# Chapter 6
# Future Forest Governance: Multiple Challenges, Diverging Responses

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This chapter analyzes the implications of current global trends in forest governance, where increased complexity is leading to the emergence of new conflicts over common-good values between various interests, and to the emergence of new policy instruments and alliances. However, with such multilevel and polycentric policy-making developing in parallel with growing neoliberal economic agendas worldwide, the degree of sustainable management outcomes in forest governance remains highly dependent on strong states and leadership, not least through the European Union to ensure civil society accountability and to counteract asymmetric power relationships.

## 6.1 Introduction

Forests are key not only to securing the current wood supply and energy needs of the world population, but also to people's aspirations for further economic development. At the same time, there is a need to preserve common-good values such as biological diversity, water resources, and carbon emission sinks. These challenges highlight the importance of examining whether forests are being governed, or should be governed, to meet these multiple goals. This chapter analyzes the implications of current global trends in forest governance, specifically, the interactions between the forest sector and other related policies/sectors and their influence on social and political institutions for forest management in the boreal regions. The main argument is that the institutional governance framework is changing fairly rapidly in the forest sector, leading to the emergence of new conflicts between

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**Photo 6.1** Forests are for future generations

various interests and new alliances. This changing governance framework results from the global trends in demographics, economic growth, land use competition, and climate change policy that has been analyzed in previous chapters. Changes are also related to globalization and affect three main areas, with major implications for forest governance institutions:

(i) The increasing complexity of actors and interests in multilevel and polycentric policymaking processes, including forest industry expansion in terms of territory and sectoral coverage and thus incorporating entire product chains;
(ii) Policy instruments and governance structures that, though moving away from the nation state as the main power center, are still highly dependent on strong states and leadership;
(iii) At the same time as (ii), the growing importance of the European level for forest policy governance.

These three areas of institutional change are explored in this analysis. Governance as a concept has been interpreted in various ways and provides a fluid theoretical basis for empirical research (Rhodes 1996; Pierre 2000; Pierre and Peters 2005). In this chapter, we use "governance" to signify the "erosion of traditional bases of political power," that is, the changing institutional position of the nation state (Pierre 2000, p. 1). This erosion is based on three main simultaneous processes: (i) national governments have, by deregulating financial markets, relinquished control to individual and international actors (e.g., markets and corporations); (ii) nongovernmental actors are playing a greater role in policy networks, sometimes regardless of states; and (iii) the positions of local- and regional-level actors are strengthening. When examining the impacts of global forest governance arrangements, we use the framework developed by Bernstein and Cashore (2000), who distinguish "economic globalization" (i.e., the phenomenon of increasing economic integration) from "internationalization" through policymaking. Their analytical framework assumes that domestic policies are shaped by the combined influence of norms and discourses, international rules, markets, and direct access to domestic policy processes. It further highlights the interaction between discursive, economic, and regulatory factors operating internationally and their impacts at the national and local levels. It also stresses the dynamics of regional and local institutional actors functioning in their context-specific environments.

The chapter proceeds as follows. First, I present the expanding landscape of forest policy and show how current global challenges are producing increased institutional complexity. Second, I examine the interaction between polycentric governance levels and the emergence of new policy instruments. Third, I analyze the growing importance of European-level government as it affects the governance structures of the boreal forest region. Finally, I draw conclusions regarding the extent to which, and also how, the institutional framework of forest governance is shifting and the implications of such shifts for fairness and legitimacy, including the various roles that governments can assume in this respect.

