

Background to the conference



Overshadowed: Until recently, many CFEs have operated in the shadows of national laws and the formal forest industry. *Photo: A. Martin*

INDIGENOUS and other local communities have long managed and protected forests and today own and operate countless small-scale forest enterprises. These forests and enterprises have been a primary and supplementary source of income for millions of forest dwellers for many years. Until recently, though, they operated largely in the shadows of national laws and the formal forest industry and their contributions to forest conservation, employment and local development have been under-appreciated, if not actively discouraged.

There are many signs that this is beginning to change. Both community management and related enterprises have expanded in recent years with the recognition of historic tenure rights and the transfer of responsibilities to local levels. With this expansion has come evidence that community-based approaches have unique advantages for rural economic development and forest conservation. At the same time, there is growing recognition that community-based forest management and enterprises face serious challenges. Their potential has not been realized in many countries due to a lack of clear tenure rights, adverse policy and regulatory environments, and a lack of support to build the necessary managerial, technical and financial capacity. Policies and subsidy schemes have generally been designed for the benefit of large-scale industry, regulatory frameworks in many countries disadvantage community management and enterprises, and outmoded regulatory frameworks impose bureaucratic processes that are slow, difficult and costly to navigate.

There is also ample evidence that when tenure, policy and regulatory constraints are lifted, there is a rapid increase in conservation and management and in the contributions that CFEs make to employment and local income. A growing number of governments, including Brazil, China, the USA and Mexico, recognize that the trend towards community forest management and enterprises merits additional attention and support.

The recently negotiated International Tropical Timber Agreement empowers ITTO to actively encourage Indigenous and local community forest management and enterprises. RRI is a new global coalition of community, conservation and research organizations dedicated to advancing forest tenure, policy and market reforms for social development and conservation. IUCN is a founding partner of RRI and the world's largest conservation network. GACF is a network of Indigenous and rural forest communities dedicated to sharing lessons and shaping global and regional dialogues.

All these organizations recognize the importance of raising global awareness about the contributions of community forest management and enterprises to conservation and development and the constraints they face. And they all encourage greater global commitment and action by governments, industry, communities and environmental organizations to support community forest management and industry. They convened this international conference on CFEs to share their experiences with other communities and other sectors and to find ways to move forward economically, socially and politically.

Key themes discussed

The richness of the presentations and subsequent working group discussions provided a wide array of experiences and sharing. From this five-day process, a series of themes and observations emerged which at times seemed to lead in contradictory directions. There were marked regional differences in terms of the challenges faced by CFEs and political and local

realities. This summary of the conference discussions should be seen in this light; it enriches the findings of the background study, adds to them and helps clarify the actions needed. There are contradictions, there are uneven experiences, and there are missing voices. There is no general prescription for CFE success and in many cases it is still unclear how ethnic and gender participation will evolve over time. Nevertheless, the conference achieved a very clear vision of the CFE agenda and of the national and international actions that should be taken to drive that agenda forward.

Contributions and constraints

CFEs have typically been underestimated in size and in their economic, environmental and social contributions. Recent data on the employment generated by CFEs and their social and conservation benefits are staggering. According to two speakers, Molnar and Mayers, CFEs are the norm in many rural and peri-urban settings; they are here and they are growing. There are exceptions: one speaker, from Africa, warned that CFEs are almost invisible in his country and face extinction if they don't change.

Today, more communities own and/or manage forest resources than at any other time in post-colonial history. With varying degrees of success and business sophistication, communities have developed high-value timber and non-timber products for different market segments, expanded their operations to the water, ecotourism and service industries, and formed strategic alliances with the private sector, governments and other CFEs.

The rise of CFEs is the result of many factors. Transitions to more democratic governments and an increasingly vocal civil society have helped secure greater land rights for forest dwellers. A growing concern for environmental issues among donors, governments and forest managers has also improved the valuation of standing forests. Agroforestry systems have increased in popularity, allowing agricultural communities to produce multiple products and services while maintaining forest cover and food security.

