoring to ensure that benefits are shared equally by all partners without any threat to the overall sustainability of the system, particularly ecosystems and biodiversity – as environmental services have been seen to be the least profitable.

6. Strategic Plan

In order to move the preceding discussion of balancing commercial/incentive, conservation/sustainable development and community centered forestry interests forward, this section of the paper outlines a series of cross-cutting tasks and elements that should be incorporated into the short, medium and long term components of a strategic plan. *In order to achieve balance, a broad pool of possible coalitions among diverse market, state and community partnerships will be necessary to build sustainable market capabilities with embedded ecological, community and conservation considerations (reference the schematic above).* A pivotal challenge will be on how to position the FDC and FDs as facilitators focused on:

- Governance and revenue monitoring rather than bureaucratic meddling in business operations
- Balancing community and market based interests with a long term vision in mind, avoiding the short term benefits of rent seeking behaviour.

The focus of the state, we propose, should be one that is passive as a monitoring and guiding body and active once sustainability imperatives are threatened.

6.1 Key Stakeholders

Key stakeholders within the strategy document will serve as possible partners as different strategies and frameworks are applied to the various communities and ecologies that make up the forestry industry.

6.1.1 Private Sector

- Logging Firms (small and large)
- Private Sector Industry Processors (Sawing, Manufacturing, Mining, Furniture, Sports, etc.)
- Timber Contractors
- Investors and Financial Industry
- Forest Protection Committees
- Wood Traders/Contractors
- Industrialists
- Joint Forest Management Committees (government functionaries as members)

6.1.2 Public Sector

- Federal Government (Inspector General of forests)
 - Federal Provincial Coordination/Federal Forestry Board
- Provincial Forestry Department (FD)
- Pakistan Forest Institute and Punjab Forestry Research Institute
- Forestry Development Corporation (FDC) Azad Kashmir Logging and Sawmill Corporation (AKLASC)
- Policy and Legislative (MOE) and Provincial AJK and NA Forestry Departments
- Joint Forestry Management Committees (JFMCs)

6.1.3 Civil Society

- NGOs (monitors, facilitators)
- CBOs (community representatives and advocates)
- Other Civil Society Stakeholders and Donors (INGOs – as environmental advocates)
 - International waterfowl and wetlands Research Bureau
 - The World Conservation Union (IUCN)
 - World Wildlife Fund
 - International Council for Bird Preservation (ICBP)

6.1.4 The Enabling Environment

In order to establish a strategic framework for the PPPs, the following critical aspects are proposed. Beginning with short term components of forest management such as nurseries and range management, PPPs should be restricted to corporate activities, such as sports, pulp and paper industries that rely on short-rotation species such as mulberry and poplar. The state should provide technical and financial cost-benefit studies preceding any awarding of PPPs to the private sector for short periods such as 3 to 5 years initially. Regular monitoring and review by

third parties should take place on an annual basis. Terms of partnerships should be clearly defined with arbitration clauses. Partnerships should initially be restricted to local communities in natural high hill forests through community organizations.

With the above listed stakeholders represented and included in a consultative process – the following Short, Medium and Long term activities are proposed. Based on stakeholder consultation, each of the chronological activity segments are then subdivided into conservation policy (which creates the enabling environment), market potential (forming the framework of partners with interests) and pilot projects (which exemplify the tactic at a site and community specific level). The components of forestry sector resource management with shorter gestation such as seed collection, development of nurseries, range management, logging and sawing of timber, reforestation/regeneration must get priority to sensitize the participation and confidence of private sector not used to longer waiting time for their investment.

6.2 Short term

The timeline for this period is expected to be 5 years. There is a need for an enabling framework first. The emphasis should be on flexibility to accommodate local conditions.