## 6.2 From Dominant Forest Actors to Multiple Actors and Sectors

The diverse and changing demands placed on forests call for appropriate responses from forest policy actors. In addition to the traditional focus on wood, forests have always yielded a broad range of non-timber forest products and services, providing livelihoods for rural communities worldwide. They preserve landscapes and protect soil fertility, and in many areas prevent erosion. They also regulate water flows, reduce flooding, and protect drinking water supplies. More than 20 % of European forests are managed primarily to protect water, soil, and infrastructure, including settlements, roads, railways, pipelines, farmland, and industrial areas (EC 2010). Over time, expectations of forests have increased; forests must not only protect biodiversity and critical habitats but provide major carbon sinks that are crucial in climate change policy. In addition, forests are expected to provide recreational and cultural values for urban and rural dwellers. The mandate for the forestry sector has expanded, which implies the increasing involvement of many other sectors and actors. Over the last 40 years, these shifts have transformed forest policy from a commodity issue into, among other things, a biodiversity, sustainable development, and human rights issue (Arts 2008).

At the same time, competing demands for food and a range of forest products from a growing and generally wealthier world population are putting new pressure on forest resources. In the 1980s papermaking was considered doomed, as new technology was going to replace the need for paper. In reality, paper consumption increased by a factor of 20 in the twentieth century, and more than tripled in the 30 years ending in 1996 (Robins and Roberts 1996, p. 20). In Sweden, for example, paper production increased from 8.4 to 11.4 million tons in the 20 years ending 2010, primarily in the form of exports (Skogsindustrierna 2012). As demand in the developing world continues to grow to meet basic communication and literacy needs, there is as yet little sign of the decoupling of paper consumption from economic growth. China's economic expansion and growth in the wood products industry may signal a different trajectory, should its current wood-saving strategies—in particular, paper recycling—be emulated worldwide (Ajani 2011).

Forests are also universally used as a source of fuel for cooking and heating. Using wood for energy is a common government strategy for curbing global climate change. Bioenergy production is being spurred by European Union policy goals to achieve 20 % renewable energy in the overall energy mix and 10 % in the transport sector by 2020 (COM 2006/848; Directive 2009/28/EC). Moreover, there is continuing pressure to convert forests to food production, which implies that forests are still being cleared for agriculture in many countries. For example, soy plantations in Brazil and palm oil plantations in Malaysia and Indonesia are expanding to meet demand for human consumption and biofuels, with growing Chinese markets acting as an important trigger (Clay 2004).

As a result of diminishing barriers to trade and investment, the Nordic forest-products industry rapidly internationalized in the late twentieth century. Over time,

this has also resulted in fewer and larger forest companies. Some of the world's largest and most international forest companies, which have benefited from global economies of scale, though headquartered in the Nordic countries, draw on markets elsewhere. For example, 60 % of the total capacity of the Finnish paper industry is now located outside Finland. Stora Enso, one of the largest private forest companies in the Nordic countries, operates in some 40 countries, and Finnish-based Pöyry has a presence in some 35 countries (Mather 2004). The largest Swedish forest company, SCA, produces in 35 countries and sells in over 100 (SCA 2011). In this sense, the politics of the Nordic countries and global forests are inextricably linked. The links are not limited to the boreal forests, but also connect Nordic companies with developing countries (Lehtinen et al. 2004, p. 256). As suggested by Lehtinen et al. (2004), these Nordic companies could either serve as neocolonialists, disseminating the practices and paradigms of industrial forestry that have become discredited in the North, or they could exert influence to spread more sustainable practices, spurred by nongovernmental organizations (NGOs). Evidence from southeast Asia indicates that pulp and paper manufacturing by large companies in particular has implemented both waste reduction and resource recovery and reuse measures, which are key elements of ecological modernization. However, the third criterion of ecological modernization, namely, dematerialization—or the substitution of high technology for raw material inputs—has not occurred. On the contrary, the expansion of this large-scale industry has resulted in the establishment of pulpwood plantations and the clear-felling of large areas of virgin forests at the expense of rural livelihoods and biodiversity in developing countries. In addition, small- and medium-scale enterprises in these countries, primarily targeting domestic markets, are lagging seriously behind in achieving ecological modernization due to their limited capacity (Sonnenfeld 2000). The lead of Northern forest companies is firmly established, and these companies benefit amply from developing countries' primary forest resources while keeping most of the economic profits of global paper production in the hands of their owners and shareholders. Both Sweden and Finland have enjoyed the benefits of increasing their share of high-value-added forest-based development in the form of printing and writing paper manufacture; at a time of wood supply constraints, they were able to increase their imports of raw material from Russia and the Baltic states as the previously almost closed forest-industrial systems of the former Soviet Union opened up to competition (Lehtinen et al. 2004).

