Local Governments and Forest Management in Central America:
Conceptions of Decentralization in National Context

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Abstract

Policy makers tend to conceive of decentralization as a top-down process to transfer power and responsibilities to lower levels of government, but central government initiatives are unlikely to bring about the purported democracy and equity benefits. In practice, such “power transfers” (or lack thereof) will be shaped and interpreted according to each national context. This paper examines decentralization in the forestry sector in Honduras, Nicaragua and Guatemala. It compares the principal dynamics of these processes and stakeholders’ primary concerns in each country, in order to demonstrate the importance of each national historical context to understanding decentralization in practice.

I. Introduction

Guatemala, Nicaragua and Honduras have all implemented forest decentralization strategies in different ways and in very different historical and cultural contexts. In a centrally-driven process, Guatemala’s forestry institute has led a national initiative to build municipal forest management capacity, but has failed to transfer significant decision-making powers to the local sphere. Nicaragua’s municipalities, in what could be considered a more demand-driven process, have the most extensive powers over centrally-approved logging contracts in their jurisdiction, but still have little decision-making authority. In a largely donor-driven process, Honduran municipal governments control almost a third of the country’s forests, but low capacity and budgets interfere with their ability to make that authority effective.

National workshops held in each country suggest similar concerns and opportunities among similar groups of actors. Central governments increasingly recognize the validity and imperative of local governments as interlocutors but are still reluctant to give up power and benefits. Community leaders want greater say in resource related decisions that affect their lives but generally accept both local and national governments as key and legitimate actors. Mayors seek greater funding and decision-making powers but recognize their need for technical assistance and their responsibility to be representative, democratic leaders. Nevertheless, different national contexts shape the meaning of these concerns and the opportunities and challenges of democratic decentralization of forest management in each country in the future.

Decentralization, defined as the transfer of powers from central governments to lower levels in a political and administrative hierarchy (Crook and Manor 1998, Ribot 2002), is proposed as a model for increasing efficiency, participation and democracy (Ribot 2002, World Bank 2000, 1997, 1988). The actors, powers and accountability framework has been developed as an important tool for understanding the type of decentralization under consideration (Agrawal and Ribot 1999). That is, an examination of which actors receive what extent and type of powers, and to whom those actors are accountable, defines whether decentralization is merely administrative, where powers are given to lower level branch offices of central institutions who are, therefore, upwardly accountable (also known as deconcentration), or democratic, or something else altogether. Democratic decentralization—the devolution of significant, autonomous decision-making powers to downwardly accountably local actors—is defined as the most ‘advanced’ form of decentralization, and the most likely to lead to the aforementioned theoretical benefits (Ribot

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1 This paper is based on research supported by the SIDA-IDB Partnership and the Center for International Forestry Research. I want to thank, in particular, Lyes Ferroukhi, as well as Mario Vallejo in Honduras and Yovanni Alvarado, Mynor Barrillas and Timoteo López for their insights on Guatemala.
In most studies of natural resource decentralization, what happens in practice is judged against this latter model (see, for example, Ferroukhi 2003, Ribot and Larson, forthcoming).

There are some important internal contradictions to this conceptualization of democratic decentralization, however, when the model is implemented in practice. Decentralization, defined—and usually implemented by policy-makers—as an entirely top-down process, should increase participation and democracy, at least in part bottom-up processes. The actor responsible for implementing and guaranteeing this process is precisely the one that has established centralized government and benefits most, in many ways, from it being that way. In practice, then, this democratic decentralization model must face these contradictions when it is implemented, and it thus plays out in very different ways in different contexts.

For example, based on studies of decentralization in the forestry sector in the three Central American countries mentioned above, Honduras would appear to be the most advanced decentralization because of the actual powers granted to local governments over a substantial portion of forest resources. Nicaragua has achieved little decentralization in the forest sector, but local governments at least are required to provide their opinion on all logging contracts in their jurisdictions—a level of participation not granted in either of the other two countries. Guatemala would appear to be the least decentralized, since local governments are only mandated to carry out decisions as directed by the forestry institute.

But this is not what we see in practice. This paper will examine decentralization in the forestry sector, the principal dynamics of the process and stakeholders’ primary concerns in each country, in order to demonstrate the importance of each national historical context to understanding decentralization in practice. The next section presents forestry decentralizations in each of the three countries in turn. The following section presents the results of national workshops in which stakeholders were able to express their opinions and concerns about the process. This is followed by the discussion and conclusions.

II. Forest Sector Decentralization in National Context

This section discusses decentralization in the forestry sector in Honduras, Nicaragua and Guatemala, as well as relevant characteristics of each country and its recent history.

Honduras

Honduras’ 1992 Law for the Modernization and Development of the Agricultural Sector returned control over the country’s ejidos to local governments. Though precise data is not available, ejidos are estimated to represent about 28% of the country’s land, and 30% of its forests. Local governments can log ejidos themselves or contract out to a logging company or group of agroforesters, with the only requirement that they develop a management plan for approval by the forestry institute, COHDEFOR.

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2 See also Mandondo (n.d.) and Contreras (2003). Mandondo (n.d.), writing about Zimbabwe, talks about the need to balance supply-led (“states enjoy a free reign in defining governance systems”) with demand-led decentralization; Cardenas (2003), writing about the Philippines, discusses state-designed “bureaucratically constructed” spaces as promoting participation but not empowerment, versus organic and self-initiated decentralization (134).

3 The information on decentralization in Honduras was taken from Vallejo (2003), Kaimowitz (2000) and several interviews conducted by the author and Lyes Ferroukhi in Honduras in March, 2003.
In Latin America, this authority is only rivaled by municipalities in Bolivia, which have been given the right to assign local associations the use rights of up to 20% of national forests in their jurisdiction, also based on forestry institute approval of management plans (see Pacheco 2003). Yet even in Bolivia, local governments are restricted to working with local associations, rather than developing other kinds of commercial logging contracts, and the associations themselves, as well as the choice of forest area, must be approved through a bureaucratic centralized process. This means that Honduran local governments, in relation to the rest of Latin America, appear to have unprecedented decision-making power over a significant portion of the country’s forests.