6.2.1 Enabling Policy

- **Research and establish policy based incentives** that would attract investors and land owners in raising commercial and industrial plantations, where enough direct and indirect incentives are offered so that forestry is a long term enterprise.
 - Ensure participation in programs which span ecological zones, rangelands, forested areas and protected areas
- **Propose pilot territories** on a sub-watershed level – these pilot agreements should have clearly defined roles and responsibilities and entitlements which must be complementary.
 - Conduct technical and financial feasibility of proposed pilot PPP proposal, investigating the interest level of private partners for long term partnership and compatibility of public sector policy suggesting steps for mitigation of potential risks
 - Formulate formal agreement in consultation with stakeholders
 - Establish monitoring indicators for incorporation into the agreement.
 - Factor in monitoring mechanisms that will avoid the pitfalls of:
 - Unfounded policy guidelines and goals not taking into account on the ground information.
 - Lack of proper mechanisms for implementing policy directives
 - Excluding provinces from the obligation to comply with national policies.
 - Examine possibilities in environmental forestry
 - Franchised ecotourism
 - Carbon trading
 - Forest based cottage industries
 - Forest management technical assistance
 - Incentives to support

6.2.2 Market Potential

- **Research the economic potential** (surveying the above stakeholders and taking sustainability into consideration) in the following broad markets areas, and examine the linkages between stakeholder groups that would ensure equitable development and fair PPPs:
- **Identify Short Term Activities and Possible Management Arrangements.** The components of forestry sector resource management with shorter gestation such as seed collection, development of nurseries, range management, logging and sawing of timber, reforestation / regeneration we argue, should receive priority to sensitize the participation and confidence of private sector not used to longer waiting time for their investment.
 - Industrial Plantations/Agro Forestry
 - Nurseries
 - Tree Growers should be increased
 - Wood Users should be increased
 - Range Management
 - Natural Forests
 - Carbon Trade
 - Natural Forests (High Hill Conifers and Sub mountainous Scrub Forests)
 - Timber/Forest Lease
 - Non Timber Forest Products (NTFP) need more detail and explanation of this strategy for NTFPs for forests.
 - Water Harvesting and Conservation
 - Emphasis on CSR and SD
 - Need monitoring on an annual basis by NGOs
 - Look at potential for PPP and CPP in forestry only for 3 – 5 year period.
 - Forestry related enterprise development and valuation of forestry resources for enhanced PPP
 - Establishment of market based PPP in forestry with community based involvement.
 - Restrict to Sports and Pulp industry for rotation of species such as mulberry and poplar.
 - Developing wood based industries – more work required in this area.
- Key to work this and integrate it with environmental management approaches

6.2.3 Pilot Projects

- **Establish stakeholder working groups** – guided by steering committee members that draw on interested partners from the above listed groups of organizations who are interested and are key partners in piloting and monitoring PPPs within the forestry sector, and adhering to Sustainable Development (SD).
- **Establish a ‘where and why’ for each of the PPP Pilots embarked on**
 - Commercial/energy/industrial and or NTFP
 - Robust management framework
 - Stakeholder sign off and review mechanism agreed upon
- **Contrast with Case Studies and Literature Review**

- Global examples where these facets are being addressed clearly
- Ecological, institutional, social commonalities that make these models replicable in Pakistan
- Necessary adaptations.

6.3 **Medium term**

The timeline for this period is up to 10 years.

6.3.1 Enabling Policy

- **Draft national and provincial/territorial forest policies** to include the role of private sector in promotion of forestry on private and government lands
 - Amend the Forest Act 1927 – based on the NWFP experience and provincially approved legislation
 - Amend and update as necessary the Forestry Sector Master Plan (1992) – proposed rehab of watersheds.
- **Draft a legal framework** within which CSR, SD and Community based participative activities at the various forest types and legal categories would take place with a broad range of partners (section 6.1.1)
 - Reserved forests
 - Protected forests
 - Guzara forests
 - Un classed forests
- **Draft inclusion of natural resources and forest management as a means of poverty alleviations within the PRSPs.** Incorporate and explore the potential for job creation and determine under which provincial office’s jurisdiction, the poverty alleviation strategies within the forestry sector will be managed.