Hence, the nature of the forestry industry and its dependency on national forests has dramatically changed. For example, wood supply in the Nordic countries is increasingly generated from waste paper recycling,[1] which implies that it is becoming more economically viable to locate paper mills near large urban centers rather than near forests and sea transport facilities, as was previously the case. The changing nature of the forest industry, with diversification into higher-technology forest

[1] The recycling rate in Europe reached 64.5 % in 2007, which confirms that the industry is on the path to meeting its voluntary target of 66 % by 2010 (i.e., the ratio of recovered paper utilized for recycling including recovered paper net trade, and paper and board consumption) (European Recovered Paper Council 2007).

products, including a range of packaging, sanitary, and chemical products, and involvement in energy production as well, also suggests that its labor force has become increasingly knowledge-based. Environmental considerations and, to some extent, concern for human rights have become central to the marketing of the Nordic forest industry. To place this shift in context, recall that in the 1980s the forest industry largely considered public concern about the environment a nuisance and disruptive to business as usual (Raitio 2008). Recent developments suggest that the forest industry has been forced to take a broader range of interests into account to avoid being named and shamed for violating environmental and social demands. This does not mean, however, that current forest practices are necessarily more "sustainable," but that more voices are articulating what should be protected and how forests should be managed. Legitimate forest governance hence calls for widening participation and the creation of greater transparency in policymaking processes.

Many of the challenges confronting sustainable forest management worldwide also lie outside the forest sector, namely, in demand for food and agricultural production, energy and biofuels, infrastructure for peri-urban settlements, and measures for climate change mitigation and adaptation. So far, these and many other international and regional forest-related processes have generally failed to generate cross-sectorial communication and collaboration among the many actors interested in these issue areas (McDermott et al. 2010a). The need for a more refined understanding of the dynamics of rapid, interlinked, multiscale social and environmental change has been emphasized, as governance arrangements try to cope with, and adapt to, highly complex and changing environments (Duit et al. 2010). Nevertheless, it has been suggested that new ideas and interpretations concerning sustainability, biodiversity, and governance have now become institutionalized in the field of forest governance processes, generating policy change and innovation (Arts and Buizer 2009). Compared with more classic analyses based on rational choice or purely institutional theory, such discursive–institutional approaches to change foster a more nuanced understanding of global forest policy. This is because changes in discourse are accompanied by coalition (re)formation, changing power relationships between nongovernmental and governmental actors, and new rules of the game over time (Arts and Buizer 2009, p. 341). As will be discussed below, such changes also include the emergence of multilevel governance initiatives in the forest sector.

## 6.3 Multilevel, Polycentric Policymaking and the Emergence of New Policy Instruments

The above-mentioned emergence of growing and competing demands for food, biofuels, timber, and environmental services severely challenge existing institutions, especially in conjunction with the direct and indirect impacts of climate change. To