But what does this mean in practice? Only a few larger and more economically secure municipalities, or those with project support, have been able to take on forest management in their ejidos, principally because they have been able to contract the necessary technical assistance. Most of these, however, sell standing timber, substantially lowering the income that could be captured. A few local governments have also issued permits for controlled burning, developed land use plans, promoted the creation of protected areas, established funds for forest management, organized the population around resource conservation and/or implemented watershed protection projects.

Some municipalities have important income from the logging of ejidos, as well as from the sale of other products such as pine resin and seeds. Many also charge fees for permits and taxes for exploitation, and some also charge fines, though this is not yet clearly permitted by law.

With regard to all other aspects of forest management, local governments have few powers. They have little formal say over extraction on national lands within their territories, though by law COHDEFOR is supposed to coordinate with them. They have a right to only 1% of the tax revenues from exploitation contracts, though this was raised to 10% for areas logged by auction after hurricane Mitch. They are also expected to supervise the implementation of forest management plans, but COHDEFOR often fails to provide them with the necessary information to do so.

Municipalities can propose but not declare protected areas, and are expected to make sure norms are met but cannot create norms themselves. A current draft forestry law would allow local governments to charge fines for forest crimes, but this is not currently within their jurisdiction. All municipalities are required to create Municipal Environmental Units to promote projects and implement activities relating to forest management, preservation, marketing and preservation—61% had done so as of 2002.

In general, but with notable exceptions, local governments have very low capacity and budgets to carry out their mandates. Though by law they should receive 5% of the national budget from central government transfers, in practice they receive much less. In addition, COHDEFOR is known for its incompetence and a high level of corruption, hence is largely ineffective in terms of providing technical support for decentralized forest management.

The Honduran forestry institute has been plagued by budget and personnel cuts over the past year. Yet their strategy for addressing shortages, at least as of March, 2003, when a national workshop

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4 Espitia (2003) reports that Honduran municipalities have always received between 1.8% and 2.2%, never 5%.
was held on decentralization and forest management, did not include municipal governments except at the operative level. The institute’s participation in the workshop was fairly minimal.

The Honduran context is marked by a notable lack of capacity not only at the local but also at the central level. This relative weakness of the Honduran nation-state, in comparison to Guatemala and Nicaragua, shapes the nature and meaning of decentralization. In order to understand it, we need to take a brief look at the country’s particular history in the region.

Though North American banana companies established enclaves in several Central American countries early last century, Honduras was the world leader in banana production until WWII (Torres-Rivas 1989). Bananas comprised the country’s principal source of income, and half of the population depended directly or indirectly on the banana industry. That is to say, the enclave economy dominated the national economy, and, as a result, the state itself was much less important than the banana corporations. For example, during that period, even basic services such as water and electricity were administered not by the state but by United Fruit Company. Honduras, therefore, was highly “dependent on a production that was never controlled nationally,” and its enclave nature meant that national development was severely “deformed” by this reality (Torres-Rivas 1989: 127), failing even to integrate important parts of the national territory. Economic leadership was always tied to the foreign investor. The development of national economic and political leadership is still recent, and the Honduran state is still much younger than that of its neighbors.

Hence a key issue in decentralization in Honduras relates to a fundamental problem in government in general: building decision-making capacity at all levels. Perhaps the other important difference between Honduras and the other two countries discussed here is the absence of significant internal polarization and conflict, such as the wars that wracked both Guatemala and Nicaragua in recent decades.

Nicaragua

Nicaragua’s local governments have been strengthened significantly over the 12 years since the first municipal elections in 1990. Revisions to the municipalities law in 1997 increased their powers in important ways, but the possibility for real autonomy is considerably undermined by low municipal budgets. Not only have government transfers been very low (less than 2% of the national budget until 2003), but also the tax options are very limited in terms of securing other sources of income.

The municipalities law grants local governments the power “to develop, conserve and control the rational use of the environment and natural resources” as the basis for municipal and national development; nevertheless, other laws limit their powers to a supporting role. As in most Latin American countries, it is the central government that enters into contracts for logging, though in the Nicaraguan case, local governments must give their opinion before contract approval. They also have a right to 25% of the tax income from these contracts, though this has not always been honored. The legal framework also allows municipal governments to establish municipal parks, organize campaigns for fire prevention and control, promote environmental education and projects, participate in the management of national parks and promote citizen participation in environmental issues. They are also expected to develop land use plans for their territories.

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6 The only direct and exclusive municipal environmental authority is the management of solid waste.
In general, municipal governments feel they have been given the burdens without the benefits of management, either in terms of authority or income. Legal contradictions and ambiguities, however, create certain maneuvering room and, in particular, the basis for demands and negotiation with central government agencies. In particular, the Municipalities Law allows local governments to pass resolutions and ordinances setting standards regarding the environmental management of their territories. In frustration over uncontrolled logging, for example, four municipalities threatened to declare a moratorium; in response, Nicaragua’s forestry institute (INAFOR) agreed that future contracts would only be signed with prior local government approval. Some regional INAFOR offices have reportedly informally agreed to similar arrangements.

Local governments have issued opinions on logging contracts, approved domestic permits, promoted environmental, reforestation and agroforestry projects, organized fire prevention and pest control campaigns, developed land use and environmental plans, declared protected areas, hired park rangers, passed ordinances regulating resource use, charged fees and fines (some of which are not permitted by law) for legal and illegal extraction, and managed forestry funds. Most of the nation’s municipalities have established Municipal Environmental Commissions, which may then serve as the primary mechanism for both local participation and inter-governmental negotiation around environmental problems.