6.3.2 Market Potential

- **Broaden and diversify partnerships** - at this stage should start to span ecological diversity (primary forests, riverine forests, mangrove forests, farm forests, barren tracts), and they would not be limited just to forestry but to biodiversity, rangelands, protected areas.
 - Examine and build consensus among interest from various stakeholders.

6.3.3 Pilot Projects

- **Broaden the type of PPP in the medium term** - Based on the above work in the short term – propose another set of pilot projects that can be initiated under the auspices of the PPPs and set up working groups to manage and monitor them. This would entail several management arrangements with a broad coalition of partners
 - PPP
 - JFMC
 - Leasing
 - Narrow Commercial Orientation

- Lifecycle conservation/afforestation/extraction

6.4 Long term

The timeline for this period is 15 years and beyond, with appropriate monitoring.

6.4.1 Enabling Policy

- Evaluate and monitor the effectiveness of federal and provincial agencies
- Evaluate the sustainability of each project

6.4.2 Market Potential

- Assess the effective operation of the following actors in contributing to the PPPs and alter policy guidelines where necessary to increase accountability and buttress sustainability mechanisms.
 - Public sector actors
 - Private sector actors
 - Community actors
- Research and survey areas of improvement that are required, particularly to benefit community groups and to the overall sustainable development goals of each PPP.

6.4.3 Pilot Project

- Report on the performance of the pilot PPPs as initiated in the short term
- Outline the lessons learned from the various initiatives
- Extend the current pilot projects in motion and make management adjustments based on feedback from communities and stakeholder groups.

Based on the above proposals a framework may be formulated for technical and financial feasibility of PPP in various ecological zones to identify the opportunities and risks and steps for mitigation.

Table 7: Sample Project Timeline for Project PPP

Task	Period																						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
Survey Interested stakeholders	X	X																					
Establish Interested Party Groupings	X	X	X	X	X																		
Agree on Interim Secretariat				X	X	X																	
Draft Scope PPP document	X	X	X	X	X	X	X	X															
Research all relevant legislative aspects	X	X	X	X	X	X	X	X															
Research all preceding documents	X	X	X	X	X	X	X	X															
Survey all previous attempts at PPPs	X	X	X	X	X	X	X	X															
Assign stakeholder roles/responsibilities				X	X	X	X	X															
Circulate Draft 1 PPP for review								X															
Obtain comments and edits – finalize R & R					X	X	X	X	X														
Research potential PPP pilot sites									X														
Hold workshop 1 to determine pilot site										X													
Draft MOU for PPP pilot project										X	X												
Circulate draft to pilot PPP participants											X												