date, various international processes have developed and complemented each other in attempting to establish key goals and norms for global-scale intergovernmental forest agreements, although few of them are binding (McDermott et al. 2010a). These goals are: (i) to prevent forest loss and promote sustainable forest management through the Forest Principles adopted at the United Nations Conference on Environment and Development (UNCED) in 1992, which also resulted in processes initiated by the United Nations Forum on Forests (UNFF) and the United Nations Framework Convention on Climate Change (UNFCCC); (ii) to combat forest degradation and prepare for climate adaptation through the United Nations Convention to Combat Desertification (UNCCD), the UNFCCC, the Convention on Biological Diversity (CBD), and the UNFF; (iii) to protect biological diversity through the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES), the CBD, and the UN Millennium Development Goals (MDGs); (iv) to promote economic development through the General Agreement on Tariffs and Trade (GATT) and the World Trade Organization (WTO), an aspect also mentioned in UNCED, the MDGs, and the UNFF; (v) to produce social welfare and protect human rights through the CBD, the UNFF, the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), the International Labour Organization (ILO) Convention No. 169, and the MDGs; and (vi) to improve governance through the 2006 International Tropical Timber Agreement, the CBD, and the Aarhus Convention. However, it should be mentioned that conflicts over how to define a forest, and how to prioritize and trade off social, economic, and environmental values in the quest for sustainable forest management remain to be negotiated and/or resolved in many of these agreements (McDermott et al. 2010a, p. 34). The integration of forests into the international climate regime enables the establishment of a global system of economic incentives tied to emission reductions. For example, the "reducing emissions from deforestation and degradation" (REDD) concept, followed by REDD+ as an offset mechanism within the UNFCCC, provides one of the first sets of rules in international forest governance to have a binding impact on forest practices (Bernstein et al. 2010).

In addition to polycentric policymaking in these parallel and often overlapping international regimes, major trends in contemporary forest governance include the decentralization of forest management, logging concessions in publicly owned commercially valuable forests, and timber certification, primarily in temperate forests (Agrawal et al. 2008). Globally, national governments are by far the largest forest owners, with approximately 86 % of global forests, compared with private ownership of just over 10 % and communal ownership of below 4 % (FAO 2008). However, these figures are misleading with respect to the power relationships in forest governance, as many government-owned forests are managed for multiple purposes by local communities and community-based organizations, while others are managed as private timber concessions by logging companies (Agrawal et al. 2008). An increased number of countries worldwide have devolved certain management decisions in part of their publicly owned forests (notably in protected areas) from central to local government, which means that they currently involve various forms of decentralized resource governance (Andersson and Gibson 2007). Despite

the great methodological difficulties in evaluating the impacts of decentralization of this kind on the outcome of forest management regimes, these authors see some evidence that high-performing municipal governance systems in Bolivia have been able to shift activities by local forest users toward land use activities that are less destructive to protected forest areas (Andersson and Gibson 2007, p. 118). In developing countries, decentralization has been promoted by bilateral, multilateral, and private donors and investors who seek improved governance from recipient countries. This has coincided with pressures from local communities and indigenous peoples who want more say in the management of forest resources and to share the benefits accruing from them. In the early 2000s local communities and organizations began governing an additional 200 million hectares relative to the 1980s (Agrawal et al. 2008). More recently, local demands have also been voiced in connection with northern boreal forests, where international networking and the expansion of forest certification standards have been the main drivers of increased concerns for social equity and environmental values (McDermott et al. 2010b), albeit with varying national patterns of participation and impacts at the local level (Keskitalo et al. 2009).

The substantial role of logging companies involved in forest concessions is another factor that diminishes the relative power of national governments in forest management and in bringing market forces more to the fore. Although there are a variety of logging concession arrangements in industrialized countries, where state forest institutions regulate and monitor compliance with forest legislation, private logging companies in the developing world are far less controlled by national governments, leading to an increasing role for commercial forces. The prevalence of illegal logging is an additional threat to sustainable forest practices in those countries which, according to conservative estimates, produce 8–10 % of global wood products (Brack 2003). Recent initiatives to build regional Forest Law Enforcement and Governance (FLEG) agreements constitute an important step in counteracting such problems. They represent a counterforce to the neoliberal economic agendas promoted by many governments, international organizations, and market players, which favor open markets and free trade and lead to massive deforestation (Humphreys 2006). As discussed below, the European Commission is taking a lead role in supporting these regulatory processes.