Even so, forest-related concerns are not usually high priority, and economic issues have an important influence on the municipality’s ability to promote these initiatives, the incentive to take action and the kind of action that is taken. They are much more likely to take initiatives where there are clear economic benefits, where local people or projects pressure them to do so, or where a conflict or crisis demands immediate action.

Municipal governments appear to be more belligerent than in Honduras. Nicaraguan municipalities have managed to obtain the power and authority they currently have mainly due to their own lobbying in conjunction with important allies. As they have gained authority and legitimacy locally, national legislators and political parties have increasingly begun to recognize the importance of their cooperation for mobilizing popular support (see Larson, forthcoming). As a result, several laws that the municipal association (AMUNIC) has promoted unsuccessfully for two to three years are now before the legislature, and the president recently signed a law guaranteeing national budget transfers to municipalities starting at 4% of the budget for 2004, increasing to 10% by 2010.

Nevertheless, local governments have little official decision-making power over forests, and, in general, the terrain is mined by serious conflict between local governments and INAFOR. Except for a brief period in which a previous director actively promoted decentralization and the flow of information between the institute and local governments, INAFOR has intensely resisted decentralization. Its current plans only involve deconcentration to lower-level officials from the same institute. Local governments apparent preoccupation with obtaining income from forest resources could be interpreted as their determined reaction to having little formal power or benefits.

The minefield is covered, in particular, with accusations of corruption and incompetence on both sides. Though there are also problems with corruption at the municipal level, corruption in INAFOR has been recognized by competent national authorities, leading to the recent removal of

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7 These were permits for logging of small quantities, such as 2 trees or 10m³, a norm that varied by region. This municipal authority was not guaranteed by law, but rather made on an individual basis by INAFOR.
the director\textsuperscript{8}, as well as of several regional delegates. The media has been particularly active in reporting on forestry institute corruption.

The intensity of conflict between INAFOR and local governments should probably be understood in relation to the belligerent nature of politics and government in Nicaragua in general. Both central government and political parties have traditionally been highly centralized under the main caudillo. Decentralization, through the municipalities law, has opened opportunities for other, local leaders to increase their own power and authority. Ongoing centralist tendencies in certain sectors, such as forestry, where local leaders see central actors gaining the benefits from “their” forests, can only be expected to lead to protest.

**Guatemala\textsuperscript{9}**

Municipal autonomy in Guatemala is supported by the 1985 civilian Constitution, which guarantees administrative decentralization, and the 1996 peace accords, which promoted greater local participation in general. Unlike the other two countries studied here, the decentralization of forest management has been actively implemented by the National Institute of Forests (INAB) through the Community and Municipal Forests (BOSCOM) project. This decentralization is principally a deconcentration that involves the delegation of responsibilities exclusive of decision-making powers. Nevertheless, because of the particularities of INAB and this project, and of Guatemala, the process has come much further, in some ways, than in Honduras or Nicaragua.

The regulatory framework for forestry grants municipal governments the right to 50% of the taxes on logging permits, significantly more than the other two countries receive, plus participation in a subsidy program for reforestation. The municipal governments’ primary responsibility, however, is to serve in a support role to INAB: to control illegal and supervise legal logging, promote environmental education, develop municipal forestry plans with popular participation and facilitate the authorization of permits as an intermediary between local loggers and the national government institute. By law, local governments are expected to be the “spokespeople for INAB”, regarding the policies, strategies and programs it designs for the municipalities, and “not decision-making entities” (Guevara 2000 citing Forestry Law 101-96).

Local governments also have important decision-making powers over ejidos, or municipal and community forests, though these comprise a much smaller area than in Honduras. They are also subject to a confusing combination of property laws and other problems such as land invasions and the lack of an updated cadastre, and formal environmental or forestry laws are often not applied there, but rather informal or traditional rules and arrangements (Thillet et al. 2003). Community forests are managed in many different ways: by mayors or the “auxiliary mayors” of the community, with or without community participation, by local committees, or through co-management schemes.\textsuperscript{10} Municipal governments may obtain important income from ejidos through the rental of land and the sale of wood and non-timber products.

\textsuperscript{8} The director was fired after reincorporating three officials who had been removed after being linked to corrupt activities.

\textsuperscript{9} The information for this section came from Echeverría and Ferroukhi (2002), as well as numerous interviews listed in the references. It refers specifically to the forest resources under the jurisdiction of the National Institute of Forests (INAB), and not the protected area forests under the National Council of Protected Areas (CONAP).

\textsuperscript{10} See also Wittman (2001) for a study of several types of forest management structures in two Guatemalan municipalities.
In the 90 municipalities that have begun to incorporate INAB’s decentralization model through BOSCOM, with the support of several different funding agencies and projects, all have their own forestry offices with technical personnel, a third of which are fully funded by local governments. A third have formulated municipal forest policies; some have established fire brigades and tree nurseries and implemented reforestation projects, environmental education and/or trainings on the formulation of management plans. Many of the technical offices have proven to be effective intermediaries between INAB and community leaders. In some cases, in fact, local forestry personnel have gone on to run for elected office.

At the same time, BOSCOM personnel have proven to be effective intermediaries between local governments and INAB. In most countries considering forestry decentralizations, the national forestry institute has stood in the way. This makes the Guatemalan experience exceptional. It is important to understand the development of this process in the Guatemalan context.