CFEs are highly diverse, with varying degrees of organizational and industrial sophistication, market knowledge and economic presence. Yet they face similar challenges in accessing markets and credit, obtaining tenure security, and competing on equal terms with the private sector.



Photo: J. McAlpine

Demand for timber products is increasing, and communities often live in areas where valued tropical hardwoods grow. In most cases, these forests have survived because the communities value and manage them. As these communities have inserted themselves in the market economy, they have developed natural resource-based enterprises. Lack of market knowledge, appropriate equipment and business connections have limited the potential of CFES to sell their products at a reasonable market price.

Another key factor limiting the growth of CFES lies in the cost of entry to the formal economy. Current regulatory frameworks and fiscal structures make it costly and cumbersome for most of these enterprises to become legal entities. For those who manage to do so, staying afloat financially remains a constant challenge.

In many countries, harvested materials are taxed, thus discouraging value-adding activities to avoid double taxation. Government offices are usually far from communities; often, multiple offices must be visited to obtain a single permit (such as a tax identification number or a CITES [Convention on International Trade in Endangered Species of Wild Fauna and Flora] permit), a process that can take weeks or months. Many communities lack experience with urban life and the ability to negotiate the bureaucracy and other urban challenges. Discrimination against Indigenous peoples who do not speak or write in the country's official language(s) is sometimes another factor, as is corruption.

Mainstream companies now talk about corporate social responsibility, but many CFES have always put social and environmental premiums before profit. They often give preference to the local labour force and reinvest profits in the community in the form of roads, schools, fire management and biodiversity conservation. In addition, they produce global environmental benefits, usually without remuneration. Opportunities are emerging for CFES to enter markets for environmental services, but knowledge on how to do this is uneven and many countries lack the necessary legal frameworks. Many CFES that have been commercializing their products for decades have now become trainers and advisors to emerging enterprises.

Social organization

Presenters touched on five main points regarding social organization which were later enriched by working-group discussions. These were:

- the formation and organizational structure of CFES;
- planning, monitoring and evaluation systems;
- local governance and the organization of CFES;
- the role of government and technical non-government organizations (NGOs); and
- participation of community members.

CFES employ various organizational structures. In some, the enterprise's management is part of the social organization of the community, with the enterprise manager reporting to the community's general assembly, or it might be completely separate from community decision-making. Some CFES depend on donor funding for their capitalization, others have little information on cost analysis, and others have gone through years of trial and error and behave like any other business trying to stay afloat in the market.

Some of the experiences presented at the conference were the result of social movements arising at the end of colonial rule. Some CFES emerged out of long struggles to obtain land rights; others have evolved in the wake of agrarian reform programs that encouraged settlers to move into an area.

One recurring theme was the role of supporting organizations in strengthening community development. Most presenters mentioned NGOs as strategic partners in providing technical assistance, training in market and technical issues and project financing, and in assisting community exchanges. CFES know that these organizations can be useful allies, but some are weary of the terms of the relationship. Conference participants agreed that NGOs and CFES should be equal partners. Some called on environmental NGOs to stop underestimating communities and to understand that not everything has to be seen through technical eyes.

Indigenous people participating in the event spoke about how they are mixing ancestral traditions with new structures to respond to market needs. One example is the appointment of young leaders with technical education to positions that were traditionally given to the elders. Such hybrid management systems are proving successful in Panama and Mexico. On the other hand, a speaker from Africa encouraged cultural and Indigenous differences to make room for more democratic models of development.

Economics of the community forest timber enterprise

This theme touched on the following sub-issues that were further developed in the working groups:

- timber production systems;
- vertical integration and processing, diversification and added value;
- market issues;
- finances: credit and capital formation; and
- employment generation.

It was found that diversified production systems provide better social integration within the community as well as better economic benefits. Communities have tended to diversify into other forest products and services, depending on the productive capacity of the forest. Product diversification increases the earning capacity of communities and improves capacities for better (financial) management. Increased internal capacity has translated into lower dependence on outside technical assistance: many communities have been able to send young community members to higher education centres with the earnings from the enterprise to study subjects such as finance, English, forestry and agronomy.