References

- Acharya, K., 2005, "Private, Collective, and Centralized Institutional Arrangements for Managing Forest Resources", Mountain Research and Development; Aug 2005; 25 (3).
- Adhikar, B., Di Falco, S. and Lovett, J.C., 2004, "Household characteristics and forest dependency: evidence from common property forest management in Nepal", *Ecological Economics* 48 (2004) 245– 257
- Adhikari, B., 2005, "Poverty, Property Rights and Collective Action: Understanding the Distributive Aspects of Common Property Resource Management", *Environment and Development Economics* 10: 7–31, Cambridge University Press, UK,
- Agrawal, A. and Ostrom, E., 2001, *Politics and Society*, Vol. 29, No.4., December 2001, P 485 – 514
- Alia, T., Ahmada, M., Shahbaz, B. and Suleri, A., 2007, "Impact of participatory forest management on financial assets of rural communities in Northwest Pakistan", *Ecological Economics*, 63, 588-593.
- Antinori, C. and Rausser, G., 2007, "Collective Choice and Community Forestry Management in Mexico: An Empirical Analysis", *Journal of Development Studies*, Vol. 43, No. 3, 512– 536, April 2007, University of California, Berkeley, USA
- Balochistan, Punjab, Sarhad and Sindh Consultation Workshops, SUNGI Development Foundation, Islamabad, Pakistan
- Banuri, T., Najam, A. and Odeh, N., 2002, "Civic Entrepreneurship – A Civil Society Perspective on Sustainable Development", Volume V, South Asia, Gandhara Academy Press, Islamabad, Pakistan.
- Castro, A.P., Ettenger, K., 1997, "Indigenous Knowledge and Conflict Management: Exploring Local Perspectives and Mechanisms for Dealing with Community Forestry Disputes", in "Compilation of Discussion Papers Made to the Electronic Conference on Addressing Conflicts through Community Forestry", vol. 1. Food and Agriculture Organization of the United Nations, Rome, pp. 141–164.
- Edmonds, E.V., 2002, "Government-initiated community resource management and local resource extraction from Nepal's forests", *Journal of Development Economics* 68, (90) (2002) 89–115
- Enters, T., Durst, P.B., Victor, M. (Eds.), 2000. *Decentralization and Devolution of Forest Management in Asia and the Pacific*. Food and Agriculture Organization of the United Nations and RECOFTC, Bangkok.
- Iversen, V., Chetry, B., Francis, P., Gurung, M., Kafle, G., Pain, A. and Seeley, J., "High value forests, hidden economies and elite capture: Evidence from forest user groups in Nepal's Terai", *Ecological Economics* 58 (2006) 93– 107
- Khan, S.R. et al., 2007, "Forestry Partnerships: An Antidote for Government Failure?" Sustainable Development Policy Institute, Islamabad, Pakistan.
- Khan, S.R. et al, (2006) 'The Quest for Sustainable Forest Management: Exploring Public-Private Partnerships in Pakistan's Forestry Sector', Sustainable Development Policy Institute, Pakistan
- Khurshid, M., 2006, *Potential Areas for Public Private Partnership (PPP) and Community Private Partnership (CPP) in Forestry in Pakistan*, Islamabad, Pakistan.

- Kumar, S., 2002, "Does "Participation" in Common Pool Resource Management Help the Poor? A Social Cost-Benefit Analysis of Joint Forest Management in Jharkhand, India", *World Development* Vol. 30, No. 5, pp. 763-782, 2002
- Linder, S., 1999, coming to terms with public private partnership: A grammar of multiple meanings. *American Behavioural Scientist*, 43 (1).
- O'Laughlin, J., 2004, "Policy Analysis Framework for Sustainable Forestry: National Forest Case Study", *Journal of Forestry*, Bethesda: March, 2004, Vol. 102, Issue. 2; pg. 34, 8 pgs
- Pagdee, A., Kim, Y. and Daugherty, P. J. (2006) 'What Makes Community Forest Management Successful: A Meta-Study From Community Forests Throughout the World', *Society & Natural Resources*, 19:1, 33 – 52
- Ramakrishnan, P.S., 2007, Traditional forest knowledge and sustainable forestry: A north-east India perspective, *Forest Ecology and Management* 249 (2007) 91-99
- Ravindrath, N.H., Murali, K.S., 2006, "Community Forestry Initiatives in Southeast Asia" A review of ecological impacts", *Int. J. Environment and Sustainable Development*, Vol. 5, No. 1, Inderscience Enterprises Ltd., Centre for Sustainable Technologies, Indian Institute of Science, Bangalore
- Salam, A. and Noguchi, T., 2005, "On Sustainable Development of Social Forestry In Bangladesh: Experiences from Sal (*Shorea Robusta*) Forests", *Environment, Development and Sustainability* (2005) 7: 209-227
- SDPI, 2003, *Sustainable Development and Southern Realities – Past and Future in South Asia*, Sustainable Development Policy Institute, Islamabad, Pakistan
- Smith, P.D., Chetri, B. and Regmi, B., 2003, "Meeting the needs of Nepal's poor: Creating local criteria and indicators of community forestry", *Journal of Forestry*, July/August – 2003., Vol. 101, Iss. 5; pg. 24
- SUNGI Development Foundation Thought Piece, 2005, "Incentivizing PPPs in Pakistan's Forest Sector (A Thought Piece for the National Conference)", SUNGI, Islamabad, Pakistan
- SUNGI Working Document, 2006, "Incentivizing PPPs in Pakistan's forest sector – Thought piece for the national Conference", SUNGI Pakistan, Islamabad.
- Warnock, J., 2003, "Sustainable forestry is possible - the Menominee First Nation", *Briar Path*, Regina, February 2003, Vol. 32, Iss. 1; pg. 27
- Xu, J. and Ribot, J., 2004, "Decentralization and Accountability in Forest Management" A Case from Yunnan, Southwest China", *European Journal of Development Research*, Vol.16, No.1, Spring 2004, pp.153-173.