From INAB’s point of view, as is typical of forestry agencies, forest management is a technical issue that requires scientific expertise to guarantee appropriate decisions and the sustainability of the resource. But Guatemala has only recently emerged from several decades of a dirty war that pitted non-indigenous against indigenous and rich against poor. Over half of the Guatemalan population is indigenous, and the vast majority of this population lives in rural areas and in poverty. National peace accords recognized numerous rights of indigenous communities and peoples, including communal land management, but many aspects of these accords have not been fulfilled or institutionalized in law (Wittman 2002). There is still, clearly, a significant—and largely justified—level of distrust between indigenous and the formal structures of the Guatemalan state, which has not made any serious attempt to bring to justice those who committed past crimes or stop ongoing human rights abuses. It is still, in fact, largely controlled by the same military general responsible for many of those abuses—current presidential candidate General Ríos Montt—and his political party.

Technocratic attempts to increase government control of community forests can be easily confused with political attempts to control local communities. Indigenous identity is sometimes tied to local forests. Forests have served communities historically as a physical barrier between neighboring enemies. During the war, the army burned forests because they served as refuge to those in hiding or fleeing the military.

INAB is concerned that uncontrolled domestic use and illegal logging of local forests is causing serious degradation and deforestation. As a technocratic response, it proposes “forest management” as the solution—managed logging, for commercial purposes, combined with controlled domestic use. But indigenous communities often view logging as necessarily ladino (non-indigenous), looting, and divisive. Logging companies bring cash income, which results in community divisions and the rupture of community identity. And in some cases, communities have been effectively managing their own resources for centuries (Wittman 2002).

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11 This point of view is typical, and is a common argument for the failure to decentralize. Nevertheless, corruption, and the loss of income from corruption, may be a paramount issue in other decentralizations. Fortunately, the previous INAB director was able to substantially diminish, if not wipe out entirely, corruption within the institute.

12 It is not true that indigenous communities ‘naturally’ conserve or use resources appropriately. Nor is it true, however, that all indigenous communities are degrading community forests equally (see Wittman…).

13 I want to thank Ileana Monterrosa from FLACSO-Guatemala for the interpretation of the indigenous relation to forests expressed in this and the previous paragraph.
Initial community responses to INAB’s incursions into ‘their’ territory sometimes turned violent. INAB offices were burned, personnel were kidnapped, trucks were blocked from entering. But the BOSCOM project has begun to change that. BOSCOM personnel have been able to improve communication in both directions. On the one hand, they have convinced many communities and local governments to hear INAB’s point of view and, on the other, they have convinced INAB to hear local demands.

The combination of community protest and BOSCOM as interlocutors has at least convinced some INAB personnel that imposing the forest agency’s will is neither appropriate nor effective. It could be argued that this alone is far more than has been achieved in either Honduras or Nicaragua. That is to say, though decisions, by law, should be taken centrally, in practice important decisions are increasingly negotiated with local governments and communities. Local governments are beginning to develop municipal forest policies with community participation that do not always coincide with INAB’s wishes.

Another factor is essential to understanding the Guatemalan case—the independence of INAB. It is clear from the above description of BOSCOM and the particular history and correlation of forces in Guatemala that this kind of project could be an effective political tool. This reality did not go unnoticed by the political party that took office in 2000. INAB is officially under the jurisdiction of the Ministry of Agriculture but has an independent Board of Directors. Unlike in many other countries, this board is not directly controlled by the central government. That is, its membership is comprised by the Ministers of Agriculture and Finances and a representative each from the association of municipal governments (ANAM), environmental NGOs, the universities, the National School of Agriculture and the Timber Business Association.

In 2001, the party in government demanded the resignation of the INAB director and intervened its offices to force the central government’s position. But the legal independence of INAB meant that, by law, backed by a court decision after the intervention, the government had to defer to the decision of the Board of Directors. The Board sided with INAB. The central government succeeded in pressuring for the removal of the directors of both INAB and BOSCOM, but was not able to replace them with their designated cronies. By at least one account, the intervention was aimed primarily at gaining control of BOSCOM for electoral purposes.

It is important to understand that, though INAB “won” this battle, the story could have had a very different ending—if the governing party had been able to manipulate the court decision, the board decision or the new INAB or BOSCOM directors. There are clearly important risks to local communities inherent in state-initiated projects such as BOSCOM.¹⁴

III. The division and sharing of powers, benefits and responsibilities: Stakeholders’ perspectives

The ideal division of powers, benefits and responsibilities in decentralized forest management depends largely upon each person or interest group’s perspective—their priorities and the criteria being used to define them. How should these decisions be made? Under centralized systems,

¹⁴ Several authors have discussed the ways in which decentralization has been used to extend state control and override local initiatives, as one author writes, to manage local people rather than, as purported, to help local people manage their forests (Contreras 2003). See also deGrassi (2003), Muhereza (2003), and the various chapters in the volume by Edmunds and Wollenburg (2003).
forestry institutes have been the primary decision-makers. Under decentralization, the subsidiarity principal—which states that decisions should be made at the lowest level possible without having negative repercussions at other levels—is often recommended. Others suggest that technical decisions (that is, how much timber should be cut and when) should be made centrally, by technically qualified personnel, while political decisions (who can log wood and how related income should be spent) should be made by local political leaders (Bazaara 2003, Ribot 2002). Another option is to set minimum standards within which local decision-makers have full autonomy (Ribot 2002).

In the end, there is no single correct answer that will result in benefits both for the forest and/or for local people; rather the ‘right’ division of responsibilities itself is a technical and political question that must be negotiated in the context of each country’s national reality. The goal of the national workshops discussed here was precisely to begin such a dialogue (in Honduras and Guatemala) or take it further (in Nicaragua) among multiple actors with regard to these issues. The workshops were organized as follows. Presentations were made regarding research on decentralized management experiences in Latin America, and then specifically on the country hosting the workshop. This was followed by presentations from the national forestry institute and the association of municipal governments. Participants were then divided into groups based on their principle affiliation (municipal governments or mayors, local leaders, forestry institutes or other central government, and project officials/academics), based on attendance in each country. The working groups addressed five priority topics: decisions regarding logging, monitoring, income, the relation among actors and the legal framework, as well as mechanisms to put changes into practice and the criteria with which they made their assessments; here we present results regarding the first three issues: logging, monitoring and income.

