

MORNING SESSION

Introduction and global overview of contributions and constraints

Alberto Chinchilla

Conference co-chair

Alberto Chinchilla welcomed all participants. He reiterated that the conference was intended to be a space for communities and encouraged them to interact and make new contacts.

Conference methodology

Juan Arce Puican

Conference facilitator

Juan Arce Puican described the conference methodology and introduced the facilitating team.

The conference will comprise a mix of presentations of case studies and experiences from other community organizations, NGOs and governments, complemented by discussions in working groups that will focus on selected topics. All keynote presentations will canvass a particular topic, which will then be further developed by case studies followed by a question-and-answer session. The facilitator will then present five sub-themes that will form the basis of the working groups; participants are free to choose the sub-theme of most interest to them. For each sub-theme we will pose a series of questions designed to help working groups in their discussions and to identify key issues, activities and recommendations. Interpretation will be provided in each working group in English, French, Portuguese and Spanish.

Keynote address

Small forest enterprises are big!

James Mayers

Head, Natural Resources Group, International Institute for Environment and Development

Small and medium-sized enterprises (SMEs) dominate the global forest sector. Such enterprises form the majority of the sector—by their total number, the number of people they employ and the revenues they generate. However, they often go unnoticed by policy-makers and the rest of the forest sector. Small forest enterprises also often perform multiple roles. While they seek to generate profits, they also have other objectives, including the provision of employment

and reinvestment in community projects such as education, infrastructure and conservation. Few governments are modifying their policies to support the flourishing of these enterprises. Instead, such enterprises often face discrimination in land and resource allocation, in obtaining bureaucratic permits, and when competing with the private sector.



Alberto Chinchilla. Photo: A. Sarre

Despite these hurdles, small and medium-sized forest enterprises are growing. There are also some promising trends and drivers, such as bio-energy and new initiatives to avoid deforestation to counteract climate change, that could aid income generation and product diversification. There are both opportunities and threats. Strengthening SME associations helps, be it through alliances, cooperatives or other learning exchanges. Some community organizations, teaming with legal groups, have been successful in reversing discriminatory policies. In Uganda, for example, court cases were used to challenge large-scale developments and are beginning to have some effect. In South Africa, 1400 growers collectively negotiated better terms for a transportation system. Another challenge is to improve market intelligence for SMEs, which need to know what buyers want and to continually develop market innovations. In Rajasthan, for example, SMEs regularly hold conventions on new products, with prizes for creativity.

Finally, much can be done by other actors to support SMEs. Governments can simplify bureaucratic procedures for land, resources, business registration and credit. They can also provide market and business information and help create information networks, build capacity and promote SME products. Consumers can drive change by demanding the differentiation of products and procurement policies and by supporting products from well-managed forests.

Jorge Viana

Former governor of Acre, now head of the Forum on Sustainable Development

One cannot underestimate the geopolitical importance of Acre in community forestry within ITTO, nor the leadership role played by Dr Sobral, even before he became the Organization's Executive Director. His previous work and continued support were invaluable in the development of the Antimary State Forest, which is a leading example of public forest management coupled with community development. Unfortunately, preconceived, negative notions about forest management still exist, but I do not know a better and more efficient way to protect forests than by managing them productively for economic purposes. Community forestry is an efficient way to achieve forest conservation, but this is still not very well understood by policy-makers at all levels.

Augusta Molnar

Rights and Resources Initiative

Presenting our global study's key findings to such a diverse audience is useful because it allows people to see the similarities in different countries. We can learn from what has worked globally and what can be done locally to move reforms forward and improve CFE operations.

Community-based forest management and related enterprises have expanded dramatically in developing countries with the recognition of historic tenure rights and the transfer of responsibilities to local levels. They have been able to

Small and medium-sized enterprises: Dominant in the global forest sector.