The debate on certification has emerged as central to the current reconfiguration of the social and environmental credibility of forest-industrial development. Increasing demands for transparency and accountability are now facing forest owners, loggers, and industry in both their forest practices and production processes through various forms of certification and environmental management systems (EMSs). These systems were launched by environmental and social NGOs in collaboration with forest institutions as a way of assuring consumers (largely through retailers) that forest products on the market meet accepted sustainable forest management criteria. To date, however, forest certification has gained ground mainly in temperate forests in the industrialized world, which constitute well over 90 % of the certified forest area worldwide; forests in the developing world are being certified mainly in response to pressure from foreign investors (McDermott et al. 2010b). As

Chan and Pattberg (2008, p. 118) argue, the current geographic patterns of forest certification indicate a bias toward Northern actors that may reinforce and entrench existing asymmetric power relationships over forest resources. Hence, the potential implications of civil society-based accountability as a counterbalance to the increasing accountability gap in global governance may be overstated (Scholte 2004, p. 233). While there are ample examples of environmental NGOs acting as whistle blowers when forest company practices around the world diverge from their stated sustainable forestry policy goals, studies of local communities involved in forest management in Western Europe also suggest a problem with fairness and legitimacy, in that women as well as certain ethnic and user groups are poorly represented (Jeanrenaud 2001).

Not least, fellings of old-growth forests and tropical rain forests are being heavily criticized by environmentalists, scientists, and indigenous peoples, and pressure is mounting on producers and suppliers to safeguard these forests which are valued for their high biodiversity. Assisted by modern communications technology, environmental NGOs increasingly operate across the local, regional, and international scales and share goals. They can exert strong and effective pressure on the operations and policies of individual companies and countries, thereby curtailing the former domination of industry power, particularly in the Nordic setting. However, the scope and impact of NGOs tends to decrease as the distance from Western markets grows (Lehtinen et al. 2004, p. 270).

Global forest governance is also tightly connected with climate politics, as forests play an international role as current and potential carbon sinks. The REDD+ initiative, under the 2009 Copenhagen Accord, provides an international framework for financial support through a number of national partnerships, such as the Forest Investment Program (FIP) of the World Bank and the Global Environment Facility (Kanowski et al. 2011). There are expectations that a focus on REDD+ implementation could also deliver co-benefits, particularly those related to enhancing the capacity and competencies required for institutional and policy reforms in recipient countries, which are essential in addressing "governance gaps" in existing forest policies and in paving the way for potential REDD+ success. Like forest certification, such a development necessitates a "rebalancing of power relationships away from clientelist networks to more pluralistic arrangements involving environmental, community, and indigenous peoples' interests" (Cashore et al. 2006, p. 578). It also assumes that REDD+ arrangements are allowed to emerge from the "bottom," in broad consensus between the government and all relevant stakeholders rather than through an international framework that might impinge upon national sovereignty (Streck 2010). This presupposes the presence of politically legitimate national and subnational settings for forest conservation and management, and that implementation is locally empowering. However, REDD+ processes face the same problems as previous international efforts to protect tropical forests, including weak enforcement, tenure security, and conflict-resolution mechanisms, and have also been criticized for diverting attention away from the protection of biodiversity and neglecting the rights of local communities and indigenous peoples (Kanowski et al. 2011).