Appendix 1

Example of initiatives perceived as PPPs in Pakistan

Initiative	Private sector involved?	Type	SD Criteria		Environmental		Assured livelihoods
			Economic				
<i>Ideal PPP</i>	Yes	<i>Public-private-communities</i>	<i>Domestic sale</i>	<i>Export (Green products)</i>	<i>Sustainable harvesting</i>	<i>Conservation</i>	<i>Assured livelihoods</i>
<i>Shell's supply of fuel wood alternatives- Punjab</i>	Yes	MoE-private firm	Indirect (sale of wood stoves)	NA	NA	Fuel wood substitute	NA
<i>Pakistan Tobacco Company's tobacco curing- NWFP</i>	Yes	Private firm – communities	NA	NA	No	No	NA
<i>Attock Refinery Limited's biodiversity project- Punjab</i>	Yes	Federal Government- Private firm- communities- UNESCAP	Medicinal plants	NA	NA	Limited	Limited
<i>Afforestation in Sindh riverine forests</i>	No	Sindh government- communities	Timber and crops inter-cropped by farmers	NA	?	Yes	Limited
<i>Joint Forest Management schemes- Allai</i>	Yes	FD-local government- private contractors- communities	Domestic timber sale	No	No	Limited	No
<i>Forest Development Cooperation sale of domestic timber</i>	No	FD-FDC	Domestic timber sale	NA	No	No	No
<i>Coconut and oil palm farms in Sindh</i>	No	Sindh government- communities	Coconut and oil palm	NA	?	Limited	Limited
<i>Torghar Wildlife project- Balochistan</i>	Yes	Private sector- communities	NA	NA	NA	Yes (wildlife conservation)	No
<i>Eco-tourism enterprise development- NWFP</i>	Yes	Private sector- public sector stakeholders	NA	NA	NA	Yes	Limited

Appendix 2

Avenues for PPPs in forest sector

Type of PPP	Ownership	Use			Management	Company-community
		Concession/ Lease	Volume Permits/ timber sales	Contractual arrangements		
Eco-tourism in Mangroves						
Eco-tourism in wildlife						
Trophy hunting						
Medicinal plants						
Urban afforestation						
Research						
NTFPs ⁷						
Reforestation						
Soil conservation						
Commercial plantations (eucalyptus, poplar etc)						
Plantations in blanks						
Rangelands						
Linear plantations along canals						
Fisheries						
Water resource management (utilization)						
Timber harvesting						
Timber re plantations						
Timber sale						
Timber marketing						

⁷ The NTFPs identified during the Balochistan consultative workshop include ephedra, berberies, gugal, whithania, amaltas, thymus, Artemisia, medicinal plants, juniper berries, prunus, neem, lavender, cumin, and menthe.