Photo: Chris Aldridge





Doing well: A rubber-tapper in the Antimary State Forest, Acre.
Photo: R. Guevara/ITTO

generate a range of goods and services in a way that private industry hasn't. The CFES studied and the literature reviewed demonstrate that CFES tend to invest more in the local economy than their private-sector equivalents, fostering social cohesion and longer-term equity and making larger social investments. Some of the CFES studied showed returns of 10–50% from their timber and NTFP activities. More mature CFES have invested in the diversification of economic activities to make greater use of their forest resource, manage risk, create new sources of employment and create new community skills. Rising prices for natural forest timbers and certain NTFPs, coupled with the increasing consumption of natural medicinal products, traditional foods and crafts, favour CFE economies. Markets for water and carbon services can provide lucrative and growing additions to enterprise returns.

Despite these gains, there are recurring challenges and a host of possible constraints. Some are internal to the community, such as intra-communal social conflicts, the mismanagement of resources and income by individuals, a lack of organizational, business and technical skills, deforestation pressures from agriculturalists in the community, and unwillingness to adapt practices to market demands. Regulatory and policy barriers also exist. Insecure tenure and use rights and political instability limit CFE emergence, even in countries that have changed their legislative frameworks to foster participation. Organizational models or forest areas mandated for CFES can conflict with local customs and predisposition or be inconsistent with demographic and biophysical realities and livelihood strategies. *Ms Molnar concluded with a series of possible actions that governments and ITTO could take to help foster the growth of CFES.*

Panelists

Alberto Chinchilla: CFES make unique socioeconomic contributions. Some governments are reforming their policies to better assist CFES. In Guatemala, for example, the creation of community forest concessions and the Pinfor incentive capacity-building program are helping communities to better manage their resources. The diversity of experiences revealed by the background study proves the potential for development and innovation.

Paulo Amaral (IMAZON): Using the Pilot Program by G7 countries to conserve the Amazon (PPG7) as a starting point, I tracked the evolution of community forestry initiatives since 1995, when two community forest management plans were approved. Today, there are 176. There is another type of forest management in addition to community forestry called small-scale forestry (*Manejo Florestal Pequena Escala—MFPE*), of which there are 1566 initiatives. The two types of initiative combined mean that 5459 families are managing 851 014 hectares of forestland.

These initiatives have caught the eye of local governments and community forest management is now on many of their agendas as an important issue. However, serious challenges regarding tenure security remain, because most of the forestland lacks clear ownership and there are strong pressures from other sectors—such as cattle ranching and unstructured mineral extraction—to convert the forest to other uses. Forest certification under the Forest Stewardship

Council (FSC) has also been very popular in these initiatives, with eleven already certified and twelve in the process of becoming certified. The commercialization of forest products is also increasingly important as a source of family income but it is still very small-scale and hard to grow.

About 1.3 million square kilometres of forest of various non-private tenures (extractive reserves, Indigenous reserves, production forests, etc) are currently under forest management. Three state governments are actively supporting community forestry, along with international and national donors, NGOs and community associations. There is immense potential to supply the market with 'legal' wood. The challenge will be to develop a flexible regulatory environment in which communities can obtain management permits and sell their products. Market strategies for community products are also necessary, as well as community-based public policies. Processes to encourage community forest management are very recent and have hardly been documented, even though they are being replicated rapidly. In some cases, favourable political frameworks have been created but are poorly focused. In sum, there is great potential for learning and scaling-up.

Patrice Pa'ah, Community Forest Management in Cameroon and Africa: The cooperative in Cameroon I represent, The Tri-National Agroforestry Cooperative (CAFT), is one of a handful of enterprises that has emerged in response to policy reforms carried out in the 1990s to address the continued high level of poverty among the rural population and the failure of state-led industrial forest concessions to create wealth and protect forests. The model in Cameroon has had some difficulties. It was not developed with a true understanding of the reality of the communities involved and has maintained regulations that are a barrier to success. Community forests are still a very small percentage of the whole (1%), while protected areas constitute 31% and concessions 64% of the total forest resource. Based on the successful experiences we have heard about today, Cameroon will need to introduce significant changes if CFES are to flourish.