Because the groups were divided according to the people present at each workshop in each country, the categories of the working groups do not exactly coincide among the three countries, hence the results here by actor should be considered indicative and not definitive. Accordingly, the results presented by each group do not necessarily represent the opinions of every individual participating.

With the exception of the project professionals and academics, in general each type of actor proposed a scheme that gave greater benefits and power to itself, though there are also important differences within groups.

Central Government

In Guatemala the central government group was comprised entirely of INAB officials, and in Nicaragua it was almost entirely from INAFOR. In Honduras, however, several central government institutions were represented.

Decision-making regarding forest use and exploitation. The emphasis of the central governments, and particularly national forestry institutes, is to maintain the institute as the key regulatory agency that will guarantee the technical quality of forest-related decisions. Few actors would disagree with this framework. But the institutes themselves tend to see their ‘regulatory

16 The workshops were sponsored by the SIDA-IDB Partnership and the Center for International Forestry Research. Each national workshop included additional sponsors: in Nicaragua, INAFOR, AMUNIC and Nitlapán-UCA and in Honduras, COHDEFOR and AMHON.
role’ in rather broad terms. In Honduras and Guatemala, they were more willing to offer some limited decision-making powers to municipalities. In Nicaragua, the group largely limited its discussion to what is currently permitted by law, which is one way to avoid directly stating that they were unwilling to accept changes to the current framework.\(^{17}\) In plenary discussions, several forestry institute officials made it quite clear that they were opposed to increasing local government authority over forests in any way, and commentaries on both sides (forestry institute and local government) were at times very heated.

Central government actors in Honduras emphasized the importance of building local capacity in order for municipal governments to play a greater decision-making role regarding forest exploitation. They were willing to accept an equal role for local governments in issuing domestic use permits, but emphasized a clearly subordinate role regarding commercial logging. The forestry institute in Guatemala accepted fairly equal local government participation in all decisions on all types of logging.

With regard to local communities, neither Nicaragua nor Honduras contemplated any specific decision-making role beyond mentioning ‘citizen participation’ as a criteria. In Guatemala, however, the central government group promoted including local committees in decisions regarding both domestic and commercial forest use. This group also expressed the need to take historic and traditional local use rules into account, particularly in community forests, though always in line with the current legal framework.

**Monitoring.** In Honduras and Guatemala, the central government group placed responsibility for forest vigilance on the owner of the property, with the support of the state forestry institute, the municipality, and others. In Guatemala, the communities themselves were seen as the second most important players in forest monitoring. In contrast, this same group in Nicaragua placed this responsibility in the hands of the forestry institute, in coordination with other actors.

**Income.** The subject of income also varied among the countries. Currently, municipalities in Honduras receive 1% of the income from taxes and royalties on permits and concessions (increased temporarily to 10% after Hurricane Mitch); 25% in Nicaragua; and 50% in Guatemala. In Honduras, the central government accepted the need to increase the municipal share, and emphasized that this income should be reinvested in the forest resource. In Guatemala, specific percentages were not discussed but rather the importance of reinvestment. In Nicaragua, the central government again defended current law. Differences among the group became apparent during the discussion period, when some members appeared more open to the possibility of increasing the municipal share, but only if this would not affect the institute’s budget. (Until new forestry legislation goes into effect, INAFOR’s budget still depends directly on this income.) There was no mention of reinvestment.

**Municipal governments**

In Guatemala and Honduras, this group was comprised almost entirely of mayors. In Nicaragua, there was a mixture of mayors and other local government officials.

**Decision-making.** In general, local government representatives believe that they should make important decisions about forest exploitation, whether it is for commercial or non-commercial use. Paradoxically, it is precisely in Guatemala, the country in which the forestry institute

\(^{17}\) When they were directly challenged (so then if the legal framework were changed to allow municipal governments to make significant decision, you would accept that?), the reply was silence.
appears to have greater will to transfer powers and capacities to local governments, that the group of mayors did not request greater decision-making powers. Instead, they emphasized, for all of the questions, respecting the many powers they already do have by law but not necessarily in practice. In Honduras, the mayor’s group expressed the desire for greater powers but recognizing the need to respect the country’s development and forestry policies and to develop their own norms and strategies within strategic municipal plans. In Nicaragua, this group simply expressed the desire to make these decisions locally, through their environmental offices and commissions. The latter two countries also mentioned the importance of consulting local actors regarding domestic use.

Monitoring. Honduras municipalities believed the principal responsibility for monitoring forest use should lie with communities, followed by local and central governments. In Nicaragua, this group chose the municipality for primary responsibility, with the support of the army and police and community leaders. They justified this decision based on the failure of the forestry institute to regulate forestry effectively.

Income. In both Honduras and Nicaragua, municipal governments asked for a greater percentage of forestry taxes and royalties. In Honduras, this remained a general statement. In Nicaragua, the group proposed the following breakdown: an increase from 25% to 70% for municipal governments, 20% for the central government, and 10% for the police and army (due to their aid in monitoring).

Local Leaders

There were two groups of community leaders in Guatemala. The group in Honduras made up primarily of representatives from municipal environmental offices and municipal consortiums. This group was combined with mayors in Nicaragua and is included in the previous municipal government section.

Decision-making. All of the groups of local leaders argued that decisions regarding domestic permits should be make by the municipal governments in coordination with local community actors. In Guatemala, the group specifically mentioned the participation of auxiliary mayors, neighborhood councils, communal committees and park guards.