In some cases, timber has peaked and is no longer the main focus of the enterprise. Ecotourism is becoming more profitable in some places. Participants from Spanish-speaking countries in Latin America spoke about second-generation challenges around capitalization, market share and how to maintain or rescue cultural traditions within business contexts.

In general, all agreed there were bottlenecks or barriers that impeded equal or fair competition with the private sector, including a lack of modern technology, entrepreneurial skills, access to credit and business contacts.

Economics of non-timber forest products and services

Non-timber forest products (NTFPs) and the enterprises that harvest, process and sell them are very heterogeneous. Some products exist in very specific regions and many are perishable and/or seasonal. Some NTFPs are unknown outside the region, and many go through boom-and-bust cycles that are rarer in the timber sector. Nevertheless, the conference identified the following common areas of interest:

- production systems;
- vertical integration and processing, diversification and added value;
- market issues and operating capital;
- finances: credit and capital formation; and
- competitive niches in alternative and specialized markets.

Unlike timber, all communities use NTFPs as a source of income and/or diet. In some cases, water bottling and ecotourism have become supplementary activities with considerable promise. The role of women is more prominent in this sector, with women sometimes responsible for adding value to the raw material in the form of basket-making and other crafts and the extraction or bottling of essential oils.

The working groups found that in some cases certification was used as a way of improving the price of products, but that governmental policies tended to favor timber production over NTFPs. They also found that NTFP producers had difficulty in accessing alternative markets, due partly to a distrust of buyers and a lack of information and technology. Low prices were disincentives for the producers and environmental conservation was not valued or reflected in the price.

Tenure, access rights and regulatory frameworks

Compared to timber concessions, policies and legislation concerning community tenure have been vague in many countries and regulation delayed. Institutions designed to support the development of such policies and legislation are often marginalized and financial support is minimal. Regional and multilateral resources are disengaged and the achievements or even existence of CFEs have often been unacknowledged.

Threats to CFEs are present in all regions: violence, land invasions and slow government and multilateral responses to reflect new tenure scenarios place communities in vulnerable situations. Some Asian and African communities stated that they only get degraded forests that transnational companies don't want, while Indigenous rights are superseded by private and government interests. There is a lack of laws that take community realities into consideration, or there is poor application of existing laws. This is exacerbated by an excessive bureaucracy governing land tenure regulation. Many countries lack technicians specialized in the creation of land-use plans and demarcation. There are also problems of law and order and invasions of territories that threaten rights. In general, conflicts over natural resources and tenure in Latin America are increasingly focused on oil and mineral exploration and less concerned with private timber interests. In Africa, armed conflict over natural resources and the holdings of private timber companies often dominate the scene.

Participants also spoke about the lack of financial support to participate in meetings with interested groups, and how they would like to have more access to information about the laws in effect in their countries.



Protected: Gambia has designated over 170 000 hectares of former state forests as community resources to generate local income and find a more cost-effective system of sustainable forest management. *Photo: Wolfgang Thoma & Kanimang Camara (FAO)*

Key barriers, constraints and solutions

The background study found that while the enabling conditions for CFE success are lacking in many countries, several measures could be taken to increase the viability of CFEs. Conference participants also identified key barriers, successes and recommendations for moving forward.

A panel of government representatives presented a series of steps to support CFEs. Moreover:

- Brazil saw community forest management and CFEs as an important part of its public forest management and livelihoods and was very enthused by the event and the discussions. Brazil wanted to help lead in sharing between governments and was very happy with the requests from the African delegation for sharing and learning;
- Cameroon and other African countries recognized that a lot of work is needed to create enabling conditions and to ensure that reforms achieve optimal results. CFEs are important for African ITTO members; and
- Guatemala intended to endorse the International Tropical Timber Organization's Work Program, including its considerably greater attention to CFEs. Guatemala was engaged in its own process of experimentation and reform and was keen to share experiences.

Recommendations by participating actors from governments, civil society, ITTO and forest-sector organizations were synthesized in the Rio Branco Declaration (page 32).