CAFT has had an important impact on its member villages. First, residents are able to see a potential benefit from running their forest enterprises and managing their forests, and they have learned management and administration skills. They have recognized the multiple income streams that are possible from community forest management and the potential to diversify into NTFPs and ecotourism. The exodus of people to urban areas has declined. The cooperative therefore provides a social response to the pressures in the region and a new tool for community self-development. We are trying to use new tools, like the internet, to track log origin, promote transparency and become competitive. Despite the difficulties we face, the model has great promise for us.

Gham Shyam Pandey, FECOFUN, Nepal: The community forestry movement in Nepal began as a result of unsuccessful attempts by government to protect the forestlands. Today, two million households participate in 15 000 community forest user groups managing 1.2 million hectares. Who are the real managers of forests? Not the government, not the private sector. The communities are the ones responsible for conserving and managing the forests. Many organizations have spent millions of dollars on so-called development projects. But the truth is that there are no incentives to protect forests without rights. Often, degraded lands are given over and when communities invest in them and restore them the government takes them back. The government is not getting any benefit from the area but, at the same time, it is not investing in the forest. Benefits produced by community forests go to the local level.

Questions and answers

Question 1 (to all panelists): There is a lot of potential for CFE growth. In your opinion, what is the single most important issue for achieving this potential?

Question 2 (to Pandey): If you, as a community-based organization, involve communities and invest in the enterprises, what kind of empowerment does the government provide? **Question 3 (to Pa'ah):** Who owns the forests you referred to in your presentation: communities or government?

Pandey's response: The Government of Nepal has invested heavily in protected areas to ensure the conservation and protection of biodiversity; a lot of money has been spent protecting the rhinoceros and the tiger, with minimal community involvement. The government has not recognized the contributions made by communities towards conservation. We as communities are happy that the Parliament presented a bill regarding community forest management. For 30 years the government has said that communities are capable of managing forests, but now that there are CFES doing well, it wants to regulate them and to take forest rights away from us.

Pa'ah's response: I think awareness by decision-makers is the key element for achieving the potential of CFES. This awareness needs to exist at all levels, from local to international. Each level has different opportunities to enable and execute pro-community forestry strategies under a single objective, which is to reduce poverty. In terms of the tenure situation, the role of the state has been very strong in determining use and access rights. Currently, 1% of forests are in community hands, and I think increasing this dramatically would surely improve our management capacity.

Amaral's response: I think the key is to provide an environment in which communities can access the benefits of forest policies. We need to modify the political and regulatory frameworks to better reflect community profiles.

Molnar's response: The question of tenure came up. The question is not whether forests are government-owned or community-owned. What matters is that tenure is real and provides long-term security for the CFE actors. Many don't know what will happen after 20 years of a forest concession. Investors will not consider community forest managers as viable partners if tenure is shaky. So, it is not important who owns it as much as the security around it. The example of Mexico highlights the unpredictability of the process. Many of the enterprises that were rising stars 20 years ago have collapsed, while some of the dark horses have flourished. We must give these CFES time and space to adapt and grow.

Pende Bibase Bokiaba

Ministry of Sustainable Development, DRC

If there has ever been an enabling environment to promote and develop guidelines for community forestry, it is now. In 2002, DRC developed the basis for community development principles. My country has a long history of conflict, with social degradation that has worsened poverty levels.