In addition, in Guatemala, these local leaders also believed that commercial logging decisions should be taken by the municipal governments with the communities. One groups suggested that the neighborhood councils should fix regulations and norms under the coordination of the municipal and auxiliary mayors. In contrast, in Honduras, these leaders were more willing to respect the authority of the forestry institute, though they believe these decisions should also be taken in coordination with the municipal governments and the communities. All of the groups believed that the municipality should have the right to establish its own norms as well as the possibility of rejecting logging applications.

Monitoring. These groups believed that the primary responsibility for forest vigilance should lie with the communities, with the support of the municipal government and other relevant authorities. One group again mentioned the council of neighbors as the vigilance committee and guardian of the forest.

18 Unfortunately, the Guatemalan mayors’ group was dominated by an AMHON legal official who is not a mayor. Given conversations with other members of the group, though, it is likely that they would broadly agree with the other municipal government groups in their desires for greater decision-making power.
**Income.** In both countries, these groups argued that the majority of forest income should be reinvested in the communities where logging took place and/or in the forest. Specifically, the Honduran group explained that income from ejidos should go to municipal governments; from national lands, to the forest agency and municipal governments; and from private lands, to the land-owner with the respective taxes going to the municipal government. Then both the municipality and the forestry institute should use this income as a Reinvestment Fund.

One of the Guatemalan groups suggested 20% should go to the forestry institute, with the other 80% directed to municipal governments for environmental projects with the guarantee of a social audit. The other Guatemalan group divided the funds between the neighborhood council (income from licenses, fines and decommissioned wood) and the central forestry office (payment for transport permits).

**Other professionals, projects and academics**

This category included three groups in Guatemala, one in Nicaragua and one in Honduras. The Guatemalan groups included some professionals from central government agencies other than the forestry institute. In general these groups consisted of project personnel and academics.

*Decision-making.* These groups, primarily comprised of project professionals and academics, generally sought to find a balance among the forestry institute, local government and communities or civil society in the formulation of regulations and rules for both the domestic and commercial exploitation of forests. In Honduras and Guatemala, where there are important ejidos, municipal forests and/or community forests, the role of each actor tends to be differentiated by property regime.

In general, there is greater concern for community participation in Guatemala: all three groups in that country argued that communities have an important role to play in these decisions. One group proposed that the municipal development councils (mandated by law but not yet formed in practice) should be the decision-making entity. Another group suggested that domestic contracts should be decided cooperatively among the communities and central and local governments, as should commercial contracts regarding community forests. Where national forests are concerned, commercial contracts should be decided by the forestry institute; and for municipal and private forests, commercial contracts should be coordinated between the forestry institute and the municipal government.

Community participation was also mentioned in Honduras, where in national forests and ejidos communities should participate in decisions regarding domestic permits. But rules for commercial use should remain with the central government. In Nicaragua, this group recommended a national committee for the establishment of norms for commercial logging, with representatives from the State, local government and civil society.

All of these groups argued that local groups have the right and even the duty to formulate local norms, particularly to promote the common good over individual interests. The group of academics in Guatemala highlighted ‘the disconnect between those who make the rules and those who must abide by them’ as a serious problem.

*Monitoring.* With regard to the monitoring of forest use and extraction, some of the groups argued that the national police should play an important role, in combination with forestry institutes. Only in Honduras did this group emphasize the landowner’s responsibility, with the
support of forest regents. Another group pointed out that the problem with forest monitoring is tangled up with serious problems of corruption—a problem much larger than the forestry sector alone.

**Income.** In general, these groups argued that municipal governments should receive a higher portion of forestry taxes and royalties, to be used for the benefit of the municipality, local communities and/or forestry resources themselves. Though almost all the groups believed this income should be shared with the central forestry institute, one group in Guatemala argued that 100% should go to the municipal governments to support local government and community and indigenous groups.

The Nicaraguan group presented an innovative idea: they accepted the current distribution, with 25% transferred to the municipal governments, but argued that this percentage should increase according to the certain local indicators. For example, if the municipal development plan includes a chapter on natural resources that has been approved by the forestry and environment institutes, that municipality should receive 50%; if the chapter is based on an updated forest inventory, 75%.

**Irreconcilable differences?**

There are important differences according to type of actor as well as within the different types, and even the same working group expressed contrasting visions that resulted in occasional contradictions in the final reports. Most importantly, for the purposes of this paper, there are differences by country that demonstrate the importance of understanding decentralization in the context of each different national reality. For example, it is clear in Guatemala that there is a paramount concern regarding the role of communities. In Honduras, all the groups except the mayors demonstrated a generalized commitment to the idea of reinvesting in forests. In Nicaragua the terrain is charged by open divisions and conflicts between the central and local governments with regard to almost all of the issues addressed. This section examines differences and points of convergence by issue and country.

**Domestic permits**

Table 1 (a,b,c) summarizes the different visions expressed regarding decision-making on domestic use permits by actor and by country. A large ‘X’ refers to primary authority, which may be shared, while a small ‘x’ refers to secondary authority.

<table>
<thead>
<tr>
<th>a. Honduras</th>
<th>Who should have the power?</th>
<th>Community opinion</th>
<th>Local govt opinion</th>
<th>Central govt opinion</th>
<th>Other prof. opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community</td>
<td>x</td>
<td></td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Municipality</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>Xx</td>
</tr>
<tr>
<td>Central Govt.</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>
b. Guatemala

<table>
<thead>
<tr>
<th>Who should have the power?</th>
<th>Community opinion</th>
<th>Local govt opinion</th>
<th>Central govt opinion</th>
<th>Other prof. opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community</td>
<td>X</td>
<td>x</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Municipality</td>
<td>X</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Central Govt.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Taken together, there was relative consensus regarding the importance of giving municipal governments a key role in decisions on domestic forest use permits. That is, almost all of the groups believed that the municipal government should have principal—exclusive or shared—responsibility, for authorizing these permits, at least in some area (one Honduran group gave them principal responsibility in ejidos, secondary in national lands). Only in Guatemala did the municipal governments themselves fail to request this role, though this is likely due to the dynamics of the working group. (The forestry institute is on the verge of handing over this power to local governments as of late 2003 (Yovani Alvarado, pers comm.) That leaves only Nicaragua, then, where one group—represented by forestry institute officials—denied a primary or even equal role to local governments.