Appendix 3

Avenues of PPP in Pakistan's Forestry Sector and Implementation Modalities

Avenue of PPP	Concession / Lease	Contractual management	Company / Community
Natural Forests			
Seed Collection and Nurseries	X	X	X
Afforestation and Reforestation	X	X	X
Forest Management (protection, tending, fires, land development, irrigation, water)		X	X
Marketing (grading, processing, value addition, sale considerations)		X	X
Linear Plantations (Canal side Plantations)	X	X	
NTFP			
Medicinal plants, mushrooms, wild fruit and nuts	X	X	X
Honey Bee Keeping		X	X
Chal Ghoza Collection and Sericulture		X	X
Mazri	X	X	X
Wildlife			
Private Wildlife Reserves	X	X	X
Wildlife Parks and Protected Areas	X	X	X
Ranching, Farming, and Breeding	X	X	X
Hunting (Game and Trophy)	X	X	X
Wildlife Watching and Range Management	X	X	X
Livestock Breeding and Management and Hay Making	X	X	X
Watershed Management		X	X
Eco Tourism (Facilitating and Developing Facilities)	X	X	X
Industry			
Wood Substitutes and Forest Based Industries			X
Aluminum, Steel			X
Natural Gas/Biogas			X
Solar/Wind Energy and other Energy Efficient Devices			X
Supporting Industries			X
Import of Wood and Production of Industrial Wood			X
Pulp	X	X	X
Pitprops	X	X	X
Veneers and Chip board	X	X	X

Appendix 4

Participatory Projects in NWFP

Initiative	Key Features
Kalam Integrated Development Project (KIDP)	1980 – Implemented in Kalam, impacted tribal communities, transferred technology of production and marketing of vegetables, mechanized harvesting, transportation of timber and organized communities. Most activities are in protected forests
Malakand Social Forestry Project (MSFP)	Concept of Village Land Use Planning (VLUP) introduced on hillside and marginal lands with community motivation. Key instrument was village organization in decision making planning for their property in partnership with FD.
Guzara Forests in Hazara	Privately owned and managed by the FD to ensure access to owners to certain resources. Recommended in 1975 to transfer management to the owners. Forest Cooperative Societies then constituted to manage Guzara forests on a pilot basis in Hazara. Management transferred to forest owners who were required to manage their forests sustainability through joint management plans with FD and COOPS. Central activity kept marketing of timber to owners. Forest Coopers were obliged to invest some of sale in forest development. While method was great, the system had to be abandoned due to institutional and operational shortcomings (Shaukat Ali, 2000)
Joint Forest Management Committee (JFMC)	Operationalized in Siran and Agror Tanawal in the middle 1990s. Local community constituted a JFMC under legal instruments made for the purpose. Entitlements in trees and other products were created in state forests for the people to entrust them with responsibilities. While modest in scale under one tenural regime, provides insight for future collaborations
Forestry Sector Program and Integrated Natural Resource Management (INRP)	Also used instrument of VLUP throughout the province since 2000. Concepts now merged together for which technical guidelines are developed, rules framed, and opportunities for relevant stakeholders to participate. Rural community was recognized to be composed of various interest groups and landless and poor including women were drawn into the planning and implementation. The model is practiced everywhere. FD, community, wildlife and fisheries, NGOs and corporate sector.
Trophy hunting program in NWFP wildlife department in Chatral and Kohistan.	Trophy hunting fee motivate the local communities to protect and breed further, the fauna in a systematic manner. Hence, the incentive for the department is that it generates revenue in for the long term.
Roadside plantation by National Highway Authority	Classic PPP as only government agencies collaborate. Strip of land on both sides declared protected forest. Provincial governments typically manage such plantations along road sides. FD would then under its normal budgets or development budgets would raise commercial and plantations and protect it until it is harvestable. Then, the sale would be deposited in the provincial exchequer. FD have generated a lot of revenue from shisham trees. Due to inadequate funds, encroachments of strips or pilferage, the system has started to decay and are non-existent. With the NHA, funding was overcome, but authority was the issue. Lack of expertise and capacity to protect the plantation presented many challenges. Now – the NHA wants a JV with provincial forests to carry out plantations along NHA highways, motorways, and wants to establish an MOU with provincial forests departments. This mechanism would be state controlled, no private sector enterprise. Communities would share a stake, and farmers' share portion of fields fall in the shadow. Free grazing also results in antagonism on roadside strips, therefore court litigations and mistrust results in problems. Hence, a large barrier over the past 50 years.