The Minister of Sustainable Development and President Kabila have requested ITTO to mobilize funds to support the development of the forest sector in our country and of forest enterprises in particular. The government has become more sensitive to the importance of forest management and its potential to reduce poverty and build the capacity of all actors involved in community forest management. We have developed an holistic approach by adapting a methodology to prioritize issues. The methodology comprises the following:

- 1) capitalize on the experiences in the region, especially those in West and Central Africa;
- 2) community use and management of forests (socioeconomic themes);
- 3) organize a national event to develop recommendations and actions;
- 4) identify successful pilot cases of community forest management and educate local communities with these experiences; and
- 5) beyond the validation of pilot cases, develop a national program on community forest management.

Significant progress has been made on community management and in developing the political will to promote it. I encourage you to use this conference as an opportunity to reflect on the concerns in the Congo Basin in general and in our country in particular. Let us think of the most strategic location for a follow-up conference to position community forest management.



Water: Increasingly important in the economies of forest communities.

Photo: J. McAlpine

I would also like us to think about the following themes as the conference progresses: land use management, village-level management, conflict management, and how communities develop strategies to tackle these. How do we ensure the participation of socio-cultural minorities? What is the role of public administration and civil society to support community forest management? What financial mechanisms should be in place at various levels? What kinds of mechanisms are appropriate to promote exchanges and learning?

AFTERNOON SESSION

Social organization and its evolution in community forest enterprises

Dinesh Paudel and Narayan Karkee

Bel Fruit Juice Processing Company, Nepal

Nepal has long been a leader in community forestry. However, there are limited examples of commercial CFES because of restrictions on the harvesting and processing of products and a lack of technical support for their emergence and growth.

The Bel Fruit Juice Processing Company is a promising enterprise model. It came into being when ten forest user groups producing fruit from the Bel tree formed a limited partnership with private investors in the region to manufacture the juice and transport and sell it in Katmandu and locally. The ten forest user groups manage 713 hectares of forest, including regenerating degraded forests. The company employs 142 people, including women and workers from poorer households. It is supported by a management team and a community-private investor board.



Photos: J. McAlpine

The enterprise currently sells 24 000 bottles annually. The market potential is high for this product, but a number of constraints need to be managed for the enterprise to thrive. Current transport requirements impose a high cost on the enterprise: the transaction cost of permits and burden-of-proof is unreasonable. There is a need to continue to build the strength of the social organization and management capacity. High expectations have been raised for income generation in the communities, and these must be balanced with realistic production and quality control. Capacity-building is also needed to develop the necessary skills amongst community members to manage and administer the enterprise.

Jesus Orlando Martinez Molina

The Carmelita Community Forest Concession, Petén, Guatemala

The Carmelita Community Forest Concession is one of a number of community concessions with high-quality forests organized in the 1980s in Petén, Guatemala. These community concessions were intended as an alternative to industrial-scale concessions in the buffer zone of the Mayan Biosphere Reserve. The concession was granted in response to a strong social movement organized by settlers and long-time residents of the region, who clamored for a stake in forest management when it became clear that population pressures were making the biosphere impossible to manage.

The Carmelita community has 144 voting members and manages 53 797 hectares of forest. In total, 380 people live in the community. The administrative council has five members: president, two legal representatives, treasurer and secretary. We have also diversified our production since we were already commercializing other products and services before we obtained concession rights to the forest. We extract latex and work with natural fibres (xate) to make crafts; we also work with pepper. One of our main activities is the protection of archaeological sites within the concession and the development of hiking trails to promote ecotourism.

Forest management generates 3000 work-days annually, and part of the revenues from forest activities go to community scholarships. Three students have graduated and ten are currently studying with community funds. We have installed a water service in the community and built bridges and school rooms. We also subsidize medicines and pay higher salaries than average.

We have increased environmental awareness, reduced illegal activities (hunting, illegal logging), stabilized the agricultural frontier and lowered the rate of forest fires. We are also working on protecting springs and biodiversity.