## 6.4 The Increasing Importance of the European Level

Traditionally, the regulatory setting for forestry has varied substantially across national borders, shaped by domestic conditions and the vested interests of governments and the forest industry. Over time, as a result of international cooperation through organizations such as the International Timber and Trade Organization, the European Union, and the North American Free Trade Association (NAFTA), regulation has become more uniform and less country-specific. In Sweden, the somewhat decreased importance of national forest regulations in recent times (with fewer subsidies to forestry and weakened state ownership due to the government's new public management policy) has been compensated for by international re-regulation, including instruments such as environmental management systems (EMSs) and certification systems. In Europe, forest governance is also changing, and one can now speak of the Europeanization of national forest politics, in which national actors in the EU multilevel system of joint decision making affect national actor constellations (Hogl 2000). Despite the absence of a legal foundation for a common forest policy in Europe, there is both functional and cultivated (i.e., political) spill-over in line with integration theory (Haas 1958; Lindberg 1963) through the many actors who are able to affect the content and direction of the European integration process, with those favoring further formal integration having the most influence (Andersson 2007, p. 233). European countries follow a North–South pattern in their attitudes to the Europeanization of forest policy; the southern countries are the most in favor, as they see the protective functions of forests as the prime goal and this is largely the case that has been promoted to date by European agreements (see below). In the forest-dominated countries of northern Europe, where the forest industry has an important economic role, skepticism toward a greater EU role in forest policy has dominated (Andersson 2007, pp. 156–159). However, those patterns are now changing. Swedish economic interest groups, which have an economic and/or industrial interest in forest and forestry, are working as pressure groups to advance integration in close cooperation with EU institutions. Swedish environmental groups are more split, as some fear that forest policy could become even more dominated by economic interests than it is today and that such processes could counteract the influence of emerging global governance instruments to protect environmental interests (Andersson 2007, p. 194).

To date, European regional agreements affecting the forest industry address biodiversity issues through the legally binding Bern Convention to conserve wild fauna and flora and their natural habitats, the EU Natura 2000 network, and the EU Biodiversity Strategy. In addition, forest governance issues are being promoted through the Fourth Ministerial Conference on the Protection of Forests in Europe (now Forest Europe), which commits EU member states to adopting a common approach to national forest program and was supported by an EU Forest Strategy in 1998 and an EU Forest Action Plan in 2006 (Council Resolution 1999/C 56/01; COM 2006/302 final). These initiatives have resulted in a certain streamlining of forest policy across EU member states through both voluntary measures and

increased networking among various forest actors (EC 2011). The goal of combating illegal harvesting and illegal timber trade for EU environment and development policies also includes a FLEGT licensing scheme for timber imports from those exporting countries that agree to enter into Voluntary Partnership Agreements with the EU plus an EU regulation prohibiting the sale of illegally harvested timber in the EU. This promotes principles of "good governance," which amount to de facto binding law and also involve civil-society and forest-sector stakeholders in efforts to monitor on-the-ground activities (Bernstein et al. 2010).

It is fair to say, however, that conflicts over European forest policy processes remain. Edwards and Kleinschmit (2012) note three major issues that divide national actors in the European context: (i) subsidiarity and sovereignty versus policy beyond the nation state; (ii) nature conservation versus forest protection; and (iii) UN rules versus independent Forest Europe processes. The Forest Europe process is currently involved in the negotiation of a legally binding agreement for "sustainable forest management" at the pan-European level. However, such initiatives are still contested by those who fear that an agreement might legalize what they consider to be an existing unsustainable solution, given that forest management practices tend to downplay aspects of forestry such as protection of biodiversity and climate adaptation (Dossche and Ozinga 2011). While the conflict between nature conservation and forest production has to do with the concrete issue of how much forest must be protected in order to achieve biodiversity goals, the other two issues concern procedures, that is, the rules of the game. Underpinning subsidiarity and sovereignty interests are issues of national culture and economies, as well as the fact that national actors do not want to give up their control over forests.

## 6.5 Conclusion: Diverging Forest Governance Pathways

To summarize, the changes taking place globally affect forest governance in the boreal region and the Nordic countries in several ways: (i) through the increasing international role of private forest companies and commercial logging concessions worldwide; (ii) through growing pressure from NGOs, indigenous peoples, and community-based organizations to gain influence over forest management; and (iii) through the rise of international policymaking and new instruments for governing forest resources. Conflicts between forest land uses for producing timber, fuel, food, and a range of other ecosystem services, including those related to climate change, are becoming increasingly apparent as land availability dwindles due to growing populations and consumer demands. In this situation, sustainable forest management is contested ground, as national governments seem to have shrinking powers to protect their forests from commercial exploitation aiming for exclusive profits at the expense of common-good values.