Almost all the groups also conceded an important, though subordinate, role for local communities in domestic use decisions. Those who did not do so are the central government groups from Honduras and Nicaragua, again demonstrating the importance of “community” as a paramount issue in Guatemalan post-war society.

At the same time, among the local—both community and government—groups, only one (mayors in Guatemala) recognized a role for central government in the issuance of domestic permits.

Commercial logging permits

A similar set of boxes was drawn regarding decision-making on commercial logging licenses (see Table 2 a,b,c).

Table 2. Decision-making power regarding commercial logging licenses

a. Honduras

<table>
<thead>
<tr>
<th>Who should have the power?</th>
<th>Community opinion</th>
<th>Local govt opinion</th>
<th>Central govt opinion</th>
<th>Other prof. opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community</td>
<td>x</td>
<td>X</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Municipality</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central Govt.</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
b. Guatemala

<table>
<thead>
<tr>
<th>Who should have the power?</th>
<th>Community opinion</th>
<th>Local govt opinion</th>
<th>Central govt opinion</th>
<th>Other prof. opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community</td>
<td>Xx</td>
<td></td>
<td>X</td>
<td>X*</td>
</tr>
<tr>
<td>Municipality</td>
<td>X</td>
<td></td>
<td>X</td>
<td>Xx</td>
</tr>
<tr>
<td>Central Govt.</td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

*only on communal property; their role in other types of property regimes is not clear. One group gives communities no role, one emphasizes the importance of their role in general terms, and the third emphasizes the formation of Municipal Development Councils, which include community representatives.

c. Nicaragua

<table>
<thead>
<tr>
<th>Who should have the power?</th>
<th>Community opinion</th>
<th>Local govt opinion</th>
<th>Central govt opinion</th>
<th>Other prof. opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community</td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Municipality</td>
<td></td>
<td>X</td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Central Govt.</td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

Again there was relative consensus, as a whole, of the importance of the role of central government forest institutes in commercial licensing. Nevertheless, local-level groups did not all agree. In Honduras and Nicaragua, municipal governments wanted this authority themselves, and in Guatemala, community leaders believed they should make these decisions together with local governments, though Guatemalan municipal leaders did accept central government authority.

Most notable among the three countries was the general willingness in Guatemala to give local governments an important decision-making role with regard to commercial licenses. This is likely due to the role of BOSCOM and five years’ experience working with municipal governments, with the support of some of the professionals from NGOs and donor agencies who were also present.

Except for the municipal groups themselves, no group gave local governments primary authority, even shared authority, for commercial licenses outside of Guatemala, even in Honduras, where local governments are the owners of extensive forested ejidos.

Similarly, outside of Guatemala, neither local nor central government groups considered any role for communities—only the communities themselves and civil society professionals.

Monitoring

As a whole, there is little agreement about who should have the primary responsibility for monitoring the use of forest resources (see Table 3 a,b,c).
Table 3. Responsibility for monitoring forest use

**a. Honduras**

<table>
<thead>
<tr>
<th>Who should have the resp.?</th>
<th>Community opinion</th>
<th>Local govt opinion</th>
<th>Central govt opinion</th>
<th>Other prof. opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community</td>
<td>X</td>
<td>X</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Municipality</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Central Govt.</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Property owner</td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Police, other</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**b. Guatemala**

<table>
<thead>
<tr>
<th>Who should have the power?</th>
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<tr>
<td>Community</td>
<td>X</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Municipality</td>
<td>x</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Central Govt.</td>
<td>x</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Property owner</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Police, other</td>
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<td></td>
<td>X</td>
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</tbody>
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**c. Nicaragua**

<table>
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<tr>
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<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Municipality</td>
<td></td>
<td>X</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Central Govt.</td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Property owner</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Police, other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Nevertheless, the most common responses were “communities” (by local groups) and “property owners” (by the central government and professional groups). Some groups argued for the support of the police, others believed the police to be “too corrupt.” Most notably, in both Guatemala and Honduras, the central and local governments were given only a secondary role by all actors. In contrast, in Nicaragua primary responsibility was placed in one of these two groups hands, by all three groups. Outside of Nicaragua the principal vision is one of promoting local responsibility by those who live closest to, or own, the resource, while developing strategic alliances among various actors to make sure the law is enforced.

Curiously, in Nicaragua, in spite of the well-publicized corruption within the forestry institute, and its historic failure to control illegal logging or effectively monitor legal logging, both the central government itself and other professionals believed it should continue to play this role; local governments believed they could do a better job. The failure to trust “communities” or property owners to manage resource sustainably may be related to land and property issues in
Nicaragua. For example, there is little history of community forestry, as there is in the other two countries. The nation’s main forested areas are agriculture frontier areas where colonists regularly convert forests to agriculture and ranching, and few successful alternatives to this deforestation dynamic have been found.

**Income**

The majority of groups agreed that forest sector income should be shared between both the central and local levels of government. In Nicaragua the current panorama is limited by the fact that the forestry institute depends on that income for its annual budget; hence there was staunch resistance to sharing any greater portion of forestry fees until this changes. In Honduras and Guatemala, in contrast, the discussion focused on reinvesting funds in local communities and the forest.