Candido Lopez

Member of the COATLAHL cooperative and board member of ACICAFOC, Honduras

COATLAHL is a tropical forestry cooperative in La Ceiba in the department of Colon in northern Honduras. It emerged in response to the deforestation of much of the remaining tropical forest as a result of informal settlement along the agricultural frontier. Settlers were assisted to organize into production groups and to pursue a more sustainable kind of resource management, harvesting high-value logs in areas that would otherwise have been cleared for new agriculture. The cooperative provided a processing and marketing vehicle for the groups, given

their inexperience and the remoteness of the area. Each production group has a board of directors and an assigned management area of up to 1,200 hectares.

The cooperative began in 1977. The number of production groups has declined, with only seven able to survive in the face of difficulties in maintaining FSC certification and pressures to join illegal logging schemes.

Six hundred and twenty families benefit indirectly from the cooperative's 83 members. The cooperative sells sawnwood, furniture and wood decorations and recently worked with a European buyer to develop certified doormats and other ornaments using lesser-known species. This has improved the biological diversity of the forest management model and diversified incomes. Women are on the board now and work on an initiative to produce native plants in an orchid nursery.

The groups have built a strong cooperative organization with political inclusion and developed technical skills. They have demonstrated the potential of community forestry models in lowland forests, where government protection of a remote and complex region would be more costly and less likely to succeed. The skills for administering the cooperative have been internalized and there is no longer a need to pay an outside manager.

Salvador Anta Fonseca

Regional Director for the states of Oaxaca and Guerrero, National Forest Commission, Mexico

There are three types of community tenure in Mexico: *ejido*¹, communal land, and small land holdings. In the past, communities saw their best forest resources extracted by companies that had received forest concession permits from the government. At the time, these communities were traditional agricultural producers with no experience in forest management. They came to realize that the greatest profits were going to the companies and not to them, and they started to get organized.

These social developments paved the way for legal processes that led to a moratorium on forest concessions. They culminated in 1985 when the government recognized that communities were capable of managing their forests. This is easily said but it took a lot of work, confrontation, threats and even death.

After the Mexican government stopped issuing concession permits to private companies, the legal framework was modified to allow community forest management and commercialization, thus marking the beginning of community forestry in Mexico in 1986. At the time, the government had a progressive outlook and this enabled the transfer of private sawmills to communities and the creation of community producer unions.

Another legal change occurred with the community right to hire its own forester. Previously, this position had been designated by the government and appointees usually had little background in community characteristics. Today, most community foresters have come from the communities themselves. The law was modified again to give forest communities greater autonomy and today

¹The term refers to land held by a group of peasants as a result of agrarian reform. This is different from communal lands, since the latter were recognized mainly as a result of ancestral claims by Indigenous peoples in Mexico. Ejidos can be Indigenous or Mestizo owned.

more than 300 communities have sawmills. They have not managed to access international markets on a continuous basis but they have been able to insert themselves into the international value chain. Forest communities are now investing in the education of their own populations, creating scholarships to study industrial engineering, forestry, business administration and so on.

From the late 1980s to the mid 1990s, public policies were not very supportive of community forest management. All achievements were community-driven until 1995, when the Ministry of Environment and Natural Resources and Fisheries was created. This ministry started to question the heavy focus on agriculture and cattle ranching, since these were the major drivers of deforestation. The policy focus shifted from production to conservation. There was also a realization that forest activities do not necessarily mean degradation; they can also mean conservation.

In 1997, the Mexican community forestry program (PROCYMAF) was created. In 2000, community forest activities began to diversify towards ecotourism, the commercialization of NTFPs, water bottling and wildlife management. Market studies, value chain analysis and independent evaluations were also carried out.

It is worth noting that there is an ancestral tradition of communal resource management predating Spanish presence. Many of the decision-making structures survive to this day. For example, a community's general assembly decides on the organization and management of the community's natural resources. Foresters and other technicians advise the assembly on how much, when and where to conduct resource extraction in their ten-year plans.

In each community, the general assembly appoints a four-person commission, the members of which act as the community's legal representatives with the government. This structure is changing now: new economic and production needs are requiring new forms of organization, and new positions are being created to address this.