In the Nordic countries, the development of forests and forestry has been relatively sustainable, although this is contested, as the term "sustainability" is loaded with ethical values and subject to ongoing public debate (Beland Lindahl 2008;

Raitio 2008). However, in the near future, environmental values—particularly carbon sequestration—may exceed timber values. This implies that new actors might appear in the policymaking arena, taking what once was unanimity in the forest sector and dividing it into a range of new interest coalitions at multiple levels concerned with, for example, climate change, biodiversity, and food security. Internationally justified demands from indigenous peoples to advance their influence on forest management, on which their traditional culture and livelihood depend, are likely to escalate in coming years, especially in view of the effects of climate change. Climate change impacts are likely to strengthen the above-mentioned governance trends. They will give rise to pressures favoring the greater formalization of policy instruments, as national governments worldwide seek to take advantage of emerging carbon funds at the same time as having to find strategies for dealing with competing demands for food, fuel, and forest products from scarce land resources (Agrawal et al. 2008). This situation will likely intensify in coming decades with the joint effects of climate change, shifting demographic patterns, and generally improved living standards resulting from continued economic growth. In such a situation, national governments could have a shrinking role at a time when the importance of international and local governance is increasing, at least in relative terms.

Nevertheless, an analysis of various pathways of international influence on domestic policies suggests that, while international rules remain weak and nonbinding, parallel influences of norms and discourses, markets, and, in particular, direct access to domestic policy processes are significant in such changes, although the direct causal relationships remain understudied (Bernstein et al. 2010). This influence is exerted through a range of informal policy networks and coalitions, including those of NGOs and educational institutions, which work to reinforce social and environmental values in forest governance. When supplied with sufficient resources and supported by transparency and inclusiveness, national governments still play a crucial role in monitoring and control through national legislative frameworks (Bass and Guéneau 2005). It should be emphasized that the role of national governments in Western countries has been pivotal to the pursuit of sustainable development, as they can intervene in the face of market failure (Baker and Eckerberg 2008). Baker and Eckerberg's (2008) comparative research demonstrates that the state remains a key player in initiating and coordinating sustainable development planning processes: it contributes to capacity building through direct financing, institutional support, and the provision of expertise to subnational authorities; and it initiates and coordinates policy networks and retains considerable power over the nature and functioning of network forms of governance. In forest policy, the state can play an essential role in ensuring that corporations act in the public interest, by harnessing economic power for the benefit of all citizens (Humphreys 2006). Moreover, from a global perspective, sovereign states have maintained their diplomatic role in forging and enforcing international agreements. Governments are also buyers of products and can exert their power through, for example, green procurement for large infrastructure and public housing projects. As governments own the

vast majority of forests worldwide, their role in determining the futures of forests should be considerable, as long as they counteract illegal logging and corruption.

The alternative to the neoliberal agenda that currently dominates forest policy processes around the world is the democratic global political will to value all the goods and services that forests provide—public as well as private. As Hoogeveen and Verkooijen (2011) argue, such an alternative does not mean that a new grand instrument needs to be negotiated, but that multiple existing and new initiatives to transform global forest governance must be coordinated. Leadership is essential to such a global endeavor. It is in this spirit that we end this chapter by stating that the future governance of forests must be based on democratic legitimacy in sovereign countries, with transparency and participation by all affected interests in decision-making processes guided by the rule of law. The analysis demonstrates that market-driven governance systems cannot deliver fairness and legitimacy at the global, national, and local levels without strong support from government institutions interacting at multiple levels and with as little Western bias as possible in their exercise of power.

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