**IV. Summary and Conclusions**

The results of the workshops demonstrate the importance of the national dynamics and priorities discussed in the previous section. Honduras’ donor-driven decentralization process has taken place in a weak institutional framework that has led to the failure of many local governments to take advantage of their extensive forest management authority. The Honduran case is characterized by a very advanced decentralization on paper but very little action in practice. In the absence of the polarization found in Guatemala and Nicaragua, there is little distrust of central government in Honduras. Rather there is a demand to make government work at all levels, with low capacity being its defining characteristic. The forestry institute is not strong enough either to fiercely resist decentralization, as in Nicaragua, or to play a role in promoting it such as through local capacity-building, as in Guatemala. Workshop participants demand greater capacity, greater investment and reinvestment in forests, and greater responsibility at all levels, but particularly of landowners for the maintenance of their own forests. (See Table 4 for a summary of the results from the three countries.)

Decentralization in Nicaragua proceeded reasonably well until the late 1990s, in terms of increasing local government authority in general, then took another important leap in 2003. But decentralization in the forestry sector has been much slower. Local governments earn 25% of the income from logging contract royalties and taxes and must give their opinion on all contracts in their territories but have no decision-making authority. In response, believing they have a right to greater authority and benefits, local governments have, in some cases, forced their hand or even broken the law by applying local taxes, fines and norms.

Accusations of corruption have flown from all sides, and forestry institute officials frequently write off local government officials as incompetent. As is somewhat typical of Nicaraguan politics in general, the process is highly polarized, and there is a generalized protest by those outside of central government against historic centralist tendencies. Workshop participants then, outside of forestry institute officials, demand greater decentralization to local governments. Civil society participants propose national dialogues for norm-setting and other decisions regarding commercial logging.

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19 Under the new forestry law, however, this will change. I was told that during debates in the legislature, though there was sympathy to increasing the municipal share, the measure was not adopted due to concerns that this would set a precedent in other resource sectors such as mining and fisheries.
The Guatemalan case is perhaps the most complex. Forestry decentralization is a top-down process driven not exactly by the central government but by a project within an autonomous institute of the central government. Its primary feature is the development and training of municipal forestry offices, which should carry out forestry institute directives in their jurisdiction. In the national post-war context of polarization based on ethnicity, any central government incursions into indigenous, rural territories is met with distrust. What were probably well-intentioned technocrats’ attempts to control what they saw as unsustainable local forest traditions was sometimes met with violent protest. But the project has improved communication on both sides, and has helped some forestry institute officials understand the importance of dialogue both with local governments and local communities. Under the project, local governments now develop their own municipal forest policies through community consultation. Mutual respect has increased, and the forestry institute has sometimes been forced to accept local decisions that directly confront its authority and goals.

At the same time, the very nature of this project and recent Guatemalan history increases the risk of such a project, which could be used for political ends. One attempt to do so was already stopped—but would not have been if it weren’t for the legal independence of the institute and the willingness of a majority of board members to defend it.

Unsurprisingly, decentralization in Guatemala revolves around the important questions of community and indigenous rights. Workshop participants, in general, demanded greater community participation and control and greater responsibility of all to forests (promoting reinvestment and landowner responsibility). Even forestry institute officials were more open to local government and community participation in decision-making than in the other two countries.

What these three experiences demonstrate is that the central government may be the least likely candidate for promoting decentralization, at least in the forestry sector, without serious and significant pressure to do so. And when it does get involved in such processes, it may twist them to its own purposes.

The imposition of the common top-down conception of decentralization cannot be expected to bring about the purported democracy and equity results. Rather endogenous processes must be promoted that can adapt to each national history and context. In fact, it may be more effective to work from intermediate level models that build effective institutional links between the central and local governments, as well as from the grassroots.

Table 4. Summary of Forestry Decentralization Outcomes

<table>
<thead>
<tr>
<th>Country</th>
<th>Primary driver</th>
<th>Context</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Honduras</td>
<td>Donors</td>
<td>Weak institutionality/ lack of capacity (Central government too weak to resist or to help)</td>
<td>Isolated iniatives</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>Demand</td>
<td>Central- local polarization/ Central resistance/ conflict</td>
<td>Local governments “do what they want”</td>
</tr>
<tr>
<td>Guatemala</td>
<td>“Central government” (central, but independent)</td>
<td>Ladino- indigenous, government-communities polarization/ distrust</td>
<td>Increasing communication and mutual respect</td>
</tr>
</tbody>
</table>
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Torres-Rivas, E. 1989 Interpretación del Desarrollo Social Centroamericano, San José, Costa Rica: FLACSO.


**Interviews in Guatemala:**
Yovanni Alvarado, BOSCOM, 11-Mar-03, 29-Jul-03
José Manuel Alvarez, Asesor Forestal ANAM, 14-Mar-03
Mynor Barillas, FLACSO, ex-director de BOSCOM, 12-Mar-03, 29-Jul-03
Jacobo Bolvito, PAF Maya, 12-Mar-03
Claudio Cabrera, Incidencia Ambiental, ex-director de INAB, 11-Mar-03
Eddy Díaz, CATIE, 11-Mar-03
Elmer Lopez, FLACSO, 11-Mar-03
Ileana Monterrosa, FLACSO, 11-Mar-03
Guillermo Menegazzo, PROCUCH, 14-Mar-03
Luis Quijuch, PAF Maya, 12-Mar-03
Ogden Rodas, PAF Guatemala, 12-Mar-03

**Interviews in Honduras:**
Denis Buteau, ACDI, 18-Mar-03
Thelma Cabrera, FUNDEMUN, 18-Mar-03
Enrique Elvir, consultor Ecojuris, ex-asesor legal de COHDEFOR, 17-Mar-03
Marco J. Lainez, UMA, Distrito Central, 18-Mar-03
Priscilla Phelps, BID, 18-Mar-03
Luis Torres, PROLANCHO, 17-Mar-03
Mario Vallejo, Ecojuris, 17-Mar-03
Anita Vargas, PROCAFOR, 18-Mar-03