CFEs are replacing their equipment and buying new machinery to add value by processing wood into different products. Many forest communities have chosen not to commercialize timber but still profit from other forest-based income streams—such as ecotourism, water bottling and the sale of NTFPs. Urban centres are increasingly demanding bottled water; these communities often have high-quality springs. Enterprises based on NTFPs and forest services are usually managed by women and were created with profits from the timber enterprises. The family has always been at the centre of production, the difference now being the types of activities performed by family members. Women are also working in sawmills and furniture factories and, in particular, are often responsible for product finishing.

Some state governments are becoming more supportive of CFEs. The state of Oaxaca has committed to buying certified wooden products for its public schools. In Oaxaca, certified forests are owned by communities; thus, this commitment will benefit the community-based processing industry.

An integrated community business composed of three communities builds wooden furniture for national markets. 'Tip muebles' has been so successful that it has increased its number of stores. The communities have succeeded in integrating production and adding value by working together.

Ninety-eight percent of certified forests—500 000 hectares—in Mexico belong to communities. In terms of NTFP production for commercial purposes, there are some successful initiatives. Oregano oil from the state of Durango and palm leaves for export are two of the most promising products. Most of the certified forests in Mexico are in Durango state, which benefits from its close proximity to the United States and its markets. Natural certified gum is being sold to Japan with community brands. These achievements have been possible thanks to the organizational capacity of these communities, their social capital and the public policies that have supported them. Of course, more resources and more pro-community reforms are needed, but I wanted to highlight the achievements of mobilized communities and to recognize the contributions of some NGOs and the government in their efforts to conserve biodiversity.



Good drop: Bottled local spring water for sale in cities is an increasingly important NTFP for Mexican communities in rural areas near urban centres.

Photo: Salvador Anta Fonseca

I would like to conclude by saying that new public policies have emerged recently to formalize the regional units that administer forests with the intention of decentralizing regulatory activities towards community-regulated forestry.

Questions and answers

Question 1 (to Paudel and Karkee): How was the seed capital raised? **Question 2 (to Orlando):** What kind of mechanisms are in place to prevent massive exploitation of forests if communities make money out of logging these forests? How do you control this? **Question 3 (to Lopez):** You mentioned that you have political inclusion in your cooperative. Can you explain what you mean by that? **Question 4 (to Lopez):** What are some of the constraints around running an enterprise? How do you pay taxes to the government? Is there legislation to support pro-community fiscal processes?

Orlando's response: I would like to say that forest exploitation is not the same as timber exploitation. We can talk about managing both for different purposes; it does not have to be predatory use. In places where there are forests, they exist thanks to the existing organizations that care for them. It is fair to assume that communities that organize themselves have forests; those who are not organized have lost their forests.

Lopez's response: We used to sell more furniture than we do now. Demand still exists, but we do not have a kiln dryer and only one processor and we could not meet large volume demands. We have shifted our focus to small-volume requests. Under current law, we can extract 200 m³ or 16 trees; right now we are only logging seven.

Paudel's response: With reference to the question on seed capital, this is one of the most difficult parts of our business model. We have been using the community forestry group fund and some other money comes from so-called local government. The local government has earmarked a set of development funds, but we are currently lobbying to access a separate funding mechanism that would provide soft or subsidized loans. We are also receiving money from development projects but we realize this has to change.

Anta's response: In terms of raising capital and managing the big picture, the commissioners are leading this work. Technical teams and other professionals sometimes fundraise, too, and their time is paid by the community.

Working group session

Questions and answers were followed by the first working group session, which focused on the topic of *Social organization and its evolution in community forest enterprises*. Five working groups met to discuss one each of the following subtopics:

- development and organizational structure of CFEs
- planning, monitoring and evaluation systems
- local governance and organization of CFEs
- role of government and technical non-profit organizations
- participation of community members